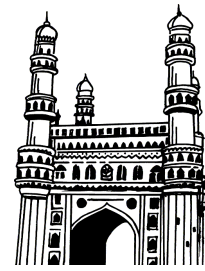


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***Study Manual, Short Notes, Objective Type,  
Solved Model Papers & Internal Papers***

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# SYLLABUS

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Management Process and Functions, Scientific and Modern Management, 3D Model of Managerial Behavior – MBO – MBWA – Line and Staff – The Peter's Principle – Parkinson's Law – Main Approaches to Organisation Structure-Management – Classical, Human Relations, Systems and Contingency Approaches, Hawthorne's Experiments – Human Engineering.

## UNIT - II

Decision Making and Negotiations: Approaches to Decision making – Rational, Behavioral, Practical, and Personal Approaches – Open and Closed Models of Decision Making, Types and steps in planning, Authority, Responsibility, Centralisation, Decentralisation and Recentralisation, Bureaucracy.

## UNIT - III

Psychological contract – Personality Traits, Big 5 personality traits, MBTI inventory, the Process of Perception – Perceptual distortions and errors, Kelly's personal construct Theory, Motivation – Content Theories: Maslow, Alderfer, Herzberg, McClelland. Process Theories: Vroom, Porter and Lawler, Equity Theory – Goal Theory – Attribution Theory.

## UNIT - IV

Models of OB – Autocratic, Custodial, Supportive, Collegial and System Models, Transactional Analysis, Johari Window. Group Dynamics: Typology of Groups – Conflicts in groups – The nature of conflict – Reactions to conflict – A model of conflict. Trait and Behavioral Approaches to Leadership, Managerial Grid, Path-Goal Theory, Vroom's Decision Tree Approach to Leadership – Hersey and Blanchard Model.

## UNIT - V

Organisation Design, organisation culture and organisation climate. Stress Management and Counseling, Management of change and organisation development. Communication – Emerging aspects of OB.

# MANAGEMENT AND ORGANIZATION BEHAVIOUR

MBA I Semester  
(Osmania University)



## NOTE TO STUDENTS

The latest syllabus of “**Management and Organization Behaviour**” for MBA I-Sem (2016) is similar to the syllabus of “**Management and Organization Behaviour**” MBA I-Sem. (2015) with few topics deleted and few topics added.

All topics in the latest syllabus of “**Management and Organization Behaviour**” are covered in a topic-wise manner along with references of previous year examinations question papers provided at the end of questions.

**Two Model Papers** along with solutions and **Internal Papers** are included at the END. Objective type bits are included at the end of each unit which provides assistance to the students for internal examinations. This has ensured an exhaustive coverage of the entire syllabus for “**Management and Organization Behaviour**”.

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# UNIT I

Management Process and Functions, Scientific and Modern Management, 3D Model of Managerial Behavior – MBO – MBWA – Line and Staff – The Peter's Principle – Parkinson's Law – Main Approaches to Organisation Structure-Management – Classical, Human Relations, Systems and Contingency Approaches, Hawthorne's Experiments – Human Engineering.

## 1.1 MANAGEMENT PROCESS AND FUNCTIONS

### 1.1.1 Management

**Q1. What do you understand by Management? And concept of Management.**

**April-2015, Q.No. 2(a)**

**July-2014, Q.No. 2(a)**

*Ans :*

**May-2011, Q.No. 2(b)**

One of the most important activities in business is the management of the 4M's - men, machines, material and money. The term 'management' can be interpreted differently in difficult contexts. Hence, it is difficult to define. In one context, it may comprise the activities of executives and administrative personnel in an organisation, while in another, it may refer to a system of getting things done.

In a broad perspective, management can be considered as the proper utilization of people and other resources in an organisation to accomplish desired objectives. With increasing global competition, changes in the world of technology, changing business practices and increasing social responsibility of organisations, the role of managers has become all the more significant.

#### Meaning of Management

It refers to the process of conducting a set of functions (planning, organizing, staffing, directing and controlling) to get the work done in an efficient and effective manner. Simply, management is an art of getting things done through others.

#### Definition of Management

Different experts have defined management on the basis of its features. Some experts, have defined management as an 'art of getting things

done', while others give more importance to its 'function oriented form'. In the same manner, some experts think management is related to 'decision making', while others are of the opinion that 'productivity and efficiency' are its basis. Following are the main definitions of management.

1. **According to Harold Koontz**, "Management is the art of getting things done through others and with formally organized groups."
2. **According to George R. Terry**, "Management is a distinct process consisting of planning, organising, actuating and controlling; utilising in each both science and art, and followed in order to accomplish predetermined objectives."
3. **According to F.W. Taylor**, "Management is the art of knowing what you want to do and then seeing that they do it in the best and the cheapest way."
4. **According to Peterson and Plowman**, "Management may be defined as the process by means of which the purpose and objectives of a particular human group are determined, clarified and effectuated."
5. **According to Henry Fayol**, "To manage is to forecast and to plan, to organise, to command, to coordinate and to control".
6. **According to Peter Drucker**, "Management is a multipurpose organ that manages business and manages managers and manages workers and work".
7. **According to Mary Parker Follett**, "Management is the art of getting things done through people".

### Concept of Management

The term management has been interpreted in several ways; some of which are given below:

#### A) Management as an Activity

Management is an activity just like playing, studying, teaching etc. As an activity management has been defined as the art of getting things done through the efforts of other people. Management is a group activity wherein managers do to achieve the objectives of the group. The activities of management are:

- Interpersonal activities
- Decisional activities
- Informative activities

#### B) Management as a Process

Management is considered a process because it involves a series of interrelated functions. It consists of getting the objectives of an organisation and taking steps to achieve objectives. The management process includes planning, organising, staffing, directing and controlling functions.

Management as a process has the following implications:

##### (i) Social Process

Management involves interactions among people. Goals can be achieved only when relations between people are productive. Human factor is the most important part of the management.

##### (ii) Integrated Process

Management brings human, physical and financial resources together to put into effort. Management also integrates human efforts so as to maintain harmony among them.

##### (iii) Continuous Process

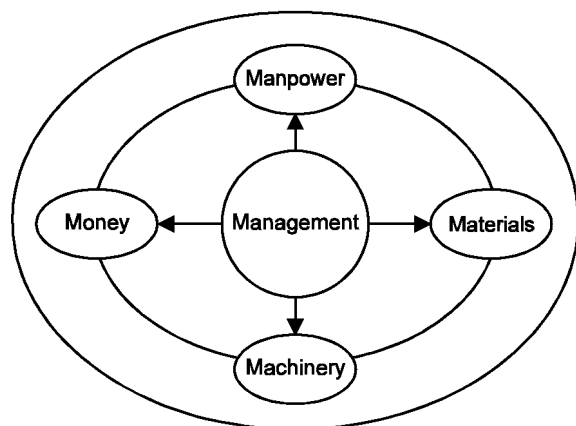
Management involves continuous identifying and solving problems. It is repeated every now and then till the goal is achieved.

#### (iv) Interactive process

Managerial functions are contained within each other. For example, when a manager prepares plans, he is also laying down standards for control.

#### C) Management as an Economic Resource

Like land, labour and capital, management is an important factor of production. Management occupies the central place among productive factors as it combines and coordinates all other resources. This is shown in Figure.



**Fig.: Management as Resource  
Management as a Team**

As a group of persons, management consists of all those who have the responsibility of guiding and coordinating the efforts of other persons. These persons are called as managers who operate at different levels of authority (top, middle, operating). Some of these managers have ownership stake in their firms while others have become managers by virtue of their training and experience. Civil servants and defence personnel who manage public sector undertakings are also part of the management team. As a group managers have become an elite class in society occupying positions with enormous power and prestige.

#### D) Management as an Academic Discipline

Management has emerged as a specialised branch of knowledge. It comprises principles and practices for effective management of organisations. Management has become as

very popular field of study as is evident from the great rush for admission into institutes of management. Management offers a very rewarding and challenging career.

### E) Management as a Group

Management means the group of persons occupying managerial positions. It refers to all those individuals who perform managerial functions. All the managers, e.g., chief executive (managing director), departmental heads, supervisors and so on are collectively known as management.

### 1.1.2 Nature / Features of Management

#### Q2. Explain the Nature/Features of Management

*Ans :* Jan./Feb.-2015, Q.No. 2(a)

The nature of management has the following features.

#### 1. Universal Process

Management is universal in nature; it is applied in all types of process like commercial, social or political. Management exists everywhere in universe. The basic principles of management can be applied everywhere, whether they are business or non-business organization.

#### 2. Continuous Process

Management is a never ending process. Management is a continuous process because it always carries the past decisions for the future course of action to achieve organization goals.

#### 3. Multidisciplinary Method

Management is basically multidisciplinary; it depends on the proper knowledge and skill of various disciplines such as economics statistics, anthropology, psychology, sociology etc.

#### 4. Group Activity

Management requires the use of group-efforts to achieve their goal. Management is a vital part of group activities. Management unites with their goal what they cannot achieve individually.

#### 5. Intangible Force

Management is intangible. It is an unseen force, but its presents seem in the form of results.

#### 6. Social Management

Management is a social process in nature, it essentially involves managing people, it concern to developing, retaining and motivating people at work place and also care of their satisfaction.

#### 7. Coordinating Force

Management cannot do anything by them. They should get their work done by organization's member. In the any organization, management coordinates the efforts of human recourse through orderly.

#### 8. Goal Oriented

Management is a goal oriented in nature. It works only to achieve particular goal which decide by the organization.

#### 9. Relative, Not Absolute Principles

Management principles are relative not absolute, because they should be applied according to need and condition of the organization.

#### 10. An Integrative Method

Management integrated the living and nonliving resources to achieve the desired goal.

### 1.1.3 Purpose/ Objectives of Management

#### Q3. What are the Purpose /Objectives of Management.

*Ans :*

The primary objective of management is to run the enterprise smoothly. The profit earning objective of a business is also to be kept in mind while undertaking various functions.

Following are the broad objectives of management:

#### 1. Proper utilization of resources

The main objective of management is to use various resources of the enterprise in a most economic way. The proper use of men,

materials, machines and money will help a business to earn sufficient profits to satisfy various interests. The proprietors will want more returns on their investments while employees, customers and public will expect a fair deal from the management. All these interests will be satisfied only when physical resources of the business are properly utilised.

## 2. Improving performance

Management should aim at improving the performance of each and every factor of production. The environment should be so congenial that workers are able to give their maximum to the enterprise. The fixing of objectives of various factors of production will help them in improving their performance.

## 3. Mobilising best talent

The management should try to employ persons in various fields so that better results are possible. The employment of specialists in various fields will be increasing the efficiency of various factors of production. There should be a proper environment which should encourage good persons to join the enterprise. The better pay scales, proper amenities, future growth potentialities will attract more people in joining a concern.

## 4. Planning for future

Another important objective of management is to prepare plans. No management should feel satisfied with today's work if it has not thought of tomorrow. Future plans should take into consideration what is to be done next. Future performance will depend upon present planning. So, planning for future is essential to help the concern.

### 1.1.4 Scope of Management

#### Q4. Explain of the scope of Management.

*Ans :* Jan./Feb.-2015, Q.No. 2(a)

The scope of management is very wide. So, it is very difficult to state the scope of management precisely. However the following aspects may be included in it.

## 1. Subject Matter of Management

Planning, organizing, staffing, directing, coordinating, motivating and controlling are main functions of management. Innovation, representation, decision making and communication are the subsidiary functions of management.

## 2. Functional Areas of Management

### (i) Financial Management

It includes cash management, planning forecasting, budgeting, cost control, management accounting, pricing, sources of finance etc.

### (ii) Marketing Management

Includes marketing plans, branding. Packaging and labeling, product analysis, research, product innovations, price determination, promotion, advertising, distribution, marketing research transportation and insurance.

### (iii) Production Management

Includes production planning and control, materials management, scientific purchasing, inventory control, storage and warehousing.

### (iv) Human Resource Management

Includes personnel management, recruitment, selection, placement, training and development, motivation, performance appraisal, compensation; settling personnel disputes, turnover worker participation in management and trade unions.

## 3. Interdisciplinary Approach

In order Management is a body of discipline that takes the help of other social sciences like psychology, sociology, engineering, economics etc. This indicates that in order to have a correct understanding of the management principles and practices, a study of commerce, economics, sociology, psychology and mathematics is essential.

## 4. Universal Phenomenon

Management is a Universal phenomenon or process as it is not only present or concerned in/with business undertakings, but also in

political, religious, charitable, armed force and even educational institution. In fact management is present where ever there is human activity. In short, it is present at all spheres of life. No doubt, there may be slight variations in approach and style of management from concern to concern but the basic aspect of carrying out management is the same everywhere.

### 1.1.5 Principles of Management

#### Q5. What are the principles of Management?

*Ans :* May/June-2012, Q.No. 2(a)

Henry Fayol's fourteen universal principles of Management

The 14 Management Principles from Henri Fayol (1841-1925) are:

1. **Division of Work**  
Specialization allows the individual to build up experience, and to continuously improve his skills. Thereby he can be more productive.
2. **Authority**  
The right to issue commands, along with which must go the balanced responsibility for its function.
3. **Discipline**  
Employees must obey, but this is two-sided: employees will only obey orders if management play their part by providing good leadership.
4. **Unity of Command**  
Each worker should have only one boss with no other conflicting lines of command.
5. **Unity of Direction**  
People engaged in the same kind of activities must have the same objectives in a single plan. This is essential to ensure unity and coordination in the enterprise. Unity of command does not exist without unity of direction but does not necessarily flows from it.
6. **Subordination of individual interest (to the general interest)**  
Management must see that the goals of the firms are always paramount.

#### 7. Remuneration

Payment is an important motivator although by analyzing a number of possibilities, Fayol points out that there is no such thing as a perfect system.

#### 8. Centralization (or Decentralization)

This is a matter of degree depending on the condition of the business and the quality of its personnel.

#### 9. Scalar chain (Line of Authority)

A hierarchy is necessary for unity of direction. But lateral communication is also fundamental, as long as superiors know that such communication is taking place. Scalar chain refers to the number of levels in the hierarchy from the ultimate authority to the lowest level in the organization. It should not be over-stretched and consist of too-many levels.

#### 10. Order

Both material order and social order are necessary. The former minimizes lost time and useless handling of materials. The latter is achieved through organization and selection.

#### 11. Equity

In running a business a „combination of kindness and justice is needed. Treating employees well is important to achieve equity.

#### 12. Stability of Tenure of Personnel

Employees work better if job security and career progress are assured to them. An insecure tenure and a high rate of employee turnover will affect the organization adversely.

#### 13. Initiative

Allowing all personnel to show their initiative in some way is a source of strength for the organization. Even though it may well involve a sacrifice of „personal vanity on the part of many managers.

#### 14. Esprit de Corps

Management must foster the morale of its employees. He further suggests that: "real talent is needed to coordinate effort, encourage keenness, use each persons abilities, and reward each one's merit without arousing possible jealousies and disturbing harmonious relations."

**1.1.6 Management Process and Functions**

**Q6. What do you understand by management? Discuss the process and functions of management in brief:**

**April-15, Q.No. 2(a)**

**Jan.-14, Q.No. 2(a)**

**March-13, Q.No. 2(b)**

**Jan.-12, Q.No. 2(a)**

**Ans :** **Feb./March-12, Q.No. 2(a)**

**Functions and Process**

Management is considered to be process and identification of the basic functions is necessary. These basic functions describe the job of management. The basic function of management are,

1. Planning
2. Organizing
3. Staffing
4. Directing
5. Coordination
6. Controlling and
7. Decision-making.

**1. Planning**

Planning is outlining what, how, where, when and by whom, a task is to be achieved. Everything is planned before and a blue print is prepared. Planning is the opposite of random action. Hence, as far as possible a definite programme of action is made. But because it refers to the future and the future is uncertain, the management takes help from research, facts and trend forecasts. Again planning is the pre-action stage and it is the basis of all future actions. Therefore, it states clearly what, how, where, when and by whom the various business activities are to be performed.

**Elements of Planning****(i) Forecasting**

These are predictions which are based on the past and present data. The process of preparing forecasts is called forecasting.

**(ii) Objectives**

They are the end towards which the activities of the enterprise are aimed. Objectives are decided by the top management which are considered as targets and aims of planning. They are fixed in nature.

**(iii) Policies**

They specify what can be done or what cannot be done to achieve the given objectives.

**(iv) Strategies**

These refer to the course of action to be adopted and followed for the achievement of long- term and short-term objectives.

**(v) Budgets**

These are the plans giving details such as expense budget, sales budget etc.

**2. Organizing**

Organising involves identification of activities required for the achievement of objectives of the firm and implementation of plans. Organizing is the function of making arrangement for all the necessary resources required to work for achieving the objectives. It means making arrangements for all six M's (money, men, machines, material, marketing and managing) of business, therefore it involves the following steps.

- (a) Activities determination.
- (b) Staff recruitment.
- (c) Work allocation.
- (d) Authority and duty determination.
- (e) Power delegation.

Thus, organization prepares a stage for taking necessary actions.

**3. Staffing**

After the objectives have been formulated for the achievement of objectives, the next step in the management process is to procure suitable personnel for manning the jobs. So staffing is the function which enables the recruitment of suitable personnel.

Staffing consists of various sub-functions like,

- Manpower planning which decides the number and the kind of personnel required.
- Recruitment is a sub-function which attracts suitable number of potential employees to seek jobs.
- Selection of the most suitable persons.
- Placement, induction and orientation.
- Training and development of employees.

#### 4. Directing

Directing consists of guiding and supervising the subordinates in activities. Management means getting work done by others i.e., the subordinates have to be properly guided and supervised in their respective jobs so that the common goal is achieved.

Directions are not only to be given but also to be obeyed. Hence, they must be definite, clear cut, under-standable, communicable and practicable. Direction sets the organization in action.

#### 5. Controlling

Controlling consists of making the results tally with targets or achieving close correspondence between plans and performance. The process of measuring the current performance of the employees and assess whether the given objectives are achieved or not.

The various steps in controlling includes,

- (a) Establishment of standard works.
- (b) Assessment of actual work.
- (c) Determination of deviation.
- (d) Corrective action.

Controlling brings results nearer to the targets.

#### 6. Coordinating

Coordinating means achieving team spirit and unity of action among the subordinates for achieving the common business objectives. In a business unit, hundreds of persons are busy in numerous different jobs in various works in so many different places. But all are individually and collectively working for

the same objective, called coordination. Need of coordination arises particularly because of the existence of,

- (a) Numerous persons at work.
- (b) Sub divisions and complexity of work.
- (c) Delegation of authority and responsibility.
- (d) Chances of differences between executives and specialists.

All these and similar factor's make coordination by the manager very necessary.

The following are useful tools to achieve coordination.

- (i) Clarify the objectives, which is the basic guide for worker.
- (ii) Clarification of authority and responsibility of every subordinate so that he knows his specific duties and obligations.
- (iii) Effective communication between the executive and his subordinates and also amongst subordinates themselves so that a good relationship is maintained.
- (iv) Good human relationship of the manager with his subordinates.
- (v) Cooperation both amongst the subordinates and between the executives and subordinates.

#### 7. Decision-making

Decision-making is the most comprehensive and all embracing function of management. The modern trend is to include the detailed functions of planning and organizing in this one single function or to treat these various functions, different aspects of this same single function called decision-making. Decision-making means selecting one alternative out of two or more alternative solutions. It can be easily shown how decision- making covers all the earlier discussed functions. For example, planning means selecting one future course of action out of various alternative courses. Again business can be in a number of alternative ways. Organising implies selecting one out of these. The same applies in respect of other functions like directing, controlling, motivating and coordinating. Therefore, decision-making summarizes all the managerial functions.

### 1.1.7 Levels of Management

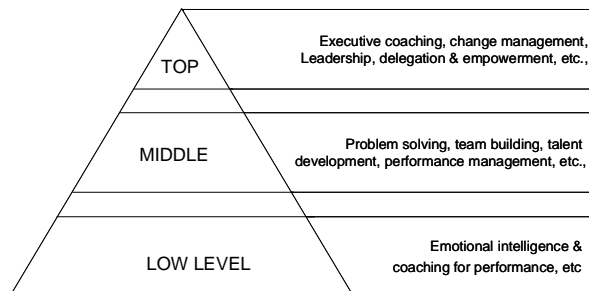
#### Q7. What are the levels of Management.

*Ans :* **July- 2014, Q.No. 2(a)**

The term "Levels of Management" refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories:

1. Top level / Administrative level
2. Middle level / Executory
3. Low level / Supervisory / Operative / First-line managers Managers at all these levels perform different functions.

The role of managers at all the three levels is discussed below:



**Figure: Levels of Management**

1. **Top Level of Management** : It consists of board of directors, chief executive or managing director. The top management is the ultimate source of authority and it manages goals and policies for an enterprise. It devotes more time on planning and coordinating functions.

The role of the top management can be summarized as follows :

- a) Top management lays down the objectives and broad policies of the enterprise.
- b) It issues necessary instructions for preparation of department budgets, procedures, schedules etc.

- c) It prepares strategic plans & policies for the enterprise.
- d) It appoints the executive for middle level i.e. departmental managers.
- e) It controls & coordinates the activities of all the departments.
- f) It is also responsible for maintaining a contact with the outside world.
- g) It provides guidance and direction.
- h) The top management is also responsible towards the shareholders for the performance of the enterprise.

2. **Middle Level of Management** : The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions.

In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as :

- a) They execute the plans of the organization in accordance with the policies and directives of the top management.
- b) They make plans for the sub-units of the organization.
- c) They participate in employment & training of lower level management.
- d) They interpret and explain policies from top level management to lower level.
- e) They are responsible for coordinating the activities within the division or department.
- f) It also sends important reports and other important data to top level management.
- g) They evaluate performance of junior managers.
- h) They are also responsible for inspiring lower level managers towards better performance.

3. **Lower Level of Management :** Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc.

**According to R.C. Davis,** "Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees". In other words, they are concerned with direction and controlling function of management. Their activities include :

- a) Assigning of jobs and tasks to various workers.
- b) They guide and instruct workers for day to day activities.
- c) They are responsible for the quality as well as quantity of production.
- d) They are also entrusted with the responsibility of maintaining good relation in the organization.
- e) They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f) They help to solve the grievances of the workers.
- g) They supervise & guide the subordinates.
- h) They are responsible for providing training to the workers.
- i) They arrange necessary materials, machines, tools etc for getting the things done.
- j) They prepare periodical reports about the performance of the workers.
- k) They ensure discipline in the enterprise.
- l) They motivate workers.
- m) They are the image builders of the enterprise because they are in direct contact with the workers.

### 1.1.8 Management Skills

#### Q8. What are the skills for manager.

*Ans :*

Regardless of organizational level, all managers must have five critical skills: technical skill, interpersonal skill, conceptual skill, diagnostic skill, and political skill.

1. **Technical Skill :** Technical skill involves understanding and demonstrating proficiency in a particular workplace activity. Technical skills are things such as using a computer word processing program, creating a budget, operating a piece of machinery, or preparing a presentation. The technical skills used will differ in each level of management.

First-level managers may engage in the actual operations of the organization; they need to have an understanding of how production and service occur in the organization in order to direct and evaluate line employees. Additionally, first-line managers need skill in scheduling workers and preparing budgets.

Middle managers use more technical skills related to planning and organizing, and top managers need to have skill to understand the complex financial workings of the organization.

2. **Interpersonal Skill :** Interpersonal skill involves human relations, or the manager's ability to interact effectively with organizational members. Communication is a critical part of interpersonal skill, and an inability to communicate effectively can prevent career progression for managers. Managers who have excellent technical skill, but poor interpersonal skill are unlikely to succeed in their jobs. This skill is critical at all levels of management.

3. **Conceptual Skill :** Conceptual skill is a manager's ability to see the organization as a whole, as a complete entity. It involves understanding how organizational units work together and how the organization fits into its competitive environment. Conceptual skill is crucial for top managers, whose ability to see "the big picture" can have major

repercussions on the success of the business. However, conceptual skill is still necessary for middle and supervisory managers, who must use this skill to envision, for example, how work units and teams are best organized.

4. **Diagnostic Skill** : Diagnostic skill is used to investigate problems, decide on a remedy, and implement a solution. Diagnostic skill involves other skills technical, interpersonal, conceptual, and politic.
6. **Political Skill** : Political skill involves obtaining power and preventing other employees from taking away one's power. Managers use power to achieve organizational objectives, and this skill can often reach goals with less effort than others who lack political skill. Much like the other skills described, political skill cannot stand alone as a manager's skill; in particular, though, using political skill without appropriate levels of other skills can lead to promoting a manager's own career rather than reaching organizational goals.

Managers at all levels require political skill; managers must avoid others taking control that they should have in their work positions. Top managers may find that they need higher levels of political skill in order to successfully operate in their environments. Interacting with competitors, suppliers, customers, shareholders, government, and the public may require political skill.

### 1.1.9 Administration Vs Management

**Q9. Discuss about Administration vs Management.**

*Ans :* **July- 2014, Q.No. 2(a)**

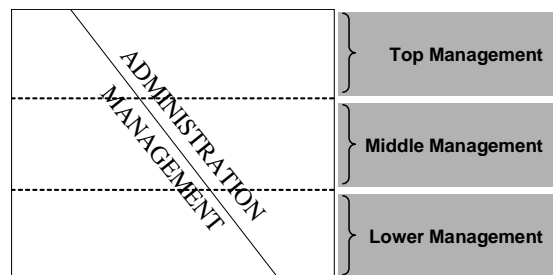
There has been a controversy over the meaning the terms 'management' and 'administration'. Some take management and administration as one; some consider administration broader than management and administration are different.

1. **Administration is Broader than Management** : Administration determines the specific goals and lays down the broad areas within which those goals are to be achieved. Administration is a policy-making function. Management, on the otherhand, is concerned with carrying out the broad policies laid down by administration.

**In the words of Spriegel**, 'administration is largely determinative, whereas, management is essentially executive'. Thus, according to this American school of thought administrators think, managers act : administration is a top level activity and management is a lower level function.

2. **Administration is part of Management** : According to the English school of thought management is a wider concept than administration. Administration handles the current problems that may arise in carrying out the policies laid down by management. Management is the rule-making and rule enforcing body. It is an all-encompassing and comprehensive term and administration is a part of it. Administration is just an implementing agency.
3. **Administration and Management are Synonymous** : There is no distinction between the terms 'management' and 'administration'. The distinction between management and administration may be of academic interest only. In practice life, this distinction seems superfluous. In order to avoid the controversy, we can classify management into :
  - **Administrative Management** : Administrative management is primarily concerned with laying down policies and determining goals.
  - **Operative Management** : Operative management is concerned with the implementation of the policies for the achievement of the goals.

But both these functions, i.e., framing of policies and executing them, are performed by the same set of individuals known as 'managers'.



**Fig.: Administration and Management**

Every manager is concerned with both administrative management functions and operative management functions as shown in Figure. The managers who are higher up in the hierarchy devote more time to administrative functions. They are known as 'top management'. Managers at the lower levels in the hierarchy devote comparatively less time to administrative functions.

They are concerned more with directing the workers and controlling their operations.

### Administration Vs Management

Administration		Management
1.	Administration is concerned with policy making; it determines the goals or the targets to be achieved.	Management is concerned with the implementation of the policy; it is not directly concerned with goal or target fixation.
2.	Administration is not directly concerned with implementation of policies.	Implementation of policies framed by administration is the main task of management.
3.	Its functions are legislative and largely determines.	Its functions are executive and largely governing.
4.	It is not concerned with the direction of human efforts in the execution of the plan or policy.	It is mainly concerned with the direction of human efforts in the execution of the plan and policy.
5.	Planning and organisation functions are involved in it.	Motivating and controlling functions are involved in it.
6.	It relates to apex or top-level management Personnel of the top-level like the owners or the Board of Directors are in charge of it.	It relates to middle and lower level management. Personnel below the top level like General Manager or Managing Director are in charge of it.
7.	Administration is the master of industry, which provides the various agents of production and in lieu of this service, earns profit.	Management is the servant of administration; it gets salary or a part of the profit in lieu of its services.
8.	Administration co-ordinates finance, production and distribution; it frames the organisational structure and exercises control over the enterprise.	It uses organisation for the achievement of the targets fixed by administrative ability.
9.	It needs administrative rather than technical ability.	Management requires technical ability more than administrative ability.
10.	If functions expand at the upper level and decrease in importance at the lower levels.	Its functions contract at the upper level and expand at the lower levels.
11.	The term administration is used mostly in Government or public sector.	Management is mostly used in the private sector.
12.	Administrator in this sphere is finite and static and is concerned with just 'maintaining and not 'improving'. It is not productive in character.	Management is dynamic and infinite and is specially concerned with giving added value to the inputs. It endeavours to improve the value of the resources entrusted to it and as such, is productive in character.

## 1.2 SCIENTIFIC MANAGEMENT

### Q10. Explain about Scientific Management.

*Ans :*

**Jan.-Feb-15, Q.No. 2(b), Feb-13, Q.No. 2(a)**

The literary meaning of scientific management is performing the work of management in a scientific manner. In other words, discarding the traditional approaches to management and adopting newer and more scientific approaches in their place is called scientific management. Taylor has said that before commencing any work, a manager should first analyse it thoroughly, and only then should be take any decision.

### Principles of Scientific Management

The Scientific Management Approach propounded by F.W. Taylor is based upon the following five principles :

**1. Principle of Use of Science for the Rule of Thumb**

According to this principle, all the activities being performed in an organisation should be analysed in detail with the aim of developing a technique of accomplishing the maximum possible work in an efficient manner and at the minimum possible cost. This principle says that we should not get stuck in a set and continue with the old techniques of doing work, rather we should be constantly experimenting to develop new techniques which make the work much simpler.

**2. Principle of Scientific Selection and Training of Workers**

According to this principle, the selection and training of workers should be done in a scientific manner. Of the various activities being performed in an organisation, selection of workers is the most important because even one wrong appointment can spoil the whole atmosphere in the organisation. Scientific appointment means appointing only those people to do a particular work who possess the necessary capabilities to do it. However, only scientific selection of workers is not adequate in itself, the workers should also be imparted the necessary training from time to time. Proper training of the workers increases their efficiency and hence benefits both the workers as well as the organisation.

**3. Principle of Cooperation between Labour and Management**

As per this principle, such an atmosphere should be created in the organisation that labour (the major factor of production) and management consider each other indispensable. Labour should understand that it cannot proceed in its work without the existence of Management, and Management should understand that it has no identity without the existence of Labour. If such an atmosphere prevails in an organisation, then both the parties would aim for the achievement of the same goal (i.e., the

maximum and good quality production) and hence both of them will be successful in achieving the goals. Taylor has referred to such a situation as a 'Mental Revolution'. Taylor firmly believed that the occurrence of a mental revolution would end all the conflicts between the two parties and would be beneficial to both of them.

**4. Principle of Maximum Output**

As per this principle, both the labour as well as management should make full efforts to produce the maximum output. They should spare no efforts for the maximum utilisation of the factors of production available in the organisation. This will have a direct impact on the profits of the organisation, and the organisation will earn the maximum possible profits. Higher profits will result in higher wages for the workers and thus make them more dedicated towards the organisation.

**5. Principle of Division of Responsibility**

According to this principle, the work of the organisation and the related responsibilities should be clearly divided among the two main groups in the organisation (Management and Labour). Each group should be assigned work which it can accomplish more efficiently. For example, Management should be the one to decide the time required to do a particular work, while the responsibility for actually doing the work should be with the Labour.

In this way, if the time required for doing the work is not properly determined, the manager would be accountable, and if the work has not been performed properly the labourer would be responsible. Hence, on proper implementation of this principle, the credit for doing work efficiently would be divided among both the groups and in case of any defaults, the responsibility would also be shared by both the groups.

### Techniques of Scientific Management

The principles of Scientific Management only bring out the basic philosophy behind the theory. The question which now arises is how to implement these principles practically? Taylor has devised the following techniques for actually implementing the principles of scientific management :

**1. Scientific Study of Work**

Scientific management requires deep analysis of all the activities being performed in the organisation with the aim of producing the maximum possible output with the minimum possible efforts. In simple words, it may be said that Taylor was strictly opposed to incompetence and wanted to remove incompetence with whatever possible means.

In his efforts to do so, he conducted a numbers of experiments and proved that (i) if the various parts of the process of production are reduced to the minimum, (ii) while working, unnecessary movements of the body are eliminated, (iii) the time required for doing every work is determined and (iv) recognizing that human beings are not inanimate objects and hence are likely to feel fatigued, proper arrangements for their resting are made, then incompetence will be totally eliminated from the organisation. On this basis, he has divided work study into the following four parts :

- i) Method Study
- ii) Motion Study
- iii) Time Study
- iv) Fatigue Study

**2. Scientific Task Planning**

Scientific task planning implies analysing all the different aspects of the work before actually commencing upon it, such as what is to be done? How is it to be done? Where is it to be done? and when is it to be done? Taylor has advised the managers of industrial organisations to establish a separate Planning Department for this purpose.

**3. Scientific Selection and Training of Workers**

First, it is determined that for a particular work, persons possessing what qualities and capabilities are required. Next, through conducting various examinations, capable persons are selected. Scientific selection is selecting the right person for the right position without any bias. According to the traditional

**7. Mental Revolution**

Mental revolution calls for a change in the mind-set of both the managers and the workers. According to Taylor, a revolution in mind-set of both the managers and the workers is required as it will promote feelings of cooperation, and will be beneficial for both the parties.

Normally, it is seen that a conflict between the managers and the workers results in division of profits, with both the parties demanding a larger share of profits. This is the main reason that a mental revolution is required. According to Taylor, instead of fighting over division of profits, both the parties should make efforts for increasing the profits. Such a situation will result in an increase in production, and such a high increase in profits will make any talk of division of profits meaningless.

**Benefits or Importance of Scientific Management**

Scientific management is equally important to employers, workers and the society as a whole. This technique of management believes in balanced development of all sections of society. On this basis the various benefits of scientific management can be grouped under the following three headings:

**(a) Benefits to Employers**

Scientific Management results in the following benefits to employers or owners of the business:

**1. Maximum Production**

The quantity of output is directly related to the efficiency of workers and scientific management concentrates its efforts on increasing the efficiency of workers. A few examples of such efforts are-maintaining the working conditions at the work place, giving appropriate wages, providing proper facilities to workers to rest in case of fatigue, rotating the work among different workers in order to retain their interest, using the simplest possible techniques of work,

providing proper training to workers from time to time, etc. In such a manner, production is increased by increasing the efficiency of workers which results in higher profits for the owners of the business.

## 2. Industrial Peace

One of the main aims of scientific management is bringing about a mental revolution in the mind-sets of the management and the workers. There should be full cooperation among the two, and this removes any conflict that may exist between the two. Such a situation automatically results in establishment of industrial harmony.

## 3. Benefits of Specialisation

Scientific management involves breaking up the complete work into many small parts, with each part being assigned to a person who is an expert in performing it. This results in more and better work being accomplished in much lesser time, which is one of the main benefits of specialisation.

### (b) Benefits to Workers

The adoption of a system of scientific management has the following benefits for workers:

#### 1. Better Working Condition

Scientific management involves the maintenance of proper cleanliness and ventilation at the work place and also making adequate arrangements for the safety of workers. All this has a favorable affect on the health of the workers.

#### 2. More Remuneration

Scientific management involves, on one hand, the provision of proper working conditions and, on the otherhand, implementation of differential wage system. Both these factors motivate the workers to work harder and in doing so they earn more wages.

## 3. Improvement in Standard of Living

The two main requisites of a good standard of living are money and peace. Scientific management provides workers with both these things. The motivation to work harder provides them with more money, and good relations with the management provides them with mental peace.

## 4. Increase in Efficiency

Good working conditions, better wages, improvement in standards of living, training, etc. are such conducive factors which increase the efficiency of workers to the maximum. The rewards earned by the workers by working with more efficiency motivates the workers to work even harder, and in this manner the cycle continues. The application of scientific management produced very favourable results in a very famous American industrial organisation called Symonds Rolling Machine Co. It was found that only 35 girls were sufficient to do the same work which was previously being done by 120 girls. This was mainly due to the increase in efficiency by the application of scientific management.

### Demerits or Criticisms of Scientific Management

Even though the advent of scientific management resulted in a revolution in the industrial world which resulted in an unprecedented increase in the efficiency of employees, the system cannot be said to be completely faultless. Many industrialists and the worker class have bitterly criticised this system. The main faults or criticisms of scientific management are:

#### (a) Criticisms by Owners

The owners of the businesses have criticised scientific management on the following grounds:

##### 1. Difficult to Introduce

Implementing a system of scientific management in place of the old tried and tested system is not an easy task. It requires a complete change in the

structure of the organisation and also results in frequent interruptions in the production process. Thus, it can be said that implementing a system of scientific management is a very long and tedious process.

## 2. Only Suitable for Large Scale Business

Since this is a very complex and expensive system to implement, it can be implemented only in large scale organisations. In other words, it is not economically feasible to implement the system of scientific management in a small scale organisation.

## 3. Dependency on Experts

This system requires the appointment of experts in order to take benefit of their experience and expertise. All the work in the organisation is done according to the instructions of experts only. Over a period of time, the owners of the business and the workers become so dependent upon the experts that they are unable to work by themselves. So much dependence upon experts is also dangerous for the organisation.

### (b) Criticisms by Workers

Workers are critical of scientific management due to the following reasons:

#### 1. Fear of Retrenchment

One of the main aims of scientific management is increase in productivity. The implementation of a scientific management system increases efficiency which is very beneficial for the organisation. However, increase in efficiency has adverse affect on the requirement for workers. There is a fall in the demand for workers and they are in constant fear of losing their jobs. It is mainly due to this reason that workers are opposed to scientific management.

#### 2. Lack of Initiative

In such a system all the major work is allotted to experts, and workers have no

choice but to work as per their instructions. In other words, workers are only concerned with doing what they are told and are not supposed to apply their own minds. The lack of thinking has an adverse affect on their motivation level which further reduces their efficiency.

#### 3. Opposition by Labour Unions

In a system of scientific management, each worker is paid wages according to his capabilities. Hence each person is more concerned about increasing his own efficiency and is not concerned about anybody else. As a result, the power of labour unions decreases as the number of their members falls. This is the main reason why labour unions oppose scientific management.

#### 4. Exploitation of Labourers

As is clear, such a system increases the efficiency of labourers, as a result of which they are able to earn higher wages. However, the owners increase the wages to a much lower extent as compared to the increase in efficiency. Hence this results in exploitation of labourers as a major chunk of the higher profits due to the increased efficiency are retained by the owners.

#### 5. Inhuman Behaviour

Under this system, the owners are only concerned about the increase in production and totally ignore the adverse affect the additional work burden has on the health of the employees. Hence, this system results inhuman behaviours on the part of the owners towards their employees.

**F.E. Cardullo**, while supporting the above criticisms, has expressed his opinion as, "While presenting the system of scientific management one major mistake made by Taylor was that he has equated man to a part of a machine".

### 1.3 MODERN MANAGEMENT

**Q11. Write about modern management.**

*Ans :*

#### Modern Management

**Theory** Quantitative, System and Contingency Approaches to **Management!** The **Modern** Period (1960 to present). After, 1960 **management** thought has been turning somewhat away from the extreme human relations ideas particularly regarding the direct relation between morale and productivity.

#### Modern Management Thought

Modern Management Thought (MMT) is an integrative theory in the sense that it combines the valuable concepts of classical theory with the social and natural sciences. The source of inspiration for the modern management theory is the systems analysis. Modern management theorists pick up where the Hawthorne researchers left off. MMT is characterised by the following:

- **Open-system view:** Modern management thought treats the organisation as an open system. It interacts with the environment continually, in order to survive and flourish. It receives inputs from the environment, processes them into meaningful products/services and offers them to the environment. In this process, the organisation tries to adapt itself to the changing requirements of environment continually.
- **Dynamic and adaptive:** Modern theory is dynamic. In line with changes in the outside environment, it tries to adapt itself constantly.
- **Multilevel and multidimensional:** MMT is both micro and macro in its approach. It is not a paradox. It is macro when considered with respect to the entire nation or industry; it is micro with respect to internal parts of the organisation.
- **Multimotivated and multidisciplinary:** MMT recognises the fact that behaviour is the product of multifarious factors. In contrast to the classical view of the worker as an economic man (motivated primarily by money), MMT views the individual as a complex being who

can be motivated in several ways (economic as well as non-economic incentives are important). MMT is multidisciplinary in the sense that it heavily draws its concepts from various disciplines. Modern theory embraces economics, sociology, engineering, psychology, anthropology and social psychology. Problem-solving and decision-making are the focal points for study and research, drawing on numerous disciplines.

- **Descriptive and probabilistic:** MMT is descriptive rather than prescriptive or normative. It does not tell how to handle things, it simply tells how the things are handled. It is a way of describing an organisation and its functioning. MMT is also probabilistic, not deterministic. Deterministic system is one where the outcome is predictable and certain. For instance, if you want to know the total of 420 and 11, you press the buttons in the calculator and the result will be 431, and not any other answer. It is a deterministic system. However, probabilistic system is one where no uniquely determined outcomes exist. For example, if you flip a coin into air, there is a chance of 0.5 of a head, but the outcome cannot be obtained with cent percent certainty at the time of tossing the coin. Organisations also fall into this probabilistic system category. According to Scott and Mitchell, "the modernists see the organisation as a probabilistic system... there is a high degree of uncertainty in these systems."

- **Integrative:** The classical theory (consisting of scientific management, administrative management and bureaucracy) focuses attention on the technical side of work whereas the neo-classical theory (human relations theory) on the human side of work. Both theories discount the importance of taking an integrated approach to management giving weightage to both economic as well as social variables at work. MMT tries to correct these deficiencies by aggregating the classical components with the neoclassical band wagon.

### Modern Management Theory

Management is one or the other form has existed in every nook and corner of the world since the dawn of civilization. Modern Management has grown with the growth of social-economics and scientific institution. Modern view consists that a worker does not work for only money. They work for their satisfaction and happiness with good living style. Here Non- financial award is most important factor.

Modern management theories started after 1950s. Modern management theory focuses the development of each factor of workers and organization. Modern management theory refers to emphasizing the use of systematic mathematical techniques in the system with analyzing and understanding the inter-relationship of management and workers in all aspect.

It has following three Streams-

- Quantitative Approach
- System Approach
- Contingency Approach

#### 1. Quantitative Approach

Quantitative approach also called Operation Research. Quantitative approach is a scientific method. It emphasizes the use of statistical model and systematic mathematical techniques to solving complex management problems. Its helps the management to making decisions in operations. It can only suggest the alternatives based on statistical data. It cannot take final decision.

It helps the management for improving their decision making by increasing the number of alternatives and giving faster decisions on any problem. Management can easily calculate the risk and benefit of various actions.

**Major contributors in Quantitative Approach are-**

Johan MacDonald  
George R. Terry  
Andrew Szilagyi

#### 2. System approach

System approach was developed in late 1960s. Herbert A. Simon is the father of system theory. A

System is defined as a set of regularly interacting or inter - dependent components that create as a whole unit. The system concept enables us to see the critical variables and constraints and their interactions with one another.

**According to Cleland and King;** " A system is composed of related and dependent elements which when in interaction form a unity whole".

#### Characteristics of System Approach

- A system must have some specific components, units or sub units.
- A Change in one system affects the other subsystems.
- Every system is influenced by super system.
- All systems along their subsystem must have some common objectives.
- A system is a goal-oriented.
- A system cannot survive in isolation.

**Major contributors in system theories are:**

1. Daniel Katz,
2. Robert L. Khan,
3. Richard A. Johnson.

#### 3. Contingency Approach

Contingency Approach also known as situational approach. In 1980s, it is recognized as a key to effective management. This approach accepts the dynamics and complexities of the organization structure. An organization is affected by its environment and environment is composed by physical resources, climate, persons, culture, economic and market conditions and their laws.

This approach argues that there is no one universally applicable set of rules by which to manage organization.

**Major contributors in the contingency theories are -**

1. G.M. Stalker,
2. Joan Woodward,
3. Tom Burns,
4. Paul R. Lawrence,
5. L.W. Lorsch.

### 1.4 3D MODEL OF MANAGERIAL BEHAVIOR

#### Q12. Discuss about 3d Model of Managerial Behaviour.

*Ans :*

Reddin conceptualised a three-dimensional grid, also known as 3-D management, borrowing some of the ideas from Managerial grid.

Three-dimensional axes represent task-orientation, relationship-orientation and effectiveness. Reddin has integrated the concepts of leadership styles with the situational demand of a specific environment.

#### Task Orientation (TO)

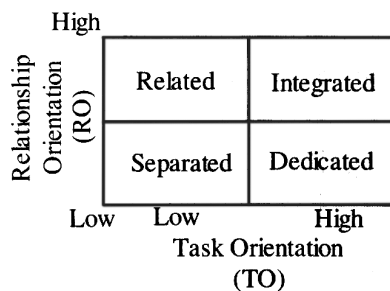
Task Orientation (TO) is defined as the extent to which a manager directs his subordinates efforts towards goal attainment. It is characterized by Planning, Organizing and Controlling.

#### Relationship Orientation (RO)

Relationship Orientation (RO) is defined as the extent to which a manager has personal relationships. It is characterized by mutual trust, respectful for subordinates' ideas and suggestion, and their feelings. Effectiveness is defined as the extent to which a manager is successful in his position. When the style of a leader is appropriate to a given situation, it is termed as effective, when the style is inappropriate to a given situation, it is termed as ineffective.

Thus, the difference between effective and ineffective styles is often not the actual behavior but the appropriateness of the behavior to the environment in which it is used.

Either degree of TO or RO or a combination of both, is used by leaders. On this basis, basically there are four styles as shown in the figure below.

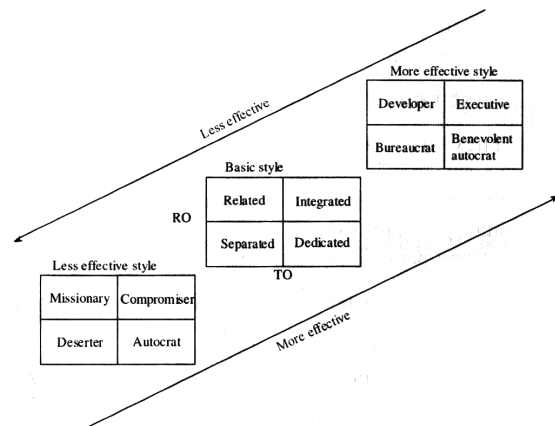


**Figure**

These four styles represent 4 basic types of behavior.

1. The separated manager is concerned with correcting deviations. He writes rules and policies and enforces them.
2. The related manager accepts others as he finds them, does not worry about time, seen the organization as a social system, likes to work with others and obtains cooperation of others by setting examples.
3. Dedicated manager is domineering, interested only in production and does not identify with subordinates. He cannot work without power.
4. The integrated manager gets himself and his people involved with the organization. There is free two-way common and strong identification and emphasis on team work. Any of the styles can be efforts in some situations but not in others.

Thus, each one of these styles has a less effective as well as more effective equivalent as shown in the figure below.



**Figure**

Thus, the 4 basic styles result into eight styles. These eight styles result from the eight possible combinations of task orientations, relationship orientation. And effectiveness as shown below.

Basic Style	Less Effective Style	More Effective Style
integrated	Compromiser	Executive
Dedicated	Autocrat	Benevolent Autocrat
Related	Missionary	Developer
Separated	Deserter	Bureaucrat

According to this, following are ineffective styles,

**1. Deserter**

He has both low task and low people orientation and is completely alienated from an organizational life, avoids involvement, does not want to take responsibility and has low commitment and believes in minimal output and works to rule.

**2. Missionary**

He shows only interests in harmony, believes in easy life, avoids conflicts and does not take initiative. His objective is to keep his colleagues, subordinates' and superiors happy.

**3. Autocrat**

He is concerned with only the immediate jobs, has no concern for others, his decisions are unilateral and centralised; believes in suppressing and demands obedience of authority; relies more on negative motivation.

**4. Compromiser**

He uses a high task and relationship orientation in a situation that may not require a high concentration in either; is a poor decision maker and avoids decisions; is work and yielding allows various pressure in the situation to influence him too much.

**The Four Effective Styles**

**1. Bureaucrat**

He has high orientation towards organizational rules and regulations is impersonal and less task and relationship oriented, produces only few ideas and does not take initiative.

**2. Developer**

He tends to display implicit trust in people, relies on high relationship orientation and less task orientation, believes in commitment to work, openness, freedom to act, self-expression and development of subordinates.

**3. Benevolent Autocrat**

He is a directive manager who knows what he wants and one often gets it without creating resentment is high tasks and less people oriented, adopts positive economic motivation for getting things done and follows feudalistic approach in managing the organization.

**4. Executive**

He has a high task and high relationship orientation /in a situation where such behavior is appropriate, emphasized team management, task is regarded as interdependent and integrated. The style acts as a powerful motivational instrument in the organization. This is a democratic leadership style.

The three-dimensional model recognises that a manager may use more than one style, and no single style is suggested to be appropriate in all situations.

**1.5 MANAGEMENT BY OBJECTIVE (MBO)**

**Q13. Discuss about Management by Objective (MBO).**

*Ans :*

"Management by objectives" MBO is one of the latest and most dynamic approaches developed in the field of management in the recent past. The credit of developing this approach or technique goes to Peter Drucker, who in 1954, recommended it to promote managerial self-control. Since then, it has been in the focus of the management authors and practitioners. This technique of management is also known as "management by goals", or "management by results", or "work planning and review", or "accountability management."

**Meaning of MBO**

Management by objectives is not merely a tool and technique of management. It is an approaches or a system and philosophy of management. It is goal-oriented. It combines planning and control. Management by objectives is a process in which superior and subordinates sit together to identify the common objectives and set

the results which are to be achieved by the subordinates, assess the contribution of each individual and integrate individual objectives with those of the organisation so as to make best use of the available resources of the organisation.

MBO insists on what must be accomplished and not how to accomplish the objectives. Subordinates are allowed to make creative decision on their own. Superiors are available for assistance, advice and direction.

### Definitions of MBO

MBO is a result-oriented, nonspecialist, operational managerial process for the effective utilization of material, physical and human resources of the organisation by integrating the individual with the organisation and the organisation with the environment.

- S.K.Chakravorthy

"MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner, consciously directed towards the effective and efficient achievement of organisational objectives".

- Peter F. Drucker

"Management by objectives is a system in which the managers and all the employees of the enterprise determine the objectives at the level of individual department and individual manager to improve the efficiency of both".

- P.H.F.Donell

"MBO is a comprehensive managerial system that integrates many key managerial activities in a systematic manner, consciously directed towards the effective and efficient achievement of organisational and individual objectives".

- Koontz an O'Donell

### Characteristics of MBO

An analysis of above definitions reveal the following characteristics of management by objectives.

#### 1. Determination of objectives

MBO focuses upon the determination of objectives for the enterprise as a whole and then the objects are determined for the different parts of the organisation.

#### 2. Team spirit in the determination of objectives

MBO is a dynamic approach to the science of management. Under this approach all the senior and subordinates managers jointly determine the objectives of the organisation in a team spirit. The logic behind such determination is that the objectives so determined are acceptable to every one of them and they make whole-hearted efforts to achieve them.

#### 3. Definite period

Under this approach of management, the objectives are determined for a particular period. This period may be one year or more. On the basis of these objectives, however, the short-term plans may be prepared.

#### 4. Determination of performance standards

When the objectives of an enterprise are determined, performance standards are determined for different parts and departments of the enterprise. Centres of responsibility are decided and defined for every individual manager so that the objectives of the enterprise may be achieved easily.

#### 5. Delegation of authority

The senior managers delegate their authority to their subordinates for the discharge of their duties for the smooth functioning of management.

#### 6. Organisation structure

Management by objectives sets the organisational structure in such a way that every manager is independent in taking his decisions. He can make the policy for his department and take decisions for the execution of these policies in the light of the objectives of his department and the objectives of the whole enterprise.

#### 7. Training

MBO emphasizes upon proper and adequate training of all the employees at all the levels of the management so that they may discharge their duties more efficiently and effectively.

**8. Motivation**

MBO gives a due consideration to the concept of "motivation". Under this approach, both the monetary and non-monetary inspirations are provided to the subordinates so that they can extend their whole-hearted cooperation in achieving the objective of the enterprise.

**9. Evaluation of performance**

Under this approach, the actual performance is evaluated with the predetermined standard and the points of variation are determined and defined.

**10. Control information**

Points of variation and the corrective measures for overcoming them are continuously informed to the concerned employees and managers so that they may improve their performance in future.

**11. Publicity of achievements**

The achievements of the employees of departments of the enterprise are properly published and popularized. This approach develops the feeling of integration with the enterprise within the employees and they are motivated to do more and more, better and better.

**12. MBO is an approach and philosophy to management and not merely a technique**

Thus, MBO is a philosophy or way of thinking about the management. MBO introduces several new tools or techniques of management. It is a periodical review of performance at each level. It is built upon mutual cooperation, coordination, integration and understanding. The MBO process requires rigorous analysis, clarity and balance of objectives and participation of managers with accountability for results.

**Objectives of MBO**

Management by objectives aims at the following objectives :

1. To define the objects of enterprise and to determine the activities in accordance with these objects.

2. To improve the individual objects with the objectives of enterprise.
3. To improve the efficiency and productivity of subordinates.
4. To establish the effective communication system between senior officers and their subordinates.
5. To evaluate the performance
6. To motivate the subordinates to do more better.
7. To make the control more effective.
8. To provide the best opportunity of promotion.

**1.5.1 Process of MBO****Q14. Explain the process of MBO.**

*Ans :*

Management by objectives approach requires vigorous analysis, clarity and balance of objectives and participation of managers with accountability for results.

The following process is adopted for the management by objectives.

**1. Determination of objectives of the enterprise**

Management by objectives begins with the determination of objectives of the enterprise. These objectives are determined jointly by superiors and the subordinates. First the general objects of the enterprise are determined and then the long-term plans of the enterprise are framed. Short-term objectives are framed after taking into account the feasibility of achieving the long-term objectives.

**2. Determination of departmental goals**

After determining the objects of the enterprise as a whole, the objects for various parts and various departments of the enterprise are determined. Objects of various departments are determined in view of the general objects of the organisation and the requirements of the particular department. The objects of

various departments must be integrated and coordinated with each other so that they may constitute to the attainment of general objects of the enterprise.

### 3. Fixing key result areas

Organisational objectives and planning premises together provide the basis for the determination of key result areas. These are the areas in reference to which organisational health may be improved. The examples are profitability, market standing, innovation, productivity, market performance, etc. Key result areas indicate the strength of an organisation. They are arranged in priority basis.

### 4. Determination of individual targets

The organisational objectives are achieved through individuals. Therefore, within the parameters and guidelines provided by organisational objectives, targets of performance are determined for every individual manager, jointly by superior and subordinates by mutual consent. Action plans are also devised. With a sufficient degree of operational autonomy, a lower level manager is made accountable for achievement of targets.

### 5. Matching of resources with objectives

The objectives are framed on the basis of availability of resources. If certain resources such as technical personnel or scarce raw-materials, are not adequately available, the objectives of an organisation are to be changed accordingly. So there is need for matching resources with objectives. Next, the available resources should be properly allocated and utilized in consultation with the subordinates.

### 6. Holding periodical review meetings

The superior and subordinates should hold meetings periodically. On the basis of these periodic meetings, validity of set objectives is judged against occurrence of unexpected events and objectives are accordingly amended. If a subordinate has failed to make the expected contribution, the problems he has encountered have to be resolved.

### 7. Performance appraisal

At the end of the MBO cycle, generally one year after setting the original goals, a final performance appraisal is made by matching performance of the subordinate with the goals agreed upon by him. The main purpose of appraisal is to find out the shortcomings in the working and then to remove them promptly. It ensures that everything goes according to the plan. The MBO approach is more concerned with results or performance than personalities or excuses. The control phase of MBO cycle becomes complete after having taken corrective measures further improvements.

### 8. Publicity of achievements

The last step of the process of management by objectives is to popularize the achievements of a particular department or a particular manager. Concerned individuals are duly rewarded and regarded for their achievements. They may be promoted or given an increment in salaries.

### 9. Recycling

The three aspects involved in the recycling process include, objective setting, action planning and performance review. Each of these aspects gives base for the other. For example, objective setting provides basis for action planning, which in turn, provides basis for performance review, and performance review gives basis for objective setting action planning. This cycle and recycle goes on continuous process.

#### 1.5.2 Advantages of MBO

##### Q15. What are the advantages of MBO.

*Ans :*

MBO is a new philosophy of management. It is goal-oriented. It can be applied in several aspects of organisational activities. This approach offers the following advantages or benefits.

1. MBO is a fine combination of planning and control because it suggests not only joint goal - setting but ensures efficient accomplishment of goals by exercising effective control.

2. It integrates individual targets, departmental goals with organisational overall objectives in such a way that goals and targets at lower level contribute to the accomplishment of organisational goals.
3. It provides a definite direction to efforts as well as resources of the organisation by establishing specific, operational and measurable goals.
4. It is goal-oriented and directed upon results, performance and contribution of the employees rather than their personalities and intentions.
5. The active involvement and participation of subordinate in setting goals and making decisions, making them enthusiastic and committed for producing better results. It encourages self-management and personal commitment.
6. It encourages initiative, self-direction and self-control among employees. In the words of Peter Drucker "the greatest advantage of MBO is that it is possible for a manager to give and retain control over his performance". It is so because, the manager gets regular feedback on his performance and gets an opportunity to look at his shortcomings and correct them.
7. The approach is highly objective and rational. The superior initiates setting of goals for subordinates with the subordinates involvement and participation. Appraisal of performance of subordinates is matched with clear, measurable and agreed objectives to avoid personal bias of the superior.
8. It facilitates training and development of subordinates managers. They participate in goal-setting, devising action plans, and decision-making with superiors through a fair and frank interaction. It ultimately leads to automatic training and development of managerial skills.
9. The MBO approach provides clarification of organisational role and structure by identifying the key result areas and translating them into various positions carrying responsibility and accountability for achieving predetermined objectives.

### 1.5.3 Limitations of MBO

#### Q16. What are the limitations of MBO.

*Ans :*

1. The approach of MBO is very often sold as a "cure all". But in practice, managing various operations of the organisation on the basis of objectives does not provide a unified, comprehensive and total approach to management.
2. MBO places an emphasis on measurable, quantifiable and specific objectives, thereby neglecting long-term, strategic and qualitative goals. For example, the image of organisation and its products, morale of employees and their motivation are not properly emphasized.
3. MBO is not as simple as it looks to be. It takes too much time and effort, and generates too much paperwork.
4. It does not provide for scientific training and development of subordinates before they are involved in the process of decision-making and goal-setting.
5. MBO approach has limited application. It can be successfully applied only in those situations where subordinates are willing and capable of playing a meaningful role, and superiors are interested of part with their authority and share it with subordinates.
6. The utility of this approach is also adversely affected by the fact that in practice superiors and subordinates find it very difficult to set goals on account of the lack of proper understanding, agreement and common interest.
7. Implementation of this approach calls for drastic changes in the existing structure of the organisation which seems to be difficult for a conservative and traditional organisation.
8. MBO approach suggests periodic review of performance as to adjust goals according to changed situation. By taking such amendments in goals frequently they may be rendered meaningless and create confusion among the subordinates.

9. In implementing this approach, the manager places too much emphasis on goal-setting, as a result of which he may lose sight of other important managerial processes and activities. Thus, the approach fails to maintain proper balance between managing and goal-setting.

## 1.6 MANAGEMENT BY WALKING AROUND (MBWA)

### Q17. Explain the concept of MBWA

*Ans :*

The management by wandering around (MBWA), also management by walking around, refers to a style of business management which involves managers wandering around, in an unstructured manner, through the workplace(s), at random, to check with employees, or equipment, about the status of ongoing work.

#### Definition

It is Management by Walking Around. MBWA basically refers to managers spending some part of their time listening to problems and ideas of their staff, while wandering around an office or plant.

#### Characteristics of MBWA

There are three characteristics that define and shape effective MBWA.

#### 1. Authenticity

A personable, walking around style is simply not possible when it's forced or hurried. Remember, the goal is to foster relationships, and that's something that just can't be done if it is obvious that you are rushing to your next appointment. Your team members will pick up on any lack of sincerity, and that will make your team building efforts much more difficult.

#### 2. Inclusiveness

Rather than just spending time with those who report directly to you, get out and visit with the frontline workers as well. Make sure that this becomes a regular process. Lack of consistency is likely to be seen as lack of commitment on your part. Management by

walking around allows you to be perceived as actively interested in team members as people.

#### 3. Engagement

Through engagement, you can gain valuable information as you encourage impromptu discussions with individual workers or small groups. Use your walking around time to ask important questions and observe your front-line team members in action. Provide good news and information as well, by sharing success stories and your personal vision. And, don't forget to offer your sincere thanks and appreciation for the meaningful contributions that they make.

MBWA, properly implemented, sends a positive message to those responsible for your organization's success - your team members. It demonstrates your interest in them as individuals and in the work they do. And, it also permits you to stay in touch with the pulse of your organization while conveying a positive example of leadership.

#### MBWA Development

The MBWA development mainly reflected in the internal epitaxial outside the enterprise, and change the trading interests of the relationships developed into friendships turn competition into competing, and the formation of a new management philosophy :

##### ➤ Toward Customers

Change, such as off-site inside the client's door to the customers, developed to meet the needs of customers, the development from selling products to selling services, marketing concept has undergone a fundamental change.

##### ➤ Toward Suppliers

Give up my client to give you a job, you do not curry favor with the old concept into the suppliers to establish strategic cooperative partnership to build a modern supply chain system.

➤ **Toward Government Agencies**

Good management initiative towards government agencies, and authorities, industrial and commercial tax departments to keep abreast of relevant information to make a corresponding decision-making. Avoid fuss phenomenon usually do not burn incense, cramming, “.

➤ **Toward Competitors**

Be able to walk into the door of our competitors, and competitors become friends turn competition into competing, to achieve a win-win situation, it can be said the lofty realm of enterprise development, can achieve competitive both maximize profits.

➤ **Toward the Media, the General Public**

Good wine is also deeply afraid of the alley, the role of the media in modern society is becoming more and more significant. Good use of the media, to obtain the  $1 + 1 > 2$ ; offend media, there may be a new crisis.

### Implementation of MBWA

Management by Walking Around (MBWA) is a great way to build relationships with all of your employees. MBWA is simply walking around your workplace and connecting with all of your employees. This can give you a sense of how things are going as well as showing your employees that you are approachable and interested in them. MBWA, if done correctly, can increase morale and productivity.

Tips for Implementing MBWA :

**1. Add MBWA to Your Routine**

At first, employees might feel uncomfortable with you “dropping by” their workspaces. If you do it regularly, then it becomes part of their routine as well.

**2. Vary Your Time and Dates**

MBWA is most effective when not done as part of a fixed schedule. If employees expect you at a certain day/time, they will prepare for your visit, reducing the authenticity of the exchange.

**3. Walk Alone**

This should be a chance for some one-on-one time. Bringing an entourage with you is more like an invasion than a casual conversation.

**4. Stay Positive**

Remember, this is a time to connect on a personal level with your staff. This is not a time to criticize or to correct behavior. If you notice a problem, address it at another time with the individual privately.

**5. Be Relaxed**

Your employees will reflect your behavior. If you keep a formal tone, you will get equally formal responses. If you relax, your employees will relax and be more open in their communication.

**6. Use the time to offer praise and/or gratitude**

Take this time to praise and thank your employees for their work. If you see something good, take the time to comment.

**7. Take time for small talk**

This is about connecting with your staff. Get to know each person on a personal level. If you notice something interesting in his/her workspace, ask about it.

**8. Treat everyone equally**

You might not be able to spend the same amount of time with each person on every walk. However, make sure you don't always talk to the same person or spend more time with one group than another.

**9. Ask for suggestions**

This is a time to show your staff you are receptive to suggestions and new ideas. Take the time to listen to what they have to say.

**10. Follow up**

If you can't answer a question, make sure you respond at some point. This shows you were really listening and helps to build trust.

### Advantages of MBWA

The MBWA have the following four advantages :

➤ **Understand the Situation**

No less than the front-line person walk, sometimes like fog outlook spent, not the end in mind. And then there are many rank-and sometimes like bad news, and sometimes the problem resolve itself, not in a timely manner , may give the company's overall work caused passive.

➤ **Strengthen Communication**

The move is communication and exchanges at all levels. Direct communication, you can master the timely, reliable, comprehensive, and lay a solid foundation for future accurate, decisive and timely decision-making.

➤ **Exchanges**

Often to the grassroots, direct exchanges and front-line employees, about their thoughts, views and opinions, the closer on emotional communication between different levels, eliminate some of the misunderstandings and misconceptions due estrangement, generate mutual trust better with the decision to consider the surface broader, more comprehensive.

➤ **Supervision Work**

Implementation of management by walking around, is the work of an inspection, in particular, to direct the work of subordinate a check. Helps to supervise subordinates to work harder, active, positive work.

### Disadvantages of MBWA

#### 1. The limits of geography

Firstly it is kind a limited by geography. It requires managers actually walk around, and there's only so much ground an executive can cover in amongst their other tasks.

#### 2. It's limited to employees

When you can only cover so much distance it stands to reason that your reach will be limited. Therefore it's understandable that executives limit their focus to employees and don't walk around customers and other stakeholders that would nevertheless provide valuable insight.

#### 3. It relies upon candid insights

A feature of MBWA is that it is random. The thinking goes that if employees expect a visit from you then it will not provide you with a true insight into what's going on. Even so, with an executive stood over your shoulder, even a random visit is only going to provide so much insight. Many employees will refrain from providing honest insights if that means being critical of the boss.

### 1.7 LINE AND STAFF ORGANISATION

**Q18. What do you understand by live and staff organizations and discuss.**

*Ans :*

The first form of line organisation, 'Pure line organisation' is rarely seen in practice, while its second form 'departmental line organisation' is usually found among small business enterprises. The chief defect of this form is that under this organisational structure the functions of thinking and execution have to be performed by one individual as a result of which his work load increases. That is why this structure is not adopted in a large size business. In order to remove its defects an amended form of this structure was born which is known as line and staff organisation.

#### Meaning of Line and Staff Organisation

Under the line and staff organisation, the function of line is similar to its function under the line organisation but some staff or experts are also appointed as advisors to the line officers. The function of the line officers is to take decisions, while the function of the staff officers is to advise them. Staff officers are experts in their respective fields and they offer their useful advice after analysing the problems presented by the line officers. In this way the work of thinking and execution is done by

different persons and this removes the chief defect of the line organisation. It can be adopted in case of large business enterprises.

It is, however, important to make it clear that the line officers are not bound to accept the advice offered by the staff officers because the line officers alone are responsible for the final outcome.

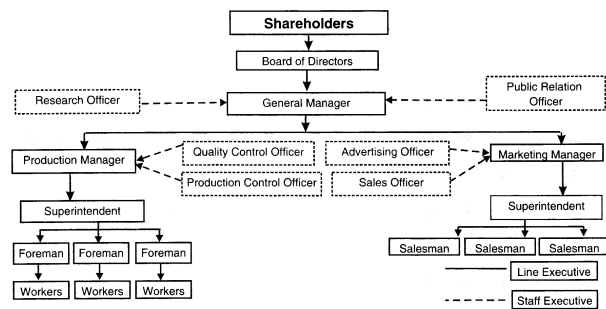
### Definitions of Line and Staff Organisation

1. **According to Louis A. Allen**, "Staff refers to those elements of the organisation which provide advice and service to the line".
2. **According to Newman**, "Staff work is that part of managerial work that an executive assigns to someone outside the chain of command".
3. **According to Earnest Dale**, "Line executives are those incharge of function that contribute directly to the main objective of business, staff executives are those who contribute counse and special services to the line".

### Characteristics of Line and Staff Organisation

1. The work of 'thinking' and 'execution' is divided into two parts. The staff executives do 'thinking' while the line executives translate this thinking into reality.
2. The line of the line organisation remains intact and the benefit of the advice of the experts becomes available.
3. The experts have only the right to tender advice, its rejection or acceptance depends on the line executives.
4. The subordinates of the line executives remain their subordinates alone and they cannot be treated as the subordinates of the staff executives.
5. The principle of the unity of command remains implemented because the orders are received only through a single officer.
6. The movement of authority is from top to bottom.
7. The movement of suggestions and complaints is from bottom to top.

The Line and Staff Organisation has been shown clearly in the following diagram:



### Merits of Line and Staff Organisation

This form of organisation has the following chief merits :

#### 1. Sound Decision

In this organisation the decisions taken by the line executives are good because the basis of all the decisions is the advice of the experts.

#### 2. Increase in Efficiency

The division of the work of the line executives increases efficiency as a result of which they start taking quick and good decisions.

#### 3. Specialisation Possible

The work of thinking and execution are divided and, therefore, the staff executives and the line executives attain specialisation in their respective fields.

#### 4. Advantage of Line Organisation

This organisation system is an improved version of the line organisation and, therefore, it has all the advantages of line organisation.

#### 5. Research Facilities

The staff executives do not have to remain busy in daily routine and the line executives ask for their suggestions only in special circumstances. Therefore, the staff executives have enough time at their disposal for research work. During this time they discover new procedures which benefit the enterprise.

#### 6. More Facility of Expansion

Legal and other complexities are increasing in modern business. In these circumstances the expansion of business becomes difficult.

However, when an organisation has the services of the experts available to it, there cannot be any possibility of any difficulty.

#### 7. **Decrease in Production Costs**

Experts find out new methods of production which make it easier to increase production of good quality products with the minimum cost.

#### 8. **Discipline**

In this organisation because of the unity of command there is no problem on account of discipline.

#### **Demerits of Line and Staff Organisation**

The main demerits of the line and staff organisation are as under :

##### 1. **More Administrative Costs**

In this form of organisational structure generally more than one experts are appointed with one line executive and sometimes their advice turns out to be impracticable and hence useless. Thus, it is very costly to have them as part of the organisational structure.

##### 2. **Lack of Responsibility of Experts**

Experts have no hand in the success or failure of the decisions. Sometimes they do not give sound advice simply because of this.

##### 3. **Conflict between Line and Staff Authority**

On the one hand the line executives claim that they play a major role in the attainment of the objectives of the enterprise and in case of adverse results they are answerable. Therefore, they are an important part of the enterprise. Under this impression the line executives start treating the staff executives as inferior employees and do not pay any attention to their advice. On the other hand, the staff executives start losing initiatives on account of their advice being ignored regularly. As a result of this they do not give

any special attention to the problems of the line executives. Thus both become antagonistic towards each other. Such an atmosphere pushes the organisation towards destruction.

##### 4. **Only Theoretical Advice**

The knowledge and experience of the staff executives happens to be more theoretical than practical. Thus, they offer advice only on the strength of their bookish knowledge and do not pay attention to the actual problems of the organisation.

##### 5. **Lengthy Decision-making Process**

In this form of organisation the decision-making process gets unduly lengthy. First, a problem appears before the line executives, then they place the problem before the staff executives, who after deliberations give their advice. The whole process consumes much time and sometimes some good opportunities of profit slip away.

##### 6. **Ambiguity Regarding Authorities**

There is an ambiguity among the relations of the line executives and the staff executives. Usually the line executives consider themselves senior while the staff executives oppose this.

##### 7. **Dependence on Experts**

Sometimes it so happens that the line executives get habituated to do every work with the advice of the staff executives. The result is that in the absence of experts the line executives feel handicapped and their efficiency is reduced.

#### 1.7.1 **Line and Staff Relationship**

**Q19. Discuss the line and staff relationship.**

*Ans :*

Line and staff managers are in an interdependent relationship with one another. Interactions are involved in their day-to-day relationships of staff advice, guidance and services to the line. The line managers are dependent on staff specialists for achieving their goals. A production manager cannot function effectively, if,

for example, the materials manager does not provide him supplies, tools, spare parts, raw materials etc., the maintenance manager does not provide him repairing and maintenance services, quality control managers does not cooperate with him by providing guidance about quality specifications, and so forth. Similarly, staff managers will find themselves superfluous if line people do not need or reject their advice and services.

Another aspect of line-staff relationship is based on their authority relations. The line managers have command authority over their departments. Similarly, staff managers have command authority over their own departments but they don't have authority over other managers, line or staff, outside their own departments. Their function is to give advice and render service to the line departments as well as to other staff departments. This point in line-staff relationship is often missed, and can be clarified with an example. A personnel manager extends expert advice not only to line departments, i.e., production, sales and finance but to other staff departments also such as materials, quality control, maintenance etc. Thus, we find that a staff manager is in a line relationship with other employees in his own particular department, and in staff relationship with managers and employees in all the other departments.

It is discretionary on the part of a line manager to accept or reject the advice of a staff expert. Acceptance of advice is always voluntary; it can never be forced on others. For example: a doctor can advise a patient to take a particular medicine to cure his ailment but he can't force it down his throat.

### 1.8 THE PETER'S PRINCIPLE

**Q20. Explain about the Peter's Principle.**

*Ans :*

#### The Peter Principle

A concept formulated by Laurence J Peter in 1969, the **Peter Principle** runs that in a hierarchical structure, employees are promoted to their highest level of incompetence at which point they are no longer able to fulfil an effective role for their organisation.

In the **Peter Principle** people are promoted when they excel, but this process falls down when they are unlikely to gain further promotion or be demoted with the logical end point, according to Peter, where "every post tends to be occupied by an employee who is incompetent to carry out its duties" and that "work is accomplished by those employees who have not yet reached their level of incompetence".

To counter the **Peter Principle** leaders could seek the advice of Spanish liberal philosopher *José Ortega y Gasset*. While he died 14 years before the **Peter Principle** was published, Ortega had been in exile in Argentina during the Spanish Civil War and prompted by his observations in South America had quipped: "All public employees should be demoted to their immediately lower level, as they have been promoted until turning incompetent."

### 1.9 PARKINSON'S LAW

**Q21. Explain about Parkinson's Law.**

*Ans :*

Organization will have two types of managers: those who are rising up the ranks and those who have gone as far as they can go. The impact on an organization is that some of its leaders may not be up to the task of leadership.

#### Decision Making

An organization's decision making may rely on individuals in important positions. The Peter Principle indicates that some of those decision makers are not qualified, which means a percentage of the organization's decisions are poor. While a company may be surviving because it makes enough good decisions, it could do better if it weren't for the poor decisions.

#### Deadlines

Parkinson's Law states that a task will expand to fill the time allotted to it. This means if someone has a report that's due in two weeks, that person generally will take the full two weeks to file that report. Similarly, if your organization must make a decision by the end of the quarter, it most likely will just meet that deadline. While deadlines serve an organization well by making sure tasks have a completion date, they also give employees license to drag their feet until the deadline approaches. Add

to this the fact that many deadlines are estimates of the amount of time it will take to complete an action, and you can see that much time-wasting is built into an organization.

### Productivity

Productivity always has a tendency to lag behind people's capabilities. According to Parkinson's Law, instead of getting as much done as possible, employees tend to get as much done as they are expected to. This means an organization seldom reaches its maximum productivity without intervention. The result is a company that is not doing as well as it could be.

#### 1.9.1 Effects of Peter's Law & Parkinson's Law on Human Resource Management

**Q22. What are the Effects of Peter's Law & Parkinson's Law on Human Resource Management.**

*Ans :*

Peter's Law, also known as the Peter Principle, and Parkinson's Law were conceived by different individuals who originally used these concepts in satirical essays written in 1968 and 1955, respectively. Since their inception, these ideas have found their way into business organizations. These "laws," even if not actual laws of man or nature, can thwart HR professionals in their attempts to manage employees for the benefit of your business. When they are understood, human resources personnel can use both laws for the benefit of your company.

#### HR and Peter's Law

Peter's Law, created by Laurence J. Peter and Raymond Hull, is generally stated as, "Employees tend to rise to their level of incompetence." For example, when an employee is consistently functioning within his competencies, HR may provide him with opportunities for job advancement, but there may come a point when the employee is elevated to a job that is above his capacity to do well. This situation can result in a manager who is functioning below what is required of his job.

### Training

When hiring employees, HR staff members are working optimally when they match skill-sets with those required for each job. Before an employee is promoted, human resources personnel should continue to match experience and skills with the job to which the employee is being promoted, and add an additional step – that of pre-training the employee to enable him to successfully operate in the higher-level position. Incorporating and managing a policy of pre-training for advancing employees can mitigate situations in which managers who find themselves over their heads may begin performing inadequately.

#### HR and Parkinson's Law

Parkinson's Law, invented by Cyril Northcote Parkinson, alleges, "Work expands so as to fill the time available for its completion." In other words, if an employee is given a week to complete a task, he will tend to use the entire time allotted to finish the job. In general, Parkinson's Law holds true even when a job can be finished in a much shorter amount of time. For human resources personnel, Parkinson's Law can drastically hinder employee productivity, creating situations that HR works hard to avoid.

### Productivity

Human resources professionals can circumvent Parkinson's Law by monitoring schedules and job assignments. Each task can be closely evaluated to arrive at the optimum time it would take to effectively complete the job. For example, inspection might find that assignments that previously took a week to complete can be finished in three days. If all jobs are appraised with time management in mind, employee productivity can increase dramatically. Human resources teams might additionally provide some type of motivation for employees who are asked to complete jobs in shorter periods of time. For example, employees finishing the work in the shortened time allocated might receive a small perk such as movie tickets.

### 1.10 MAIN APPROACHES TO ORGANISATION STRUCTURE

**Q23. What are the main approaches to organisation structure.**

*Ans :*

#### Types /Approaches to Organisation

Organizational designs fall into two categories, traditional and contemporary. Traditional designs include simple structure, functional structure, and divisional structure. Contemporary designs would include team structure, matrix structure, project structure, boundaryless organization, and the learning organization. I am going to define and discuss each design in order to give an understanding of the organizational design concept.

#### I) Traditional Designs

##### 1. Simple Structure

A simple structure is defined as a design with low departmentalization, wide spans of control, centralized authority, and little formalization. This type of design is very common in small start up businesses. For example in a business with few employees the owner tends to be the manager and controls all of the functions of the business. Often employees work in all parts of the business and don't just focus on one job creating little if any departmentalization. In this type of design there are usually no standardized policies and procedures. When the company begins to expand then the structure tends to become more complex and grows out of the simple structure.

##### 2. Functional Structure

A functional structure is defined as a design that groups similar or related occupational specialties together. It is the functional approach to departmentalization applied to the entire organization.

##### 3. Divisional Structure

A divisional structure is made up of separate, semi-autonomous units or

divisions. Within one corporation there may be many different divisions and each division has its own goals to accomplish. A manager oversees their division and is completely responsible for the success or failure of the division. This gets managers to focus more on results knowing that they will be held accountable for them.

#### II) Contemporary Designs

##### 1. Team Structure

A team structure is a design in which an organization is made up of teams, and each team works towards a common goal. Since the organization is made up of groups to perform the functions of the company, teams must perform well because they are held accountable for their performance. In a team structured organization there is no hierarchy or chain of command. Therefore, teams can work the way they want to, and figure out the most effective and efficient way to perform their tasks. Teams are given the power to be as innovative as they want. Some teams may have a group leader who is in charge of the group.

##### 2. Matrix Structure

A matrix structure is one that assigns specialists from different functional departments to work on one or more projects. In an organization there may be different projects going on at once. Each specific project is assigned a project manager and he has the duty of allocating all the resources needed to accomplish the project. In a matrix structure those resources include the different functions of the company such as operations, accounting, sales, marketing, engineering, and human resources. Basically the project manager has to gather specialists from each function in order to work on a project, and complete it successfully. In this structure there are two managers, the project manager and the department or functional manager.

### 3. Project Structure

A project structure is an organizational structure in which employees continuously work on projects. This is like the matrix structure; however when the project ends the employees don't go back their departments. They continuously work on projects in a team like structure. Each team has the necessary employees to successfully complete the project. Each employee brings his or her specialized skill to the team. Once the project is finished then the team moves on to the next project.

### 4. Autonomous Internal Units

Some large organizations have adopted this type of structure. That is, the organization is comprised of many independent decentralized business units, each with its own products, clients, competitors, and profit goals. There is no centralized control or resource allocation.

### 5. Boundaryless Organization

A boundaryless organization is one in which its design is not defined by, or limited to, the horizontal, vertical, or external boundaries imposed by a predefined structure. In other words it is an unstructured design. This structure is much more flexible because there is no boundaries to deal with such as chain of command, departmentalization, and organizational hierarchy. Instead of having departments, companies have used the team approach. In order to eliminate boundaries managers may use virtual, modular, or network organizational structures. In a virtual organization work is outsourced when necessary. There are a small number of permanent employees, however specialists are hired when a situation arises.

Examples of this would be subcontractors or freelancers. A modular organization is one in which

manufacturing is the business. This type of organization has work done outside of the company from different suppliers. Each supplier produces a specific piece of the final product. When all the pieces are done, the organization then assembles the final product. A network organization is one in which companies outsource their major business functions in order to focus more on what they are in business to do.

### 6. Learning Organization

A learning organization is defined as an organization that has developed the capacity to continuously learn, adapt, and change. In order to have a learning organization a company must have very knowledgeable employees who are able to share their knowledge with others and be able to apply it in a work environment. The learning organization must also have a strong organizational culture where all employees have a common goal and are willing to work together through sharing knowledge and information. A learning organization must have a team design and great leadership. Learning organizations that are innovative and knowledgeable create leverage over competitors.

#### 1.10.1 Approaches for Designing Organizational Structure

**Q24. What are the approaches for designing organisational structure.**

*Ans :*

"This classification is more appropriate for organisational design:

#### 1. Process Approach

Process approach to designing of an organisation structure is related to identification of sequences of activities involved and then deciding the various units of organisation, combining various units, and placing them at appropriate places so that activities are performed properly. The main emphasis is put on three things:

- i) All necessary activities for achieving objectives are performed.
- ii) There is no unnecessary duplication of performance of activities.
- iii) All necessary activities are performed in a synchronised way.

Thus, various organisational units may be created based on the activities to be undertaken; their relationships will be based on the sequence of activities performed by these units: their relative position will depend on the relative importance of activities performed by them.

The process approach of organisational design has some unique advantages. It sharpens understanding of the dynamics of operating sequences and requirements of the business. This approach helps, in improving the coordination of functions' that cut across several departments such as planning, budgeting, etc. However, it has one basic limitation in the form of prescribing a stable structure. This process works well in comparatively smaller organisations which concentrate on one or lesser number of related products.

## 2. Result Approach

Organisational design that focuses on results is more effective in those situations where strategy innovation is a prime need. The focal point for developing the structure through a result approach involves the following steps:

- i) Defining the business on the basis of potential area of market opportunities;
- ii) Establishing the objectives to be accomplished;
- iii) Determining the requirements for success and functional skills needed to meet them;
- iv) Determining the degree of authority keeping in mind the degree of centralisation best suited to decision making.

However, if an organisation has several clusters of market opportunities which are not common but the organisation wants to take

the advantages of these, it should be structured on the basis of Strategic Business Units (SBUs). An SBU can be thought of as a clustering of discrete product/market units based on some important common strategic elements.

## 3. Decision Approach

Decision approach of organisational design mechanism puts certain questions about the decisions and the answers of these questions become the basis for designing structure. These questions are:

- i) What decisions are needed to obtain results for achieving organisational objectives?
- ii) What is the nature of such decisions?
- iii) At what levels of the organisation, should such decisions be made?
- iv) What are the activities involved in or affected by such decisions?

The answers of these questions would determine the degree of authority in a position, its interaction with other positions, and the placement of the position in organisational hierarchy.

### 1.11 APPROACHES TO MANAGEMENT

#### 1.11.1 Classical Theory to management

**Q25. Explain about classical theory to management.**

*Ans :*

The study of management became more systematic and formal as a by-product of the Industrial Revolution that took place from the 1700s through the 1900s. It was necessary to develop approaches to managing work and people in order to manage all the new factories that were a central part of the Industrial Revolution. The classical approach to management encompasses:

- 1. Scientific management,
- 2. Administrative theory
- 3. Bureaucratic management.

The core of management knowledge lies within the classical school. Its key contributions are planning, organising, leading, and controlling. Many major historical developments in organisations, such as decentralisation of General Electric (GE) in the 1950s, were based on classical principles.

The classical school provides a systematic way of managing people and work that has proven useful over time and represents its major strength. Its major limitation is that it sometimes ignores differences among people and situation. **For example**, some of the classical principles for developing an organisation are not well suited to fast-changing situations.

Classical theorists formulated principles for setting up and managing organisations. These views are labelled "classical" because they form the foundation for the field of management thought. The major contributors to the three schools of management thought - scientific management, administrative theory, and bureaucratic management - are Frederick W. Taylor, Henry Fayol and Max Weber respectively.

#### 1.11.1.1 Taylor's Contribution: Scientific Management

**Q26. Explain about Taylor's Contribution: Scientific Management.**

*Ans :*

The concept of scientific management was introduced by **Frederick Winslow Taylor** in U.S.A. in the beginning of 20<sup>th</sup> century. This concept was further carried on by **Frank** and **Lillian Gilbreth**, **Henry Gantt**, **George Berth**, **Edward Felen**, etc. Scientific management was concerned essentially with improving the operational efficiency at the shop-floor level.

**According to Taylor**, "Scientific management is concerned with knowing exactly what you want men to do and then see in that they do it in the best and cheapest way".

F. W. **Taylor** was the pioneer of the scientific management theory. He was a scientist and made researches how man can be used efficiently at work. During his research he found that the main cause of inefficiency and wastage in factories was ignorance on the part of both workers and

managers of scientific methods. For this purpose he developed a theory known as 'Scientific Management', in which he suggested that the efficiency can be improved by investigations, analysis and measurement.

Scientific management has been regarded as the attitude and philosophy of discarding the old rule of thumbs and resolved the problem of management through scientific investigations.

#### Features of Scientific Management

The main features of scientific management are:

##### 1. Separation of Planning and Doing

In the pre-Taylor-era a worker himself used to decide how he had to work and what machines and equipment would be required to perform the work. But Taylor separated the two functions of planning and doing; he emphasised that planning should be entrusted to specialists.

##### 2. Functional Foremanship

Taylor introduced functional foremanship for supervision and direction. Under the Eight-Boss-Scheme of functional foremanship, four persons - Route clerk, Instruction card clerk, Time and cost clerk, and Disciplinarian are related with planning function and the remaining four Speed boss, Inspector, Maintenance foreman, and Gang-boss is concerned with operating function.

##### 3. Bilateral Mental Revolution

Scientific management involves a complete mental revolution on the part of the working men engaged in any particular establishment or industry - a complete mental revolution on the part of these men as to their duties towards their work, towards their fellow-men, and towards their employers. And it involves the equally complete mental revolution on the part of those on the management's side - the foreman, the superintendent, the owner of the business, the Board of Directors - a complete mental revolution on their part as to their duties towards their fellow workers in the management, towards their workmen and

towards all of their daily problems. And without this complete mental revolution on both sides scientific management does not exist.

#### 4. Financial Incentives

In order to motivate the workers for greater and better work Taylor introduced the differential piece-rate system. According to Taylor, "The wage should be based on individual performance and on the position which a worker occupies. The rate should be fixed on accurate knowledge and not on estimates".

#### 5. Economy

While applying scientific management, not only scientific and technical aspects should be considered but adequate consideration should be given to profit and economy. For this purpose techniques of cost estimates and control should be adopted:

#### 6. Mechanism of Management

Taylor warned against confusing the mechanisms of management with the philosophy of scientific management. He listed the some of mechanisms as time study, functional foremanship, standardisation of tools and implements, the desirability of a planning room, instruction cards for the workman, the differential rate, a routing system, modern cost system, etc.

### Techniques of Scientific Management

#### 1. Time Study

Time study is the technique used to measure the time that may be taken by a workman of reasonable skill and ability to perform various elements of the tasks in a job.

#### 2. Motion Study

This is a technique which involves close observation of the movements of the body and limbs required to perform a job. The purpose of motion study is to avoid wasteful motions and determine the best way of doing a job.

#### 3. Standardisation

It refers to the methods of selecting standard tools and equipment for use by workers as well as of maintaining standard working conditions with respect to lighting ventilations, etc., at the workplace.

#### 4. Functional Foremanship

In this, a worker is supervised by several specialist foremen. For example, matters relating to speed of work are looked after by the foreman called speed boss, breakdowns and repairs are supervised by the repair boss who is specialised in repairs, and so on.

#### 5. Differential Piece Rate Plan

This is a method of wage payment in which efficient and inefficient workers are paid at different rates. The efficient workers are paid at a higher rate than the inefficient ones.

### 1.11.1.2 Fayol's Contribution: Administrative Management

#### Q27. Explain about Fayol's Contribution: Administrative Management.

*Ans :*

Henry Fayol was a major contributor to administrative management approach. Henry Fayol, a French industrialist, has been regarded as the real father of modern management. He was a mining engineer and worked at all positions to the position of the Managing Director in a coal mining company. He reduced his ideas based on practical experiences in his book, 'Administration Industrielle et Generale' published in 1916 in French language.

Fayol divided the activities of an industry into six groups, i.e., technical, commercial, financial, security, accounting and managerial. These activities are common to all organisations, whether big or small. He devoted his book only to the sixth activity i.e., managing.

### Features of Administrative Management

#### 1. Formalised Administrative Structure:

The organisational design is a formalised structure with clear lines of authority from the top down. This is a hierarchical structure.

2. **Division of Labour:** It ensures a clear division of labour between the organisation's departments. Each department is responsible for a particular aspect of the organisation's activities towards achievement of organisational goals.
3. **Delegation of Power and Authority:** Another key feature of the theory is the delegation of power and authority to administrators commensurate with their responsibilities in the organisation.

### Fayol's Principles of Management

Basic 14 principles of management given by Fayol are as follows:

1. **Division of Labour:** Division of labour leads to specialisation which increases the efficiency of individual employees. Fayol recommended that work of all kinds must be sub-divided and allocated to a number of persons. This principle is applicable to both technical as well as managerial work.
2. **Parity of Authority and Responsibility:** The principle of parity suggests that there must be parity between authority and responsibility. Giving authority without corresponding responsibility can lead to arbitrary and unmindful use of authority. Similarly, if a person is given some responsibility he must also be given adequate authority. Lack of necessary authority will make the individual ineffective.
3. **Discipline:** Discipline in the context of management means obedience, proper conduct in relations to others, and complying with the rules and regulations of the organisations. Smooth running of business requires discipline.
4. **Unity of Command:** This principle states that a subordinate should receive orders and be accountable to one and only one superior. No employee, therefore, should receive instructions from more than one person. The principle is necessary to avoid confusion and conflict.
5. **Unity of Direction:** According to this principle the efforts of all the members of the organisation should be directed towards common goals. The principle seeks to ensure "unity of action, coordination of strength and focusing of effort". The principle of unity of command refers to the need for each subordinate being accountable to one & only one superior.
6. **Subordination of Individual's Interest to General Interest:** What is in the interest of the organisation as a whole must take precedence over the interest of individuals. Generally, the effort should be to bring about convergence of general and individual interest. But in case of conflict, individuals must sacrifice in the larger interest.
7. **Fair Remuneration to Employees:** In Fayol's view remuneration of employees should be fair and reasonable. To be fair to the employees, wages should be determined on the basis of work assigned, cost of living, and financial position of the business and average wage rates for similar work in the industry.
8. **Centralisation and Decentralisation:** Fayol says that an organisation should strive to achieve a balance between complete centralisation and decentralisation. In small organisations where the range of activities is generally small, greater centralisation is possible. But in large organisations, the degree of centralisation should be less.
9. **Scalar Chain :** The principle of scalar chain suggests that there should be a clear line of authority from top to bottom linking managers at all levels. The scalar chain serves as a chain of command as well as a chain of communication. It is regarded as a chain of command because orders or instructions issued at higher levels flow through intermediate managers before reaching lower levels.
10. **Order:** This is a principle relating to the arrangement of things and people. In material order, there should be a place for everything and every thing should be in its place. Similarly, in social order, there should be right man in the right place.

11. **Equity:** The principle of equity suggests that similar treatment is assured to people in similar positions. For example, workers performing similar jobs should be paid the same wage rate. The equity principle implies that managers should be fair and impartial while dealing with their subordinate.
12. **Stability of Tenure:** Fayol emphasised that employees should not be moved from their position frequently. The period of service in a position should be fixed. It often takes time to get used to work. An employee cannot render useful service if he is removed before he gets accustomed to the work assigned to him.
13. **Initiative:** Employees at all levels should be allowed to take initiative in work related matters. Initiative means eagerness to initiate action without being asked to do so. However, it does not imply freedom to do whatever people like. They must observe discipline.
14. **Esprit de Corps:** It refers to team spirit that is harmony in work group and mutual understanding among workers. Managers must take steps to develop a sense of belonging among the members of a work group. If there is team spirit, everyone comes forward to help others. It helps develop an atmosphere of mutual trust and understanding.

#### 1.11.1.3 Max Weber's Contribution: Bureaucracy

**Q28. Explain about max weber's contribution:  
Bureaucracy.**

*Ans :*

Max Weber contributed the theory of bureaucracy to the management thought. He used the word bureaucracy to the specific kind of administrative organisation whose characteristics are given below. Max Weber's main contribution to management is his theory of authority structure and his description of organisations based on the nature of authority relations within them. It was Weber's contention that there are three types of legitimate authority which run as follows:

1. **Rational-Legal Authority:** Obedience is owed to a legally established position or rank within the hierarchy of a business, military unit, government, and so on.
2. **Traditional Authority:** People obey a person because he belongs to certain class or occupies a position traditionally recognised as possessing authority, such as a royal family.
3. **Charismatic Authority:** Obedience is based on the follower's belief that a person has some special power or appeal.

Weber's theory of bureaucracy recognises rational-legal authority as the most important type in organisations. Under traditional authority, leaders are not chosen for their competence, and charismatic authority is too emotional and irrational.

#### Features of Bureaucracy

A bureaucratic organisation shows the following features:

1. **Division of Work:** There is a high degree of division of work at both the operative and administrative levels. This leads to specialisation of work.
2. **Hierarchy of Positions:** There is a hierarchy of authority in the organisation. Each lower position is under the control of a higher one. Thus, there is unity of command. The bureaucratic structure is hierarchical in nature. It is like a pyramid in which quantity of authority increase as one moves up the ladder in the organisation.
3. **Rules and Regulations:** The rules, regulations and procedures are clearly laid down by the 'top administration. Their benefits are as under:
  - i) They standardise operations and decisions.
  - ii) They serve as receptacles of past learning.
  - iii) They protect incumbents and ensure equality of treatment.
4. **Impersonal Conduct:** There is impersonality of relationships among the organisational members. The decisions are entirely guided by rules and regulations and are totally

impersonal. There is no room for emotions and sentiments in this type of structure. The essence of bureaucracy is total depersonalisation.

5. **Staffing:** The personnel are employed by a contractual relationship between the employee and employer. The tenure of service is governed by the rules and regulations of the organisation. The employees get a salary every month which is based on the job they handle and also the length of service.
6. **Technical Competence:** The bureaucrats are neither elected nor inherited, but they are appointed through selection and the basis of selection is their technical competence. Promotions in bureaucracies are also based on technical qualifications and performance.
7. **Official Records:** The administration of a bureaucratic organisation is supported by an efficient system of record-keeping. The decisions and activities of the organisation are formally recorded and preserved safely for future reference.

#### 1.11.2 Human Relations Approach/ Behaviours

**Q29. What are the Human Relations Approach Behaviours and Discuss.**

*Ans :*

#### **Behavioural Approach /Human Relations Approach to Management**

The Human Relations Approach or the Behavioural Science approach gives greater importance to man behind the machine and stressed the importance of individual as well as group relationships in the organisation. Human rationalists pointed out the role of psychology and sociology in the understanding of individual as well as group behavior in an organisation. They advocated the importance of human values in business.

#### **Hawthorne Experiment**

Elton Mayo and his associates conducted Hawthorn studies in the Hawthorn plant of Western Electric company in the USA between 1927 and 1932. They were the pioneer human rationalists.

According to them there are many areas of managerial applications of behavioural science methods. These are,

- (a) The business organisation is not just a techno-economic system. Basically, it is a social system.
- (b) The employee can also be motivated by many social and psychological wants and not solely by economic incentives because his behaviour is also influenced by feelings, emotions and attitudes.
- (c) Democratic rather than authoritarian leadership is essential to honour psychosocial demands.
- (d) Effective two way communication network is essential to establish common flow of understanding in any organisation which will help it to attain goals. Hence, participation becomes an important instrument in human relations movement.
- (e) Management must take greater interest in employee development and worker satisfaction as there is a very close connection between morale and productivity. In other words, productivity and satisfaction go together hand-in-hand in any business.
- (f) Informal group and informal organisation must be recognized. Group psychology plays an important role in any enterprise. We must rely more on group efforts.
- (g) Management must develop social skills in addition to technical skills. The key to higher productivity lies not in technological development alone but in reality it lies in employee morale. When morale is high, output is also high. Man-to-man relationships, team spirit, group harmony should be given top preference by management.

#### **Elements of Human Relations Approach**

##### **1. The Individuals**

This approach emphasised that individual differences must be recognised. The inner world of the worker is more important than the external reality in the determination of productivity. Thus, human relations at work determine the rise or fall in productivity.

## 2. Work Groups

This approach emphasises the vital effects of group psychology and behaviour on motivation and productivity. Each work group has its own leader, unwritten constitution and its own production standard imposed by social sanctions on the group members.

## 3. Participative Management

The emergence of participative management is inevitable when emphasis is laid on individual and work groups. Allowing labour to participate in decision making primarily to increase productivity was a new form of supervision. Modern management now welcomes worker participation in planning job contents and job operations.

Thus, Human Relations made very significant contribution to management thought by bringing into limelight human and social factors in organisation. But their concepts were beyond an appropriate limit. It was proved that there is no direct and deep connection between morale and it is not a very meaningful concept of management thought. There are many other factors which influence productivity directly. From 1969, management thought has been turning somewhat away from regarding the extreme human relations ideas, particularly regarding direct relation between morale and productivity.

Modern management though wants equal emphasis on man and machine and we can evolve appropriate man-machine system to secure both goals, i.e., productivity and satisfaction for all interested parties.

### Implications of Hawthorne Experiments

Human relations involves motivating people in organization in order to develop team work which effectively fulfills their needs and achieves organisational goals. The major findings of the experiments are,

#### 1. Social Factors in Output

Elton Mayo has described an organisation as "A social System" a system of cliques, informal status system, rituals and a mixture of logical and nonlogical behaviours. Since people are social beings, their social characteristics determine the output and efficiency in the organisation - Economic rewards may not necessarily motivate the people, many non-economic rewards and sanctions affect the behaviour of workers and modify the impact of economic rewards.

#### 2. Group Influence

Workers create groups different from their official group. Groups are formed to overcome the short coming of formal relationship. Group determine the norm of behaviour of members. Thus management cannot deal with workers as individuals but as members of work group subject to the influence of the group.

#### 3. Conflicts

The informal relations of workers create groups, and there exists conflict between organisation and groups so created. Conflict may also arise because of maladjustments of workers and organisation. As the individual moves through the time and space within the organisation, there constantly arises the need for adjustment of the individual to the total structure.

#### 4. Leadership

Leadership is one of the most important aspects of managerial functions. Leadership cannot come only from a formally appointed superior. In some areas, informal leader is more important in directing group behaviour because of his identity with group objective.

## 5. Supervision

Supervisory climate is an important aspect in determining efficiency and output. Friendly to the workers, attentive, genuinely concerned supervision affects the productivity favourably.

## 6. Communication

Communication is an important aspect of organisation. Through communication, workers can be explained the rationality of a particular action, participation of workers can be sought in decision making concerning the matter of their importance, problems faced by them can be identified and attempts can be made to remove those. A better understanding between management and workers can be developed by identifying their attitudes, opinions and methods of working and taking suitable actions on these.

### Criticisms of Hawthorn's Experiments

1. The Hawthorn researchers did not give sufficient attention to the attitudes that people bring with them to the workplace.
2. The Hawthorn's plant was not typical plant because it was thoroughly unpleasant place to work. Hence, the results could not be valid for others.
3. The Hawthorn studies look upon the worker as a means to an end and not an end himself.

### 1.11.3 System Approach of Management

#### Q30. Discuss about system approach of Management.

*Ans :*

Systems approach was developed only after 1950's and has attracted the attention of many management thinkers at present. This approach is based on the empirical data. Initially, Weiner had create a seed for the development of systems approach. Later, Ludwig Von Bertalanffy and Kenneth Boulding evolved the General System Theory (GST). Besides, Lawrence J.Henderson, A.K.Rice, W.G.Scott. E.L. Trist, Deniel Katz, D. S. Pough, Robert, L.Khan, W. Buckley and J.D.Thompson have made significant contributions to the development of the systems approach. They viewed an organisation (main system) as an organ which is composed of interacting and interdependent parts called subsystems.

#### Meaning of System

A system is a set of inter-connected and interrelated elements or components parts which are arranged in order and operate together to achieve certain goals.

One of the most important characteristic of an system is that it is composed of hierarchy of subsystems. For example, the major system of national economy has various industries as sub-systems.

#### Definition of a System

Richard A. Johnson defined, "a system is an organised or complex whole, an assemblage or combination of things or parts forming a complex unitary whole".

Manmohan Prasad defined, "a system is an established arrangement of components which leads to the accomplishment of particular objectives as per plan".

The systems approach is to identify the parts of the organisation and to discover how these parts operate interdependently.

#### Parts of a System

A system has three parts. They are input, process, and output. These parts are briefly explained below.

**1. Input**

A system is operated to achieve the specified objectives. The nature of input is based on the objectives to be achieved. Hence, the inputs may be raw materials or informations.

**2. Process**

A mechanical process is carried on to convert the shape or form of raw materials. An information is to be interpreted and analysed in a systematic way to get clear cut idea or conclusion.

**3. Output**

The input of raw materials is available as finished goods in output. The input of information is available as alternatives or conclusions in output.

**Kinds of Systems**

There are four types of systems. They are discussed below.

**1. A Closed System**

A system is operated without any interaction from the outside environment. The closed system does not require any element from outside to operate. The closed systems approach was represented by principles such as unity of command, span of control and equal authority and responsibility and concentrated on internal relationship and consistency. The closed systems approach ignores the effect of the external environment

**2. An Open System**

The operation of a system is dependent on the outside environment for survival. All organisational systems are depend upon the outside environment for feed back and resources and for disposal of the finished product. The management must analyse the external factors of resource availability, current technological trends, market trends and social changes.

**3. General Systems**

The general systems approach to management has a relation with formal organisation and technical socio-psychological and philosophical concepts.

**4. Specialised System**

The specialised system includes the areas of organisation structure, job design, computerised information and the like. The systems analysts are required not only by traditional organisations but also by modern organisations due to their actual occupational position.

The basic of system theory is that a manager can not give more importance to any one aspect of the organisation and ignore other aspects of organisation.

**Elements of Systems Approach**

The main elements of systems approach are as follows.

1. An organisation is a unified and purposeful system. An organisation as a system is consisting of several interconnected, interacting and interdependent parts.
2. The parts and sub-parts of a system have mutual relationship with each other. The nature of mutual relationship may be more, less, direct or indirect. Therefore a change in one part has an impact on other parts according to the nature of relationship.
3. An organisational system has a boundary that determines which parts are internal and which are external.
4. The parts and sub-parts of a system are arranged in an orderly manner. The reason is that systems approach is oriented towards the accomplishment of objectives.
5. A sub-system gets its strength by its association and interaction with other sub-systems. As a result, the contribution of whole organisation is greater than the aggregate of individual contribution of its sub-systems.
6. System transforms inputs into outputs. This transformation has three process. They are inputs, mediator and outputs. This process is essential for the survival of the system. The reason is that there is a restoring the in inputs in this process. Here, the restoring refers to earning profit.

7. The reaction of the outputs environment is known as feedback. Feedback is useful in evaluating and improving the functioning of the system.

The attention is paid towards the overall performance of the system rather than the performance of the sub-systems. The interdependence of the sub-systems is taken into account. According to Fred Luthana, "A system may provide the impetus to unify management theory and the systems approach may succeed where the process approach has failed to lead management out of the theory of jungle". Chester I Barnard was the first person to utilise the systems approach in the field of management.

### Evaluation of Systems Approach

Systems approach helps in studying the functions of complex organisation and bring out the inter-relationship prevailing among the various functions like planning, organizing, directing and controlling. It highlights inter-dependence between different elements of an organisation as well as between an organisation and its environment. Under this approach, a problem is analysed in relation with other problems. Likewise, no problem is analysed in isolation. Systems approach provides clues to the complex behaviour of people in an organisation.

This approach cannot be easily applied to large and complex organisations. At the same time, there is no tools and techniques provided to the managers. It cannot directly and easily be applied to practical problems. Systems approach is not suitable for small organisations. Looking into these short comings of systems approach, researchers and management experts have tried to modify the systems approach. Hence, situational or contingency approach is emerged.

#### 1.11.4 Contingency Approaches

**Q31. Explain about contingency approaches.**

*Ans :*

Contingency or situational approach was developed by J.W. Lorsch and P.R. Lawrence in 1970 who were critical of other approaches presupposing 'one best way to manage'. Management problems are different under different

situations and need to be tackled as per the demand of the situation. One best way of doing may be useful for repetitive things but not for managerial problems.

The contingency or situational approach emphasises the fact that what managers do in practice depends upon a given set of circumstances (a contingency & situation). This approach not only takes into account given situations but also the influence of given solution on behaviour patterns of an enterprise. As per this approach, managers should develop variable methods, tools or action plans as per the specific situation or contingencies as they develop. The type of motivation, communication system, type of leadership in an organisation will depend upon the circumstances prevailing in different enterprises at different times. Changes in organisation have to be made to face the contingencies that crop up from time to time. A manager should study to find out the method that fits into the situation and helps in precise realisation of goals of the enterprise.

### Features of Contingency Theory

This approach has the following features :

- (i) Management is entirely situational. The conditions of the situation will determine which techniques and control systems should be designed to fit a particular situation.
- (ii) Management policies and procedures should respond to environmental conditions. Various techniques and control systems should be designed to fit a particular situation.
- (iii) Managers should understand that there is no one best way of managing. They should not treat management principles and techniques as universal. It will be the situation which will determine the techniques and methods of management.

### Practical Utility of Contingency Approach

Contingency approach is useful in the following ways :

- (i) This approach does not accept the universality of management theory. In other words, it stresses that there is no single best way of managing in all situations. There are significant differences in different situations. Management should deal with different situations differently. The conditions and complexities of the situation will determine which approach should be adopted to deal with it.

- (ii) Managerial policies, strategies should be adjusted as per the changes in the environment. The external factors influence the working of the organisation.
- (iii) There is a need to anticipate and identify the contingency by improving the diagnostic skills and acumen of the manager. It may be difficult to anticipate external environmental forces with definite accuracy but still creative and imaginative capabilities of the managers will help them in future planning. There should be alternative and contingent plans to deal with the emerging situations.
- (iv) Though change is a part of everyday life but efforts should be made to stabilise changes.
- (v) This approach is action oriented and is directed towards the application of systems concepts and the knowledge gained from other approaches. The choice of an approach will depend upon the specific situation being faced.

### 1.11.5 Systems Approach Vs Contingency Approach

**Q32. What is the difference between the systems approach vs. contingency approach.**

*Ans :*

	Systems Approach	Contingency Approach
1. Emphasis	The emphasis is on interdependence and interaction among sub-systems.	It emphasises the impact of environment on organisational design and managerial style.
2. Focus	The focus is on the internal environment and sub-systems of the organisation.	The focus is on external environment of the organisation.
3. Situation	It treats all organisations alike and the background of the organisation is not taken into account.	Each organisation is taken as unique entity. Different organisations have different nature and face different situations.
4. Environment	The organisation interacts with the environment and adjusts as per the changes.	The impact of the environment on organisation structure and managerial style is the major concern of contingency approach.
5. Model	It provides a theoretical model of understanding the organisation and its sub-systems.	It suggests practical solutions to organisational problems.
6. Classical	It is silent on the validity of classical principles of management.	It rejects the blind application of classical principles of management.

This approach lacks theoretical base. A manager is expected to know all the alternative courses of action before taking action in a situation. It is not always possible.

### 1.12 HAWTHORNE'S EXPERIMENTS

**Q33. What is the Hawthorne's Experiments.**

*Ans :*

#### Elton Mayo's Hawthorne Experiment and Its Contributions to Management

##### Hawthorne Experiment by Elton Mayo

In 1927, a group of researchers led by Elton Mayo and Fritz Roethlisberger of the Harvard Business School were invited to join in the studies at the Hawthorne Works of Western Electric Company, Chicago. The experiment lasted up to 1932. The Hawthorne Experiment brought out that the productivity of the employees is not the function of only physical conditions of work and money wages paid to them. Productivity of employees depends heavily upon the satisfaction of the employees in their work situation.

Mayo's idea was that logical factors were far less important than emotional factors in determining productivity efficiency. Furthermore, of all the human factors influencing employee behavior, the most powerful were those emanating from the worker's participation in social groups. Thus, Mayo concluded that work arrangements in addition to meeting the objective requirements of production must at the same time satisfy the employee's subjective requirement of social satisfaction at his work place.

The Hawthorne experiment consists of four parts. These parts are briefly described below:-

1. Illumination Experiment.
2. Relay Assembly Test Room Experiment.
3. Interviewing Programme.
4. Bank Wiring Test Room Experiment.

### 1. Illumination Experiment

This experiment was conducted to establish relationship between output and illumination. When the intensity of light was increased, the output also increased. The output showed an upward trend even when the illumination was gradually brought down to the normal level. Therefore, it was concluded that there is no consistent relationship between output of workers and illumination in the factory. There must be some other factor which affected productivity.

### 2. Relay Assembly Test Room Experiment

This phase aimed at knowing not only the impact of illumination on production but also other factors like length of the working day, rest hours, and other physical conditions. In this experiment, a small homogeneous work-group of six girls was constituted. These girls were friendly to each other and were asked to work in a very informal atmosphere under the supervision of a researcher. Productivity and morale increased considerably during the period of the experiment. Productivity went on increasing and stabilized at a high level even when all the improvements were taken away and the pre-test conditions were reintroduced. The researchers concluded that socio-psychological factors such as feeling of

being important, recognition, attention, participation, cohesive work-group, and non-directive supervision held the key for higher productivity.

### 3. Mass Interview Programme

The objective of this programme was to make a systematic study of the employees attitudes which would reveal the meaning which their "working situation" has for them. The researchers interviewed a large number of workers with regard to their opinions on work, working conditions and supervision. Initially, a direct approach was used whereby interviews asked questions considered important by managers and researchers. The researchers observed that the replies of the workmen were guarded. Therefore, this approach was replaced by an indirect technique, where the interviewer simply listened to what the workmen had to say. The findings confirmed the importance of social factors at work in the total work environment.

### 4. Bank Wiring Test Room Experiment

This experiment was conducted by Roethlisberger and Dickson with a view to develop a new method of observation and obtaining more exact information about social groups within a company and also finding out the causes which restrict output. The experiment was conducted to study a group of workers under conditions which were as close as possible to normal. This group comprised of 14 workers. After the experiment, the production records of this group were compared with their earlier production records. It was observed that the group evolved its own production norms for each individual worker, which was made lower than those set by the management. Because of this, workers would produce only that much, thereby defeating the incentive system. Those workers who tried to produce more than the group norms were isolated, harassed or punished by the group. The findings of the study are:-

- Each individual was restricting output.
- The group had its own “unofficial” standards of performance.
- Individual output remained fairly constant over a period of time.
- Informal groups play an important role in the working of an organization.

### **Contributions of the Hawthorne Experiment to Management**

Elton Mayo and his associates conducted their studies in the Hawthorne plant of the western electrical company, U.S.A., between 1927 and 1930. According to them, behavioral science methods have many areas of application in management. The important features of the Hawthorne Experiment are:

1. A business organization is basically a social system. It is not just a techno-economic system.
2. The employer can be motivated by psychological and social wants because his behavior is also influenced by feelings, emotions and attitudes. Thus economic incentives are not the only method to motivate people.
3. Management must learn to develop co-operative attitudes and not rely merely on command.
4. Participation becomes an important instrument in human relations movement. In order to achieve participation, effective two-way communication network is essential.
5. Productivity is linked with employee satisfaction in any business organization. Therefore management must take greater interest in employee satisfaction.
6. Group psychology plays an important role in any business organization. We must therefore rely more on informal group effort.

The neo-classical theory emphasizes that man is a living machine and he is far more important than the inanimate machine. Hence, the key to higher productivity lies in employee morale. High morale results in higher output.

### **1.13 HUMAN ENGINEERING/HUMAN FACTOR**

#### **Q34. Explain about Human Engineering/Human Factor.**

*Ans :*

Reducing error and influencing behaviour (HSG48) is the key document in understanding HSE's approach to human factors. It gives a simple introduction to generic industry guidance on human factors, which it defines as:

‘Human factors refer to environmental, organisational and job factors, and human and individual characteristics, which influence behaviour at work in a way which can affect health and safety’

This definition includes three interrelated aspects that must be considered: the job, the individual and the organisation:

#### **1. The job**

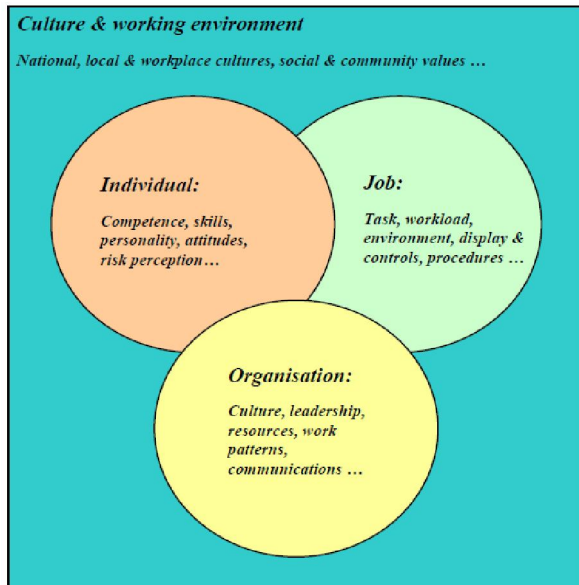
Including areas such as the nature of the task, workload, the working environment, the design of displays and controls, and the role of procedures. Tasks should be designed in accordance with ergonomic principles to take account of both human limitations and strengths. This includes matching the job to the physical and the mental strengths and limitations of people. Mental aspects would include perceptual, attentional and decision making requirements.

#### **2. The individual**

Including his/her competence, skills, personality, attitude, and risk perception. Individual characteristics influence behaviour in complex ways. Some characteristics such as personality are fixed; others such as skills and attitudes may be changed or enhanced.

#### **3. The organisation**

Including work patterns, the culture of the workplace, resources, communications, leadership and so on. Such factors are often overlooked during the design of jobs but have a significant influence on individual and group behaviour.



In other words, human factors is concerned with what people are being asked to do (the task and its characteristics), who is doing it (the individual and their competence) and where they are working (the organisation and its attributes), all of which are influenced by the wider societal concern, both local and national. People are involved in the working system because of a number of strengths: for example, versatility in providing a link between a number of tasks, knowledge and judgement, ease of communicating with and eliciting a response. Hence, human acts and omissions can play a role in the initiation, mitigation, escalation and recovery phases of an incident.

Human factors interventions will not be effective if they consider these aspects in isolation. The scope of what we mean by human factors includes organisational systems and is considerably broader than traditional views of human factors/ergonomics. Human factors can, and should, be included within a good safety management system and so can be examined in a similar way to any other risk control system.

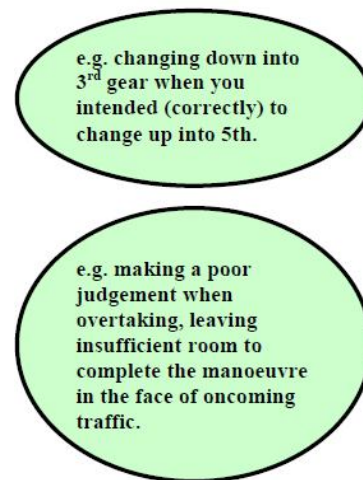
### Categorising Human Failure

It is important to remember that human failures are not random; there are patterns to them. It is worth knowing about the different failure types because they have different causes and influencing factors and as a consequence the ways of preventing or reducing the failures are similarly different.

There are three types of human failures (unsafe acts) that may lead to major accidents:

### Unintentional Errors

- **Errors (slips/lapses)** are "actions that were not as planned" (unintended actions). These can occur during a familiar task e.g. omissions like forgetting to do something, which are particularly relevant to repair, maintenance, calibration or testing. These are unlikely to be eliminated by training and need to be designed out.
- **Mistakes** are also errors, but errors of judgement or decision-making ("intended actions are wrong") - where we do the wrong thing believing it to be right. These can appear in situations where behaviour is based on remembered rules or familiar procedures or unfamiliar situations where decisions are formed from first principles and lead to misdiagnoses or miscalculations. Training is the key to avoiding mistakes.



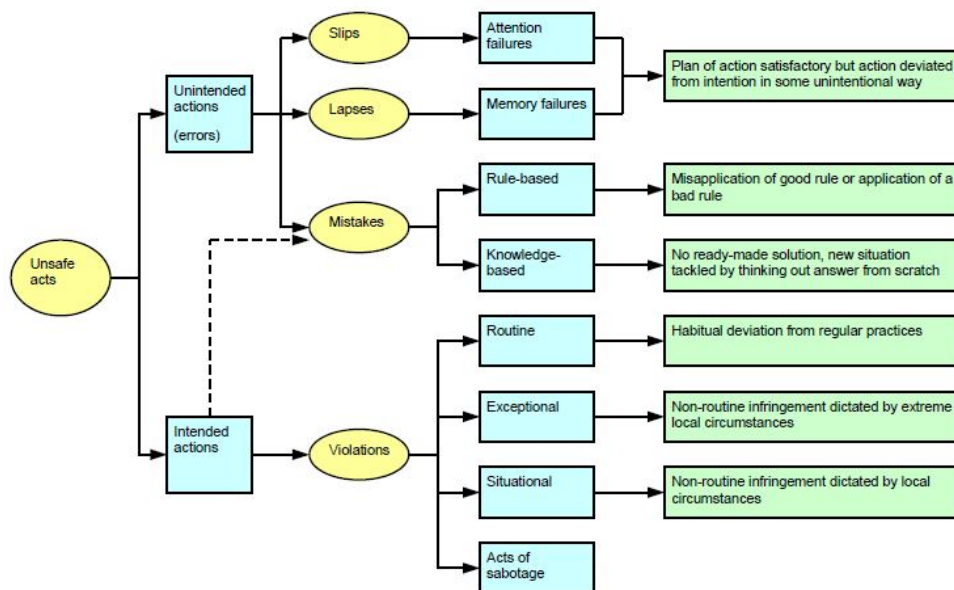
### Intentional errors

- **Violations** differ from the above in that they are intentional (but usually well-meaning) failures, such as taking a short-cut or non-compliance with procedures e.g. deliberate deviations from the rules or procedures. They are rarely wilful (e.g. sabotage) and usually result from an intention to get the job done despite the consequences. Violations may be situational, routine, exceptional or malicious as outlined below.

e.g. speeding when you are late for an appointment.

- **Routine violations:** a behaviour in opposition to a rule, procedure, or instruction that has become the normal way of behaving within the person's peer/work group.
- **Exceptional violations:** these violations are rare and happen only in unusual and particular circumstances, often when something goes wrong in unpredicted circumstances e.g. during an emergency situation.
- **Situational violations:** these violations occur as a result of factors dictated by the worker's immediate work space or environment (physical or organisational).
- **Acts of sabotage:** these are self explanatory although the causes are complex - ranging from vandalism by a de-motivated employee to terrorism.

There are several ways to manage violations, including taking steps to increase their detection, ensuring that rules and procedures are relevant/practical and explaining the rationale behind certain rules. Involving the workforce in drawing up rules increases their acceptance. Getting to the root cause of any violation is the key to understanding and hence preventing the violation.



The likelihood of these human failures is determined by the condition of a finite number of 'performing influencing factors', such as distraction, time pressure, workload, competence, morale, noise levels and communication systems. Given that these factors influencing human performance can be identified, assessed and managed, potential human failures can also be predicted and managed. In short, human failures are not random events.

The key message here is that human errors and rule breaking are largely predictable and therefore, can be identified and, most importantly, managed. We seek to encourage industry to tackle error reduction in a structured and proactive way, with as much rigour as the technical aspects of safety and make it an integrated part of their safety management system.

## Short Notes

### 1. Management

**April-2015, Q.No. 2(a)**

**July-2014, Q.No. 2(a)**

**May-2011, Q.No. 2(b)**

One of the most important activities in business is the management of the 4M's - men, machines, material and money. The term 'manage-ment' can be interpreted differently in different contexts. Hence, it is difficult to define. In one context, it may comprise the activities of executives and administrative personnel in an organisation, while in another, it may refer to a system of getting things done.

In a broad perspective, management can be considered as the proper utilization of people and other resources in an organisation to accomplish desired objectives. With increasing global competition, changes in the world of technology, changing business practices and increasing social responsibility of organisations, the role of managers has become all the more significant.

#### Meaning of Management

It refers to the process of conducting a set of functions (planning, organizing, staffing, directing and controlling) to get the work done in an efficient and effective manner. Simply, management is an art of getting things done through others.

### 2. Decision-making

Decision-making is the most comprehensive and all embracing function of management. The modern trend is to include the detailed functions of planning and organizing in this one single function or to treat these various functions, different aspects of this same single function called decision-making. Decision-making means selecting one alternative out of two or more alternative solutions. It can be easily shown how decision-making covers all the earlier discussed functions. For example, planning means selecting one future

course of action out of various alternative courses. Again business can be in a number of alternative ways. Organising implies selecting one out of these. The same applies in respect of other functions like directing, controlling, motivating and coordinating. Therefore, decision-making summarizes all the managerial functions.

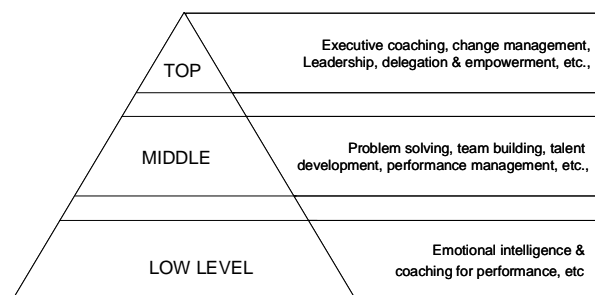
### 3. Levels of Management

**July- 2014, Q.No. 2(a)**

The term "Levels of Management" refers to a line of demarcation between various managerial positions in an organization. The number of levels in management increases when the size of the business and work force increases and vice versa. The level of management determines a chain of command, the amount of authority & status enjoyed by any managerial position. The levels of management can be classified in three broad categories:

- i) Top level / Administrative level
  - ii) Middle level / Executory
  - iii) Low level / Supervisory / Operative / First-line managers
- Managers at all these levels perform different functions.

The role of managers at all the three levels is discussed below:



**Figure: Levels of Management**

### 4. Management Skills

Regardless of organizational level, all managers must have five critical skills: technical skill, interpersonal skill, conceptual skill, diagnostic skill, and political skill.

- i) **Technical Skill** : Technical skill involves understanding and demonstrating proficiency in a particular workplace activity. Technical skills are things such as using a computer word processing program, creating a budget, operating a piece of machinery, or preparing a presentation. The technical skills used will differ in each level of management.

First-level managers may engage in the actual operations of the organization; they need to have an understanding of how production and service occur in the organization in order to direct and evaluate line employees. Additionally, first-line managers need skill in scheduling workers and preparing budgets.

Middle managers use more technical skills related to planning and organizing, and top managers need to have skill to understand the complex financial workings of the organization.

- ii) **Interpersonal Skill** : Interpersonal skill involves human relations, or the manager's ability to interact effectively with organizational members. Communication is a critical part of interpersonal skill, and an inability to communicate effectively can prevent career progression for managers. Managers who have excellent technical skill, but poor interpersonal skill are unlikely to succeed in their jobs. This skill is critical at all levels of management.
- iii) **Conceptual Skill** : Conceptual skill is a manager's ability to see the organization as a whole, as a complete entity. It involves understanding how organizational units work together and how the organization fits into its competitive environment. Conceptual skill is crucial for top managers, whose ability to see "the big picture" can have major repercussions on the success of the business. However, conceptual skill is still necessary for middle and

supervisory managers, who must use this skill to envision, for example, how work units and teams are best organized.

- iv) **Diagnostic Skill** : Diagnostic skill is used to investigate problems, decide on a remedy, and implement a solution. Diagnostic skill involves other skills technical, interpersonal, conceptual, and politic.

- v) **Political Skill** : Political skill involves obtaining power and preventing other employees from taking away one's power. Managers use power to achieve organizational objectives, and this skill can often reach goals with less effort than others who lack political skill. Much like the other skills described, political skill cannot stand alone as a manager's skill; in particular, though, using political skill without appropriate levels of other skills can lead to promoting a manager's own career rather than reaching organizational goals.

## 5. Modern Management

**Theory** Quantitative, System and Contingency Approaches to **Management!** The **Modern** Period (1960 to present). After, 1960 **management** thought has been turning somewhat away from the extreme human relations ideas particularly regarding the direct relation between morale and productivity.

### Modern Management Thought

Modern Management Thought (MMT) is an integrative theory in the sense that it combines the valuable concepts of classical theory with the social and natural sciences. The source of inspiration for the modern management theory is the systems analysis. Modern management theorists pick up where the Hawthorne researchers left off.

## 6. Modern Management Theory

Management is one or the other form has existed in every nook and corner of the world since the dawn of civilization. Modern Management has grown with the growth of

social-economics and scientific institution. Modern view consists that a worker does not work for only money. They work for their satisfaction and happiness with good living style. Here Non- financial award is most important factor.

Modern management theories started after 1950s. Modern management theory focuses the development of each factor of workers and organization. Modern management theory refers to emphasizing the use of systematic mathematical techniques in the system with analyzing and understanding the inter-relationship of management and workers in all aspect.

It has following three Streams-

- Quantitative Approach
- System Approach
- Contingency Approach

#### 7. Management by Objective (MBO)

“Management by objectives” MBO is one of the latest and most dynamic approaches developed in the field of management in the recent past. The credit of developing this approach or technique goes to Peter Drucker, who in 1954, recommended it to promote managerial self-control. Since then, it has been in the focus of the management authors and practitioners. This technique of management is also known as “management by goals”, or “management by results”, or “work planning and review”, or “accountability management.

##### Meaning of MBO

Management by objectives is not merely a tool and technique of management. It is an approaches or a system and philosophy of management. It is goal-oriented. It combines planning and control. Management by objectives is a process in which superior and subordinates sit together to identify the common objectives and set the results which are to be achieved by the subordinates, assess the contribution of each individual and integrate individual objectives with those of the organisation so as to make best use of

the available resources of the organisation.

MBO insists on what must be accomplished and not how to accomplish the objectives. Subordinates are allowed to make creative decision on their own. Superiors are available for assistance, advice and direction.

#### 8. MBWA

The management by wandering around (MBWA), also management by walking around, refers to a style of business management which involves managers wandering around, in an unstructured manner, through the workplace(s), at random, to check with employees, or equipment, about the status of ongoing work.

##### Definition

It is Management by Walking Around. MBWA basically refers to managers spending some part of their time listening to problems and ideas of their staff, while wandering around an office or plant.

#### 9. Line and Staff Organisation

The first form of line organisation, ‘Pure line organisation’ is rarely seen in practice, while its second form ‘departmental line organisation’ is usually found among small business enterprises. The chief defect of this form is that under this organisational structure the functions of thinking and execution have to be performed by one individual as a result of which his work load increases. That is why this structure is not adopted in a large size business. In order to remove its defects an amended form of this structure was born which is known as line and staff organisation.

##### Meaning of Line and Staff Organisation

Under the line and staff organisation, the function of line is similar to its function under the line organisation but some staff or experts are also appointed as advisors to the line officers. The function of the line officers is to take decisions, while the function of the staff officers is to advise them. Staff officers are experts in their respective fields and they offer their useful advice after analysing the

problems presented by the line officers. In this way the work of thinking and execution is done by different persons and this removes the chief defect of the line organisation. It can be adopted in case of large business enterprises.

It is, however, important to make it clear that the line officers are not bound to accept the advice offered by the staff officers because the line officers alone are responsible for the final outcome.

### 10. The Peter Principle

A concept formulated by Laurence J Peter in 1969, the **Peter Principle** runs that in a hierarchical structure, employees are promoted to their highest level of incompetence at which point they are no longer able to fulfil an effective role for their organisation.

In the **Peter Principle** people are promoted when they excel, but this process falls down when they are unlikely to gain further promotion or be demoted with the logical end point, according to Peter, where "every post tends to be occupied by an employee who is incompetent to carry out its duties" and that "work is accomplished by those employees who have not yet reached their level of incompetence".

To counter the **Peter Principle** leaders could seek the advice of Spanish liberal philosopher *José Ortega y Gasset*. While he died 14 years before the **Peter Principle** was published, Ortega had been in exile in Argentina during the Spanish Civil War and prompted by his observations in South America had quipped: "All public employees should be demoted to their immediately lower level, as they have been promoted until turning incompetent."

### 11. Classical Theory to Management

The study of management became more systematised and formal as a by-product of the Industrial Revolution that took place from the 1700s through the 1900s. It was necessary to develop approaches to managing work and people in order to manage all the new

factories that were a central part of the Industrial Revolution. The classical approach to management encompasses:

1. Scientific management,
2. Administrative theory
3. Bureaucratic management.

The core of management knowledge lies within the classical school. Its key contributions are planning, organising, leading, and controlling. Many major historical developments in organisations, such as decentralisation of General Electric (GE) in the 1950s, were based on classical principles.

### 12. Bureaucracy

Max Weber contributed the theory of bureaucracy to the management thought. He used the word bureaucracy to the specific kind of administrative organisation whose characteristics are given below. Max Weber's main contribution to management is his theory of authority structure and his description of organisations based on the nature of authority relations within them. It was Weber's contention that there are three types of legitimate authority which run as follows:

#### 1. Rational-Legal Authority

Obedience is owed to a legally established position or rank within the hierarchy of a business, military unit, government, and so on.

#### 2. Traditional Authority

People obey a person because he belongs to certain class or occupies a position traditionally recognised as possessing authority, such as a royal family.

#### 3. Charismatic Authority

Obedience is based on the follower's belief that a person has some special power or appeal.

Weber's theory of bureaucracy recognises rational-legal authority as the most important type in organisations. Under traditional authority, leaders are not chosen for their competence, and charismatic authority is too emotional and irrational.

**13. Systems Approach Vs Contingency Approach**

	<b>Systems Approach</b>	<b>Contingency Approach</b>
1. Emphasis	The emphasis is on interdependence and interaction among sub-systems.	It emphasises the impact of environment on organisational design and managerial style.
2. Focus	The focus is on the internal environment and sub-systems of the organisation.	The focus is on external environment of the organisation.
3. Situation	It treats all organisations alike and the background of the organisation is not taken into account.	Each organisation is taken as unique entity. Different organisations have different nature and face different situations.
4. Environment	The organisation interacts with the environment and adjusts as per the changes.	The impact of the environment on organisation structure and managerial style is the major concern of contingency approach.
5. Model	It provides a theoretical model of understanding the organisation and its sub-systems.	It suggests practical solutions to organisational problems.
6. Classical	It is silent on the validity of classical principles of management.	It rejects the blind application of classical principles of management.

**14. Hawthorne's Experiments**

In 1927, a group of researchers led by Elton Mayo and Fritz Roethlisberger of the Harvard Business School were invited to join in the studies at the Hawthorne Works of Western Electric Company, Chicago. The experiment lasted up to 1932. The Hawthorne Experiment brought out that the productivity of the employees is not the function of only physical conditions of work and money wages paid to them. Productivity of employees depends heavily upon the satisfaction of the employees in their work situation. Mayo's idea was that logical factors were far less important than emotional factors in determining productivity efficiency. Furthermore, of all the human factors influencing employee behavior, the most powerful were those emanating from the worker's participation in social groups. Thus, Mayo concluded that work arrangements in addition to meeting the objective requirements of production must at the same time satisfy the employee's subjective requirement of social satisfaction at his work place.

The Hawthorne experiment consists of four parts. These parts are briefly described below:-

1. Illumination Experiment.
2. Relay Assembly Test Room Experiment.
3. Interviewing Programme.
4. Bank Wiring Test Room Experiment.

**15. Human Engineering/Human Factor**

Reducing error and influencing behaviour (HSG48) is the key document in understanding HSE's approach to human factors. It gives a simple introduction to generic industry guidance on human factors, which it defines as:

'Human factors refer to environmental, organisational and job factors, and human and individual characteristics, which influence behaviour at work in a way which can affect health and safety'

This definition includes three interrelated aspects that must be considered: the job, the individual and the organisation:

## Objective Type

### FILL UP THE BLANKS

1. \_\_\_\_\_ is the process in which a cooperative group directs action towards a common goal.
2. \_\_\_\_\_ is one of the management function in which all the necessary resources required for achieving objectives are arranged.
3. A person who has high orientation towards organisational rules and regulations and who does not take initiatives is a \_\_\_\_\_.
4. \_\_\_\_\_ are derived from the expectations of various stake holders and shows the priorities for organizational performance.
5. MBWA stands for \_\_\_\_\_.
6. \_\_\_\_\_ is suggested by Fayol to prevent the scalar chain from bogging down action.
7. MBO stands for \_\_\_\_\_.
8. Managers whose responsibility is to "support" line managers are \_\_\_\_\_.
9. As a \_\_\_\_\_, managers develop and cultivate relationships with individuals and groups outside the area of direct responsibility.
10. \_\_\_\_\_ identifies seven independent organisational factors that need to be managed by today's managers.

### Answers

- |                                 |                              |
|---------------------------------|------------------------------|
| 1. Management                   | 2. Organising                |
| 3. Bureaucrat                   | 4. Key Result Areas (KRA's)  |
| 5. Management by walking around | 6. Gang Plank                |
| 7. Management by Objective      | 8. Staff managers            |
| 9. Liaison                      | 10. McKinsey's 7-S framework |

### II. Choose the Correct Answer

1. Which of the following are functions of management. [d]  
(a) Planning (b) Organising  
(c) Staffing (d) All the above.
2. Human objectives of management involves [c]  
(a) Welfare of employees (b) Customer satisfaction  
(c) Both (a) and (b) (d) Profit earning.
3. Some of the following principles of management was suggested by Henry Fayol, [d]  
(a) Unity of command (b) Unity of direction  
(c) Scalar chain (d) All the above.

- 
4. The function which helps in recruiting the suitable personnel is [c]  
(a) Organizing (b) Planning  
(c) Staffing (d) Decision-making.
5. Individuals who manage themselves and the performance of their own work are [b]  
(a) Line managers (b) Self managers  
(c) Team managers (d) Task managers.
6. Hawthorne Experiment was conducted by [b]  
(a) Pierce Gardner (b) Elton May and his associates  
(c) Taylor (d) Henry Fayal
7. The classical school of thought is divided into [c]  
(a) Scientific school (b) Administrative school  
(c) Both (a) and (b) (d) None
8. Which principle of management implies that members in an organisation must receive instruction from only one person. [d]  
(a) Division of labour (b) Authority  
(c) Centralization (d) Unity of command
9. Some of the managerial roles played by managers are [d]  
(a) Interpersonal roles (b) Information roles  
(c) Decisional roles (d) All the above
10. The effective styles of 3D model of management behaviour are [c]  
(a) Bureaucrat (b) Developer  
(c) Both (a) and (b) (d) Deserter.

# UNIT II

Decision Making and Negotiations: Approaches to Decision making – Rational, Behavioral, Practical, and Personal Approaches – Open and Closed Models of Decision Making, Types and steps in planning, Authority, Responsibility, Centralisation, Decentralisation and Recentralisation, Bureaucracy.

## 2.1 DECISION MAKING

### Q1. What is decision-making and its characteristics.

*Ans :*

Decision-making is an important function of every manager. In the last two chapters we have studied planning. Under planning important things like, 'what is to be done, 'how it is to be done', when it is to be done and who is to do it are considered. In an answer to all these questions a manager has various alternatives. When a manager chooses the best alternative out of many available ones, it is called decision and the process that has been adopted in order to reach the final decision is known as the decision-making.

A decision is essential in all the managerial functions like planning, organising, staffing, directing, and controlling. All the managerial functions are performed through the medium of a decision. The managers are doubly benefitted when they face problems and try to find out their solutions. Firstly, by finding out an effective solution they serve the organisation, and secondly, they are personally satisfied. Thus, it is clear that the success of an organisation depends on the manager, and a manager succeeds only when he possesses the quality of taking effective decision.

### Meaning of Decision Making

Decision-making means analysing different alternatives and arriving at decision in the face of a particular situation about what to do and what not to do. In this way decision-making means reaching a conclusion or final decision which can be implemented as a solution of a problem. Since the managers are invariably faced with some problem

or the other for which they have to find a solution, it is said that decision-making is perpetually needed and Simon has very pertinently observed that "To make decision is Management".

### Definitions of Decision Making

Different management experts have defined decision-making differently. Some prominent definitions are given below :

**According to Koontz and O'Donnel.** "Decision-making is the actual selection from among alternatives of a course of action."

**According to George R. Terry.** "Decision-making is the selection based on some criteria from two or more possible alternatives."

**According to Louis A. Alien.** "Decision-making is the work which a manager performs to arrive at conclusion and judgement."

On the basis of the above mentioned definitions it can be said that decision-making involves the selection of the best available alternative as a solution of some problem. It is thus clear that a decision is needed when there are many alternatives to do a work. In other words, if there is only one method of a doing a work there is no need to take a decision and in that case that method in itself is a decision.

### Characteristics of Decision Making

From definitions and elements we can draw the following important features of managerial decisions:

#### 1. Rational Thinking

It is invariably based on rational thinking. Since the human brain with its ability to learn, remember and relate many complex factors, makes the rationality possible.

**2. Process**

It is the process followed by deliberations and reasoning.

**3. Selective**

It is selective, i.e. it is the choice of the best course among alternatives. In other words, decision involves selection of the best course from among the available alternative courses that are identified by the decision-maker.

**4. Purposive**

It is usually purposive i.e. it relates to the end. The solution to a problem provides an effective means to the desired goal or end.

**5. Positive**

Although every decision is usually positive sometimes certain decisions may be negative and may just be a decision not to decide. For instance, the manufacturers of VOX Wagon car once decided not to change the model (body style) and size of the car although the other rival enterprise (i.e. the Ford Corporation) was planning to introduce a new model every year, in the USA.

That a negative decision and is equally important was stressed by Chester I. Bernard- one of the pioneers in Management Thought- who observed, "The fine art of executive decision consists in not deciding questions that are not now pertinent, in not deciding prematurely, in not making decisions that cannot be made effective, and in not making decisions that other should make.

**6. Commitment**

Every decision is based on the concept of commitment. In other words, the Management is committed to every decision it takes for two reasons- viz., (i) it promotes the stability of the concern and (ii) every decision taken becomes a part of the expectations of the people involved in the organisation.

Decisions are usually so much inter-related to the organisational life of an enterprise that any change in one area of activity may change the other areas too. As such, the Manager is

committed to decisions not only from the time that they are taken but upto their successfully implementation.

**7. Evaluation**

Decision-making involves evaluation in two ways, viz., (i) the executive must evaluate the alternatives, and (ii) he should evaluate the results of the decisions taken by him.

**2.1.1 Types of Decision****Q2. What are the various types of decisions.**

*Ans :*

Decisions are of different types viz, operations and strategic, major and minor decisions, programmed and non-programmed decisions, simple and complex decisions, long-run and short-run decisions, and individual and group decisions.

**1. Strategic vs. Operational Decision**

Strategic decisions are related to unified, integrated and comprehensive issues of the organisation. These decisions are related to contribution to the organisational objectives significantly. These decisions affect the total organisation or the major part of it. They require trade-offs between conflicting factors. For example, diversification, introducing a new product and vertical integration are strategic decisions.

**2. Strategic decisions are concerned with**

- The total or major part of the organisation,
- The matching of organisational factors to the external environmental factors,
- Allocation and reallocation of organisation's resources,
- The values, expectations and goals of the organisation,
- The organisational direction and
- The change throughout the organisation.

Operational decisions are selected to the operational activities of the company which are routine in nature. These are supportive areas of the organisation. These decisions require less analysis and concentration. They do not change the organisational direction.

For example, sanctioning of increments to employees, paying the bill of suppliers of raw materials, extending the due date for delivery etc. are operational decisions.

### 3. Major and Minor Decisions

Major decisions are also called important decisions which affect the policies of the company, the total company or major portion of the company. These decisions influence almost all the functional areas of the company. These decisions do not repeat frequently.

Minor decisions are also called *unimportant* decisions. These decisions affect only one functional area to which it belongs. Most of these decisions are made at the lower level.

### 4. Programmed and Non-programmed Decisions

Programmed decisions are those which are made based on the company's policy, budget procedures etc. These decisions are made in response to routine and repetitive situations or problems. Managers develop programmes for the repetitive issues. For example, increase of dearness allowance for employees at 2% of basic pay when the cost of living index increases by 10% and pay the money back to the customer, if the product is not in accordance with the customer's specifications.

Non-repetitive, peculiar, complex and most important, novel and unstructured problem are non-programmed decision. Downsizing of employees, removal of regional office and demarketing are some of the examples for non-programmed decisions. Management cannot formulate a programme for these decisions as they are novel. Presents the differences between programmed and non-programmed decisions.

### 5. Simple and Complex Decisions

As indicated earlier, a number of variables affect the decision-making process. These variables include growth in population, cost of living, industrial growth, marketing growth etc.

If the number of variables affecting a decision are more, such decisions are called complex decisions. For example, wage increase is

affected by a number of variables like employee productivity, trade union influence, government policies, profitability of the company etc. As such, this decision is called *complex decision*.

On the other hand, if the number of variables affecting the decision are less, such decisions are called *simple decisions*. For example, decisions regarding sanctioning of educational loan to an employee is influenced by a few factors like employee's children's educational level. As such, these decisions are called simple decisions.

### 6. Long-run Decisions and Short-run Decisions

Decisions affecting the long run plans, activities and business are called long run decisions. These decisions include: plant location, entering new markets and joint venture programmes.

Decisions affecting short run plans, activities and business are called short run decisions. These decisions include: sources of finances for working capital, over time payment for employees, offering special discounts for clearance sale etc.

### 7. Individual Vs. Group Decisions

Decision taken by an individual employee or manager are called individual decisions. These decisions are mostly routine, simple, repetitive and programmed decisions.

Decisions made by a group of people are called group decisions. Group decisions include: strategic decisions, non-programmed, complex and strategic decisions. Team decisions and committee decisions are also group decisions.

We will discuss group decisions in detail at a later stage. Now we shall discuss the process of decision-making.

#### 2.1.2 Approaches to Decision making

#### Q3. What are the Approaches to Decision making?

*Ans :*

There are several approaches to decision-making which offer insight into the process by which managers arrive at their decisions. Rational approach is appealing as it is logical and economical.

The other approach is the behavioural approach which attempts to account for the limits on rationality in decision-making.

The third approach, namely, the practical approach combines features of the rational and behavioural approaches.

Finally, the personal approach focuses on decision-making processes individuals use in difficult situations.

### **(A) The Rational Approach**

Rational decision-making approach is a systematic, step-by-step process for making decisions. It assumes that the organization is economically based and managed by decision-makers who are absolutely objective and have complete information.

The steps of rational decision-making approach are as follows:

#### **1. State the Situational Goal**

At the outset, a goal for a particular situation is stated. Some decision-models do not begin with a goal. However, it is advisable because it can be used as a standard in determining whether there is a decision to be made later on.

#### **2. Identify the Problem**

In this phase, the problem requiring decision is recognized and diagnosed. It involves understanding the nature, magnitude and causes of the problem. The purpose of problem identification is to collect information that has a bearing on the goal.

If there is a discrepancy between the actual situation and the goal, action may be required. Reliable information is an absolute necessity here. Inaccurate information can lead to wrong decisions. At this stage, the constraints within which the problem must be solved are also defined.

#### **3. Determining Decision Type**

Now decision-makers must determine if the problem requires a programmed or a non-programmed decision. If a programmed decision is required, an appropriate decision rule is invoked and a choice is made from the available alternatives.

#### **4. Generate Alternatives**

The next step in making a non-programmed decision is to generate alternatives. Here, decision-makers generate alternatives on the basis of their education-academic as well as professional, experience and knowledge about the situation.

In addition, information may be sought from colleagues, subordinates, experts and superiors. Decision-makers may analyze the symptoms of the problems for clues or rely on their own intuition or judgement to generate alternative solutions.

#### **5. Evaluate Alternatives**

Each alternative is assessed in terms of its Strengths and weaknesses, costs and benefits as well as possible negative consequences keeping in mind predetermined decision criteria. The positive consequences must be weighed against negative consequences.

The ultimate decision criterion here is whether a particular decision will bring us nearer the goal. According to Zeleny (1976), the evaluation process usually includes: (a) describing the anticipated outcomes of each alternative, (b) evaluating the anticipated costs of each alternative, and (c) estimating the uncertainties and risks associated with each alternative.

In most situations, the decision-makers do not have perfect information regarding the outcomes of all alternatives at their disposal.

#### **6. Choose an Alternative**

This is the most crucial step in the decision-making process. It involves selecting the best alternative with maximum positive consequences, least or no negative outcomes, less risks and minimum costs.

In other words, the expected value of each alternative is determined and the alternative with the largest expected values is selected. Again, the choice of alternative depends on decision-makers' education, judgement, experiences, logical analysis etc.

At this stage, it is important to consider contingency plans. Contingency plans are alternative actions to take if the primary course of action is unexpectedly disrupted or rendered inappropriate. Planning for

contingencies is part of the transition between choosing the preferred alternative and implementing it.

## 7. Implementing the Plan

Once a decision is formally accepted, an authorisation is made for its implementation. Implementation puts the decision into action and involves communicating the decision, gathering support for and acquiring and assigning resources to ensure that it is carried out.

It builds on the commitment and motivation of those involved in the decision-making process. Successful implementation requires appropriate use of resources and good management skills, leadership characteristics, reward structure and knowledge and application of group dynamics. Sometimes the decision-maker begins to doubt a choice already made. This is known as cognitive dissonance.

Cognitive dissonance is the anxiety a person experiences when two sets of knowledge or perceptions are incongruent or contradictory. In order to reduce cognitive dissonance, the decision maker may seek to rationalize the decision further with new information.

## 8. Control

This is the final stage of rational decision-making process, wherein, the outcomes of the decision are measured and compared with the predetermined, desired goals. If there is a discrepancy between the two, the decision-maker may restart the process of decision-making by revising/modifying/setting new goals.

### Strengths and Weaknesses of the Rational Approach

This approach has several strengths. It forces the decision-maker to consider a decision in a logical, sequential manner and an in-depth analysis of alternatives helps him to choose on the basis of information rather than personal prejudices, emotions or social pressure.

However, its weaknesses are that the manager does not always have perfect information faces time

and financial constraints, may have limited ability to process information and may not be able to predict future accurately. Also, all the alternatives cannot be quantified making comparisons difficult.

## B) The Behavioural Approach

This approach assumes that decision-makers operate with bounded rationality rather than with the perfect rationality assumed by the rational approach. Bounded rationality is the idea that decision makers cannot deal with information about all the aspects and alternatives pertaining to a problem and therefore choose to tackle some meaningful subset of it.

Thus, this process is neither exhaustive nor completely rational and therefore, solutions arrived at are not entirely ideal. Decision-makers operating with bounded rationality limit the inputs to the decision-making process, focus their attention on two or three most favourable alternatives (especially if there is a time constraint), process these in great detail and base their decisions on judgement and personal biases as well as logic.

This approach possesses the following features:

- (i) Use of procedures and rules of thumb which reduce uncertainty in decision-making initially. For example, uses of models of teaching have been found to enhance student performance in the past. Hence teachers, knowing the linkages between the two decide to use models of teaching in classrooms.
- (ii) Sub optimizing which refers to knowingly accepting less than the best possible outcome to avoid unintended negative effects on other aspects of the organization.
- (iii) "Satisfying refers to examining alternatives only until a solution that meets minimal requirements is found and then making no further efforts to look for a better one. The search for alternatives is generally a sequential process based on procedures and rules of thumb guided by previous experiences with similar problems.

Such a solution may not always be the optimal solution since the search often ends when the first minimally acceptable alternative is identified.

This model by Herbert Simon is also known as Administrative Man Model.'

**C) The Practical Approach**

This approach combines the steps of the rational approach with the worthwhile features and conditions in the behavioural approach to create a more realistic process for making decisions in institutions.

According to this approach, rather than generating all alternatives, the decision-maker should try to go beyond rules of thumb and satisfying limitations and generate as many alternatives as possible within the given time, money and other Practicalities of the situation.

Here, the rational approach provides an analytical framework for making decisions while the behavioural approach provides a moderating influence.

Those managers who have a tendency of jumping from one decision to another, making decisions hastily and impulsively and barking out orders to subordinates usually do not use much information or a rational approach to decision-making.

**D) The Personal Approach**

The preceding three approaches explicitly explain the processes involved into decision-making. However, they do not throw light on how people take decisions when they are nervous, anxious, worried or agitated-whether in organizations or in personal matters.

Janis and Mann (1977) have provided a more realistic view of individual decision-making in their 'Conflict Model'. This model is based on research in social psychology and individual decision processes. It is a personal approach to decision-making because it deals with the personal conflicts that people experience in particularly difficult decision situations.

The model has five basic characteristics:

- (a) It deals only with important life decisions such as choosing the nature and type of education and institution, career, marriage, major organizational decisions etc. that commit an individual or institution to a certain course of action.
- (b) It recognizes that procrastination and rationalization are mechanisms by which people avoid taking difficult decisions and coping with the accompanying stress.
- (c) It explicitly acknowledges that some decisions could possibly go wrong.

- (d) It provides for self-reactions in terms of comparisons of alternatives with internalized moral standards. If a particular course of action violates the decision-makers moral convictions, it is unlikely to be selected even if it is economically and socially beneficial.
- (e) It recognizes that at times the decision-maker is ambivalent about alternative courses of action. This kind of situation makes it difficult for him to give a whole-hearted commitment to one single decision. However, major decisions concerning one's life are either-or decisions that require commitment to one specific alternative without allowing much compromise.

According to Janis-Mann conflict model of decision-making, a person, when faced with a problem, analyzes the situation by seeking feedback (often negative) and asks himself/herself whether the risks involved are serious if he or she does not make a change.

If the answer is no, the person will continue his/her present activities. This situation is known as uncomplicated adherence which entails continuing with current activities if doing so does not entail serious risks.

On the other hand, if the risks involved are serious, if the person does not make a change, the person will take necessary action to bring about a desirable change. This situation is known as uncomplicated change which involves making changes in present activities if doing so presents no serious risks.

Besides, the model also explains the concept of defensive avoidance which entails making no changes in present activities and avoiding any further contact with associated issues because there appears to be no hope of finding a better solution.

If a person has little time to deliberate on whether he needs to make a change perhaps due to his advancing age he will experience hyper vigilance wherein he may suffer severe psychological stress and engage in frantic, superficial pursuit of some satisfying strategy.

**2.1.3 Open and closed models of decision making****Q4. Explain about Open and closed models of decision making**

*Ans :*

**Classification of Decision Making Systems**

The decision making systems can be classified in a number of ways. There are two types of systems based on the manager's knowledge about the environment.

**A) Closed Decision Making System**

If the manager operates in a known environment then it is a closed decision making system. The conditions of the closed decision making system are:

- (a) The manager has a known set of decision alternatives and knows their outcomes fully in terms of value, if implemented.
- (b) The manager has a model, a method or a rule whereby the decision alternatives can be generated, tested, and ranked.
- (c) The manager can choose one of them, based on some goal or objective.

A few examples are:

1. a product mix problem,
2. an examination system to declare pass or fail, or
3. an acceptance of the fixed deposits.

**B) Open Decision Making System**

If the manager operates in an environment not known to him, then the decision making system is termed as an open decision making system. The conditions of this system are:

- (a) The manager does not know all the decision alternatives.
- (b) The outcome of the decision is also not known fully. The knowledge of the outcome may be a probabilistic one.
- (c) No method, rule or model is available to study and finalize one decision among the set of decision alternatives.
- (d) It is difficult to decide an objective or a goal and, therefore, the manager resorts to that decision, where his aspirations or desires are met best.

Deciding on the possible product diversification lines, the pricing of a new product, and the plant location, are some decision making situations which fall in the category of the open decision making systems.

**2.2 PLANNING****Q5. What is Planning? Explain the nature of planning.**

*Ans :*

Planning is a primary function of corporate management. It is a bridge between the present and the future. It gives managers some purpose, objectives, programme and direction towards the goals. Further it helps in the process of motivation and provides a framework for decision-making. It also provides standards for control of performance of overall corporations.

Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur, which would not otherwise happen. It is true that the future cannot be exactly predicted.

**Meaning of Planning**

Planning is an intellectual process of thinking resorted to decide a course of action which helps to achieve the predetermined objectives of the organisation in future.

**Definitions of Planning**

"Planning means the determination of what is to be done, how and where it is to be done, who is to do it and how results are to be evaluated."

**- James Lundy**

"Planning is deciding in advance what to do, how to do it, when to do it, and who is to do it. Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur which would not otherwise happen."

**- Koontz & O'Donnel**

"Planning is deciding the best alternatives among others to perform different managerial operations in order to achieve the predetermined goals."

**- Henry Fayol**

"Planning is the selection and relating of facts and the making and using of assumptions regarding the future in the visualization and formulation of proposed activities believed necessary to achieve desired results".

**- George R. Terry**

### Nature of Planning

Planning decides the objectives, goals and course of action in advance and the method of implementing and achieving the plans. Planning aims at achieving the goals more economically and accurately. It is the basic management function.

The nature of planning includes :

#### 1. Primary Planning

Planning is the primary and basic function among the management functions *viz.*, planning, organizing, staffing, directing and controlling. In fact, all other functions follow the function of planning. Managers first perform the planning function and then perform all other functions.

#### 2. Contributes to Objective

Organizational objectives specify the purpose for which the organizations are established. These objectives are converted into goals. Managers perform the planning function in order to achieve the goals and objectives. Thus planning contributes to the achievement of objectives.

#### 3. Intellectual Activity

Planning includes foreseeing the future environmental opportunities and threats. Further, it includes organizational strengths and eliminating weaknesses in order to match these strengths and environmental opportunities. It also includes strengthening the organization to face the environmental challenges and threats. Managers develop alternative courses, evaluate these alternatives and select the best course. Management should have intellectual ability and multiple skills to perform planning effectively. Thus, planning is an intellectual activity.

#### 4. Higher Efficiency

Efficiency is the ratio between input and output. Achieving more output with the same input and/or reducing the input to achieve the same output is referred to as efficiency. Planning minimizes the input and maximizes output. Thus, planning maximizes organizational efficiency.

#### 5. Flexibility

Planning should proactively and react to the environmental changes. Liberalization, privatization and globalization make the external environment more dynamic. This in turn results in high competitiveness and customer-centered production and marketing.

#### 6. Consistency

Managers at different levels formulate plans based on the internal and external environmental factors. Therefore, planning should be in consistency with the strengths of the firm and opportunities provided by the external environment. Similarly, planning at the department level should be in consistency with the corporate level plans.

#### 2.2.1 The six P's of Planning

##### Q6. What are the six P's of Planning?

*Ans :*

The six P's state the fundamental requirements of planning. These P's are as follows :

#### 1. Purpose

The first need of planning is the purpose. An effective planning requires a clear understanding of the purpose of planning. The reasons for the existence of the organisation must be stated. The purpose of an organisation may be to increase profits or increase market share or introduce more products etc. The purpose should be clear and elaborate.

#### 2. Philosophy

It states the beliefs as to how the organisation's purpose is to be achieved. The philosophy of an organisation may be based on profitability through quality or increasing turnover through consumer satisfaction etc. For a long term survival and growth the philosophy must adopt ethical conduct.

#### 3. Promise

It is an assessment of the strengths and weaknesses of the organisation based on the knowledge and assumptions of the

environment. With the help of business forecasting and other methods some conclusions are made for the future environment trends. By knowing the strengths and weakness of the organisation management can deal with changing environment in a more effective way.

#### 4. Policies

Policies are the general statements for the guidance of the personnel. They are the guidelines and constraints which aid in management thinking and action. An organisation may have production policies, financial policies, marketing policies, accounting policies, personnel policies, etc. These policies form a basis for managerial actions.

#### 5. Plans

These are the objectives and action statements. Objectives are the goals of an organisation and action statements are the means of achieving them. Plans guide us for reaching the goals and helping in knowing the progress at different stages.

#### 6. Priorities

An organisation must fix goal priorities. The resources of finance, materials, personnel, etc. are limited and these are to be allocated as per the priorities set. The high priority goal will have preference for allocation of resources. The priorities of goals must be based on the philosophy and premises of the organisation as well as on economic, political and social environment.

### 2.2.2 Reasons for Planning

#### Q7. What are the Reasons for Planning?

*Ans :*

Planning is the first step in management. The increasing complexities of business, technological changes, increasing marketing competition, changing consumer preferences have necessitated proper planning.

Following reasons emphasis the need for planning:

#### 1. Essential for Modern Business

The growing complexities of modern business, rapid technological changes, opening of economies to international competition, changes in consumer tastes necessitate planning not only in the current context but also in the future environment. Planning has a future outlook and it takes into account all possible future developments.

#### 2. Related to Performance

Planning helps in setting goals for each function and for each employee. The concerns having formal planning have performed better as compared to those where planning is not taken up as a regular activity. The variables for assessing performance may be return on investment, sales target, earning per share etc. Studies have proved that planning has been an instrument in improved performance.

#### 3. Focus on Objectives

The thrust of formal planning is on setting objectives and providing guidelines for reaching them. Objectives provide a direction and all planning decisions are directed towards achieving them. It ensures maximum utilisation of managerial time and efforts.

#### 4. Proper Allocation of Resources

The needs of the organisation are anticipated with the help of planning. The acquisition and allocation of resources can be properly planned thus minimizing wastages and ensuring optimal utility of these resources.

#### 5. Facilitates Control

Planning can be used to devise a mechanism of control. There can be quantitative targets and their comparison with actual performance can bring to notice any deviations. A periodical review can also help in pointing out low performance. The deviations in production, sales, profits etc. May come to light during periodic investigations and remedial action can be taken.

## 6. Helpful in Decision Making

Planning is helpful in the process of decision-making. Since planning helps in specifying the actions to be taken for achieving organisational objectives, it serves as a basis for decision-making for the future. The objectives, plans, policies, schedules, rules etc. Serve as guidelines for routine decision making.

## 7. Avoiding Business Failures

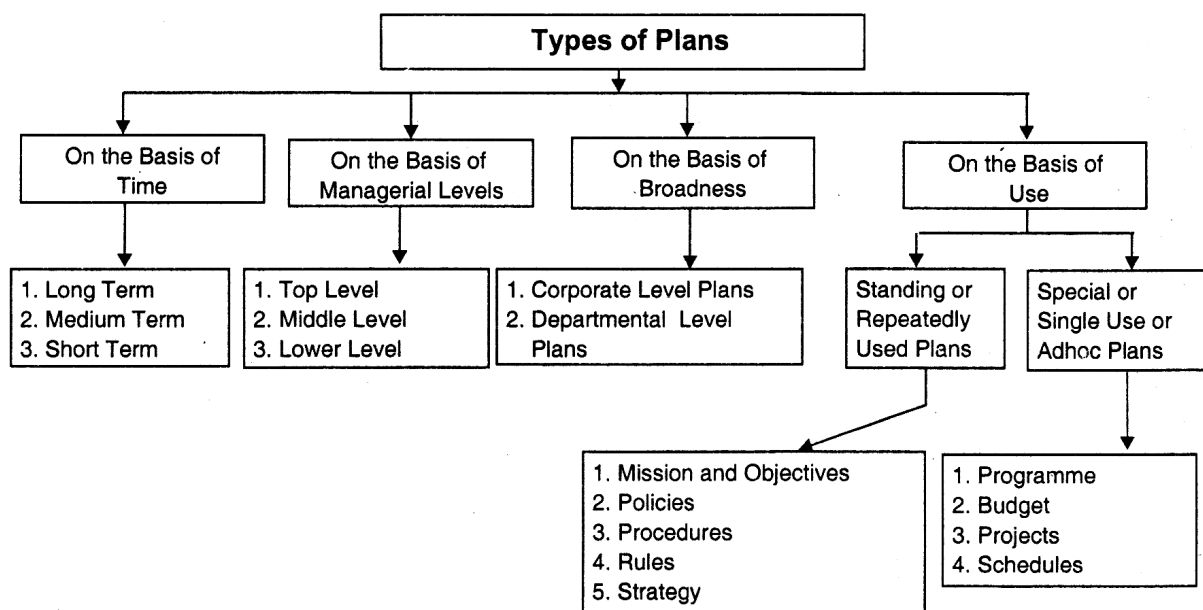
Business failures may be due to wrong and unscientific planning. A bad planning may result into wastage of human and physical resources. The enterprise may not be able to face competition from well planned units. Good planning will help in utilising available resources in a best possible way thus reducing the chances of failures.

### 2.2.3 Types of Plan

**Q8. Discuss various types of plans.**

*Ans :*

In the previous chapter we studied planning. There is a difference between planning and plans. Planning is a process which passes through different stages before it is finalized. Thus, it is a group of many sub-activities. On the other hand, plan is formulated to achieve certain objectives and is a commitment to perform activities connected with the attainment of objectives. In other words, planning is that process through the medium of which plans are formulated. Various types of plans are indicated in the following diagram:



### I) On the Basis of Time

Plans on the basis of time are of three type which are as under:

#### 1. Long Term Plans

These plans are for more than three years and are formulated by the top level managers. While formulating these plans the long term interests of the organisation are kept in mind.

**2. Medium Term Plans**

The period of these plans ranges between one year and three years and they are formulated by the middle level managers in the context of long term plans.

**3. Short-Term Plans**

These plans are for a period of less than a year, like half yearly, quarterly, monthly, weekly or daily plans. These plans are formulated keeping in view the problems of the present and the near future. They are mostly laid down by the lower level managers. Short term plans help in achieving the objectives determined under the long-term plans and middle term plans. In other words, they are formulated in the context of long term and middle term plans.

**II) On the Basis of Managerial Levels**

There are three types of plans on the basis of managerial levels:

**1. Top Level Plans**

Plans which are formulated by the Directors and General Manager are known as top level plans. Under these plans the objectives, policies, budget, etc., for the whole organisation are laid down. These plans are mostly long term plans.

**2. Middle Level Plans**

Managerial hierarchy at the middle level includes departmental managers. An organisation has many departments like the purchase department, sales department, production department, personnel department, finance department, etc. The responsibility for preparing the plans in respect of these departments lies on the departmental managers. The plans formulated by the departmental managers are known as middle level plans. They are prepared in the context of the main plan of the organisation keeping in view the problems of the various departments. Generally, these plans are medium term plans.

**3. Lower Level Plans**

These plans are prepared by the Foreman or the Supervisor. They take cognisance of the actual work place and the problems connected with it. They are formulated for a short period of time and are called short term plans.

**III) On the Basis of Broadness**

There are two types of plans on the basis of broadness:

**1. Corporate Level Plans or Corporate Planning**

These plans are prepared for the development of the whole organisation keeping in view the long term strategy, and are called corporate level plans or Corporate Planning.

**2. Departmental Level Plan**

All those plans which are prepared by various departments keeping in view their immediate and near future and the likely problems are called departmental level plans.

**IV) On the Basis of Use**

Plans can be divided into two parts on the basis of their use:

**(A) Standing or Repeatedly Used Plans**

As their name indicates that these plans are formulated once and they are repeatedly used. These plans continuously guide the managers. That is why it is said that a standing plan is a standing guide to recurring problems. These plans include

- (i) Mission and objectives,
- (ii) Policy,
- (iii) Procedure,
- (iv) Rules, and
- (v) Strategy.

**(B) Special or Single Use or Adhoc Plans**

These plans are connected with some special problem. These plans end the moment the problems are solved. After having been used once there is no importance of these plans and, in future, whenever they are needed they are recreated. These plans include (i) Programme, (ii) Budget, (iii) Projects, and (iv) Schedules.

**2.2.3.1 Difference between Standing and Single use Plans**

**Q9. What is the difference between standing and single use plans**

*Ans :*

Basis of Difference	Standing Plans	Single use Plans
1. Period	These plans are formulated for a long period.	These plans are for a short period and are repeatedly formulated in cast; of need.
2. Object	These plans are formulated to bring about informity decisions. activities.	These plans are designed to run successfully some in the particular
3. Types	They are of five types: (i) Objectives, (ii) Policies, (iii) Procedures, (iv) Rules, and (v) Strategy.	They are of four types: (i) Programme, (ii) Budget, (iii) Projects, and (iv) Schedules.
4. Scope	They guide the managers in particular matters like price	These plans guide in matters of daily routine, policy, sales policy.
5. Basis	They are based on the main objectives of the organisation.	They are based on the standing plans of the organisation.

**2.2.3.2 Advantages of Standing Plan**

**Q10. What are the advatnages of Standing Plan?**

*Ans :*

The following advantages can be derived from standing plans:

**1. Managerial efficiency is enhanced**

Once a decision is made, it stands forever. There is no need to take fresh decision every time when a similar situation arises.

**2. Facilitate delegation of authority**

A manager can delegate authority to his subordinates to act in a given situation.

**3. Control is made easy**

Control functions of management become very easy in case of standing plans as the actual performance can be compared with the plans.

**4. Help in coordination**

The various activities of an enterprise can be co-ordinated in such a manner so as to bring consistency in the operations of a business.

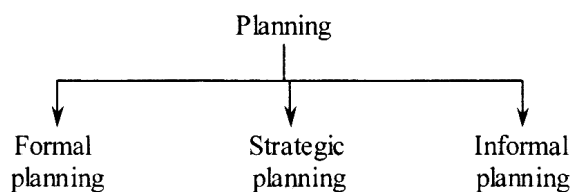
### 2.2.4 Types of Planning

**Q11. What are the different types of planning.**

*Ans :*

Planning is the most important and prevailing management function, which is practised by all the managers at different levels. Even though planning is regarded as a managerial function, yet is it being integrated with several functions of management whose success to a large extent depends upon the planning activity. Planning is basically of three types,

1. Formal planning
2. Strategic planning and
3. Informal planning.



#### 1. Formal Planning

The planning which takes place in an organisation is called as formal planning. Formal planning is an organised and step by step process. This planning is rational and amenable to the scientific approach of problem solving via establishing a plan.

There is no single process or method followed for formal planning. The following are the steps which are being followed for formal planning.

##### Step 1: Environmental Scanning

It identifies various opportunities, threats, strengths and weaknesses. In short, it conducts SWOT analysis.

##### Step 2: Builds the Planning Premise

The planning premise includes the facts, information, assumption regarding the environment on the basis of which plans are created and implemented.

##### Step 3: Predicts the Results and Future

It makes the planning premise as the foundation and predicts the results, events, scenarios and the future.

#### Step 4: Determines Goals

The goals are set on the basis of opportunities, planning premise, constraints and the future scenarios.

#### Step 5: Selects Alternative Course of Action

As soon as the goals are set, best among the alternative course of actions is selected. Various techniques used for idea generation are,

- (a) Brainstorming
- (b) Brain writing
- (c) Pui cards
- (d) Product improvement check list
- (e) Semantic intuition.

#### Step 6: Assessment of Alternatives

The alternatives are assessed by determining its advantages, disadvantages, estimated results and benefits with regards to the planning promise and predefined objectives.

#### Step 7: Choosing an Alternative

After the complete analysis, the best alternative out of several options is selected.

#### Step 8: Elaborated Planning

Once the plan is established a detailed planning is essential which includes each and every activity.

#### Step 9: Budgeting

Budgeting converts/transforms the plans into budgets for evaluating the selected alternative/plan.

#### Step 10: Building Agreement

The manager tries to seek and gain support from the different departments.

#### Step 11: Implementation

After completing various steps the plan is to be implemented. The manager must identify and remove the constraint if any in the way of implementation.

#### Step 12: Review

The final step is review wherein the plan is checked and reviewed and is seen that whether the plan is being implemented or not.

## 2. Strategic Planning

It is a special type of planning which includes the determination and development of the organisation's vision, mission, overall objectives, general strategies and the resource allocation.

It provides the basic decisions and actions which shows the way and direction to the whole organisation. Basically strategic planning was done on yearly basis, but presently majority of the companies are planning strategically as per their needs i.e., as and when they need.

Therefore, strategic planning is a process which makes the organisation to take the advantage of various opportunities in the changing environment.

Strategic planning analyzes the future course of action for the organisation. The strategic planning process is different from the formal planning process because strategic planning is distinct and very important for the organisation.

The following steps are followed in strategic planning process.

### Step 1: Analyzes the Environment, Industry and the Organisation

Conducts researches for collecting the information.

### Step 2: Vision

The vision of the organisation is defined.

### Step 3: Mission

After defining the vision, the mission is defined i.e., the purpose of the organisation.

### Step 4: SWOT Analysis

Makes arrangements for conducting the SWOT analysis.

### Step 5: Set Key Goals and Objectives

After the SWOT analysis the goals and objectives of an organisation are set.

### Step 6: Strategy Development

The top management develops the strategy by optimally allocating and using the resources.

### Step 7: Tactics Development

For the purpose of implementing the strategy various tactics are planned.

### Step 8: Establishes a Contingency Plan

A contingency plan is established for meeting the unforeseen and uncertain situations.

### Step 9: Implementation

The strategic plans are assigned to the middle level management by the top level management for its execution.

### Step 10: Monitoring

Once the plan is assigned to the middle level management, the top level management starts monitoring the strategic planning process.

## 3. Informal Planning

Every action of an individual is not done according to some plan or planning i.e., it is not done in an organised way. Informal planning does not follow any order of steps. It completely depends upon the wish or convenience of the individuals.

There are no written documents or a schedule in informal planning. It is usually done by individuals, informal groups, small businesses and so on.

The result of any planning is the team intent for undertaking the action. The exploratory and evaluative thinking process ends with the creation and development of a plan.

### 2.2.5 STEPS IN PLANNING PROCESS

#### Q12. What are the steps in process?

*Ans :*

Planning is an endless process. The process is constantly modified to suit changes in environmental condition and changes in objectives and opportunities for the firm. As organisations differ in terms of their size and complexity, no single planning procedure is applicable to all organisations.

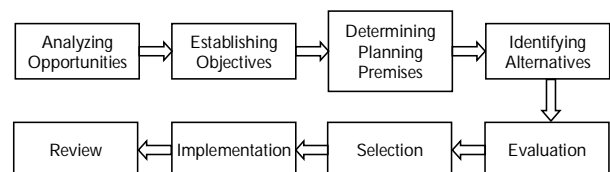


Fig. : The Basic Steps in the Planning Process

**1. Analyzing Opportunities**

Managers should be aware of the opportunities in the external environment, as well as those within the organisation. They should understand the firm's strengths and weaknesses and the ways in which they can utilize the firm's strengths to make the most of an opportunity. A thorough understanding of the opportunities available outside the business enterprise enables managers to set realistic objectives.

**2. Establishing Objectives**

Objectives specify the results expected from a particular course of action and define the areas that should receive special attention. In addition, objectives specify what should be achieved by the network of strategies, policies, procedures, rules, budgets and programs. Organisational objectives provide direction to the major plans. These plans help the various departments of an organisation prepare their objectives in line with the organisational objectives. Thus, there exists a hierarchy of objectives in an organisation.

Objectives must be stated clearly and must be established for all key areas where performance affects the well-being of the organisation. They should be specified in measurable terms like costs, targets or quality specifications.

**3. Determining Planning Premises**

After establishing organisational objectives, the next step is determining planning premises. Planning premises are assumptions about the environment in which the plan is to be carried out. They lay down the boundary or limitations within which plans are to be implemented.

Planning premises include both external and internal premises.

- i) External premises include social, economic, political and technological factors:
- ii) Internal premises include an organisation's policies, resources, ability to withstand environmental pressure, etc. Plans are formulated taking into account both external and internal premises.

According to the principle of planning premises, "The more thoroughly individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be."

**4. Identifying Alternatives**

Various alternative courses of action can be identified after establishing organizational objectives and planning premises. A particular objectives can be achieved through various actions. For instance, if expansion is an organization's objective, it can be achieved by expansion in the same field, or diversification, or amalgamation, or by introducing a new product variant in the market and so on. Thus, there are many ways of achieving the same goal.

**5. Evaluating Available Alternative**

After identifying alternative courses of action and examining their advantages and disadvantages, the next step is to evaluate the alternatives keeping in mind the goals of the organisation and the available resources. Each alternative may have some positive and negative aspects.

For instance, one alternative may be highly profitable but may require heavy investment and may have a long gestation period; another one may be less profitable but may also involve less risk. The use of planning and decision-making techniques, such as operations research, helps in the evaluation of alternatives.

**6. Selecting the Most Appropriate Alternative**

After carefully evaluating the alternative courses of action, the most appropriate one is selected. At this point, a decision is made about the course of action to be taken. Sometimes, after evaluating a few alternative courses of action, a planner may choose more than a single alternative, as two or more alternatives may seem advisable.

## 7. Implementing the Plan

A manager can implement the plans of a firm through the use of authority, persuasion or policy. Authority is a legitimate form of power that comes with the position and is not associated with a person. It is often sufficient to implement relatively simple plans that do not cause a significant change in the status quo. But a complex and comprehensive plan cannot be implemented through authority alone.

Persuasion is another tool used by managers for implementing their plans. Persuasion is "the process of selling a plan to those who must implement it, by communicating relevant information so that the individuals understand all the implications." Thus, persuasion requires convincing others, so that the plan is accepted on the basis of its merits rather than on the authority of the manager.

## 8. Reviewing the Plan

Once a plan has been implemented, it has to be reviewed. A review helps managers to evaluate the plan and also identify deviations from the established course of action. It thus helps managers take the necessary corrective measures. At every stage of the review, the outcomes must be compared with the expected with the expected results. A periodic review of plans enables an organisation to update them in the light of changes in the business environment.

## 2.3 AUTHORITY

### Q13. What is Authority? What are the various sources of authority?

*Ans :*

Authority is the degree of discretion conferred on people to make it possible for them to use their judgement. When an enterprise is small then decision-taking power is centralised in few hands. As the enterprise grows there is a need to delegate authority to more and more people to cope with the work. The main purpose of delegation is to make organisation possible. "Just as no one person in

enterprise do all the tasks necessary for accomplishment of group purpose, so it is impossible, as an enterprise grows, for one person to exercise all the authority for making decisions."

### Meaning of Authority

Authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. It is the right to give commands, orders and get the things done. The top level management has greatest authority.

### Definition of Authority

**According to Henri Fayol**, "Authority is the right to give orders and the power to exact obedience."

**According to Kootnz and O'Donnell**, "Authority is the power to command others to act or not to act in a manner deemed by the possessor of the authority to further enterprises or departmental purposes."

**According to Terry**, "Authority is the power to exact others to take actions considered appropriate for the achievement of a predetermined objective."

**Davis defines** authority as the "right of decision and command."

**According to Louis Allen**, "The sum of the powers and rights entrusted to make possible the performance of the work delegated."

**Dr. Paterson defines**, "The right to command and expect and enforce obedience."

**Strong says**, "Authority is the right to command."

**Massive defines**, "The formal right to exercise control."

### Theories Sources of Authority

A number of theories exist about the sources of authority. Some persons are of the view that it flows from upward to downward subordinates, others feel that it goes from bottom to upward because of its acceptance by those on whom it is to be used, the theories of authority are discussed as follows:

**1. Legal / Formal Authority**

According to this theory authority is based upon the rank or position of the person and this authority may be given by law or by social rules and regulations protected by law. A law may grant authority to a policeman to arrest a person committing a crime. The president of a company may take an action against an employee for not complying with rules because company rules has bestowed this authority in him. This authority is called formal authority. This type of authority is embedded in the bureaucracy where authority is bestowed upon contractually hired and appointed officials. In a company form of organisation shareholders appoint Board of Directors to exercise all authority. The Board to Directors delegates its powers to the Chief Executive who delegates it to the managers and so on.

While bureaucracy is the purest form of legal authority, other forms may comprise of elected office bearers or office bearers appointed by the members. These persons follow authority since their roles are defined by the rules and regulations framed by such bodies.

**2. Traditional Authority**

Traditional authority has evolved from a social order and communal relationship in the form of ruling lord and obedient subjects. The obedience results in traditional authority of the lord. The traditional chief rules as per his own pleasure and makes his own decisions. Generally, these decisions are based on considerations like ethnic equity and justice. The authority passes from the father to the son.

In a family system, father exercises traditional authority over members of the family. The traditional authority is generally followed in Indian family system. It is the father who guides the activities of the family and others obey out of respect and traditions.

In traditional form of authority there is no formal law or structured discipline and relationships are governed by personal loyalty and faithfulness rather than compulsions of rules and regulations or duties of the office.

**3. Acceptance Theory**

The authority of the superior has no meaning unless it is accepted by the subordinates. Chester Bernard was of the view that it is the acceptance of authority which is more important. If the subordinates do not accept the orders of a superior there will be no use of exercising authority.

Bernard maintains that a subordinate will accept an order if :

- (i) he understands it well.
- (ii) he believes it to be consistent with the organisational goals.
- (iii) he believes it to be compatible with his personal interests as a whole.
- (iv) he is able mentally and physically to comply with it

The subordinates may accept an order if they gain out of its acceptance or may lose out of its non acceptance. According to Robert Tennebaum, "An individual will accept an exercise of authority if the advantages accruing to him from accepting plus disadvantages accruing to him from not accepting exceed the advantages accruing to him from not accepting plus the disadvantages accruing to him from accepting and vice versa." It can be said that acceptance of an order is the function of advantages from it.

The acceptance theory, though supporting the behavioural approach to management, presents many problems in an organisation. It undermines the role of a manager in the organisation. He may not be sure whether his orders will be accepted or not. He will know it only when his orders are actually executed. It means that orders flow from bottom to up.

**4. Competence Theory**

There is also a feeling that authority is generated by personal competence of a person. A person may get his orders accepted not due to formal authority but because of his personal qualities. These qualities may be personal or technical. The advice of some persons may be accepted even if they donot have a formal authority. They enjoy this authority by virtue of their intelligence,

knowledge, skill and experience. When a doctor advises rest to a patient he accepts this advice because of Doctor's knowledge and not because of his formal authority or legal right. The patient will get relief only if he obeys the doctor. Similarly, we accept the diagnosis of a car mechanic without questioning it because of his competency for this work. So the knowledge or competency of a person gives him a status where his authority is accepted by others.

### 5. Charismatic Authority

The charismatic authority rests on the personal charisma of a leader who commands respect of his followers. The personal traits such as good looks, intelligence, integrity influence others and people follow the dictates of their leaders because of such traits. The followers become attached to the leader because they feel that he will help them in achieving their goals. The charismatic leaders are generally good orators and have hypnotic effect on their followers. The religious and political leaders come under this category. Ayatolla Khomeini of Iran was an example of a religious leader on whose command people were ready to lay down their lives even John F. Kennedy of America was a political leader who could command respect of the people because of his charismatic personality. The charismatic phenomena also extends to film actors, actresses and war heroes. Film actors and actresses have been successful in raising huge funds for calamities etc. because of their charismatic personalities. Even political parties associate actors and actresses in their companies to collect crowds for their rallies. People follow some persons because of their charismatic personalities and not because of any other factor.

### 2.3.1 Delegation of Authority

**Q14. What is delegation of Authority and its process, Importance and principles of delegation of authorities.**

*Ans :*

The process of assignment of specific work to individuals within the organization and giving them the right to perform those works is delegation. Delegation of authority is one of the most significant

concepts in management practice, which affects managerial functions. Management is the art of getting things done through others and delegation means to get the results through the subordinates. The expansion of business volume and diversification of line of business makes it impracticable to handle all the business by a single manager. Therefore, the concept of delegation of some managerial authority to subordinates comes into practice in present day business organizations. Here, the manager delegates some of his authority to his subordinates. This helps in developing a feeling of dedication to the work among the subordinates. The top level management plays only the role of a supervisor and visits them to provide guidance, suggestions and instructions. It minimizes the work load of the top manager and also develops the overall working efficiency of the organization.

### Process of Delegation of Authority

The three elements, i.e., responsibility, authority and accountability of delegation process are completed in the following serial order:

Assigning Responsibility Granting Authority  
Fixing Accountability

#### 1. Assigning Responsibility

The first step in the delegation process is assigning responsibility. Often, no officer is capable to the extent that he can perform all activities on his own. For his successful work performance he divides the whole job. In this way, he keeps critical/crucial/significant jobs for himself and delegates the rest to his subordinates. While assigning job/responsibility to the subordinates, their capability and skill are kept in mind. For example: A finance manager keeps the job of financing for himself and delegates rest of the jobs like-Accounting, Data Collection, etc. to his subordinates.

#### 2. Granting Authority

The second Step in the delegation process is granting authority for successful work performance. Assigning responsibility sans authority to the subordinates is meaningless. Thus, all needed authorities should be delegated for the fulfillment of a responsibility.

For example: When a chief manager delegates responsibility of Purchase Department to the Purchase Manager, then he gives authority to the purchase manager like purchasing raw-material, stocking inventory, division of work among his subordinates, etc.

### 3. Fixing Accountability

The last step in the delegation process is to hold subordinates accountable for their work performance. Every subordinate is just accountable to that officer who delegates authority for the fulfillment of job/responsibility. Accountability means, justification demanded by the superior for the work performance.

### Importance of Delegation of Authority

Delegation of authority is an important instrument for effective management. If the workload of a person is more than his capacity, he tries to sustain his capacity through delegation of authority. Thus, it is clearly evident that the power of an officer is expanded through delegation of authority. The importance of delegation of authority is clarified through the following facts:

#### 1. Effective Management

Effectiveness means successful accomplishment of an objective. Delegation of authority reduces the workload of a manager. Managers who practice delegation of authority are definitely better decision makers than those managers who do not delegate authority. The former ones get the benefit of the skills of their subordinates. This situation eases the attainment of objectives. As a result, the effectiveness of managers is improved.

#### 2. Employee Development

The mental growth of a person takes place only when he has authority to take decisions. The process of delegation of authority provides managers the authority to take decisions. With the given authority, managers take decisions contingent to the situations. Not only this but they even guide and motivate their subordinates. This type of practice adds

on to their knowledge and experience. As a result, in future they become more able to take extra responsibility.

#### 3. Motivation of Employees

In the process of delegation of authority, both authority and responsibility are delegated to the subordinates. This situation provides liberty to work and take decisions on part of subordinates. Gaining through this, they exhibit their talent and skill. With better performance the subordinates create a niche for themselves in the organisation. Consequently, they get job satisfaction and feel motivated to perform ever better.

#### 4. Facilitation of Growth

Delegation of authority does not only develop only one person or division but facilitates the development of organisation as a whole. It makes better utilization of resources through division of work. As a result, profits are increased and managers as well as subordinates feel motivated. With this situation in an organisation Efficiency, Motivation and Satisfaction are at their maximum/peak. As adequate number of able employees are available in an organisation to take decisions Expansion, Modernisation and Diversification of a business can be done with full confidence. A team is already existent in an organisation which do not shirk responsibility because of the delegation of authority.

#### 5. Basis of Management Hierarchy

Management hierarchy is inevitable to run a business organisation successfully. Only because of this hierarchy, the superiors and subordinates they come in contact with each other and get an opportunity to understand one another. This hierarchy is established through the process of delegation of authority. Under this, authority flows from top level to the bottom level. As a result, senior and subordinate links are established from top to bottom.

**6. Better Coordination**

Delegation of authority is a process to establish relation among responsibility, authority and accountability. Through this, employees get clarification with regard to their powers, duties and accountability for work performance. Thus, a clear picture is delineated for all the jobs performed at various levels, which automatically establishes better coordination. The advantage of this is that neither duplicacy nor overlapping of work takes place.

**7. Leads to Quick and Better Decisions**

Decisions by delegation are taken not only at the top hierarchy but at all levels of management and it leads to quick decisions. All the subordinates fully know the problems of their field and this knowledge helps them in taking good decisions.

**8. Continuity in Organisation**

Because of delegation of authority the subordinates continue getting information about the activities of the superiors. If some superior leaves the concern or is promoted to some higher rank, his subordinate can easily be appointed in his place. Thus, continuity in the organisation is maintained and the work performance is not impeded.

**Principles of Effective Delegation of Authority****i) Knowledge of Objectives**

Before delegating authority, the subordinates should be made to understand their duties and responsibilities. In addition, knowledge of objectives and policies of the enterprise should be provided to them. This will enable them to discharge their roles purposefully in the process of delegation.

**ii) Parity of Authority and Responsibility**

This principle of delegation suggests that when authority is delegated, it should be commensurate with the responsibility of the subordinate. In fact, the authority and responsibility should be made clear to the subordinate so that he will know what he is expected to do within the powers assigned to them. There should be proper balance/

parity or co-existence between the authority and responsibility. A subordinate will not function efficiently, if authority given to him is inadequate. On the other hand, if the excess authority is given, he may misuse the same. For avoiding this, the subordinates who are assigned duties should be given necessary/adequate authority enables them to carry out their duties.

**iii) Unity of Command**

This principle of delegation suggests that everyone should have only one boss. A subordinate should get orders and instructions from one superior and should be made accountable to one superior only. This means 'no subordinate should be held accountable to more than one superior'. When a subordinate is asked to report to more than one boss, it leads to confusion and conflict. Unity of command also removes overlapping and duplication of work. In the absence of unity of command, there will be confusion and difficulty in fixing accountability.

**iv) The Scalar Principle**

The scalar principle of delegation maintains that there should be clear and direct lines of authority in the Organisation, running from the top to the bottom. The subordinate should know who delegates authority to him and to whom he should contact for matters beyond his authority. They (subordinates) should also know what is expected from them. This principle justifies establishment of the hierarchical structure within the Organisation.

**v) Clarity of Delegation**

The principle of clarity of delegation suggests that while delegating authority to subordinates, they should be made to understand the limits of authority so that they know the area of their operation and the extent of freedom of action available to them. Such clarity guides subordinates while performing their jobs.

**vi) Absoluteness of Responsibility**

This principle of delegation suggests that it is only the authority which is delegated and not the responsibility. The responsibility is absolute and remains with the superior. He cannot run

away from the same even after delegation. Even when the manager delegates authority to his subordinate, he remains fully accountable to his superiors because responsibility cannot be divided between a superior and his subordinate. No superior can delegate responsibilities for the acts of his subordinates. He is responsible for the acts and omissions of his subordinates.

**vii) Use of Exception Principle**

This principle of delegation indicates that when authority is delegated, it is expected that the subordinate will exercise his own judgment and take decisions within the purview of his authority. He is to be given adequate freedom to operate within his authority even at the cost of mistakes. He should refer the problems to the top level management only when he is unable to take decisions. Unnecessary interference in the work of delegates should be avoided. This normal rule can be given up under exceptional circumstances. Here, the superior can interfere in the work of his subordinate and even withdraw the delegated duties and authority. The superior takes this decision under exceptional circumstances.

**viii) Completeness of Delegation**

This principle of delegation suggests that there should be completeness in the process of delegation. The process of delegation should be taken to its logical end. Otherwise, there will be confusion of authority and accountability.

**ix) Effective Communication Support System**

This principle suggests that there should be continuous flow of information between the superior and the subordinates with a view to furnishing relevant information to subordinate for decision-making. This helps him to take proper decisions and also to interpret properly the authority delegated to him. Delegation system may not work smoothly in the absence of effective communication between the superior and subordinates.

**x) Reward for Effective Delegation**

This principle suggests that effective delegation and successful assumption of authority should be rewarded. This will facilitate fuller delegation and effective assumption of authority within the Organisation. Reward for effective delegation will provide favourable environmental climate for its fair introduction.

**2.3.1.1 Barriers / Obstacles in Delegation of Authority**

**Q15. What are the barriers/obstacles in delegation of authority.**

*Ans :*

The difficulties appearing in the way of delegation of authority can be divided into two parts:

- A) From the Delegators or Superiors.
- B) From the Delegant or Subordinates.

**A) From the Delegators or Superiors**

The superiors or the delegators present the following obstacles in the way of delegation:

**1. Unfamiliarity with the Art of Delegation**

The first important obstacle in the way of delegation is the superiors' unfamiliarity with the art of delegation. There are many officers who do not know what work can be delegated to whom and what authority can be delegated. In such a situation the balance between authority and responsibility cannot be established and, consequently, the delegation is a failure.

**2. Desire to Administer**

Some officers by nature hesitate to delegate their authority to other persons. They want to take all the decisions themselves and get them implemented by others. This discourages the subordinates and as a result of it their efficiency gets reduced.

**3. Lack of Faith in Subordinates**

Sometimes the superiors consider their subordinates incapable. In the face of such a thinking they do not delegate their authority to them and take all the decisions themselves.

This increases their work load and decisions are delayed. On the other hand, the efficiency of the subordinates does not increase because of the absence of authority.

#### 4. **Psychological Barrier**

Sometimes the superiors start thinking themselves as a important part of the concern which is only an allusion. They feel that nobody else can take better decision and this checks them from delegating their authority.

#### 5. **Fear About Position**

Incapable officers are always worried about their position. They think that if the authority is delegated to the subordinates it will bring their capability to light and their incapability will become known to everybody. The emergence of this reality may threaten their own existence in the concern and, therefore, they want to concentrate their authority in their own hands. Such a situation reduces the efficiency of both the superiors and the subordinates.

#### 6. **Desire to make Identity**

Sometimes the superiors wish to have all the credit for every work for themselves so that their identity in the concern may remain intact. Impelled by such a feeling they do not want to delegate their authority.

#### 7. **Traditions of Enterprise**

There are some enterprises which do not have any tradition of delegation. Whenever some new officer joins such an enterprise he follows this tradition and does not believe in delegation.

#### 8. **Regular Interference**

Some superiors are governed by habits. They do delegate their authority but continue their interference in the work of the subordinates. By doing so they harm the decision-making freedom of the subordinates and the results expected of delegation are not achieved.

#### 9. **Fear of More Risk**

The superiors know that the final responsibility is theirs. Some timid superiors do not show the courage to take risks by delegating their

authority to the subordinates. Because of the fear of risk they keep their authority with them.

### B) **From the Delegants or Subordinates**

The obstacles presented by the subordinates in the way of delegation are the following:

#### 1. **Lack of Self-confidence**

Sometimes the subordinates do not have the confidence whether the new responsibility being assigned to them can be discharged by them or not. This lack of confidence among the subordinates becomes a hurdle in the way of delegation.

#### 2. **Fear of Criticism**

Everybody wants to have a clear image. This makes the subordinates feel that if they do not take responsibility, there will be no occasion for committing a mistake and no possibility of any criticism. In this way the subordinates feel uneasy to accept delegation.

#### 3. **Lack of Incentive**

If the subordinates are given responsibility without any additional incentive, they do not accept it joyfully.

#### 4. **Lack of knowledge and Experience in Subordinates**

There are some subordinates who lack knowledge and experience. In other words, they do not have the capability which is so essential in taking decisions. In such a situation the superiors consider it risky to delegate their authority.

#### 5. **Non-cooperation by Able Subordinates**

Some subordinates cannot be delegated authority because of their incapability but sometimes difficulty is experienced in delegating authority in spite of their possessing the desired ability. The main reason is their shirking nature and because of their lethargic nature they are not prepared to accept any responsibility. This gradually converts their capability into incapability.

**6. Dependence on Executives**

Some subordinates come to depend completely on their superiors and develop the habit of working according to the decisions taken by others. In this way they look up to their superiors even in taking the smallest decision and become an obstacle in the way of delegation.

**2.3.1.2 Suggestions to Overcome the Difficulties of Delegation of Authority**

**Q16. What are the suggestions to overcome the difficulties of delegation of authority.**

*Ans :*

It is important to remove all the impediments appearing in the way of delegation to make it effective. Following are the main suggestions to remove these hindrances:

**1. Knowledge of the Art of Delegation**

All the superiors should be given training in the art of delegation. Through the medium of training they should be informed about the extent of authority that should be delegated, the person to whom it should be delegated and how it should be delegated.

**2. Selection of Competent Subordinates**

Lack of confidence among the subordinates is due to their incompetence. Therefore, only those subordinates should be selected who are competent and the delegation of authority should take into consideration their competence.

**3. Less Interference in Routine Works**

It is true that from the point of view of control it is essential to supervise the work of the subordinates but it is not good to interfere with every work and decision of theirs. Therefore, the superiors should have full confidence in their subordinates and allow them full freedom.

**4. Capacity to Bear Risk**

Generally, it has been observed that the superiors are afraid of taking risk, and hence avoid delegation. They should be given the

information about the importance of delegation and their fears should be removed. They should be made to realise that risk also carries manifold advantages of delegation.

**5. Defining the Authority and Responsibilities Clearly**

In order to make delegation more effective, the authority and responsibility should be clearly defined so that it becomes clear to the subordinates as to what authority they have for their work performance alongwith the responsibility about the results.

**6. Giving Incentives**

The subordinates should be given some incentives in view of their additional work. Incentives can be in the form of money or appreciation. This will make them accept delegation of authority joyfully.

**7. Effective Communication**

Delegation of authority by the superiors to the subordinates does not mean that their relationship ends. Subordinates can occasionally experience difficulty in taking decisions and these difficulties can be solved by having consultations with their superiors. In such situations the superiors should listen to them and guide them properly.

**8. Training of Subordinates**

Occasional training should be provided to the subordinates to remove their lack of knowledge and experience and instil a sense of self-confidence among them.

**9. Praise instead of Criticism**

Generally, the subordinates are afraid of taking any responsibility because of the fear of criticism. They fear that they will have to face insult in case they commit some mistake. They can be helped by not insulting them but by telling them the ways and means of improving upon their mistakes and occasionally appreciating their achievement. This will create a sense of self-confidence in them and they will not fear accepting any responsibility.

**10. Less Dependence on Executives**

The dependence of the subordinates on their superiors is a great hindrance in delegation. The superiors should not give any consultation to their subordinates in taking small decisions. This will gradually help them in taking decisions as a matter of habit. Consequently, their dependence on their superiors will lessen.

**2.4 RESPONSIBILITY****Q17. Write about responsibilities.**

*Ans :* **Feb.-2013, Q.No. 3(a)**

Responsibility is the obligation to do something. It is the duty that, one has to perform in organisational tasks, functions or assignments. Authority and responsibility go side by side. When authority is delegated then some responsibility for getting the assigned task is also fixed. One can delegate authority but not responsibility. In the works of Koontz and O'Donnel, "Responsibilities may be defined as the obligation of a subordinate to whom a duty has been assigned to perform the duty". George Terry defines it as, "Responsibility is the obligation to carry out assigned activities to the best of his abilities."

**Meaning of Responsibility**

Responsibility is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. Responsibility without adequate authority leads to discontent and dissatisfaction among the person.

Responsibility indicates the duty assigned to a position. The person holding the position has to perform the duty assigned. It is his responsibility. The term responsibility is often referred to as an obligation to perform a particular task assigned to a subordinate. In an organisation, responsibility is the duty as per the guidelines issued.

**Definitions of Responsibility**

**According to Davis,** "Responsibility is an obligation of individual to perform assigned duties to the best of his ability under the direction of his executive leader."

**According to Theo Haimann,** "Responsibility is the obligation of a subordinate to perform the duty as required by his superior".

**According to McFarland,** "Responsibility as the duties and activities assigned to a position or an executive".

**Features of Responsibility**

- (i) Responsibility arises from superior-subordinate relationship.
- (ii) It always flows upward from juniors to seniors.
- (iii) It arises from the duty assigned.
- (iv) It cannot be delegated.
- (v) It is the obligation to complete the job as per instructions.

**Types of Responsibilities****1. Personal Responsibility**

Personal responsibility begins from the inside and moves outward. This must begin by taking responsibility for the thoughts, choices, and reactions. Then it can be responsible for the circumstances to create in our world.

Features of personal responsibility are:

- i) Make and keep agreements.
- ii) Set goals and create ways to achieve them.
- iii) Accept consequences of personal choices.
- iv) Acknowledge personal accomplishments.

**2. Social Responsibility**

The idea that companies should embrace its social responsibilities and not be solely focused on maximizing profits. Social responsibility entails developing businesses with a positive relationship to the society which they operate in. According to the International Organization for Standardization (ISO), this relationship to the society and environment in which they operate is "a critical factor in their ability to continue to operate effectively. It is also increasingly being used as a measure of their overall performance."

Features of social responsibilities are:

- i) Communicate with others in a way that empowers them, not demeans them;
- ii) Honour others' rights, dignity and worth.
- iii) Work together toward common goals.
- iv) Negotiate problems and conflicts successfully.
- v) Create opportunities for others.

### 3. Environmental Responsibility

Environmental responsibility means ensuring that our actions and lifestyles do not have such a negative impact on the environment that the planet's resources are being used at unsustainable rates.

Features of environmental responsibility are:

- i) Become conscious of the various contexts in which we function.
- ii) Respect property and take care of equipment, the classroom, the school and the community.
- iii) Recognize the importance of the individual taking care of the environment as well as influencing others to take care of the environment.

#### 2.4.1 Authority and Responsibility

**Q18. What is the difference between?**

*Ans :*

Authority and responsibility should match each other. There should be appropriate authority for getting the things done. For example, when a foreman is assigned the responsibility of producing a particular quantity, he should have the authority to hire required personnel and take disciplinary actions if they donot perform as required. However, any imbalance between authority and responsibility will be dangerous. More authority than the responsibility may be misused and inadequate authority will not help in getting the assigned task performed.

#### Difference between Authority and Responsibility

Points of Difference		Authority	Responsibility
1.	Meaning	It is the right of a superior to command the subordinates	It is the obligation of a subordinate to perform an assigned task.
2.	Basis	It normally arises either from legal provisions & formal contract	it arises from superior subordinate relationship
3.	Delegation	Can be delegated from a superior to a subordinate	it cannot be delegated
4.	Duration	It may continue for a long period	it is over when the assigned task is completed

### 2.5 CENTRALISATION

**Q19. Write about centralization.**

*Ans :*

Centralisation is a common occurrence in small enterprises. The success of a small enterprise depends upon the dynamic manager who single-handedly commands the running of the concern.

### Meaning of Centralization

Centralization refers to extent to which authority is concentrated with the top level management and little delegation of authority to lower levels of management.

### Definitions

**According to Allen,** "Centralization is the systematic and consistent reservation of authority at central points within the organization".

**According to Henry Fayol,** "Everything that goes to increase importance of subordinates' role is decentralization; everything which goes to reduce it is centralization".

### Factors Determining Centralisation of Authority

The management of an undertaking may centralise decision-making for the following reasons:

#### 1. Achieving Uniformity of Action

Uniformity of action is possible when decision-making authority is centralised. The decisions taken at the top will be implemented at every level. There may be more than one unit under the same management and it may be desired to have same types of policies and procedures. If the units take their independent decisions then uniformity of action will not be achieved. Under such situations centralised decision-making will enable unity of action.

#### 2. Facilitating Integration

There may be a need to integrate all operations of the enterprise for achieving common objectives. Centralised management will facilitate integration of activities by devising common policies and programmes.

#### 3. Promoting Personal Leadership

The small enterprises grow on the strength and capability of their manager. Even big concerns too depend upon the qualities of their managers during initial periods. The whole authority will be in the hands of the chief executive. This will result in quick decisions and imaginative actions. The manager will acquire more and more skill and experience which will promote their personal leadership.

#### 4. Handling Emergencies

Under uncertain business conditions there, is a need to take emergency decisions. Sometimes the existence of small-scale units is endangered if timely actions are not taken. Centralised authority will enable quick and timely decisions from short-term as well long-term perspective.

### Advantages of Centralisation

Following are the advantages of centralisation

#### 1. Standardisation of Procedures and Systems

Centralisation enables standardisation of procedures and systems. It facilitates smooth working in the organisation. There is also a consistency in day-to-day working. The consumer service will also improve if standard policies are used.

#### 2. Facilitates Evaluation

When same policies are used for all segments of the enterprise their performance can easily be evaluated. It also helps in comparing the results of different departments. This will bring a sense of competition among various segments. Ultimately the overall performance will improve.

#### 3. Economies

Centralisation of management will bring in economies of large scale. There will be a centralised buying and selling. This will enable bulk buying resulting in discounts and savings in transportation expenses. When sales are done in large quantities then customers are offered better terms and low prices. There will be an economy in managerial expenses also.

#### 4. Co-ordination of Activities

Co-ordination of activities of various segments is also facilitated by centralised management. In the absence of centralisation, different segments may pursue their independent policies. This may result in disunity and disintegration. Different segments may emphasise their own goals only without

bothering about organisational objectives. Centralised management will help in co-ordinating the work of different segments in such a way that organisational goals are achieved.

### Disadvantages or Evils of Centralisation

Centralisation may be useful only upto a certain level and also under certain conditions. Beyond a certain point it creates difficulties in day-to-day working and also restricts the growth of an enterprise.

Following are some of the disadvantages of centralisation :

#### 1. Destroys Individual Initiative

Centralisation revolves around one person only. One man takes all the decisions and decides the modes of implementing them. Nobody is given the authority to use his own judgement even if there are glaring lacunae in the decisions. It destroys initiative of subordinates. They do not make any suggestions and just carry on with whatever has been conveyed to them,

#### 2. Over burden of Few

This system gives all responsibilities to few persons in the organisation. They remain over-burdened with routine work while subordinates do not have sufficient work. The centralisation of all powers do not allow the chief executive to devote sufficient time for important tasks of planning, co-ordinating and motivating. In a decentralised set-up routine matters are left to the subordinates and manager concentrates on important administrative work only.

#### 3. Slows Down the Operations

The operations of the enterprise are slowed down under centralised set-up. All decisions are taken only by one person and his unavailability keeps the matters pending. Even clarifications about decisions are referred to the top which destroys invaluable time in formalities. If the subordinates have powers to interpret decisions then operations can be toned up. Things move very slowly in a centralised set up because everything has to pass through the manager.

#### 4. Distance from Customers

The customers do not come into contact with policy-makers. They meet only those officials who do not have the powers to take decisions. Moreover one person cannot meet and know the reactions of customers regarding products and service. This also comes in the way of intimate understanding of market situations by the chief executive.

#### 5. No Scope for Specialisation

Centralisation does not offer any scope for specialisation. All decisions are taken by one person and he may not be a specialist in all the areas. In the present competitive world there is a need for employing the services of specialists. The specialists will be able to introduce new things in their fields and they may improve the performance of the enterprise. Even if specialists may be employed under centralised set-up they will not be given a free hand in their areas. They will keep on convincing the chief executive who is the ultimate decision-maker. The specialists do not have any role in an organisation with centralised authority.

### 2.6 DECENTRALISATION

#### Q20. Discuss about decentralization.

*Ans :*

Decentralisation implies the dispersal of decision-making power at lower levels of management. When the power to take decisions and formulate policies does not lie with one person at the top but is passed on to different persons at various levels, it will be a case of decentralisation. The decisions taken at lower level should not only be more in number but they should be important also. If insignificant decisions are allowed to be taken at lower levels then it will not be a case of decentralisation.

#### Definitions of Decentralisation

**According to McFarland.** "Decentralisation is a situation in which ultimate authority to command and ultimate responsibility for results is localized as far down in the organisation as efficient management of the organisation permits." The

delegation of authority and responsibility is allowed downward upto a level it is necessary. In McFarland's views the degree and extent of delegation should be determined as per the needs of the situation.

**According to Allen.** "Decentralisation refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at the central points."

Allen says that authority should be delegated to the lower levels of management and top management should retain only those powers which cannot be exercised at lower level. In his view decentralisation will involve systematic delegation of authority.

**According to Strong.** "Decentralisation means the division of a group of functions and activities into relatively autonomous units with overall authority and responsibility for their operation delegated to a head of each unit"

**Earl P. Strong** relates decentralisation to the working of different units of an enterprise. He says that decentralisation will require the delegation of authority to the persons incharge of different units. They should have sufficient authority to run the units independently.

### Measurement of Degree of Decentralization

Decentralisation is not an absolute term. The degree of decentralisation varies from concern to concern.

**Earnest Dale has pointed out the following four tests to determine the degree of decentralisation**

#### 1. Number of Decisions

The greater the number of decisions made at lower levels of management, the greater is the degree of decentralisation :

#### 2. Importance of Decisions

If important decisions are taken at lower levels then degree of decentralisation will be more. On the other hand if insignificant decisions are allowed at lower levels then decentralisation will be much less.

### 3. Effect of Decisions

If decisions affecting more functions are allowed at lower levels then decentralisation will be more. On the other hand if only operational decisions are made at lower levels then decentralisation will be less. When decisions involving finances are taken at lower level then degree of decentralisation will be more.

### 4. Checking of Decisions

When decisions are subject to the approval of superiors then decentralisation will be less. Still, it will be less if superiors are to be consulted before taking certain decisions. If subordinates are free to take decisions of their own then decentralisation will be more.

### Factors Affecting Decentralization

1. Decentralization helps to take a quick and appropriate decision on the spot where it is really required.
2. When the top management wants to reduce communication work Decentralization can be used.
3. Growth and diversification (activities of the company make decentralization necessary).
4. If the activities of the company is spread or works are done at different places decentralization is necessary.

### Advantages of Decentralisation

Some of the advantages of decentralisation are discussed as under

#### 1. Reduces Burden of Top Executives

They are left with no time for planning, etc. In decentralisation decision-making power is delegated to the lower levels relieving top executives of some of their burden. Under this system top executives will retain only that work which requires their personal attention otherwise everything is assigned to persons at appropriate levels. This will reduce the burden of top executives and they will be able to devote more time for planning, etc.

**2. Quick Decisions**

Under decentralised system decision-making powers are delegated to the level of actual execution. Whenever there is a need for taking a decision, the concerned executive will decide the things immediately. There is no need to make reference to the top level for most of the work. It quickens the process of decision-making.

**3. Facilitates Diversification**

With the expansion and diversification of activities there will be a need to delegate authority at departmental level. Decentralisation gives enough authority to persons at various levels for carrying out the required task. The centralised system of authority will not allow diversification beyond a certain level because decision-making is reserved by one man only. The organisation will become more and more complex with the addition of new products and setting up of more units. Decentralised system will be more suitable for expanding enterprises.

**4. Motivation of Subordinates**

Under decentralisation subordinates get opportunity for taking decisions independently. This fulfils the human need for power, independence and status. Subordinates will realise their importance in the organisation. They will try to put their maximum efforts so that their performance improves. They get a chance to take initiative and to try new ideas. The subordinates feel motivated under decentralised set-up.

**5. Sense of Competition**

Under decentralised system different departments or units are made separate profit centres. The employees of different departments will compete with each other to show better results. The sense of competition will improve the performance of all departments or segments.

**6. Provides Product or Market Emphasis**

Since decision-taking is scattered and goes to lower levels of management there will be more product or market emphasis. The

changing tastes and fashions require prompt decisions. The decentralised system will respond immediately to the changing situations. The persons concerned with marketing will take quick decisions as are necessary under the situation.

**7. Division of Risk**

The enterprise is divided into a number of departments under decentralisation. Management can experiment new ideas at one department without disturbing others. This will reduce the risk if things go adverse. Once the experiment is successful it can be used in other segments also. So risk element can be limited under decentralised system.

**8. Effective Control and Supervision**

With the delegation of authority, span of control will be effective. Since executives at lower levels will have the full authority to take important decisions, they will recommend awards or punishments as per their performance. This will improve supervision and control.

**Disadvantages of Decentralisation**

Decentralisation suffers from a number of drawbacks and some of these are discussed as follows :

**1. Lack of Co-ordination**

Under decentralisation each department, unit or section enjoys substantial powers. They have the powers to formulate their own policies and programmes. It becomes difficult to co-ordinate the activities of various segments. Moreover, every segment emphasises its own work only without bothering about others. This creates more difficulties in co-ordinating activities.

**2. Difficulty in Control**

Since different units work independently it becomes difficult to control their activities. Top management will not be able to exercise effective control because it does not remain in touch with day-to-day activities of various segments.

### 3. Costly

Decentralised system involves heavy overhead expenses. Every decentralised division has to be self-sufficient for its activities like production, marketing, accounting, personnel, etc. A number of persons will be employed to man various activities. These persons are paid higher salaries involving huge costs. Decentralised system is suitable for large scale enterprises only. Small-scale business units cannot afford to spend higher overhead expenses.

### 4. Lack of Able Managers

Decentralised system will succeed only if competent persons are employed to manage various jobs in different segments. Competent persons are not sometimes available as per the requirements. The system will fail if competent personnel are not available.

#### 2.6.1 Distinction Between Decentralisation and Delegation

**Q21. What is the distinction between decentralisation and delegation.**

*Ans :*

The words decentralisation and delegation appear to be inter-changeable but it is not so. Even though both involve dispersal of authority but decentralisation is an extension of delegation.

Following are the points of distinction between the two :

	Delegation	Decentralisation
1. Nature	Delegation is individualistic. It involves two persons, superiors and subordinates.	Decentralisation is totalistic in nature. It involves delegation from top management to the department or divisional level.
2. Control	Control rests with the delegator or superior.	In this system top management exercises minimum control. All powers are given to concerned departments or divisions.
3. Need	Delegation is essential to get things done by others. Unless otherwise authority is delegated it will be difficult to assign responsibility.	Decentralisation is optional because it is the philosophy of management. Top management may or may not disperse authority.
4. Responsibility	In delegation, responsibility remains with the delegator. He can delegate authority and not responsibility.	In decentralisation, head of the department is responsible for all activities under him. He is required to show better performance of the whole department.

### 2.7 RECENTRALISATION

**Q22. Write about recentralization of authority.**

*Ans :*

#### Recentralization of Authority

It must not be supposed that authority once decentralized is decentralized for all times to come. Recentralization literally means centralization again. Hence, it is a practice, on the part of top managements to hold back (or tack back) that authority from level managers, which was earlier decentralized, if the situational or environmental factors facing the enterprise, so demand.

Decentralized authority often must be withdrawn during periods of decline. Decisions about the future of the organization and the types of adjustments that must be made to enable it to survive must be made by top management. Some departments may have to be eliminated, employees may have to be laid off, pay may be cut, and resources may be redirected. These decisions usually create such serious disagreement and debate that is the best for them to be made by top managers exercising centralized authority.

### Decentralization and Recentralization

There is a widespread perception that overly-centralized organizational systems have led to huge inefficiencies and poor service delivery, as well as inequalities in resource distribution. These undesirable outcomes arise largely through the mismanagement of resources and an inability to match service provision with demand. One can begin to detect several lines of argument in favour of decentralization.

#### Efficiency and Fiscal Resources Arguments for Decentralization and Recentralization

The first line of argument can be called the efficiency argument. There are essentially three different aspects of the efficiency argument.

1. **Production Efficiency** : Production efficiency is achieved when a desired output is achieved for the lowest cost in terms of the resources used to produce it. (Or, when output is maximized for a given cost.) It may also be called technical efficiency. The argument for decentralization here stems from the belief that organization may more effectively choose input mixes to achieve a desired level of output. In addition, they may manage resources more effectively; this may occur through a) a reduction in red tape; b) more appropriate and effective management styles; or c) greater accountability.
2. **Allocative Efficiency** : Allocative efficiency involves matching the bundles of service provided with the preferences and needs of the population receiving them. The argument for decentralization in this respects is based on the supposition that sub-national levels of organization are closer to the population they serve and therefore more capable of discerning local designing programs to meet them.
3. **Fiscal Efficiency and Fiscal Resources** : Fiscal efficiency and fiscal resources are actually a hybrid of production and allocative efficiency.

#### 2.7.1 Differences between decentralization and Recentralization.

**Q23. What are the differences between decentralization and recentralization.**

*Ans :*

**Table : Key Goals and Working Hypotheses for Decentralization and Recentralization**

Decentralization	Recentralization
1) Low/level organization may choose input mixes and/or develop programs and policies more effectively than national government.	1) High level management must account for externalities and spillovers related to national goals.
2) Lower level managers may manage resources more efficiently than national higher level managers by: a). Reducing red tape: b) Accounting more to stakeholders regarding how funds are spent.	2) Higher level managers may have more expertise, particularly for evaluation and institution building in weak sub-national jurisdictions, and greater capacity for disseminating good practice.
3) Low level managers know their constituents better than higher level organization provide services that more closely match citizen preferences. There may also be improved equity through more effective targeting regional populations.	3) Higher level manager has greatest capacity for inter-regional and inter-personal redistributive policies.
4) Local level managers can use leverage from fiscal transfers to stimulate economically efficient and/or socially beneficial behaviour by sub-national organization.	4) Many important fiscal decisions may be handled most efficiently and equitably at the national level.

## 2.8 BUREAUCRACY

### Q24. Discuss about bureaucracy.

*Ans :*

#### Bureaucracy

A **bureaucracy** is a way of administratively organizing large numbers of people who need to work together. Organizations in the public and private sector, including universities and governments, rely on bureaucracies to function. The term bureaucracy literally means "rule by desks or offices," a definition that highlights the often impersonal character of bureaucracies. Even though bureaucracies sometimes seem inefficient or wasteful, setting up a bureaucracy helps ensure that thousands of people work together in compatible ways by defining everyone's roles within a hierarchy.

Max Weber, a German social scientist, analyzed the formation and administration of enterprises. The main features of this approach are as follows:

1. **Division of Work:** There is division of work on basis of specialization of jobs in bureaucratic organizations. Each employee performs his specialized work in a predictable manner.
2. **Rules and Regulations:** Detailed rules and regulations regarding work behavior, rights and duties of employee are laid down. Rules are designed to ensure the consistency in work performance.
3. **Hierarchy of Authority:** Hierarchy in organizations is characterized by downward delegation of authority. Each superior exercises control over his subordinates.
4. **Technical Competence:** Selection and promotion of employees are based on the technical competence of employees. Training is also provided to familiarize the employees with the rules and administrative procedures of the organization.
5. **Record Keeping:** Every decision and action is recorded in its original as well as draft form.
6. **Impersonal Relations:** Superiors are formal in dealings with their subordinates.

#### Elements of Bureaucracy

Weber has provided a number of features of bureaucratic structure. These are given below:

#### (a) Hierarchy

Hierarchy is a way of ranking various positions in descending order from top to bottom of an organisation. In a bureaucratic structure, each lower office is under the supervision and control of higher one. Ultimately, no office is left uncontrolled in the organisation.

#### (b) Division of work

The total work is divided into specialised jobs. Each person's job is broken down into simple, routine and well-defined tasks. Each employee knows his boundaries. By doing the same type of work a number of times, he becomes an expert in course of time.

#### (c) Rules, regulations and procedures

The behaviour of employees is regulated through a set of rules. The emphasis is on consistency. Employees are expected to follow these rules strictly. They have to be applied in an impersonal, objective manner.

#### (d) Records

Proper records have to be kept for everything. Files have to be maintained to record the decisions and activities of the organisation on a day-to-day basis for future use.

#### (e) Impersonal relationships

Everything should proceed according to rules. There is no room for personal involvement, emotions and sentiments. If an employee comes late, whether he is a manager or a peon, the rule must be same for all. The decisions must be governed by rational considerations rather than personal factors.

#### (f) Administrative class

Bureaucracies generally have administrative class responsible for coordinating the work. Known as bureaucrats, these officials are selected on the basis of their competence and skills. They are selected according to merit, receive special training for their posts, and enjoy corporate tenure. They are paid salary, with increases according to age and experience, and receive a pension when they retire. Promotion is based on seniority and achievement, decided by judgement of superiors.

**Advantages of Bureaucracy**

Important advantages of a bureaucratic structure may be listed thus :

**(a) Specialisation**

Bureaucracy offers a valid basis for dividing work. The organisation is divided into different functional departments. People can specialise in their respective fields and show improved performance.

**(b) Rationality**

"Bureaucracy brings rationality to an organisation. Judgements are made according to an objective and generally agreed upon criteria. Further, by structuring the duties, responsibilities and reporting relationships in a command hierarchy, bureaucracy provides form or substance to an organisation. Such logical structuring of activities brings about orderly execution of assigned tasks".

**(c) Predictability**

The rules, regulations, training, specialisation, structure and other elements of bureaucracy enable it to provide predictability and stability to an organisation. For example, bureaucracy enables a fresh student to predict with high confidence that his university will still be in existence three years later when he expects to receive a degree from it. He is also sure about the curriculum he will be required to take and he knows much about the university's rules and regulations that will govern his behaviour.

**(d) Democracy**

In bureaucratic organisations, decisions are arrived at according to an acceptable criteria. Rules and regulations bring about consistent behaviour within the organisation. Activities are taken up on a priority basis, according to a time schedule. People are selected on the basis of merit. Patronage, favouritism and other arbitrary bases are not given weightage. Because the opportunity to train, apply and be selected for a job is open to every citizen, a significant degree of democracy is achieved.

**Disadvantages of Bureaucracy****(a) Rigidity**

Critics of bureaucracy claim that it is rigid, static and inflexible. Strict adherence to rules produces timidity, conservatism and

technicism. In the name of following rules, people may even shirk away from their responsibilities.

**(b) Impersonality**

Bureaucracy emphasises mechanical way of doing things. Rules and regulations are glorified in place of employee needs and emotions. That is why, bureaucracy is labeled as 'an organisation without persons'.

**(c) Displacement of Objectives**

As organisational procedures become more formalised and individuals more specialised, means often become confused with ends. Specialists, for example, may concentrate on their own finely tuned goals and forget that their goals are a means for reaching the broader objectives of the organisation.

**(d) Compartmentalisation of Activities**

Strict categorisation of work restricts people from performing tasks that they are capable of doing. For example, a pipe fitter can install a pump, but is prohibited by work rules from making the electrical connection even if he is totally qualified to do so. Bureaucracy would also encourage a tendency to perpetuate existing jobs even when they become redundant. The typical bureaucracy tries to preserve all the old jobs and add new ones for new requirements, resulting in wastage of scarce inputs.

**(e) Empire-building**

Bureaucracies often turn managers into empire builders. They try to enhance their status and power by adding more people, more space, more physical facilities - whether they are required or not. As pointed out by Weber, once it is fully established, it is hard to destroy bureaucracy even if it has outlived its usefulness.

**(f) Red tape**

Bureaucracies are paper mills. Everything is recorded on paper. Files move through endless official channels, resulting in inordinate delays. Communication is reduced to a feeble walk and members while trying to adhere to rules may discount the value of arriving at prompt decisions. By encouraging conformity to rules and regulations, bureaucracies leave nothing for original and innovative behaviour.

## Short Notes

### 1. Decision Making

Decision-making is an important function of every manager. In the last two chapters we have studied planning. Under planning important things like, 'what is to be done, 'how it is to be done', when it is to be done and who is to do it are considered. In an answer to all these questions a manager has various alternatives. When a manager chooses the best alternative out of many available ones, it is called decision and the process that has been adopted in order to reach the final decision is known as the decision-making.

A decision is essential in all the managerial functions like planning, organising, staffing, directing, and controlling. All the managerial functions are performed through the medium of a decision. The managers are doubly benefitted when they face problems and try to find out their solutions. Firstly, by finding out an effective solution they serve the organisation, and secondly, they are personally satisfied. Thus, it is clear that the success of an organisation depends on the manager, and a manager succeeds only when he possesses the quality of taking effective decision.

### 2. Planning

Planning is a primary function of corporate management. It is a bridge between the present and the future. It gives managers some purpose, objectives, programme and direction towards the goals. Further it helps in the process of motivation and provides a framework for decision-making. It also provides standards for control of performance of overall corporations.

Planning bridges the gap from where we are to where we want to go. It makes it possible for things to occur, which would not otherwise happen. It is true that the future cannot be exactly predicted.

#### Meaning of Planning

Planning is an intellectual process of thinking resorted to decide a course of action which helps to achieve the predetermined objectives of the organisation in future.

### 3. Difference between Standing and Single use Plans

Basis of Difference	Standing Plans	Single use Plans
1. Period	These plans are formulated for a long period.	These plans are for a short period and are repeatedly formulated in cast; of need.
2. Object	These plans are formulated to bring about informity decisions. activities.	These plans are designed to run successfully some in the particular
3. Types	They are of five types: (i) Objectives, (ii) Policies, (iii) Procedures, (iv) Rules, and (v) Strategy.	They are of four types: (i) Programme, (ii) Budget, (iii) Projects, and (iv) Schedules.
4. Scope	They guide the managers in particular matters like price	These plans guide in matters of daily routine, policy, sales policy.
5. Basis	They are based on the main objectives of the organisation.	They are based on the standing plans of the organisation.

**4. Authority**

Authority is the degree of discretion conferred on people to make it possible for them to use their judgement. When an enterprise is small then decision-taking power is centralised in few hands. As the enterprise grows there is a need to delegate authority to more and more people to cope with the work. The main purpose of delegation is to make organisation possible. "Just as no one person in enterprise do all the tasks necessary for accomplishment of group purpose, so it is impossible, as an enterprise grows, for one person to exercise all the authority for making decisions."

**Meaning of Authority**

Authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. It is the right to give commands, orders and get the things done. The top level management has greatest authority.

**5. Charismatic Authority**

The charismatic authority rests on the personal charisma of a leader who commands respect of his followers. The personal traits such as good looks, intelligence, integrity influence others and people follow the dictates of their leaders because of such traits. The followers become attached to the leader because they feel that he will help them in achieving their goals. The charismatic leaders are generally good orators and have hypnotic effect on their followers. The religious and political leaders come under this category. Ayatolla Khomeini of Iran was an example of a religious leader on whose command people were ready to lay down their lives even John F. Kennedy of America was a political leader who could command respect of the people because of his charismatic personality. The charismatic phenomena also extends to film actors, actresses and war heroes. Film actors and actresses have been successful in raising huge funds for calamities etc. because of their charismatic personalities. Even political parties associate actors and actresses in their companies to collect crowds for their rallies. People follow some persons because of their charismatic personalities and not because of any other factor.

**6. Delegation of Authority**

The process of assignment of specific work to individuals within the organization and giving them the right to perform those works is delegation. Delegation of authority is one of the most significant concepts in management practice, which affects managerial functions. Management is the art of getting things done through others and delegation means to get the results through the subordinates. The expansion of business volume and diversification of line of business makes it impracticable to handle all the business by a single manager. Therefore, the concept of delegation of some managerial authority to subordinates comes into practice in present day business organizations. Here, the manager delegates some of his authority to his subordinates. This helps in developing a feeling of dedication to the work among the subordinates. The top level management plays only the role of a supervisor and visits them to provide guidance, suggestions and instructions. It minimizes the work load of the top manager and also develops the overall working efficiency of the organization.

**7. Responsibility**

**Feb.-2013, Q.No. 3(a)**

Responsibility is the obligation to do something. It is the duty that, one has to perform in organisational tasks, functions or assignments. Authority and responsibility go side by side. When authority is delegated then some responsibility for getting the assigned task is also fixed. One can delegate authority but not responsibility. In the works of Koontz and O'Donnel, "Responsibilities may be defined as the obligation of a subordinate to whom a duty has been assigned to perform the duty". George Terry defines it as, "Responsibility is the obligation to carry out assigned activities to the best of his abilities."

**Meaning of Responsibility**

Responsibility is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. Responsibility without adequate authority leads to discontent and dissatisfaction among the person.

Responsibility indicates the duty assigned to a position. The person holding the position has to perform the duty assigned. It is his responsibility. The term responsibility is often referred to as an obligation to perform a particular task assigned to a subordinate. In an organisation, responsibility is the duty as per the guidelines issued.

## 8. Centralisation

Centralisation is a common occurrence in small enterprises. The success of a small enterprise depends upon the dynamic manager who single-handedly commands the running of the concern.

### Meaning of Centralization

Centralization refers to extent to which authority is concentrated with the top level management and little delegation of authority to lower levels of management.

### Definitions

**According to Allen,** "Centralization is the systematic and consistent reservation of authority at central points within the organization".

**According to Henry Fayol,** "Everything that goes to increase importance of subordinates' role is decentralization; everything which goes to reduce it is centralization".

## 9. Decentralisation

Decentralisation implies the dispersal of decision-making power at lower levels of management. When the power to take decisions and formulate policies does not lie with one person at the top but is passed on to different persons at various levels, it will be a case of decentralisation. The decisions taken at lower level should not only be more in number but they should be important also. If insignificant decisions are allowed to be taken at lower levels then it will not be a case of decentralisation.

### Definitions of Decentralisation

**According to McFarland.** "Decentralisation is a situation in which ultimate authority to command and ultimate responsibility for results is localized as far down in the

organisation as efficient management of the organisation permits." The delegation of authority and responsibility is allowed downward upto a level it is necessary. In McFarland's views the degree and extent of delegation should be determined as per the needs of the situation.

**According to Allen.** "Decentralisation refers to the systematic effort to delegate to the lowest levels all authority except that which can only be exercised at the central points."

## 9. Recentralisation

It must not be supposed that authority once decentralized is decentralized for all times to come. Recentralization literally means centralization again. Hence, it is a practice, on the part of top managements to hold back (or tack back) that authority from level managers, which was earlier decentralized, if the situational or environmental factors facing the enterprise, so demand.

Decentralized authority often must be withdrawn during periods of decline. Decisions about the future of the organization and the types of adjustments that must be made to enable it to survive must be made by top management. Some departments may have to be eliminated, employees may have to be laid off, pay may be cut, and resources may be redirected. These decisions usually create such serious disagreement and debate that is the best for them to be made by top managers exercising centralized authority.

## 10. Bureaucracy

A **bureaucracy** is a way of administratively organizing large numbers of people who need to work together. Organizations in the public and private sector, including universities and governments, rely on bureaucracies to function. The term bureaucracy literally means "rule by desks or offices," a definition that highlights the often impersonal character of bureaucracies. Even though bureaucracies sometimes seem inefficient or wasteful, setting up a bureaucracy helps ensure that thousands of people work together in compatible ways by defining everyone's roles within a hierarchy.

## Objective Type

### Fill in the Blanks

1. OB stand for \_\_\_\_\_.
2. A \_\_\_\_\_ is an collection of things connected or interrelated so as to form a complex unity.
3. Decision type \_\_\_\_\_.
4. Types of responsibility in organisation \_\_\_\_\_.
5. \_\_\_\_\_ reason for planning.
6. Approach of decision making \_\_\_\_\_.
7. Model of decision making \_\_\_\_\_.
8. Advantage of standing plan \_\_\_\_\_.
9. Strategy of delegation of authority \_\_\_\_\_.
10. Disadvantage of decentralisation \_\_\_\_\_.

### Answers

- |                             |                          |
|-----------------------------|--------------------------|
| 1. Organizational behaviour | 2. System                |
| 3. Strategic                | 4. Social Responsibility |
| 5. Focus on objective       | 6. Rational              |
| 7. Open / Closed            | 8. Helps in coordination |
| 9. Training of subordinates | 10. Lack of coordination |

### Multiple Choice Questions

1. Feature of decision making \_\_\_\_\_. [a]  
(a) Rational thinking (b) Rational approach  
(c) Personal approach (d) Planning
2. Theory of authority \_\_\_\_\_. [a]  
(a) Legal authority (b) Accountability  
(c) Unity of command (d) None
3. \_\_\_\_\_ interact with their environment. [a]  
(a) Open systems (b) Closed systems  
(c) Changing systems (d) Dynamic systems
4. Advantage of centralisation \_\_\_\_\_. [a]  
(a) Coordination of activities (b) Quick decisions  
(c) Costly (d) Time saving

5. Type of plan \_\_\_\_\_. [a]  
(a) Single use plan (b) Informal planning  
(c) Strategic planning (d) Formal planning
6. KWRA stand for \_\_\_\_\_. [b]  
(a) Key work related attributes  
(b) Key work related attitudes  
(c) Knowledge and work related attributes  
(d) None of the above.
7. \_\_\_\_\_ refers to capability of the person to do something. [a]  
(a) Ability (b) Perception  
(c) Assessment (d) (b) or (c)
8. \_\_\_\_\_ the art of managing the impressions or perceptions of others. [c]  
(a) Strategic (b) Behavioral management  
(c) Impression management (d) Scientific management
9. The principle states that figures are \_\_\_\_\_ seen against a background. [b]  
(a) Grouping (b) Figure ground  
(c) Closure (d) Background
10. \_\_\_\_\_ is an ability to adjust his or her behaviour to external factors [a]  
(a) Self monitoring (b) Self-motivating  
(c) Self appraising (d) None of the above.

## UNIT III

Psychological contract – Personality Traits, Big 5 personality traits, MBTI inventory, the Process of Perception – Perceptual distortions and errors, Kelly's personal construct Theory, Motivation – Content Theories: Maslow, Alderfer, Herzberg, McClelland. Process Theories: Vroom, Porter and Lawler, Equity Theory – Goal Theory – Attribution Theory.

### 3.1 PSYCHOLOGICAL CONTRACT

#### Q1. What is Psychological Contract ?

*Ans :*

#### Psychological Contract

The **Psychological Contract** is a deep and varied concept and is open to a wide range of interpretations and theoretical studies. Primarily, the **Psychological Contract** refers to the relationship between an employer and its employees, and specifically concerns mutual expectations of inputs and outcomes.

The psychological contract develops and evolves constantly based on communication, or lack thereof, between the employee and the employer. Promises over promotion or salary increases, for example, may form part of the psychological contract.

Managing expectations is a key behaviour for employers so that they don't accidentally give employees the wrong perception of action which then doesn't materialise. Employees should also manage expectations so that, for example, difficult situations or adverse personal circumstances that affect productivity aren't seen by management as deviant.

Perceived breaches of the psychological contract can severely damage the relationship between employer and employee, leading to disengagement, reduced productivity and in some cases workplace deviance. Fairness is a significant part of the psychological contract, bound up in equity theory – employees need to perceive that they're being treated fairly to sustain a healthy psychological contract.

### 3.2 PERSONALITY TRAITS

#### Q2. What is personality? Explain the nature and significance personalities.

*Ans :*

#### Meaning and Definition of Personality

The term personality has been derived from Latin word 'person are', which means 'to speak through'. Thus personality is used in terms of influencing others through external appearance. Sum total of ways in which an individual reacts and interacts with others.

**According to Gordon Allport**, "Personality is the dynamic organization within the individual of those psychophysical systems that determine his unique adjustments to his environment."

**According to Ruh**, "Personality should include

- i) External appearance and behavior or social stimulus value;
- ii) Inner awareness of self as a permanent organizing force; and
- iii) The particular pattern of organization of measurable traits, both inner and outer."

#### Nature of Personality

Personality has some basic characteristics which are observed in the behavior of employees. They are distinctive traits of personality, individual differences, consistent traits and attributes, and perceptual process and modification.

1. **Personality Traits** : Personality is the sum of different traits of a person. Personality is not known by a single trait. It is a composition of physical appearance, emotional attributes, sociability, objectivity, friendliness, thoughtfulness and so on.

Personality is characterized by major trait dimensions such as restraint, emotional stability, objectivity, friendliness, personal relations and masculinity versus enmity, thoughtfulness, sociability, general activity, ascendance, authoritarian, growth-oriented, mathematical, critical, satisfying and so on.

2. **Personality Reflects Individual Differences:** Because the inner characteristics that constitute an individual's personality are a unique combination of factors, no two individuals are exactly alike. Nevertheless, many individuals tend to be similar in terms of a single personality characteristic.

For instance, many people can be described as "high" in sociability (the degree of interest they display in social or group activities), while others can be described as "low in sociability. Personality is a useful concept because it enables us to categorize consumers into different groups on the basis of a single trait or a few traits.

3. **Personality is Consistent and Enduring :** An individual's personality is commonly thought to be both consistent and enduring. The stable nature of personality suggests that it is unreasonable for marketers to attempt to change consumers' personalities to conform to certain products. At best, they may learn which personality characteristics influence specific consumer responses and attempt to appeal to relevant traits inherent in their target group of consumer.
4. **Personality Can Change :** Although personality tends to be consistent and enduring, it may still change under certain circumstances. For instance, an individual's personality may be altered by major life events, such as the birth of a child, the death of a loved one, a divorce, or a major career promotion.

### Significance of Personality

Personality factors are extremely important in organizational settings. Often the 'wrong' kind of personality causes undesirable tensions and worries in organizations.

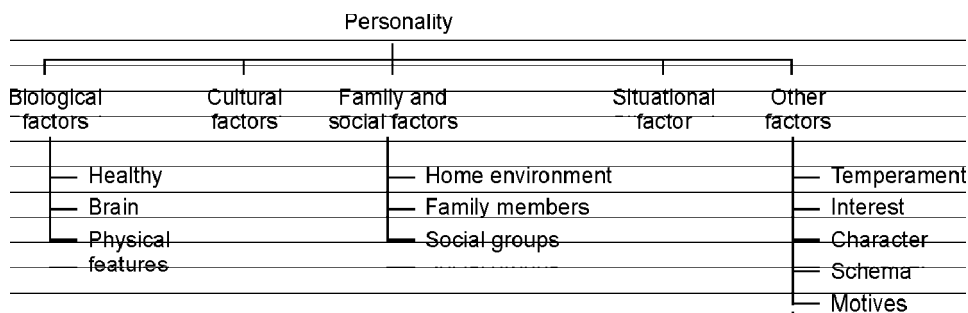
The costs of such tensions and worries are enormous when we interpret them from the point of view of employee-employer relations, peer relations and superior-subordinate relations. Sometimes, personality difficulties are the root cause of strikes, and often lead to turnover and job dissatisfaction. A consideration of personality differences of focal persons is important for at least three reasons:

1. Some people arouse hostility and aggression in their associates while others invoke sympathy and supportive responses because of their personality features. Otherwise, some people encourage while others discourage free and open communication in view of their personality traits as perceived by their subordinates and associates.
2. Personality characteristics tend to produce differential emotional reactions to stress. Some people tolerate severely stressful situations while others are overwhelmed with tensions and anxieties under similar circumstances.
3. Individual personalities lead to individual differences in styles of coping with stress.

### 3.2.1 Determinants of Personality

**Q3. What are the determinants of personalities? Enumerate the personalities traits that managers rediesire in modern organization.**

*Ans :*



**Fig.: Determinants of Personality**

1. **Biological Factors :** Biological characteristics of human biological system influence the way in which human being tends to sense external event data, interpret, and respond to them.

- i) **Heredity :** Is the transmission of the qualities from ancestor to descendant through a mechanism lying primarily in the chromosomes of the germ cells. Heredity predisposes to certain physical, mental, and emotional states.

It has been established through research on animals that physical and psychological characteristics can be transmitted through heredity. Such a conclusive proof is not available for human beings. Heredity plays an important role in personality.

- ii) **Brain :** It is the second factor, which is supposed to play role in personality. The structure of brain determines personality though role of brain is personality formation.

- iii) **Physical Features :** Third factor of determining personality foundation is physical characteristics and rate of maturation. A person's physical features have some influence on his personality because it will affect influence on others and, in turn, will affect his self-concept. The rate of maturation also affects personality because persons of varying maturity are exposed to different physical and social situations and activities differently.

2. **Cultural Factors :** Culture is traditionally considered as the major determinant of an individual's personality, person is brought up is very important determinant of behavior of a person.

3. **Family and Social Factor :** The development of the individual proceeds under the influence of many socializing forces and agencies, from nuclear family to more distant or global groupings.

In order to understand the effects of a family on individual's personality, we have to understand the socialization process and identification process.

- i) **Socialization Process:** The contribution of family and social group in combination with the culture is known as socialization.

Socialization initially starts with the contact with mother and later on the other members of the family (father, sisters, and close relatives) and the social group play influential role in shaping an individual's personality.

- ii) **Identification Process :** Identification starts when a person begins to identify himself with some other members of the family. Normally a child tries to emulate certain actions of his parents.

Socialization and identification process is influenced by home environment, family members, and social groups.

- a) **Home Environment :** Total home environment is a critical factor in personality development. For example, children with markedly institutional bringing or children in a cold, unstimulating home have a much greater potential to be emotionally maladjusted than children raised by parents in a warm, loving, and stimulating environment. The key variable is not the parents per se but rather the type of environment that is generated for the child.

- b) **Family Members :** Parents and other family members have strong influence on the personality development of the child. The study by Newcomb showed the high correlation between attitudes of parents and children with a further consistency in patterns. The relationship between parents and children was higher than that between the children and their teachers. Besides parents, siblings (brothers and sisters) also contribute to personality.

- c) **Social Groups** : Besides a person's home environment and family members, there are other influences arising from the social placement of the family as the person is exposed to agencies outside the home, particularly the school, friendship, and other work groups. Similarly, socio-economic factors also affect personality development.
4. **Situational Factors** : An individual's personality may change in different situations. The demands of different situations may call for different aspects of one's personality. Therefore, we should not look at the personality factor in isolation. Although certain generalizations can be made about personality, there exist significant individual differences which are further influenced by situational factors.

### 3.2.2 Types of Personality

**Q4. Discuss the various types of personalities.**

*Ans :*

Various types of personalities are as follows:

1. **Sensing Managers** take in information through their senses and attend to the details of the problem. They like to solve problems in standard ways. They are patient with routine details and are precise in their work. They distrust creative inspirations and usually work all the way through to reach conclusions. They emphasize action, urgency, and bottom-line results.
2. **Intuitive Managers** like solving new problems and are impatient with routine details. They perceive the problem in its totality and consider several alternatives simultaneously. They are imaginative and futuristic, enjoying mind-testing games.
3. **Feeling Managers** heavily emphasize the human aspects in dealing with organizational problems and is more process oriented. They enjoy pleasing people and avoid conflicts.
4. **Thinking Managers** are logical and analytical in their problem solving and search for additional information in a logical manner.

5. **Intuitive Thinkers (NT)** is the architects of progress and ideas. They are interested in the principles on which the organisation is built and seek answers to the "whys" of events. They have enormous drive and are creative. If organisations do not have some NTs, change will be minimal.
6. **Sensation Feelers (SF)** deal with concrete problems in a methodical way. They have astute powers of observation regarding the details of how an organisation is run. SFs do not fight the system, but use what is available for problem solving. SFs are non-judgmental of their co-workers and do not look for underlying motives and meanings in people's behaviour. If organisations do not have SFs, small problems will go unattended till they become big.
7. **Sensation Thinkers (ST)** are decisive and excellent at decisions involving precise interpretations of facts and figures. They are persevering and precise. They want the organisation run on an impersonal basis. They are hard working and super dependable. Organisations run efficiently because of such managers.
8. **Intuitive Feelers (NF)** have personal charisma and commitment to the people they lead. They communicate their caring and enthusiasm. They are comfortable in an unstructured, group-centred management system that lets employees participate in the decision-making process. Without NFs an organisation will become cold, sterile and dull.

### 3.2.3 Models / Approaches to Personality

**Q5. What are the models approaches to personalities.**

*Ans :*

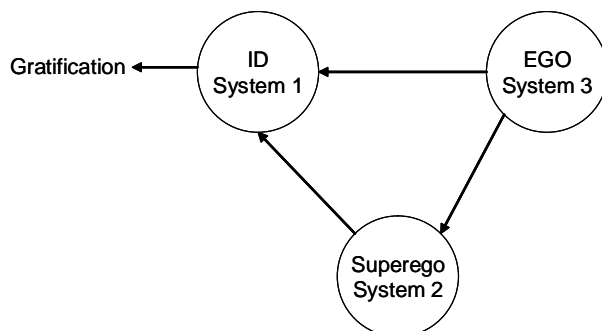
Theories of Personality Shaping

1. **Freudian Theory/Psychoanalytical Theory** : Freud, the father of psychoanalytic theory, proposed that every individual's personality is the product of a struggle among three interacting forces the id, the ego, and the superego.

- i) **ID:** The id is the source of strong inborn drives and urges such as aggression and sex. The id operates on what is called the pleasure principle, that is, it acts to avoid tension and seeks immediate pleasure. However, it tends to operate at a very subjective and unconscious level and is not fully capable of dealing with objective reality. Also, many of its impulses are not acceptable to the values of organized society.

For example, when an individual is hot and thirsty his id would urge him to grab something cold to drink. There would be no concern about how the drink was acquired or whether it belonged to someone else.

- ii) **EGO:** The ego comes into being because of the limitations of the id in dealing with the real world. Through learning and experience, the ego develops the individual's capabilities of realistic thinking and ability to deal appropriately with his environment. It operates on what is called the reality principle, which is capable of postponing the release of tension until that time when it will be effectively directed at coping with the external environment.



**Fig. : Interrelationships among the ID, Ego and Superego**

To illustrate, although the hungry individual's id would encourage him to just take food away from his friend, the ego might reason that asking for the food may take longer but may also result in getting a greater portion. Because it

serves in this way as the organized focal point for effective action in the environment, the ego is said to be the executive of the personality.

- iii) **Super Ego:** The super ego represents societal and personal norms and serves as an ethical constraint on behavior. It can best be described as the conscience. The super ego provides norms to ego to determine what is wrong or right. However, a person is not aware of the working of the super ego, and conscience is developed by absorption of cultural values and norms of the society.

Freud theorized that there are four universal stages of psycho-sexual development which are decisive in the formation of personality. These stages are: oral, anal, phallic and genital. The first three stages of development extend from birth to five years and are called pregenital stages since the genital zones of the body have not attained a dominant role in personality development.

2. **Jungian Personality Types :** Carl Jung of Zurich was a contemporary and colleague of Freud. He had undertaken systematic investigations of the unconscious dynamics with the association test. He had given more attention to the question of personality type in the association test. Based on the typology of the personality, he had grouped them into two fundamental types:

- i) Extrovert  
ii) Introvert

The Extrovert was very much interested in building a social relationship. While the introvert was found to be pre-occupied with his own inner world of fantasy and body activity and was relatively incapable of outgoing social interactions. This conception was further elaborated by going for a subdivision of the mental operation into four fundamental activities:

- i) Sensing
- ii) Feeling
- iii) Thinking
- iv) Intuiting

These four psychological functions of 'grouping personality' are very often used for gathering and evaluating information. According to Jung, individuals are strong either in 'sensation' or 'intuition' while gathering information, and while evaluating the information they are strong either in 'thinking' or 'feeling'.

**3. Neo Freudian Personality Theory/Socio Psychological Theory:**

There were several Freud's colleagues who disagreed with his rigid adherence to consider only the basic biological or instinctive as determinants. According to these Neo-Freudian's, social relationships played a vital role in the formation and development of personality.

**4. Self Theory:** The psychoanalytic, socio-psychological, and trait theories of personality represent the more traditional approaches to explaining the complex human personality. Self theory, also termed as organismic or field theory, emphasizes the totality and interrelatedness of all behaviors.

This approach treats the organism as a whole to a greater degree than do any of the other theoretical formulations. Though there are many contributors, notably Maslow, Herzberg, Lewin, etc., the most important contribution comes from Carl Rogers. His self theory of personality is very relevant in organizational behavior.

He defines the self concept as organized consistent, conceptual, gestalt composed of perceptions of the "I" or "me" and the perceptions of the relationships of the "I" or "me" to others and to various aspects of life, together with the values attached to these perceptions. There are four factors in self concept.

- i) **Self-image:** The self-image is the way one sees oneself. Every person has certain beliefs about who or what he is; taken together, these beliefs are a person's self-image or identity.

Erikson has defined identity as "a life-long development largely unconscious to the individual and his society". Its roots go back all the way to the first self-recognition; in the baby's earliest exchange of smiles, there is something of a self-realization coupled with a mutual recognition.

- ii) **Ideal-Self:** The ideal-self denotes the way one would like to be. The ideal-self differs from self-image in the fact that the self-image indicates the reality of a person as perceived by him, while ideal-self indicates the ideal position as perceived by him. Thus, there may be a gap between these two characteristics.

The ideal-self is important in stimulus selectivity because a person will select those stimuli for processing which fit in with the characteristics of his ideal-self.

- iii) **Looking Glass-Self:** The looking glass-self is the perception of a person about how others are perceiving his qualities and characteristics. This is the perception of others' perception, that is, the way one thinks people perceive about him and not the way people actually see him. The looking glass-self is predominantly a social product which emerges from face-to-face interaction with others from the very beginning of the life. This interaction is directed towards cues about how others see him as an individual. Thus, beliefs about self are in large measure a reflection of others' perception about the person.

- iv) **Real-Self:** The real-self is what one really is. The first three aspects of self-concept are the functions of individual perception and they may be same as real-self or different from it. An individual's self-image is confirmed when other persons' responses to him indicate their beliefs about who and what he corresponds with.

In the face of feedback from this environment, the person re-evaluates himself and re-adjusts his self-image to

be more consistent with the cues he was receiving. Thus, there is a mutual recognition of his real-self, and the validity of his self-image is confirmed.

Personality traits are enduring characteristics that describe and individual's behavior. The more consistent the characteristic and the more frequently it occurs in diverse situations, the more important that trait is in describing the individual.

### 3.2.4 Big 5 Personality Traits

**Q6. Explain big five model of personality.**

**OR**

**Extraversion, agreeableness, conscientiousness, neuroticism and openness are the three personality traits of big five model - Discuss.**

*Ans :*

#### **Personality Traits**

The "Big Five" personality traits have been identified after personality experts condensed the innumerable personality traits described over the years. The Roget's Thesaurus and Webster's Dictionary also contains thousands of words representing personality characteristics.

All such words were arranged into 171 clusters and then, using sophisticated techniques were reduced to five dimensions. These five dimensions include extraversion, agreeableness, conscientiousness, emotional stability and openness to experience.

#### **1. Extroversion**

This trait reflects talkativeness, assertiveness, being sociable and open to establishing new relationships. Such extroverts possess a comfortable tendency with relationship, the opposite of this represents introversion.

#### **2. Agreeableness**

Refers to person's ability to get along with other people. Such people prefer harmony and does not stick to their say. They are cooperative and trust others.

#### **3. Conscientiousness**

A person with high conscientious nature tends to focus on few goals at one time. He is likely to be organised, systematic, careful, thorough, responsible, self discipline and achievement oriented. Whereas one who is focussing on many goals at one time is of low conscientious in nature. He is disorganized, careless, irresponsible, less thorough and less self-disciplined.

#### **4. Emotional Stability**

This is the ability to cope with stress. A positive emotionally stable person tends to be calm, enthusiastic and secure. A less stable person tends to be nervous, depressed and insecure.

#### **5. Openness**

People with high levels of openness tends to be interested and impressed by novelty and innovation. They are willing to listen to new ideas and change their own ideas, beliefs and attitudes in response to new information. Thus, this represents a person's range of interests. People with low level of openness tend to have few interests, less curious, less creative and less receptive to new ideas.

#### **Other Traits**

##### **(a) Authoritarianism**

This trait is used to describe an individual having strong belief in legitimate formed authority, considers obedience to authority necessary, adheres to traditional value system, is intellectually rigid, opposes the use of feelings, oriented towards conformity to rules and regulations and prefer autocratic or directive leadership.

##### **(c) Machiavellianism**

Such people are prone to involve in organisational politics and practices game playing and power tactics. Jobs requiring bargaining skills and commissioned sales efforts are performed better by machiavellianism.

##### **(d) Introversion and Extroversion**

Introverts are those who have less interpersonal orientation and are less sociable. They are less gregarious and talkative. They

are shy, quiet and retiring people. These people excel at tasks that require thought and analytical skills.

Extroverts are more talkative, outgoing, gregarious, sociable and having interpersonal orientation. Extroverts are suitable for tasks requiring more interaction with others.

#### (f) Risk Taking

High risk taking managers make rapid decisions and use less information in making their choices. Such a trait proves more effective for a stock trader in a brokerage firm, but acts as a disadvantage for accountants performing auditing activity. Whereas it is reverse with respect to low risk takers.

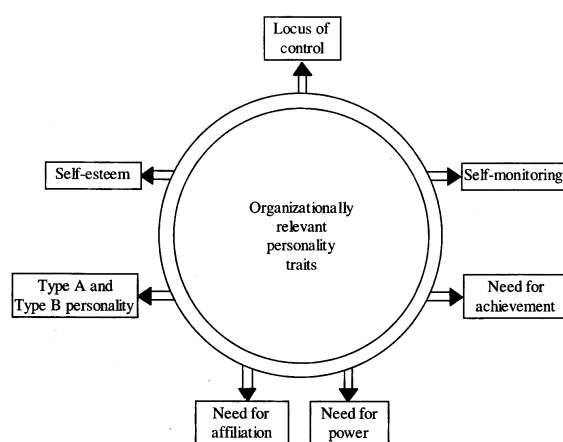
#### 3.2.5 Organisationally Relevant Personality Traits.

**Q7. What are the other personality traits relevant to understanding and managing individuals behaviour?**

*Ans :*

#### Organizationally Relevant Personality Traits

A part from the big five model of personality traits (i.e., extraversion, neuroticism, Agreeableness, conscientiousness and openness to experience), there are other organizationally relevant personality traits which are also essential for understanding and managing the behaviour of individuals in an organization. The following figure depicts organizationally relevant personality traits.



**Fig.: Organisationally Relevant**

#### Personality Traits

##### 1. Locus of Control

This refers to an individual's belief that events and happenings are either controllable by him i.e., he is having internal locus of control or are controlled by external forces and are not under his control. Such a control is referred to as, the external locus of control. Such personality traits are exhibited, through different behaviours. Individuals having external locus of control are less satisfied with their jobs, are more absent and are alienated from work settings and are less involved in their jobs than those who have internal locus of control. The people having internal locus of control are more active in seeking information to make decisions and are socially active.

##### 2. Self-monitoring

It is individuals ability to adjust his or her behaviour to external factors. Those who are high at self-monitoring exhibit more adaptability in adjusting their behaviour to external situational factors. Low self-monitors fail to deviate their behaviour, and tend to express true disposition and attitudes in every situation. High self monitors pay closer attention to behaviour of others and are able to conform their behaviour with others.

##### 3. Need for Achievement

Need for achievement, need for affiliation and need for power are the three traits which each and every individual possesses but the extent to which an individual possesses such traits differs from person to person. Need for achievement is a distinct human motive that can be distinguished from other needs. As some people have an intense desire to achieve. It is the drive to excel, to achieve in relation to a set of standard, to strive to succeed.

High achievers seek situations where they can attain personal responsibility for finding solutions to problems, where they can receive rapid feed back on their performance. High achievers are not gamblers, they dislike succeeding by chance. They prefer the challenge of working at a problem and accepting the personal responsibility for success or failure rather than leaving the outcome to chance to the action of others.

#### 4. Need for Power

Power is the ability to induce or influence behaviour. Power motive has been formally recognized and studied for a relatively long time. Power is the need to manipulate others or the drive for superiority over others. Individual high in need for power (n/PWR) enjoy being "incharge", strive for influence over others, prefer to be placed into competitive and status - oriented situations and tend to be more concerned with prestige and gaining influence over others than with effective performance. People with high power need are forceful, outspoken, hard headed and demanding.

#### 5. Need for Affiliation

Man being a social animal, like to interact and be with others in situations where they feel they belong and are accepted, people with high need for affiliation usually derive pleasure from being loved and tend to avoid the pain of being rejected. They are concerned with maintaining pleasant social relationship, enjoying a sense of intimacy and understanding and enjoy consoling and helping others in trouble.

#### 6. Type A and Type B Personalities

Individual having Type A personalities possesses attributes such as extensive desire to achieve highly competitive spirit are impatient and aggressive. Individuals with type A personality are capable of performing number of activities within a short period of time. They hardly listen to others and sometimes they complete other people's sentences as they lack patience. Type A individuals are suitable for those jobs. Wherein huge number of tasks are required to be completed within a short span of time. Type A individuals cannot work in teams, they can work effectively when they are asked to work alone rather than in terms.

Individuals with Type B personalities are relaxed, patient and less aggressive than Type A individuals. Type B individuals are suitable to perform those jobs wherein, social interaction plays a significant role. Unlike Type A, Type B individuals can work more effectively in teams.

#### 7. Self Esteem

Self esteem refers to the degree to which people are proud of themselves and also of their abilities. A person who has high self-esteem will have

a feeling that he/she possesses the ability to handle most of the situations. People with high self-esteem are highly confident about themselves and their capabilities. On the other hand, people with less self-esteem are less confident about themselves and their abilities. They have fear in their mind that their capabilities might not help them in achieving success in varying situations.

Self-esteem provide various indications for understanding the concept of organizational behaviour. People's selection of a job depends upon the extent to which they have self-esteem. People with high self-esteem prefers to taking up more challenging jobs than people with low self-esteem. It should not be mis-perceived that individuals with low esteem are incapable of performing their tasks. They too are capable but they lacks confidence in performing their tasks. Thus, the above mentioned seven personality traits constitutes the other organizationally rplpvant nprcnality traits.

#### 3.2.6 MBTI Inventory

##### Q8. Discuss about MBTI Inventory.

*Ans :*

The Myers-Briggs Type Indicator (MBTI), developed by Isabel Briggs Myers and her mother, Katharine Cook Briggs, is a well known and widely used personality inventory based on the psychological theories of Carl Gustav Jung. It is often used as a tool for discovering and understanding different normal human personalities and can be utilized in a variety of applications such as academic counseling, career development, conflict resolution, leadership training and relationship counseling, just to cite a few.

However, it should be noted that MBTI is not a test as there are no right or wrong answers and it does not reveal everything about oneself.

Based on Jung's psychoanalytical theories, Myers deduced that there were four dichotomies which made people differ from one another and referred to them as 'type preferences'. The four dichotomies and their brief descriptions are presented below:

- **Extraversion or Introversion:** Indicates whether people prefer to acquire their personal energy from the outer world of

people and activities, or from inner world of ideas and thoughts. E.g., extraverts prefer being in large group of people and introverts tend to take pleasure in quieter activities.

- **Sensing or Intuition:** Describes how people take in information, whether they focus on what is actual and real (factual-based) or prefer to interpret or apply meaning to what they see. E.g., people who prefer sensing is down-to-earth and more dependent on past experiences, where as people who prefer intuition are considered idealists and rely more on the future.
- **Thinking or Feeling:** Indicates how people prefer to make decisions, whether it is based on logical thinking or influenced by their concerns for themselves and others. E.g., people who prefer feeling over thinking are generally predominant in helpful professions such as counselors and they pay close attention to other people's needs. In addition, those who prefer thinking may seek factual clarity in solving disputes.
- **Judging or Perceiving:** Describes the way you manage you life and how you deal with the outer world, whether in an orderly manner or spontaneously. E.g., people who prefer judging like to have everything in order and in a scheduled manner.

On the contrary, people who prefer perceiving are more unplanned and spontaneous in their lifestyle, including making decisions.

### 3.3 PERCEPTION PROCESS

#### Q9. What is perception? Explain the Nature and steps involved in preception.

*Ans :*

Perception is the process by which organisms interpret and organize sensation to produce a meaningful experience of the world. Sensation usually refers to the immediate, relatively unprocessed result of stimulation of sensory receptors in the eyes, ears, nose, tongue, or skin.

Perception, on the other hand, better describes one's ultimate experience of the world and typically involves further processing of sensory input.

In practice, sensation and perception are virtually impossible to separate, because they are part of one continuous process.

#### Definition of Perception

"Perception is selection and organization of material which stems from the outside environment at one time or the other to provide the meaningful entity we experience."

– Kolasa

"Perception may be defined as a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment."

– S.P. Robbins

"Perception includes all those processes by which an individual receives information about his environment – seeing, hearing, feeling, tasting, and smelling."

– Joseph Reitz

Perception is the process through which the information from outside environment is selected, received, organized and interpreted to make it meaningful to us. Perception is the process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.

#### Characteristics / Nature of Perception

The following are the chief characteristics of perception :

1. **Mental Process :** Perception is a mental process. Under it an individual chooses, organises and interprets information available in the environment. No individual can get attracted towards all the stimuli available in the environment. He selects only those stimuli which are related to him. After selecting the stimuli they are organised so that they are interpreted. In this way, one needs brain or intelligence at every step in the process of perception. Therefore, it will be quite right to call it a mental process.
2. **Activation Process :** Perception is a process of activating an individual. Prior to the process of perception there is some sensation. Under sensation an individual remains inactive. He

simply feels and does not react in any way. On the contrary, an individual gets activated under perception. Signal received from physical sensory organs set him thinking and his mind gets activated. Hence, perception is a process of activation.

3. **Subjective Process** : Subjectivity means interpreting some thing on the basis of individual interest and understanding and not on the basis of facts. In other words, subjective process means looking at an object by different individuals from different point of views. Perception has this inherent speciality. Under perception a single particular truth can be viewed differently by different people. The main cause of this happens to be the fact that each individual has a different way of collecting information from the environment, organizing it and interpreting it differently.
4. **Unique Interpretation** : Perception is a particular interpretation of a real situation and is not an actual representation of reality. In other words, it can be said that perception is not a photocopy presentation but is only a description of come object, event or individual according to an individual's understanding. Every individual interprets the real world in a different manner. Two individuals can have difference of opinion on any single point. Out of these both the two or any one of them can be wrong.
5. **Wider than Sensation** : There is a difference between perception and sensation. Every individual has five sensory organs. Sensation is a response of these organs. Perception is wider than sensation. It is a mixture of sensation and cognitive process. Sensation is regulated only by the sensory organs while in perception both the sensory organs and individual's understanding are involved. Sensation is the starting point of perception. First of all sensation is born, then an individual's brain gets activated and from here the process of perception starts. Therefore, perception is wider than sensation.
6. **Provides Meaning to Stimulus** : An individual gets information about stimulus through sensation, e.g., first of all an

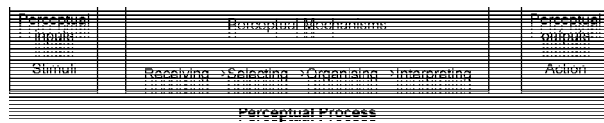
individual feels the smell, taste, touch, etc. On the basis of this information the meaning is found out under perception.

7. **Affected by many Factors** : The concept of perception is influenced by many factors. Major factors which affect it are as follows :
  - i) **Internal Factors** : These factors are related to perceiver. They mainly include needs, values, experiences, understanding, etc.
  - ii) **External Factors** : These factors are related to external environment which chiefly includes intensity, sixe, repetition, motion, etc.
8. **Provides check on Behavior** : Understanding of perception has an important contribution in the anticipation and control of the behavior of the employees. People's behavior of the employees. People's behavior is according to their perception. If the manager can come to know how people perceive things, then he can anticipate organizational behavior and can also control it.
9. **Multiple Use** : The knowledge of the concept of perception increase the understanding of organizational behavior. Consequently, better results will be obtained in different areas of organizational behavior, e.g., selection of employees, training, reward, labour-management neogations, etc.

#### Perceptual Process

Perception is a process consisting of several subprocesses. We can take an input-throughput-output approach to understand the dynamics of the perceptual process. This approach emphasizes that there is input, which is processed and gives output. The stimuli in the environment – subjects, events, or people – can be considered as the perceptual inputs.

The actual transformation of these inputs through the perceptual mechanisms of selection, organization, and interpretation can be treated as the throughputs, and the resultant opinions, feelings attitudes, etc., which ultimately influence our behavior, can be viewed as the perceptual outputs. The whole perceptual process can be presented as follows :



- 1. Perceptual Input/Stimuli :** The first process in the perceptual processes is the presence of stimuli like people, objects, events, information etc. Though the presence of stimulus is necessary for perception, it is not the actual process of perception. Nevertheless the perception process cannot start in the absence of stimuli.
- 2. Perceptual Mechanism :** The actual perception process starts with the receipt of information, or data (of stimuli) from various sources. The receipt of stimuli is a psychological aspect of the perception process. And most perceptual inputs are received from various sensory inputs. One sees things, hears them, smells, tastes, or touches them and learns other aspects of the things. Thus, reception of stimuli is a physiological aspect of perception process.
- 3. Selection of Stimuli :** After receiving the stimuli or data, some are selected for further processing while others are screened out because it is not possible for a person to select all stimuli for processing to attach meaning, which he receives from the environment.  
  
Perceptual selectivity refers to the tendency to select certain objects from the environment for attention such that these objects are consistent with our existing beliefs, values and needs. Without this ability of selection, the individuals will not be able to consider all available information necessary to initiate behavior.
- 4. Organization of Stimuli :** After the data have been selected, these are organized in some form in order to make sense out of them. Such organization of stimuli may take the form of figure-ground, grouping, simplifications, and closure. These factors have been discussed below under perceptual organization.
- 5. Action :** The last phase of the perceptual process is that of acting in relation to what has been perceived. This is the output aspect of perceptual process. The action may be

covert or overt. The covert action may be covert or overt. The covert action may be in the form of change in attitude, opinions, feelings, values, and impression formation resulting from the perceptual inputs and throughputs. The overt action may be in the form of behavior easily visible.

### 3.3.1 Factors Influencing Perception

**Q10. What are the factor influencing perception.**

*Ans :*

The factors that contribute to perceptual differences and the perceptual process among people at work, which are summarized in Figure below, include characteristics of the perceiver, the setting, and the perceived.

- (a) The Perceiver :** When an individual looks at the target and attempts to interpret what he / she sees. Such interpretation is heavily influenced by personal characteristics of the individual perceiver. The characteristics of perceiver include person's needs. Past experience, habits, personality, values, attitudes etc

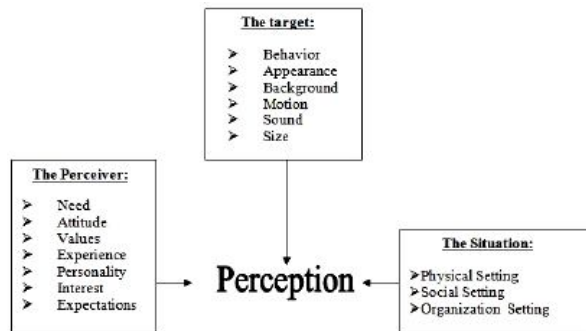
**For example :** A negative attitude person interprets negative results and further makes negative perception.

- (b) The Perceived (object):** Characteristics of the target, which has been, observed also affects the individual's perception The physical attributes, appearance and behavior of other persons in the situation also influences the perception. Physical attributes of the person means age, height, weight, gender etc.

Loud people are easily noticeable in a group in comparison to the quite ones. Motion sound, size and other attributes of a target also affect the perception of an individual.

Object which is perceived is not observed in isolation, the relationship of a target with its background also influences perception. Person, objects or events that are similar to each other also tend to be grouped together. Greater the similarity, the greater is the probability that we will tend to perceive them as a common group.

Perception is influenced by the perceiver, the perceived (object) and the situation.



- (c) **The Situation** : The physical, social and organizational setting of the situation also influences individuals perception. The situation in which we see objects or events is important. The elements in the surrounding environment influences our perception.

**For example** : Hearing a subordinate calling his / her boss by his / her name may be perceived quite differently when observed in an office as opposed to an evening social reception.

### 3.3.2 Importance of Perception

**Q11. What is the importance of perception.**

*Ans :*

Perception is important due to various reasons which are as follows:

#### 1. Facilitates Understanding of Human Behaviour

Perception is very important in understanding the human behaviour, because every person perceives the world and approaches the life problems differently. Whatever people see or feel is not necessarily the same as it really is. It is because what people hear is not what is really said, but what people perceive as being said. When a person buys something, it is not because it is the best, but because he takes it to be the best. Thus, it is because of perception, it is found why one individual finds a job satisfying while another one may not be satisfied with it.

#### 2. Helps in Behaviour Prediction

If people behave on the basis of their perception, people can predict their behaviour in the changed circumstances by understanding their present perception of the environment. One person may be viewing the facts in one way which may be different from the facts as seen by another viewer.

#### 3. Assists in Determination of Needs

With the help of perception, the needs of various people can be determined, because people's perception is influenced by their needs. Like the mirrors at an amusement park, they distort the world in relation to their tensions.

#### 4. Effective Subordinate Dealing

Perception is very important for the manager who wants to avoid making errors when dealing with people and events in the work setting. This problem is made more complicated by the fact that different people perceive the same situation differently. In order to deal with the subordinates effectively, the managers must understand their perceptions properly.

### 3.3.3 Strategies/ways to Develop Perceptual Skills (or) Strategies to Overcome Perceptual Distortions

**Q12. What are the Strategies/ways to Develop Perceptual Skills (or) Strategies to Overcome Perceptual Distortions**

*Ans :*

#### 1. Judge Oneself Correctly

People often misperceives others due to their inability to judge themselves accurately because when a person understands himself more correctly then he would be able to perceive others more easily, quickly and accurately.

#### 2. Improving Self-concept

Self-concept is a function which explains how people achieve their goals which they have attempted to achieve. When self-concept is developed people acquires optimistic view

about their self personalities which enable them to start respecting others and to perceive them more correctly than they used to do it before.

### 3. Being Optimistic

Perceptual distortions to a great extent can be corrected by halving positive attitude or being optimistic in nature, as attitudes greatly influences perception. Managers must take care of the fact that they are unbiased in nature.

### 4. Being Empathic

Empathy refers to putting your legs in other's shoes. Anyone would be able to understand other's problem by thinking from their point of view and would get a clear perception about the problegi.

### 5. Encouraging Open Communication

Lack of communication results in misunderstandings and misperceptions. Hence, it is essential for the managers to encourage open communication so that right message reaches the right person at the right place and at the right time. Open communication helps the managers in understanding the organizational situations in a much better manner.

### 6. Avoiding Common Perceptual Distortions

Perceptual distortions such as halo effect, stereotyping, attribution, first impression etc., must be avoided in order to have good perception. These perceptual distortions can be avoided through continuous efforts and also by conducting careful analysis of the situation.

#### 3.3.4 Perceptual Distortions / Errors

#### Q13. Discuss about perceptual distortions / Errors.

*Ans :*

Various errors which distort the perception process are as follows:

#### 1. Halo Effect

Halo effect refers to evaluating another person solely on the basis of one attribute, either favourable or unfavourable. In other

words, a halo blinds the perceiver to other attributes that also should be evaluated to obtain a complete, accurate impression of the other person.

**For example,** an employee who is always at work before everyone else arrives or after they leave may be assumed to be productive and hard working. On the other hand, an employee with multiple body piercing may be considered wild and not reliable. Both of these judgements made by a manager utilise the halo effect and may be erroneous. Thus, a manager's judgement of a worker based on a single, obvious characteristic has to be cautiously reviewed. One trait or characteristic cannot possibly predict with accuracy a person's performance. To think so should raise an alarm in the mind of a manager. Research has found an individual's attractiveness (e.g., beauty, looks, and shape) can significantly influence managerial decisions. Attractiveness increased the evaluations, pay raises, and promotion for women in non-managerial positions. However, attractive women in management received lower performance reviews and pay raises, as well as a decreased number of promotion opportunities. Both of these outcomes stem from the halo effect. Managers have to guard against the halo effect in rating employee performance.

#### 2. Stereotyping

Stereotypes are generalisations or assumptions that people make about the characteristics of all members of a group based on an image (often wrong) about what people in that group are like. Stereotyping affects managerial decision-making. For example, Suresh, who is a salesman, is veiy quiet and reserved. His sales record is, however, one of the best in the company. But his manager rated his performance lower than that of other sales people since he did not fit the mould, ignoring the results that Suresh had produesd.

#### 3. Attributional Bias

Attribution refers to the process by which an individual assigns causes to the behaviour he conceives. People are interested not only in observing behaviour in organisations, but

also in determining its causes. Their evaluations of and reactions to other's behaviour may be heavily influenced by their perception that the others are responsible for their behaviour. For example, when plant productivity increases, the manager responsible will be evaluated less favourably if the increase is attributed to the new machines installed than if it is attributed to his handling of the employees.

#### 4. Selective Perception

People selectively interpret what they see on the basis of their interests, background, experience and attitudes. One is more likely to notice cars like his own, or why some people may be reprimanded by their boss for doing something that, when done by another employee, goes unnoticed. Since people can not observe everything going on about us, people engage in selective perception.

For example, if there is a rumour going around the office that the company's sales are down and that large layoffs may be coming, a routine visit by a senior executive from headquarters might be interpreted as the first step in management's identification of people to be fired, when in reality such an action may be utmost thing from the mind of the senior executive.

#### 5. Contrast Effects

Evaluations of person's characteristics that are affected by comparisons with other people recently encountered who rank higher or lower on the same characteristics. An example of how contrast effects operate is an interview situation in which one sees a pool of job applications. Distortions in any given candidate's evaluation can occur as a result of his or her place in the interview schedule. The candidate is likely to receive a more favourable evaluation if preceded by mediocre applicants and less favourable evaluation if preceded by strong applicants.

#### 6. Impression

When one meets a person first time whatever the person says, behaves or even the silent language has an influencing effect on the way he or she behaves with that person. The first impression the person makes shapes the entire future interaction with that person. Thus, impression error happens when, for whatever reason, an individual formulates an initial impression based on the perceptions of some variables and then refuses to change that impression.

**For example,** manager who was new to the workplace observed an employee performing poorly. The employee was going through a bad phase of his life as his parents had just passed away in a road accident. Within a month the employee's performance had returned to his previous high level, but the manager's opinion of the individual's performance was adversely affected by the initial negative impression.

#### 7. Inference

There is a tendency on the part of some people to judge others-on limited information. For example, an employee might be sitting at his desk throughout the working hours without doing anything, but it may be inferred that he is sincere towards his duties. Thus, performance appraisal must not be based on half-cooked or incomplete information. In the above case, the productivity and the behaviour of the concerned employee towards customers, fellow employees and others-must also be taken into consideration.

## 8. Self-Fulfilling Prophecy

Based on expectations, some bias in perception may creep in. In many cases it has been found that people try to validate their perceptions of reality (or expected performance) when these perceptions are faulty. The thing that is acceptable in one culture may seem extremely unusual or even dysfunctional in another. Managers need to know the emotional norms in each culture they do business in so they do not send unintended signals or misread the reactions of locals. For example, an American manager in Japan should know that while Americans tend to view smiling positively, Japanese are apt to attribute frequent smiling to a lack of intelligence.

### 3.4 KELLY'S PERSONAL CONSTRUCT THEORY

**Q14. Explain Kelly's theory of personal construct with an illustration.**

*Ans :*

#### Kelly's Personal Construct Theory

Kelly's theory of personal constructs does not just consider personality development; it considers the whole person in terms of their perceptions, attitudes and goals. For Kelly, personality is the individual's way of construing and experimenting with their world. Kelly was critical of separating the study of personality apart from the 'whole' person,

The castrating effect of separating personality off as a mini-psychology in its own right is perhaps best seen in the curiously named study of 'individual differences', which in fact turns out to be the study of group sameness. As a result we have focused on the establishment of general dimensions, at some point along which all individuals can be placed, rather than on a study of the dimensions which each individual develops in order to organise his own world.

For Kelly it was critical to take data from one individual person (idiography) and to employ a technique which could cope with the qualitative nature of the data to be collected. He developed the *Repertory Grid* which was able to measure an individual's construct of the world. Kelly was thus able to employ a clear and valid measure within an idiographic approach. This was an important advance in idiographic techniques and the repertory technique has become increasingly important as a research tool. It enables the person to use his/her own constructions of the world but in such a way that they are comparable and measurable.

#### Illustration of Kelly's Repertory Grid Technique

An example of the repertory grid technique is provided from a case study by *Fiona Wilson*. The research examined the impact of Computer Numerical Control (CNC) technology in the engineering industry. Its main objective was to explore the effect of new technology on the responses of both craftsmen and managers in two differing companies. One of the research measures used to explore the subjective experiences of the workers was Kelly's repertory grid. Wilson describes it as a 'formalised conversation' and says that 'It is an attempt to stand in others' shoes, to see their world as they see it, to understand their situation, their concerns'.

Using this technique, Wilson was able to measure the workers' own feelings and motivations, and to understand the impact that technology had on their job, their skills and sense of self-worth. She noted in her conclusion that the strategic decisions made by the two companies in their utilisation of the new technology made a direct and measurable impact on the perception and attitudes of the craftsmen. An example of the repertory grid is given in table.

1	CNC job	Skilled turner's job	Ideal job (professional footballer)	Job 1 would enjoy (electrician, own business)	Job 1 would not enjoy (a job on an oil rig)	Job 1 would hate (miner)	7
Boring	3	4	7	7	2	1	Interesting
Unskilled	2	5	7	6	2	2	Skilled
Not physically demanding	4	5	7	2	7	7	Physically demanding
Gives no job satisfaction	2	5	7	6	2	2	Gives job satisfaction
Unsafe working conditions	5	3	5	6	2	1	Safe working conditions
Dirty work conditions	4	2	6	7	2	1	Clean work conditions
A job in which I am not respected	2	5	7	7	2	2	A job in which I am respected
A job with no challenge	3	6	7	7	3	3	A challenging job
A job with which I do not reap the gains	2	2	7	7	2	2	A job in which I reap the gains
A job where I am tied to one place	2	3	7	7	1	2	A job where I am free to move about

Table: An Example of a First Repertory Grid

### 3.5 MOTIVATION

**Q15. What is motivation? Explain the nature and Importance of motivation.**

*Ans :*

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be:-

- Desire for money
- Success

- Recognition
- Job-satisfaction
- Team work, etc

One of the most important functions of management is to create willingness amongst the employees to perform in the best of their abilities. Therefore the role of a leader is to arouse interest in performance of employees in their jobs.

### Definitions of Motivation

**According to Koontz and 'O' Donnell,** "Motivation is a general term applied to the entire class of drives, needs, wishes and similar forces".

**According to Stephen. P. Robbins,** "Motivation is a process that starts with physiological or psychological deficiency or need that activates behaviour or a drive that is aimed at a goal or incentive".

**According to Encyclopedia management,** "Motivation refers to degree of readiness of an organism to pursue some designated goal and implies the determination of the nature and locus of the forces, including the degree of readiness".

**According to Dale Breachus,** "Motivation is the willingness to expend energy to achieve goals and rewards."

**According to Dubin,** "Motivation is the complex of forces starting and keeping a person at work in an organization".

### Nature of Motivation

#### 1. Unending Process

Man has number of wants. These wants induce a man to work. All the wants cannot be satisfied at one time. If one want is satisfied, then another want emerges. Motivation is also an unending process just like the satisfaction of wants is an unending process.

#### 2. Psychological Concept

Motivation deals with the psychology of workers. An efficient worker will not perform the work desirable well unless he is properly motivated. So, the effective performance requires proper motivation.

#### 3. The Whole Individual is Motivated

An individual is motivated fully and not partly because motivation is related to psychology. The basic needs of a man determine motivation to a greater extent.

#### 4. Motivation may be Financial or Non-monetary

Monetary motivation includes increase in wages, allowances, bonus etc. Non-monetary benefits are recognition, praise, more responsibility, decision making etc.

#### 5. Goals are Motivators

Man works to achieve his individual goals. Whenever the goal is achieved, he will no longer be interested to work. So, management has to identify the goals of individuals, to persuade them to work by directions.

### Importance of Motivation

Motivation is an important factor in determining the efficiency of an organisation. With its help a desire is born in the minds of the employees to achieve successfully the objectives of the enterprise. An enterprise may have the best of material, machines and other means of production but all these resources are meaningless so long as they are not utilized by properly motivated people. There was a time when the human resource of production was treated like other non-human resources and was not given any special importance. But this old concept has lost all importance in this competitive age. The importance or need of motivation becomes clear from the following facts:

#### 1. High Level of Performance

The efficiency of the motivated employees is better than the unmotivated people. It is important to achieve high level of efficiency for the organisation and this can be achieved only through motivation. Many researchers have proved the high degree of positive correlation between motivation and efficiency.

#### 2. Low Employees Turnover and Absenteeism

The goodwill of an enterprise is adversely affected by the high level of employees turnover and absenteeism. This creates many

problems for the managers. The problems of appointing the employees time and again, arranging for their education and training, etc., lead to wastage of time as well as money. It is impossible to face this wastage in today's competitive economy. Only motivation can save this wastage for the organisation. Motivated people work for a longer time in the enterprise and the rate of absenteeism also gets lowered.

### 3. **Easy Acceptance of Organisational Changes**

Changes continue taking place in the organisation - like technical changes, methods of work performance, etc. Generally, the employees do not accept changes in the method of their work performance they are accustomed to. But changes become necessary keeping in view the demands of time. These changes can be made acceptable only through motivation. Motivated people accept them enthusiastically and perform their work.

### 4. **Sweet Relations between Owner and Employees**

A high level of motivation establishes sweet relations among the appointors and the employees. Motivation fills the employees with enthusiasm and they start accepting orders and information willingly. Thus, motivation makes a great contribution in establishing good human relations.

### 5. **Good Image of Organisation**

Where the employees are motivated through a proper method by satisfying their needs one after the other, a good image of the enterprise is created in the mind of the public. Qualified employees give preference to getting appointment in such an enterprise making the function of appointing the employees easier.

### 6. **Increase in Morale**

High level of motivation increases the morale of the employees and they face challenges and, in case of need, are not afraid of taking bold decisions.

### 7. **Proper use of Human Resources Possible**

Human resource has an important place among the resources of production. The success or failure of an enterprise depends on the proper use of this resource. Its proper use can be made with the help of various types of motivation. Motivated employees work at their full capability and their aim is the achievement of the objectives of the enterprise.

### 8. **Helpful in Achieving Goals**

The employees have to be shown the right way in order to achieve the pre-determined objectives of any enterprise through their medium. This aim can only be achieved through the weapon of motivation. Without motivation the achievement of goals is only a dream. Motivation is essential to realise this dream.

### 9. **Builds Good Relations Among Employees**

Since most of the needs of the motivated people are satisfied their behaviour assumes calmness. All the employees working in such a human group develop a sense of cooperation with one another. There is thus no conflict among them and there is no hindrance in their work performance.

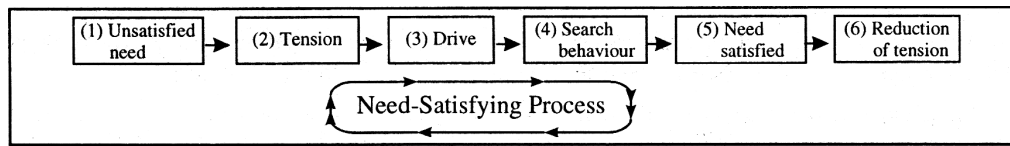
A study of the above facts makes it clear that motivation is an important tool in the hands of management for the attainment of objectives of the individual and the organisation economically and effectively. Through the medium of motivation the subordinates can be guided in the desired direction and the wastage of human and other resources of production can be minimised.

#### 3.5.1 **Motivation Process and types**

#### **Q16. What is the motivation process and its types?**

*Ans :*

The objective of motivation process is to know as to where from does it start and where does it end. This is a work that cannot be finished at one go. It is a combination of various steps. Robbins and Coulter have presented the following 'Need-Satisfying Process'.



1. **Unsatisfied Need** : At the first step of motivation a person feels the need of something or there is a feeling that he lacks something.
2. **Tension** : The person concerned gets tensed at the very idea of his need not being satisfied.
3. **Drives** : Drive signifies some sort of tumult in the mind of the person concerned. At this step the person concerned endeavours to fulfil his need. The fulfillment of need depends on the direction and intensity of the drive.
4. **Search Behaviour** : At this step, a person tries to discover different options to fulfil his need. He puts the best option into operation.
5. **Need Satisfied** : If the option really happens to be a correct one, satisfaction is obtained.
6. **Reduction of Tension** : The person concerned gets his tension relieved when his need is satisfied.

#### Types of Motivation

##### 1. Negative Motivation

It is based on force or fear, i.e., workers can be threatened with demotion, dismissal, lay-off, pay cut etc. Negative motivation results in disloyalty to the group as well as to organization.

##### 2. Positive Motivation

It is based on reward. It is a process of attempting to influence others to do your will through the possibility of gain or reward.

##### 3. Extrinsic Motivation

Increase in wages, retirement benefits, rest periods, holidays, health wages, health insurance and the like are the examples of extrinsic motivation. Extrinsic motivation is available only after the completion of job.

##### 4. Intrinsic Motivation

Intrinsic motivation is available at the time of performance of work. These motivations provide a satisfaction during the performance of the work itself. Praise, recognition, power, delegation of authority and responsibility, competition and participation in the decision-making process are some of the examples of intrinsic motivation.

##### 5. Financial Motivation

Financial motivation is directly or indirectly associated with money, wages, salaries, bonus, profit-sharing, paid vacation, retirement benefits, free-medical service are some of the financial motivations.

##### 6. Non-financial Motivation

These are not associated with monetary rewards. Praise, job rotation, delegation of authority and responsibility, participation, recognition and power are some of the examples of non-financial motivation.

### 3.6 THEORIES OF MOTIVATION

#### Q17. What are the theories of Motivation?

*Ans :*

In the absence of motivation management becomes meaningless. It means that without motivation it becomes impossible to achieve the objectives of the organisation. Keeping in view the importance of motivation, the management experts have paid special attention to its deep study. Different scholars have given different views about it from time to time.

The oldest concept is known as 'Carrot and Stick' policy. It means that those employees who work enthusiastically and efficiently are rewarded for their efficiency and those whose work performance is careless are punished. Frederick Taylor, the father of scientific management has advocated a 'incentive remuneration system' of motivation. It means more work should bring more remuneration and little work should bring less remuneration for the employees.

However, modern thinkers have amended these old concepts and presented new ideas in this context. These modern theories include Maslow's Need Hierarchy Theory, Herzberg's Motivation-Hygiene Theory, Mc Gregor's X and Y theory, etc. From the point of view of convenience in study the theories about motivation have been divided into two parts:

#### 3.6.1 Content Theories

##### 3.6.1.1 Maslow's Need Hierarchy Theory

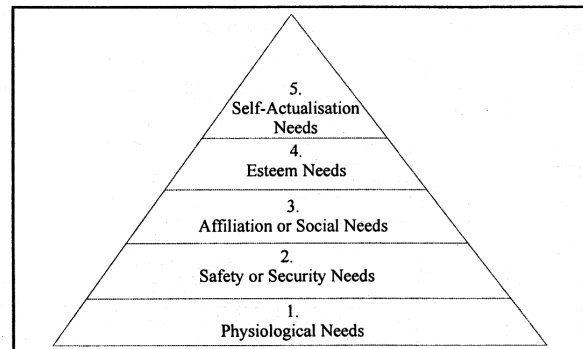
#### Q18. Evaluate the contribution of Maslow and Herzberg to our understanding of behaviour in organisations.

*Ans :*

##### Maslow's Theory

The advocate of this theory is **Abraham Maslow** who first of all presented the Need Hierarchy Theory of Motivation in 1943. Maslow developed the theory of motivation on the basis of a chain or sequence of needs. According to him, a man has countless needs and they can be categorized on the basis of priority. For example, the needs which are more sharply felt should be

satisfied first and the less sharply felt needs should be satisfied afterwards. Similarly, the least felt needs should be thought of last of all. Maslow has divided different human needs on the basis of priority into five parts which are shown in the following diagram:



**Fig.: Pyramid Representing Maslow's Hierarchy of Need**

#### (i) Physiological Needs

In this category, those needs are included which need to be satisfied to keep a man alive. These needs include food, shelter, clothing and sleep, etc.

#### (ii) Safety Needs

After physiological needs are satisfied, a man thinks about his safety. Safety needs include physical, economic and psychological needs. Physical Safety refer to defence against accidents, attacks, diseases and other unexpected problems. Economic Safety means safety of livelihood and arrangement for old age. Psychological Safety means maintaining one's prestige.

#### (iii) Affiliation or Social Needs

Man is a social animal and wants to live in society honourably. It is, therefore, necessary that he should have friends and relatives with whom he can share his joys and sorrows. Maslow has placed social needs at number three in order of priority.

#### (iv) Esteem and Status Needs

These needs are called ego needs of man. This means every human being wants to attain a higher status so that his power increases and he gets authority.

**(v) Self Actualization Needs**

Last of all, a man tries to satisfy himself by attaining self-realisation. This means that a man should be whatever he can be, meaning thereby, that he should actually be an achiever in respect of his capability. For example, a musician wants to be proficient in music, an artist wants to excel in the field of creating works of art. Similarly, a poet wants to be a specialist in his field.

**Assumptions of Maslow's Theory**

Following are the assumptions of Maslow's theory:

- (i) People's behaviour, being affected by their needs.
- (ii) There are many needs of people and their order or priority can be made.
- (iii) Motivation ends with the satisfaction of needs. After that the next higher need serves as a motivator.
- (iv) People move to next higher need only when the lower level needs are satisfied.

The above analysis shows that an individual has many needs and that their order can be determined. The moment an individual's one need is satisfied, he gets worried about his next need. After the satisfaction of the second need comes the third and this order continues till all his needs are satisfied. It is, therefore, clear that needs can be motivators. In order to satisfy needs an individual himself wants to work with vigour and full capacity.

**Criticisms**

If the special study is not undertaken, Maslow's theory of hierarchy of needs will appear to be right. However, many researchers have opposed this theory and given their own criticisms which are as under:

- (i) Maslow's hierarchy of needs is not permanent. This changes according to the situation.
- (ii) It is not necessary that the needs of only one category be strong at a time and the remaining remain unimportant.

**3.6.1.2 Alderfer Model of Motivation**

**Q19. Briefly discuss the importance of motivation in organizational performance. How does Alderfer differ from Herzberg in this perspective on motivation? Explain with relevant examples.**

*Ans :* February-2010, Q.No. 4(a)

Clayton Alderfer developed a theory on work motivation based on some empirical evidence. It was an extension to the theories proposed by Maslow and Herzberg. According to Alderfer, the three basic groups of needs are:

**1. Existence Needs**

Needs associated with the survival and physiological well-being of an individual are termed existence needs.

**2. Relatedness Needs**

These are the needs which emphasize social and interpersonal relationships.

**3. Growth Needs**

Needs related to a person's inner desire for personal growth and development are viewed as growth needs.

Based on these needs, Alderfer proposed the ERG theory. This theory disagreed with both Maslow's and Herzberg's theories that only fulfillment of lower level needs was responsible for triggering needs at a higher level. Alderfer proposed that the background and cultural environment of a person caused an increase in the degree of relatedness needs over existence needs. It was also possible that the intensity of growth needs would increase with an increase in the degree to which they were satisfied. The ERG theory includes points from other content theories proposed by Maslow and Herzberg but has fewer limitations than those theories. Many contemporary analysts support the ERG theory rather than other content theories. However, content theories in general do not give an explanation for the complexities involved in the process of motivation.

### 3.6.1.3 Herzberg two Factors Theory

**Q20. Explain the main features of Herzberg's two factor theory and Maslow's hierarchy of needs. Which theory is most relevant in Indian context?**

*Ans.:* Dec.-2005, Q.No. 4(b)

This theory has been advocated by Prof. Herzberg on the basis of his research done in collaboration with his colleagues. After interviewing some employees he concluded that motivating factors can be divided into two parts:

**(A) Maintenance or Hygiene or Dissatisfiers**

Maintenance factors mean those factors whose presence does not motivate the employees to work with greater enthusiasm but their absence does discourage them. These factors are related to the job conditions and they contain the following factors:

- (i) Company's Policy and Administration
- (ii) Technical Inspection
- (iii) Mutual Personal Relation with Inspector
- (iv) Mutual Relation with other Team Members
- (v) Salary
- (vi) Working Conditions
- (vii) Personal Life
- (viii) Security of Employment
- (ix) Status
- (x) Environment.

**(B) Motivators or Satisfiers**

Motivating factors mean those factors which directly inspire the employees to work. These factors are directly related to work and they are also known as job factors. They are as follows:

- (i) Achievement
- (ii) Recognition
- (iii) Advancement
- (iv) Job itself
- (v) Opportunities for Growth
- (vi) Responsibility.

**According to Herzberg** the employees remain satisfied with the available maintenance factors and do not get motivated by any increase in them. They, however, get dissatisfied by their decrease. For example, if an employee is taken out of a working group that he likes and is placed in another working group, his enthusiasm will decline, while an additional person of the same type in the same group will not boost his enthusiasm. On the other hand, motivating factors directly affect the enthusiasm of the employees. It means that any addition in them increases their enthusiasm and any decrease lessens it. For example, an employee of some department who is declared the best worker on the basis of his efficiency will make him work with greater efficiency.

**Criticism**

Like other theories this theory is also not free from criticism. Scholars have criticised this theory on the basis of the following facts:

- (i) The maintenance factors pointed out by Herzberg are not appropriate in all the situations. For example, an increase in pay does not mean an increase in the enthusiasm of the employees. However, this is applicable only in those countries where a guarantee for average living standard is held out. In other words, where the government assures a general living standard as an essential guarantee, an increase in salary becomes meaningless. On the other hand, it has been established on the basis of various researches that in the undeveloped countries rise in salary does create enthusiasm among the employees.
- (ii) The categorisation of dissatisfiers and satisfiers is not practical.
- (iii) This theory has made the relationship between motivation and satisfaction very simple when it is not so.

In short, it can be said that alongwith the satisfiers the dissatisfiers also increase the enthusiasm of the employees.

### 3.6.1.4 David McClelland's Needs Theory of Motivation

**Q21. Explain McClelland's theory of motivation. Can achievement motives be developed?**

*Ans :* June-2006, Q.No. 4(b)

Another well-known content theory is the learned needs theory developed by **McClelland**. He contends individuals acquire certain needs from the culture of a society by learning from the events that they experience, particularly in early life. The needs that people may learn are the need for achievement (n Ach) the need for power (n Pow) and the need for affiliation (n Aff). Once learned, these needs may be regarded as personal predispositions that affect the way people perceive work (and other) situations and that influence their pursuit of certain goals.

**1. Need of Achievement (n Ach) :** McClelland defined (n Ach) as "behavior toward competition with a standard of excellence". He and his associates defined four characteristics of individuals with a high need for achievement.

- i) A strong desire to assume personal responsibility for finding solutions to problems or performing a task,
- ii) A tendency to set moderately difficult achievement goals and to take calculated risks.
- iii) A strong desire for concrete performance feedback on tasks and
- iv) A single-minded preoccupation with task accomplishment.

**2. Need for Power (n Pow) :** The (n Pow) is defined as the need to control the environment, to influence the behavior of others, and to be responsible for them. McClelland contends that individuals with a high (n Pow) may be characterized by:

- i) A desire to direct and control someone else.
- ii) A concern for maintaining leader follower relations.

**3. Need for Affiliation (n Aff) :** The need for affiliation is defined as an "attraction to another organism in order to feel reassured from the other that the self is acceptable". Individuals with a high (n Aff) desire to establish and maintain friendly and warm relationships with others. McClelland identified three characteristics of individuals with a high need for affiliation:

- i) A strong desire for approval and reassurance from others.
- ii) A tendency to conform to the wishes and norms of others when pressured by people whose leadership they value, and
- iii) A sincere interest in the feelings of others.

### 3.6.2 Process Theories

#### 3.6.2.1 Vroom's Expectancy Theory

**Q22. Is motivation compulsory? Explain in detail about Victor Vroom's theory of motivation.**

*Ans :*

Yes, motivation is compulsory and important as it is one of the factors which helps in influencing the performance of the individuals. For effective utilization of organizational facilities it is very essential for the organization to motivate its employees. In an organization, all the superiors/leaders should motivate their subordinates so that they can make use of right type of behaviours.

The following points help us to know the importance of motivation in an organization.

#### 1. Increases Performance Level of Employees

When the employees are motivated, they will increase their performance level. The performance of a motivated employee is higher than other employees. According to a study conducted by William James, it was revealed that motivated employees make use of 80 to 90 percent of their abilities.

For an organization to become successful, it should have high performing employees which can be obtained only through motivation.

## 2. Reduces Employee Turnover and Absenteeism

In an organization, high turnover and absenteeism will lead to number of organizational problems. But, when the employees are motivated, they would want to remain in the organization and their absenteeism is also very low. It takes number of years to recruit, train and develop several new personnel into a working team. This also influences the organizational reputation adversely.

## 3. Accepts Organizational Changes

Organizations are established in a society and in today's rapidly changing environment for dealing with the changes in society, it is very essential for an organization to include changes. But, many employees in an organization resist change because of which change is not accepted in an organization. So, the employees should be motivated, as motivated employees accept, initiate and execute changes for maintaining the organization on a right track.

### Vroom's Expectancy Theory

Victor Vroom's expectancy theory is based on motivation process. Various theories which are based on motivation process are more concerned with the cognitive antecedents that go into motivation or effort and the way they relate to each other.

Vroom's model is built around the concepts of value, expectancy and force. Its assumption is that "the choice made by a person among alternative courses of action is lawfully related to psychological events occurring contemporaneously with the behaviour.

According to Vroom, people will be motivated to do things to achieve some goals to the extent that they accept that certain actions on their part will help them to achieve the goal.

Motivation force = S Valence x Expectancy

Vroom's model is built around the concepts of Valence, Instrumentality and Expectancy and is commonly known as V.I.E theory.

### Valence

Valence means the strength of an individual's preference to a particular outcome. It may be incentive, attitude and expected utility.

- For the valence to be positive, the individual must prefer attending the outcome to not attending it.
- For the valence to be zero, the individuals are indifferent towards the outcome.
- For the valence to be negative, the individual prefers not attaining the outcome to attaining it.

### Instrumentality

It refers to the degree to which a first - level outcome will lead to a desired second level outcome. Therefore, the strength of the motivation to perform a certain act will depend on the algebraic sum of the products of the valences for the outcomes (which include instrumentality) times of expectancy.

### Expectancy

It is the probability that a particular action will lead to the outcome. Expectancy is the probability that a particular action will lead to a particular first level outcome. The strength of motivation to perform a certain act will depend on the sum of the products of the values for the outcomes times the expectancies.

### For Example

If an individual desires promotion and feels that superior performance is a very strong factor in achieving that goal. Then his 1<sup>st</sup> level outcome will be superior, average or poor performance. His 2<sup>nd</sup> level outcome will be promotion.

### Implication of the Theory

1. Vroom clarifies the relationship between individuals and organizational goals.
2. Instead of assuming that satisfaction of a specific need is likely to influence organizational objectives in a certain way, we can find out how important to the employee are the various-second-level outcomes (goals), the instrumentality of various 1<sup>st</sup> - level outcomes (organizational objectives) for their attainment and the expectancies that are held with respect to the employees ability to influence 1<sup>st</sup> - level outcomes.

Thus Vroom's theory proposes that a manager's job is to design an environment for performance, necessarily taking into account the differences in various situations.

### 3.6.2.2 Goal Theory

**Q23. What is meant by goal theory? Explain its implications.**

*Ans. :*

Another theory usually considered under the heading of motivation to work is goal theory, or the theory of goal-setting. This theory is based mainly on the work of *Locke*.

The basic premise of goal theory is that people's goals or intentions play an important part in determining behaviour. Locke accepts the importance of perceived value, as indicated in expectancy theories of motivation, and suggests that these values give rise to the experience of emotions and desires. People strive to achieve goals in order to satisfy their emotions and desires. Goals guide people's responses and actions. Goals direct work behaviour and performance, and lead to certain consequences or feedback. Locke subsequently pointed out that goal-setting is more appropriately viewed as a motivational technique rather than as a formal theory of motivation.

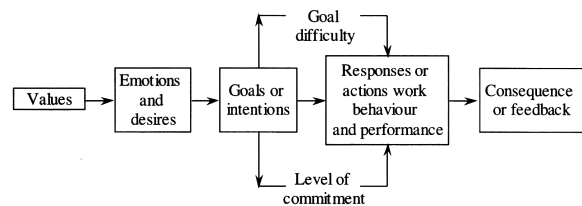
### Goal-setting and Performance

The combination of goal difficulty and the extent of the person's commitment to achieving the goal regulates the level of effort expended. People with specific quantitative goals, such as a defined level of performance, or a given deadline for completion of a task, will perform better than people with no set goal or only a vague goal such as 'do the best you can'. People who have difficult goals will perform better than people with easier goals. *Gritton* refers to 'Stretch goals' which are ambitious, highly targeted opportunities for breakthrough improvements in performance. These goals should stem from critical success indicators and come from deep discussions within the company, and from collaboration within and across task forces, and lead to development of activities and tactics to achieve the goals. People lacking positive motivation at work may also help gain improved results and a better sense of achievement by setting themselves

specific goals, and identifying tasks directly related to their work and measurable targets of time and performance.

Goal theory has a number of practical implications for the manager.

- Specific performance goals should systematically be identified and set in order to direct behaviour and maintain motivation.



**Fig.: An Illustration of Locke's Theory of Goal-setting**

- Goals should be set at a challenging but realistic level. Difficult goals lead to higher performance. However, if goals are set at too high a level, or regarded as impossible to achieve, performance will suffer, especially over a longer period.
- Complete, accurate and timely feedback and knowledge of results is usually associated with high performance. Feedback provides a means of checking progress on goal attainment and forms the basis for any revision of goals.
- Goals can be determined either by a superior or by individuals themselves. Goals set by other people are more likely to be accepted when there is participation. Employee participation in the setting of goals may lead to higher performance.

Much of the theory of goal-setting can be related to the system of management by objectives. MBO is often viewed as an application of goal-setting, although MBO was devised originally before the development of goal-setting theory.

A number of research studies have attempted to examine the relationship between goal-setting and performance. Although, almost inevitably, there are some contrary findings, the majority of evidence suggests strong

support for the theory, and its effects on motivation. However it is viewed, the theory of goal-setting provides a useful approach to work motivation and performance. And Hannagan goes so far as to suggest that at present goal-setting is one of the most influential theories of work motivation applicable to all cultures.

### 3.6.2.3 Porter and Lawler Model of Motivation

**Q24. Describe Briefly about porter and Lawler Model of Motivation.**

*Ans :*

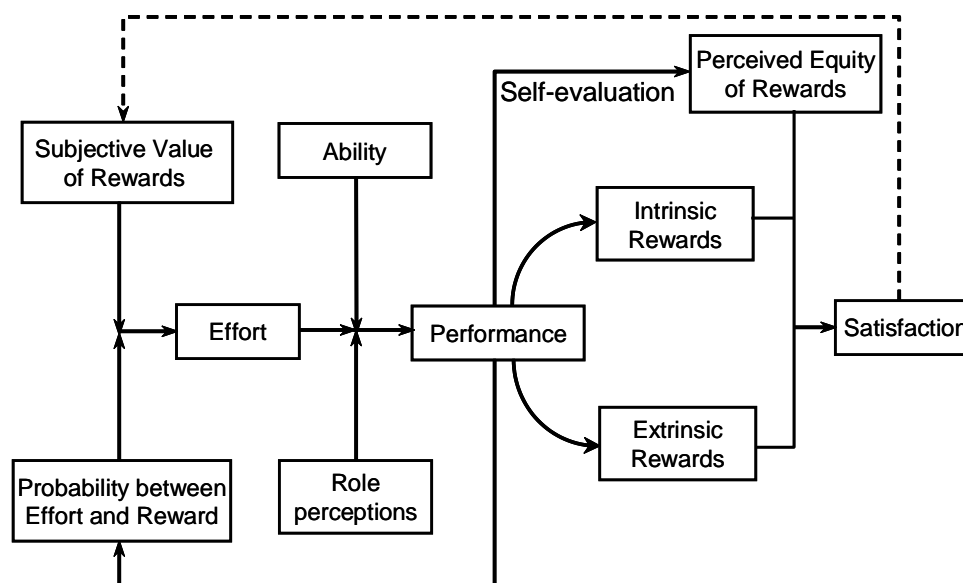
One of the major criticisms of the Expectancy Theory is that it does not take into account the relationship between employee performance and job satisfaction. **Vroom** has suggested only what leads to effort. The PorterLawler model however, goes a step ahead and postulates that effort does not necessarily lead to performance and satisfaction. While efforts are determined by the value of reward and the perceived reward probability, performance, i.e., accomplishment is influenced by an individual's abilities and role perceptions. In the ultimate analysis an employee derives satisfaction, which is an amalgam of effort leading to performance interacting with rewards. The two critical points in this model are :

1. **Subjective Probability E g P** : The expectation to achieve a goal with greater effort.
2. **Probability P g O** : A good performance will lead to the desired output, considering the valences of these goals.

Porter and Lawler postulate that the motivation of an organisational member to do a good job is determined essentially by two probability factors - by the subjective estimated values  $E \rightarrow P$  and  $P \rightarrow O$ . In other words, the individual motivation at the workplace is determined by the probabilities that increased effort leads to better performance and that better performance leads to goals and results that have a positive valence for the person.

#### Components of Porter and Lawler Model

Components of Porter and Lawler model are shown in figure :



**Fig.: Porter and Lawler's Motivation Model**

1. **Subjective Value of Rewards** : It describes the valence or attractiveness that different outcomes and results of the work done have for the person - different employees have different values for different goals or results.
2. **Probability between Effort and Rewards** : It refers to the subjective probability with which a person assumes that an increase in effort leads to the receipt of certain results of rewards and remuneration considered as valuable and useful by the person.
3. **Effort of an Organisational Member** : Third component consists of effort of an organisational member to perform on a certain level.
4. **Area of Individual Abilities and Characteristics** : It sets limits on an employee's accomplishment on a task. These individual characteristics, which are relatively stable, constitute a separate source of inter-individual variation in job performance in this model.
5. **Role Perceptions**: These are based primarily on how an employee interprets success of successful accomplishment of a task at the workplace. They depend on what and in which direction a person will focus his or her efforts.
6. **Accomplishment of Job**: The accomplishment of a job constitutes a sixth component that refers to the level of work performance an employee achieves. Successful accomplishment of a task is, as Porter and Lawler's model shows, influenced by multiple variables and their interactions. It is the resultant of a variety of components and a combination of various parameters and their effects.
7. **Reward**: The components reward consists of two parts - the intrinsic reward, given by oneself, and the extrinsic reward, essentially (but not exclusively) given by a superior.
8. **Perceived Equity of Rewards and Satisfaction**: The last two components of the model are the reward seen as appropriate by the employee and the "satisfaction" of the employee. This component, perceived equity

of rewards, refers to the amount of the reward that that; employee, based on performance, expects as appropriate and fair from the organisation. The degree of satisfaction can be understood as the result of the employee's comparison of the reward actually obtained to the reward considered as appropriate and fair as compensation for the job done. The greater the difference between these two values, the higher will be the degree of satisfaction or dissatisfaction.

### 3.6.2.4 Equity Theory

**Q25. What is meant by John Adam's equity theory? Explain different ways of re-establishing equity.**

*Ans :*

Equity theory of work motivation is based on social exchange process. Adams has crystalised it in a more formal way. This theory suggests that people are motivated to maintain fair relationship between their performance and reward in comparison to others.

The assumptions of this theory are,

Individuals make contributions (inputs) for which they expect certain rewards (outcomes) individuals decide whether or not, a particular exchange is satisfactory, by comparing their inputs and outcomes with those of others and try to rectify any inequality.

Exchange relationship between a person's input / outcomes in relation to those of other persons may be of three types. Over paid inequity, under paid inequity and equity.

### Various Types of Inputs and Outputs

Inputs	Outputs
Efforts	Pay
Time	Promotion
Education	Recognition
Experience	Security
Training	Personal development
Ideas	Benefits
Ability	Friendship opportunity

**1. Overpaid Inequity**

When the person perceives that his outcomes are more as compared to his inputs in relations to others. Thus, the relationship is given below.

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

In this case, the person experiences guilt feeling.

**2. Underpaid Inequity**

The person perceives that his outcomes are lower as compared to his inputs in relationship to others.

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

Here, the person experiences dissonance.

**3. Equity**

The person perceives that his outcomes in relation to his inputs are equal to those of others.

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

In this case, the person experiences satisfaction.

The impact of inequality on the person is as follows

- i) Perceived inequity creates tension in the person.
- ii) The amount of tension is proportional to the magnitude of inequity.
- iii) The tension created in the person will motivate him to reduce it.
- iv) Thus motivation is to reduce inequity in proportional to the perceived inequity.

**The Ways/Methods to Re-establishing Equity****1. Changing his Inputs**

Inputs can be changed to lower or higher extent to match the outcomes (in case of under paid inequity or over paid inequity).

**2. Changing Perceptions about Inputs and Outcomes**

A person may re-establish equity between his inputs and outcomes by changing his perception.

**3. Changing his Outcomes**

The person may attempt to change his outcomes by persuading/pressuring those who are responsible for the decision of outcomes.

**4. Changing Inputs and Outcomes of Others**

The person may try to re-establish equity by persuading other persons to change their inputs or by changing this perceiving about the inputs/outcomes relationship of others.

**5. Changing the Persons Compared**

If relationship produces inequity, while comparing with the particular people, then the persons may be replaced by someone else whose relationship produces equity.

**6. Changing the Situations**

The person can try to change the situation in which he perceives inequity, he may opt for transfer to another department or location in the same organization or may leave the organization itself.

**Implications**

1. The theory makes managers realise that equity motive tends to be one of the most important motives of the people in the organization.
2. This theory is based on the principle of "equal work".
3. Feeling or perceptions in work setting are important factor in work setting.

**Difficulties in applying this theory are,**

1. It is difficult to assess the perception/ misperception of people about inputs/ outcomes relationships.
2. Equity is a matter of comparison. The process by which the person decides whom to compare himself with is not clearly understood.
3. Equity theory does not specify the actions which a person will take to re-establish equity if he perceives inequity.

### 3.6.2.5 Attribution Theory of Motivation

**Q26. Write about attribution Theory of Motivations.**

*Ans. :*

#### **Attribution**

In psychology, the word '**attribution**' refers to the inference made about the causes behind an event or behavior. If a car drives by you at the same time you hear a loud backfire, you are likely to infer that the sound came from the car; the sound's attribution is the car. Likewise, if a child performs better at a sporting event when his or her parents are in attendance, the improved performance is attributable to the parent's presence.

#### **Motivation**

**Motivation** is the psychological stimulus that directs people to act in a certain way to achieve their individual goals. **Bernard Weiner** stated it more succinctly when he wrote, "Motivation is the study of why people think and behave as they do." Although many theories on motivation exist, Weiner focused on the link between motivation and behavior attribution.

#### **Weiner's Attribution Theory of Motivation**

Weiner's **attribution theory** states that an individual's causal attributions of achievement affect subsequent behaviors and motivation. One of the primary assumptions of attribution theory is that people will interpret their environment in such a way as to maintain a positive self-image.

No one wants to be the bad guy, and assigning attribution is one of the ways that people seek to see themselves in a more positive light. By blaming other people and avoiding personal recrimination, individuals strive to keep a positive self-image. If people believe they are responsible for bad outcomes, they are less motivated to repeat their behaviors. By shifting blame, people avoid accountability and therefore feel able to repeat the same behaviors.

As an example, imagine a thief who breaks into a home and commits a burglary. If the thief sees himself as a 'bad person,' he will feel remorse and be less likely to repeat the behavior. However, if the thief can blame his actions on society and believe he is entitled to steal, then he is more motivated to perform additional burglaries.

According to attribution theory, people tend to explain success or failure in terms of three types of characteristics: **locus of control**, **stability**, and **control**.

## Short Notes

### 1. Personality

The term personality has been derived from Latin word 'personare', which means 'to speak through'. Thus personality is used in terms of influencing others through external appearance. Sum total of ways in which an individual reacts and interacts with others.

**According to Gordon Allport**, "Personality is the dynamic organization within the individual of those psychophysical systems that determine his unique adjustments to his environment."

**According to Ruh**, "Personality should include

- i) External appearance and behavior or social stimulus value;
- ii) Inner awareness of self as a permanent organizing force; and
- iii) The particular pattern of organization of measurable traits, both inner and outer."

### 2. Significance of Personality

Personality factors are extremely important in organizational settings. Often the 'wrong' kind of personality causes undesirable tensions and worries in organizations.

The costs of such tensions and worries are enormous when we interpret them from the point of view of employee-employer relations, peer relations and superior-subordinate relations. Sometimes, personality difficulties are the root cause of strikes, and often lead to turnover and job dissatisfaction. A consideration of personality differences of focal persons is important for at least three reasons:

- i) Some people arouse hostility and aggression in their associates while others invoke sympathy and supportive responses because of their personality features. Otherwise, some people encourage while others discourage free

and open communication in view of their personality traits as perceived by their subordinates and associates.

- ii) Personality characteristics tend to produce differential emotional reactions to stress. Some people tolerate severely stressful situations while others are overwhelmed with tensions and anxieties under similar circumstances.
- iii) Individual personalities lead to individual differences in styles of coping with stress.

### 3. Super Ego

The super ego represents societal and personal norms and serves as an ethical constraint on behavior. It can best be described as the conscience. The super ego provides norms to ego to determine what is wrong or right. However, a person is not aware of the working of the super ego, and conscience is developed by absorption of cultural values and norms of the society.

Freud theorized that there are four universal stages of psycho-sexual development which are decisive in the formation of personality. These stages are: oral, anal, phallic and genital. The first three stages of development extend from birth to five years and are called pregenital stages since the genital zones of the body have not attained a dominant role in personality development.

### 4. Jungian Personality Types

Carl Jung of Zurich was a contemporary and colleague of Freud. He had undertaken systematic investigations of the unconscious dynamics with the association test. He had given more attention to the question of personality type in the association test. Based on the typology of the personality, he had grouped them into two fundamental types:

- i) Extrovert
- ii) Introvert

The Extrovert was very much interested in building a social relationship. While the introvert was found to be pre-occupied with his own inner world of fantasy and body activity and was relatively incapable of outgoing social interactions. This conception was further elaborated by going for a subdivision of the mental operation into four fundamental activities:

- i) Sensing
- ii) Feeling
- iii) Thinking
- iv) Intuiting

These four psychological functions of 'grouping personality' are very often used for gathering and evaluating information. According to Jung, individuals are strong either in 'sensation' or 'intuition' while gathering information, and while evaluating the information they are strong either in 'thinking' or 'feeling'.

## 5. Personality Traits

The "Big Five" personality traits have been identified after personality experts condensed the innumerable personality traits described over the years. The Roget's Thesaurus and Webster's Dictionary also contains thousands of words representing personality characteristics.

All such words were arranged into 171 clusters and then, using sophisticated techniques were reduced to five dimensions. These five dimensions include extraversion, agreeableness, conscientiousness, emotional stability and openness to experience.

- i) **Extroversion** : This trait reflects talkativeness, assertiveness, being sociable and open to establishing new relationships. Such extroverts possess a comfortable tendency with relationship, the opposite of this represents introversion.
- ii) **Agreeableness** : Refers to person's ability to get along with other people. Such people prefer harmony and does

not stick to their say. They are cooperative and trust others.

- iii) **Conscientiousness** : A person with high conscientious nature tends to focus on few goals at one time. He is likely to be organised, systematic, careful, thorough, responsible, self discipline and achievement oriented. Whereas one who is focussing on many goals at one time is of low conscientious in nature. He is disorganized, careless, irresponsible, less thorough and less self-disciplined.
- iv) **Emotional Stability** : This is the ability to cope with stress. A positive emotionally stable person tends to be calm, enthusiastic and secure. A less stable person tends to be nervous, depressed and insecure.
- v) **Openness** : People with high levels of openness tends to be interested and impressed by novelty and innovation. They are willing to listen to new ideas and chance their own ideas, beliefs and attitudes in response to new information. Thus, this represents a person's range of interests. People with low level of openness tend to have few interests, less curious, less creative and less receptive to new ideas.

## 6. MBTI Inventory

The Myers-Briggs Type Indicator (MBTI), developed by Isabel Briggs Myers and her mother, Katharine Cook Briggs, is a well known and widely used personality inventory based on the psychological theories of Carl Gustav Jung. It is often used as a tool for discovering and understanding different normal human personalities and can be utilized in a variety of applications such as academic counseling, career development, conflict resolution, leadership training and relationship counseling, just to cite a few.

However, it should be noted that MBTI is not a test as there are no right or wrong answers and it does not reveal everything about oneself.

**7. Stereotyping**

Stereotypes are generalisations or assumptions that people make about the characteristics of all members of a group based on an image (often wrong) about what people in that group are like. Stereotyping affects managerial decision-making. For example, Suresh, who is a salesman, is very quiet and reserved. His sales record is, however, one of the best in the company. But his manager rated his performance lower than that of other sales people since he did not fit the mould, ignoring the results that Suresh had produced.

**8. Kelly's Personal Construct Theory**

Kelly's theory of personal constructs does not just consider personality development; it considers the whole person in terms of their perceptions, attitudes and goals. For Kelly, personality is the individual's way of construing and experimenting with their world. Kelly was critical of separating the study of personality apart from the 'whole' person,

The castrating effect of separating personality off as a mini-psychology in its own right is perhaps best seen in the curiously named study of 'individual differences', which in fact turns out to be the study of group sameness. As a result we have focused on the establishment of general dimensions, at some point along which all individuals can be placed, rather than on a study of the dimensions which each individual develops in order to organise his own world.

For Kelly it was critical to take data from one individual person (idiography) and to employ a technique which could cope with the qualitative nature of the data to be collected. He developed the *Repertory Grid* which was able to measure an individual's construct of the world. Kelly was thus able to employ a clear and valid measure within an idiographic approach. This was an important advance in idiographic techniques and the repertory technique has become increasingly important

as a research tool. It enables the person to use his/her own constructions of the world but in such a way that they are comparable and measurable.

**9. Motivation**

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour can be:-

- Desire for money
- Success
- Recognition
- Job-satisfaction
- Team work, etc

One of the most important functions of management is to create willingness amongst the employees to perform in the best of their abilities. Therefore the role of a leader is to arouse interest in performance of employees in their jobs.

**10. Types of Motivation****i) Negative Motivation**

It is based on force or fear, i.e., workers can be threatened with demotion, dismissal, lay-off, pay cut etc. Negative motivation results in disloyalty to the group as well as to organization.

**ii) Positive Motivation**

It is based on reward. It is a process of attempting to influence others to do your will through the possibility of gain or reward.

**iii) Extrinsic Motivation**

Increase in wages, retirement benefits, rest periods, holidays, health wages, health insurance and the like are the examples of extrinsic motivation. Extrinsic motivation is available only after the completion of job.

**iv) Intrinsic Motivation**

Intrinsic motivation is available at the time of performance of work. These motivations provide a satisfaction during the performance of the work itself. Praise, recognition, power, delegation of authority and responsibility, competition and participation in the decision-making process are some of the examples of intrinsic motivation.

**v) Financial Motivation**

Financial motivation is directly or indirectly associated with money, wages, salaries, bonus, profit-sharing, paid vacation, retirement benefits, free-medical service are some of the financial motivations.

**vi) Non-financial Motivation**

These are not associated with monetary rewards. Praise, job rotation, delegation of authority and responsibility, participation, recognition and power are some of the examples of non-financial motivation.

**11. Equity Theory**

Equity theory of work motivation is based on social exchange process. Adams has crystalised it in a more formal way. This theory suggests that people are motivated to maintain fair relationship between their performance and reward in comparison to others.

The assumptions of this theory are,

Individuals make contributions (inputs) for which they expect certain rewards (outcomes) individuals decide whether or not, a particular exchange is satisfactory, by comparing their inputs and outcomes with those of others and try to rectify any inequality.

Exchange relationship between a person's input / outcomes in relation to those of other persons may be of three types. Over paid inequity, under paid inequity and equity.

**12. Attribution Theory of Motivation****Attribution**

In psychology, the word '**attribution**' refers to the inference made about the causes behind an event or behavior. If a car drives by you at the same time you hear a loud backfire, you are likely to infer that the sound came from the car; the sound's attribution is the car. Likewise, if a child performs better at a sporting event when his or her parents are in attendance, the improved performance is attributable to the parent's presence.

**Motivation**

**Motivation** is the psychological stimulus that directs people to act in a certain way to achieve their individual goals. **Bernard Weiner** stated it more succinctly when he wrote, "Motivation is the study of why people think and behave as they do." Although many theories on motivation exist, Weiner focused on the link between motivation and behavior attribution.

## Objective Type

### I. Fill in the Blanks

1. Personality trait \_\_\_\_\_.
2. MBTI stand for \_\_\_\_\_.
3. Perceptual errors \_\_\_\_\_.
4. Determinent of personality \_\_\_\_\_.
5. Multidivisional design is one of the \_\_\_\_\_ type of organisational designs.
6. Type of planning \_\_\_\_\_.
7. Nature of motivation \_\_\_\_\_.
8. Importance of delegation of authority \_\_\_\_\_.
9. Theory of motivation \_\_\_\_\_.
10. Type of motivation \_\_\_\_\_.

### Answers

1. Emotional stability
2. Myers-Briggs Type Indicator
3. Stereotyping
4. Cultural factor
5. Traditional
6. Strategic planning
7. Un-ending
8. Effective management
9. Equity
10. Negative

### II. Choose the Correct Answer

1. Theory of motivation [a]  
(a) Maslow's (b) Game theory  
(c) Classical (d) All
2. Theory of personality [a]  
(a) Freudian theory (b) Operational theory  
(c) Standing theory (d) Strategic theory

- 
- |     |   |                  |
|-----|---|------------------|
| 3.  | BBTI developed by                       | (b)              |
|     | (a) Kotler                              | (b) Myers-Briggs |
|     | (c) Stantom                             | (d) All          |
| 4.  | Nature of perception                    | [a]              |
|     | (a) Mental process                      | (b) Informal     |
|     | (c) Strategic                           | (d) Single       |
| 5.  | Element of strategic planning process   | [a]              |
|     | (a) SWOT analysis                       | (b) Cooperation  |
|     | (c) Combination                         | (d) Integration  |
| 6.  | Factors of perception                   | [a]              |
|     | (a) Perceiver                           |                  |
|     | (b) Matrix systems                      |                  |
|     | (c) Matrix culture and matrix bahaviour |                  |
|     | (d) All                                 |                  |
| 7.  | Herzberg two factors theory of          | [a]              |
|     | (a) Motivation                          | (b) Leadership   |
|     | (c) Perception                          | (d) All          |
| 8.  | Elements of perception process          | [a]              |
|     | (a) Action                              | (b) Nature       |
|     | (c) Learning                            | (d) Matrix       |
| 9.  | Motivation type                         | [a or b]         |
|     | (a) Positive                            | (b) Negative     |
|     | (c) Unethical                           | (d) None         |
| 10. | Component of Porter and Lawler model    | [a]              |
|     | (a) Ability                             | (b) Goal         |
|     | (c) Both (a) and (b)                    | (d) Only (b)     |

# UNIT IV

Models of OB – Autocratic, Custodial, Supportive, Collegial and System Models, Transactional Analysis, Johari Window. Group Dynamics: Typology of Groups – Conflicts in groups – The nature of conflict – Reactions to conflict – A model of conflict. Trait and Behavioral Approaches to Leadership, Managerial Grid, Path-Goal Theory, Vroom's Decision Tree Approach to Leadership – Hersey and Blanchard Model.

## 4.1 ORGANIZATIONAL BEHAVIOUR

**Q1. What do you understand by Organizational Behavior.**

*Ans :*

Organizational Behavior is so important matter for an organization to operate their business. We know every organization their ultimate target is to maximize profit by satisfying customers need, want and demand successfully. If any organization wants to do business for long time they must have to organize their business organization to compete in a high competitive global market. That's why the management of any organization is very sincere to operate their employees in a dynamic way.

Organizational behavior is a field of study that investigates the impact that individuals, groups and structures have on behavior within an organization for the purpose of applying such knowledge towards improving an organization's effectiveness.

### Definitions of OB

The term 'organizational behavior' is defined by "**Stephen P Robbins**" as "a field of study that investigates the impact of individuals, groups and structures on behavior within organizations for the purpose of applying such knowledge towards improving an organization's effectiveness".

**Keith Davis** defined "Organizational Behavior is the study and application of knowledge about how people as individual or as groups act within organizations."

"Organizational behavior is the understanding, prediction and management of human behavior in organizations".

– **Fred Luthans**

## 4.1.1 Nature of Organisation Behaviour

**Q2. Explain the nature of Organizational Behavior.**

*Ans :*

- 1. Integral Part of Management :** Organisational behaviour is a part of general management and not the whole of management. It represents behaviour approach to management. It is significant to note that because of the importance of human behaviour in organisations, OB has assumed the status of a distinct field of study.
- 2. Field of Study :** Organisational behaviour is a field of study backed by a body of theory, research and application associated with a growing concern for people at the workplace. Its study helps in understanding the human behaviour in work organisations. It inculcates creative thinking among the managers to solve human problems in organisations.
- 3. Inter-Disciplinary Approach :** The field of organisational behaviour is heavily influenced by several other behaviour sciences and social sciences. The prominent among these are psychology, sociology and anthropology. Organisational behaviour draws a rich array of research from these disciplines. What makes it a field in its own right is the attempt to integrate various aspects and levels of behaviour.
- 4. Analysis of Behaviour :** Organisational behaviour involves three levels of analysis of behaviour - individual behaviour, group behaviour and behaviour of the organisation itself. It helps in demolishing 'incorrect' assumptions one may hold about behaviour. It provides a rational thinking about people.

5. **Goal-Oriented** : Organisational behaviour is an action-oriented and goal-directed discipline. The major goals of organisational behaviour are to understand, explain and predict human behaviour in the organisational context so that it may be moulded into result-yielding situations.
6. **Human Tool** : OB is a human tool for human benefit. It helps in understanding and predicting the behaviour of individuals. It provides generalisations that managers can use to anticipate the effects of certain actions on human behaviour.
7. **Science and Art** : Organisational behaviour is both science as well as an art. The systematic knowledge about human behaviour is a science. The application of behavioural knowledge and skills clearly leans towards being an art. However, organisation behaviour is not an exact science like physics or chemistry. It cannot provide specific answers to all organisational problems. The exact prediction of behaviour of people in organisations is also not possible. It is possible to predict relationships between variables on a broad scale, but it is difficult to apply predictive models in all situations.
8. **Fulfilment of Employees' Needs** : Organisational behaviour seeks to fulfil employees' needs and aspirations. Every employee in the organisation wants to fulfil his needs through organisational activities. It is the organisation's responsibility to provide congenial climate in the organisation so that people may get need satisfaction and the organisation may attain its objectives. Thus, both organisation and individuals can be benefited by each other.
9. **Humanistic and Optimistic** : Organisational behaviour focuses the attention of people from humanistic point of view. It is based on the belief that needs and motivation of people are of high concern. There is an acceptance of the value of the individual as a thinking, feeling being, and without these considerations the organisations may not be fully operational as a social entity. Further, there is optimism about the innate

potential of man to be independent, creative, productive, and capable of contributing positively to the objectives of the organisation. The man will actualise these potentials if given proper conditions and environments.

10. **Oriented Towards Organisational Objectives**: OB, being an applied science and emphasising human aspect of the organisation, is oriented towards organisational objectives. Though an organisation may have several objectives and sometimes conflicting with individual objectives, it should not be understood that OB only emphasises the achievement of individual objectives at the cost of organisational objectives. In fact, OB tries to integrate two types of objectives so that both are achieved simultaneously. For this purpose, it suggests various behavioural approaches.
11. **Total Systems Approach** : Organisational behaviour is a total systems approach wherein the living system of an organisation is viewed as an enlargement of a man. The systems approach is an integrative approach which takes into account all the variables affecting organisational functioning.

#### 4.1.2 Goals of Organizational Behavior

#### Q3. What are the Goals of Organizational Behavior ?

*Ans :*

There are some goals of organizational behavior which are as follows:

1. **Describe** : The first goal is to describe, systematically how people behave under a variety of conditions. Achieving this goal allows managers to communicate about human behavior at work using a common language.
2. **Understand** : A second goal is to understand any people behave as they do. The managers would be frustrated if they could talk about behavior of their employees, but not understand the reasons behind those actions.

3. **Predict** : The managers would have capacity to predict which employees might be dedicated and productive or which ones might have absent, cause problem. And thus the managers could take preventive actions.
4. **Control** : The final goal of OB is to control and develop some human activity at work. Since managers are held responsible for performance outcome, they are vitally interested in being able to make an impact on employee behavior, skill development, team effort, and productivity. Managers need to be able to improve results through the actions they and their employees take, and organizational behavior can aid them in their pursuit of this goal.

#### 4.1.3 Elements of Organizational Behavior

##### Q4. What are the elements of Organizational Behavior.

*Ans :*

Organizations operate their functional activities by some elements, which affect organizations.

1. **People** : People make up the internal social system in the organization. They consist of individuals and groups. Groups may be large or small, formal and informal, official or unofficial. Human organization changes every day. People are living, thinking and feeling beings that created the organization and try to achieve the objectives and goals.
2. **Structure** : Structure defines the formal relationship and use of people in the organization. Different people in an organization are given different roles and they have certain relationship with others. Those people have to be related in some structural way so that their work can be effectively coordinated.
3. **Technology** : The technology imparts the physical and economic conditions within which people work. With their bare hands people can do nothing. So they are given assistance of building, machines, tools, processes and resources. The nature of technology depends very much on the nature of the organization, influences the work or

working conditions.

4. **Social System**: Social system provide external environment within which organization operates. A single organization can not exist alone. It is a part of the whole. A single organization can not give everything and therefore there are many other organizations. All these organizations influence each other.

#### 4.1.4 Levels of Organizational Behavior

##### Q5. What are the three levels of OB?

OR

**Explain the levels of analysis in organisational behaviour.**

*Ans :*

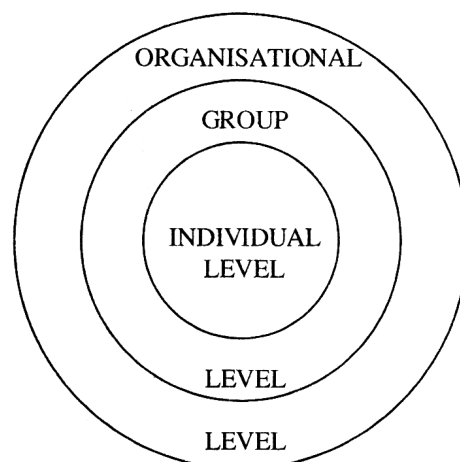
##### Levels of OB

There are three levels of Organisational Behaviour (OB). They are,

1. Individual level
2. Group level
3. Organisational level.

Each level consists of some factors which influences the behaviour of individuals, group and organisation. All these factors have to be assessed properly in order to understand the complete organisational behaviour.

The following figure depicts the three levels of OB.



### 1. Individual Level

At individual level, characteristics of individuals effect their behaviour. Characteristics of individuals such as personality, ability, perception, creativity, motivation, feelings etc., influences their behaviour. An individuals job performance, job satisfaction, his/her interaction with the colleagues at work place, etc., depends upon the characteristics of an individual. Few essential characteristics of individual which needs to be assessed at individual level for understanding and managing organisational behaviour include:

- (i) Personality and ability.
- (ii) Work values, attitudes, moods and emotions.
- (iii) Perception, Attribution and the diversity management.
- (iv) Learning and creativity.
- (v) Motivation, stress and work-life balance.
- (vi) Pay, careers and changing employment relationships.

### 2. Group Level

A group consist of more than two people who interact among themselves for the attainment of their goals. A 'team' may be defined as a group of people working collectively towards attainment of common goals. "Virtual team" is a group of people doing collective work through electronic means. Virtual team members may/may not have face to face interaction with one another.

The characteristics and processes of team influences organisational behaviour which is very essential for understanding such influences. Such characteristics influences both group individual behaviour. Apart from characteristics, processes like - Communication, decision making and leadership also have profound influence on the group behaviour.

### 3. Organisational Level

At organisational level, characteristics of the organisation will have a significant impact on the individual as well as group behaviours.

Organisation design, organisation structure, organisation culture etc., are the characteristics of the organisation. How employees of the organisation interact with one another within the organisation and how they interact with external parties (i.e., with suppliers, customers, channel members) depends upon the culture of the organisation. An organisation structure is designed to motivate employees towards work and to coordinate their activities in such a way that such coordination leads to high performance levels in an organisation.

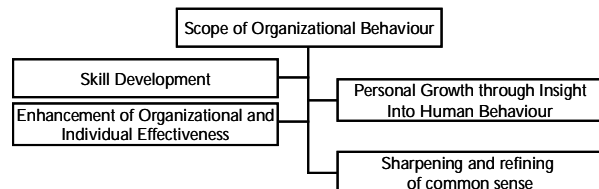
Thus, all the three levels (i.e., individual level, group level and organisational level) have to be assessed properly in order to understand and manage Organisational Behaviour (OB).

#### 4.1.5 Scope of Organizational Behavior

##### Q6. Explain the scope of Organizational Behavior.

*Ans :*

Scope of organisational behaviour covers various areas which are as follows:



#### 1. Skill Development

An essential requirement for entering into, surviving, and succeeding in the modern workplace is to have the appropriate skills. A person needs both skills related to his or her discipline and generic skills such as problem-solving and dealing with people. The study of organisational behaviour contributes directly to these generic skills.

Organisational behaviour skills have gained in importance in the modern workplace. A relevant example is that many CIOs (Chief Information Officers) now need information technology professionals to get more involved in business concerns, to

interact with other departments, and to communicate more effectively with colleagues. Soft skills such as business insight, communication, leadership, and project management become more important as specialists such as information technology professionals get more involved in the overall business. A survey of 1420 CIOs found that 53 per cent of these managers offered information technology employees training in areas outside of technology.

## 2. **Personal Growth through Insight into Human Behaviour**

As explained by Robert P. Vecchio, an important reason for studying organisational behaviour is the personal fulfilment gained from understanding others. Understanding fellow human beings can also lead to enhanced self-knowledge and self-insight. For example, while studying what motivates others, person may gain an understanding of what motivates him.

## 3. **Enhancement of Organisational and Individual Effectiveness**

A major benefit from studying organisational behaviour is that it provides information that can be applied to organisational problems. An important goal of organisational behaviour is to improve organisational effectiveness - the extent to which an organisation is productive and satisfies the demands of its interested parties. One visible example is the widespread use of teams in the workplace. Certainly, organisational behaviour specialists did not invent teams.

Understanding organisational behaviour also improves organisational effectiveness because it uncovers factors that contribute to or hinder effective performance. Among these many factors are employee motivation, personality factors, and communication barriers. Furthermore, an advanced understanding of people is a major contributor to managerial success. This is especially true because so much of a manager's job involves accomplishing tasks through people.

Organisational behaviour also contributes insights and skills that can

enhance individual effectiveness. If a person develops knowledge about subjects such as improved interpersonal communication, conflict resolution, and teamwork, he or she will become more effective. A specific example is that knowledge about organisation behaviour can contribute to high performance.

## 4. **Sharpening and Refining of Common Sense**

Studying organisational behaviour is relevant to managers, because the managerial job involves dealing with people, and one cannot learn that through a book. However logic such an opinion might sound, common sense is not an adequate substitute for knowledge about organisational behaviour. This knowledge sharpens and enlarges the domain for common sense. It markedly reduces the amount of time necessary to learn important behaviour knowledge and skills, much as law school reduces the amount of time that a person in a previous era would have had to spend as a law apprentice.

One can know through common sense that giving recognition to people is generally an effective method of motivating them toward higher performance. By studying organisational behaviour, however, one might learn that recognition should be given frequently but not every time somebody attains high performance. One might also learn that the type of recognition one gives should be tailored to the individual's personality and preferences. For example, some people like flamboyant praise, while others prefer praise focused tightly on the merits of their work. Formal knowledge thus enhances individual effectiveness.

### 4.1.6 **Importance of Organizational Behavior**

#### **Q7. What is the importance of Organizational Behavior.**

*Ans :*

Studying organizational behavior benefits in several ways. It guides us in understanding

organizations that affect our lives. Organizations comprise human resource and OB helps in optimum utilization of this resource. Individuals differ in physical strength, skills, executive skills, organizing abilities, perceptions, social backgrounds etc. OB helps in understanding individuals and using their qualities to achieve organizational goals.

The following points highlight the importance of organizational behavior :

### 1. Organizational Life

Organizational behavior involves scientific research that helps us to understand the organizational life. It can also identify various complex factors influencing the decisions and actions of individuals in an organization. It is not a pure science. Yet, it helps in predicting behaviors of individuals in an organization to some extent.

### 2. Control Organizational Events

With organizational behavior we can control organizational events. Understanding organizational life enables us to understand the cause and effect relationships in organizational events. Understanding causes helps us control effects. Thus, using the behavioral theories and concepts in OB, we can influence the organizational events.

### 3. Interpersonal Relationship

OB helps individuals in understanding themselves and their peers OB enables individuals understand attitudes, perceptions, leadership skills, motivation sources, communication etc. Once individuals understand these issues, their behavior changes consequently an conflicts will be reduced.

### 4. Industrial relations

True that deficiencies in working conditions or inefficiencies of employees stress industrial relations. Nevertheless, often, conflicts among management, employees and trade unions arise due to the indifference management shows to trade unions or other such personal aspects. Theories and concepts in OB lay the foundation for resolving such disputes in industrial relations.

### 5. Aids Delegation

OB facilitates managers in getting things done. When a manager knows his employees, their motivation, goals, leadership skills etc., he can delegate the work accordingly and get better results. Right work will be good to the right person. For example, a potential employee lagging behind because of monotonous work could be given a challenging task and be motivated to work.

### 6. Organizational Efficiency

Successful manager is expected to have "people skills" to improve efficiency of an organization as a whole. Individuals pursuing careers in management therefore are keen in learning organizational behavior that would contribute to the organizational efficiency.

### 7. Aids Marketing

In marketing, OB helps in understanding consumer behavior, evaluating responses, innovation of products etc. It helps marketing managers understand the social and individual phenomena contributing to the overall marketing process.

### 8. Change Management

Organizations today are marked by growing information technology, benchmarking performances and other changes in the economy like organization, liberalization etc. The impact of these changes that can be seen in the form of diversity in human resources in organizations highlights the importance of OB.

### 4.2 MODELS OF OB

#### Q8. Define 'organisational behaviour' with special reference to its different models.

July-2010, Q.No. 2(b)

OR

Define 'organisational behaviour'. Outline the various models of organisational behaviour.

Ans :

Dec.-2008, Q.No. 1(b)

#### Models of Organisational Behaviour

Organisations differ in the quality of the systems they develop and maintaining and in the

results they achieve. Varying results are substantially caused by different models of organisational behaviour. These models constitute the belief system that dominates management's thought and affects management's actions in each organisation. Therefore, it is highly important that managers recognise the nature, significance, and effectiveness of their own models, as well as the models of others around them. Four models of organisational behaviour are as follows:

### 1. Autocratic Model

**"Might is right" is the motto of the theory. It depends upon power: Those who are in command must have power to demand.** Main features of the autocratic model are given as below:

- i) **Only Management Decides Right or Wrong:** Employees are to follow their boss otherwise they are penalised. The theory is based on the assumption that only management knows what is wrong and what is right and employees are to follow orders without any argument. Management thinks that employees are passive and resistant to organisational needs. It is just like theory X developed by McGregor.
- ii) **Obedient Orientation of Employees:** Under autocratic conditions the employee orientation is obedience to a boss, rather than respect for a manager. The psychological result for employees is dependence on their boss, whose power to hire, fire, and "perspire" is almost absolute. The boss pays minimum wages because minimum performance is given by employees. They are willing to give minimum performance - though sometimes reluctantly - because they must satisfy subsistence needs for themselves and their families.
- iii) **Useful Approach:** The autocratic model was an acceptable approach to guide managerial behaviour when there were no well-known alternatives, and it still can be useful under some conditions, where situation are different.

### 2. Custodial Model

**Workers being managed under the autocratic model often feel insecurity and frustration:** They may even show aggression towards their boys, their families and neighbours. That is why progressive managers felt that there must be some way to develop better employee relationships so that insecurity and frustration could be dispelled. Main features of the custodial model are given below:

- i) **Employee Dependence on the Organisation :** The custodial approach leads to employee dependence on the organisation. Rather than being dependent on their boss for their weekly bread, employees now depend on organisations for their security and welfare.
- ii) **Emphasises Rewards :** The model emphasises economic reward, security, organisational dependence, and maintenance factors.
- iii) **Promotes Employee Satisfaction :** Employees working in a custodial environment become psychologically preoccupied with their economic rewards and benefits. As a result of their treatment, they are well maintained and contented. However, contentment does not necessarily produce strong motivation; it may produce only passive cooperation. The result tends to be that employees do not perform much more effectively than under the old autocratic approach.

### 3. System Model : This model is based on trust, self-motivation, and the performance results will be more than expected, because employees will be committed to do their tasks as expected, and as well as organizational goals.

After we explained the models in brief we would like to inform you that the world nowadays requires from us necessary steps before we decide the best model to have for an each organization. One of the most

important things to consider is that managers and leaders should clearly understand the nature of their organizations before making any decision. Also, they have to consider and look at the changing in the environment and of course the employee's needs so that they can have the best model to use to get a better result.

#### 4.2.1 Differences between Models of Organisational Behaviour

##### Q9. What are the Differences between Models of Organisational Behaviour ?

*Ans :*

	<b>Autocratic</b>	<b>Custodial</b>	<b>Supportive</b>	<b>Collegial</b>
Basis of model	Power	Economic resources	Leadership	Partnership
Managerial orientation	Authority	Money	Support	Teamwork
Employee orientation	Obedience benefits	Security and performance	Job behaviour	Responsible
Employee psychological result	Dependence on boss	Dependence on organisation	Participation	Self-discipline
Employee needs met	Subsistence	Security	Status and recognition	Self-actualisation
Performance result	Minimum	Passive cooperation	Awakened drives	Moderate enthusiasm

#### 4.3 TRANSACTIONAL ANALYSIS

##### Q10. Write about transactional analysis.

*Ans :*

Transactional analysis refers to a method of analyzing and understanding interpersonal behavior when people interact. There is social transaction in which one person responds to another. The study of these transactions between people is called transactional analysis.

##### Components of Transactional Analysis

Transactional analysis involves analysis of awareness, ego states and life positions.

1. **Analysis of Awareness :** Self' is the core of personality pattern which provides interaction. It describes the self in terms of image, both conscious and unconscious.
2. **Ego States :** Another aspect of self is the ego states of persons, an important aspect of transactional analysis. People interact with each other in terms of three psychological positions, or behavioral patterns, known as ego states. Thus, ego states are a person's way of thinking, feeling and behaving at any time. These ego states are parent, adult and child. These have nothing to do with the chronological age of the persons, rather they are related with the behavioral aspects of age.
  - i) **Parent Ego :** The parent ego state incorporate the attitude and behaviors of all emotionally significant people who serve as parent figure when an individual was a child. The value and behavior of these people are recorded in the mind of the individual and these become the basic value of the personality. Characteristics of a person acting with the parent ego include being over protective, distance, dogmatic, indispensable and upright.

Physical and verbal clues that someone is acting with the parent ego included the wagging finger to show displeasure, reference to laws and rules and reliance one way that were successful in the past.

- ii) **Adult Ego** : Adult ego state is based upon reasoning, seeking and providing information. Person interacting with adult ego views people as equal, worthy and responsible human beings. It is based on rationality, the adult is characterized by logical thinking and reasoning. This ego state can be identified by verbal and physical signs which include thoughtful concentration and factual discussions.
  - iii) **Child Ego** : Characteristics of child ego include creativity, conformity, depression, anxiety, dependence, fear and hate. Physical and verbal clues that person is acting in the child ego is silent competence, attention seeking, temper tantrums, giggling and coyness. The child ego is characterized by non-logical and immediate actions which result in immediate satisfaction.
3. **Life Positions** : The individuals behavior towards others is largely based on specific assumptions that are made early in life. In childhood, a person develops from experience, a dominant philosophy. Such philosophy is tied into his identity, sense of worth and perception of other people, this remains with the person for life unless major experiences occur to change it. Such positions are called life positions, psychological positions.

#### Advantages of Transactional Analysis

Advantages of TA can be summarised as follows:

1. **Inter-personal Effectiveness**: TA improves interpersonal relationship by providing understanding of ego states of persons involved in interaction. The managers may be able to identify the ego states from which both parties are interacting. A better understanding of themselves and of other

persons will make them more comfortable, confident and effective. The improved interpersonal relations will bring effectiveness to the organisation.

2. **Organisation Development**: TA can help in organisation development process. Jongeward has identified the role of TA in six areas of organisation development such as :
  - i) To maintain adult-adult transactions,
  - ii) To give an OK to the natural child,
  - iii) To identify quickly crossed transactions,
  - iv) To minimise destructive game playing,
  - v) To maximise intimacy, and
  - vi) To develop supportive systems, policies, and work environment.
3. **Conflict Resolution**: There are several natural connections between TA and the approaches to resolving conflict. The parent Ego State may lead to the use of a forcing strategy, while the Child State may smooth over conflicts or try to avoid them. The "I am OK, you are OK" person is more likely to seek a win-win outcome, applying the adult ego state and a confrontational strategy. Once more, the relationship among a number of behavioural ideas and actions is apparent.
4. **Executive Development**: TA is a technique of executive development. It is used in business as a way to enhance the skills of the managers to cope with problems and deal more sensibly and effectively with employees. However, TA could not guarantee panacea of all human relation problems in organisations.

#### Disadvantages of Transactional Analysis

1. **Difficult to Understand**: It is difficult to understand ego states and transactions between people in practice particularly for the less educated people.
2. **Encourage Amateur Psychologising**: TA tends to encourage "amateur psychologising" if applied without sufficient training. TA jargons may lead to more "cuteness" than insight into human encounter.

3. **Tool of Manipulation:** TA can be used as a put down in interpersonal relations. Some people might use this tool to manipulate the behaviour of others as in case of ulterior transactions.
4. **Not Supported by Scientific Findings:** Very; few scientific studies are available to support the effectiveness of transactional analysis in practice.

#### 4.4 JOHARI WINDOW

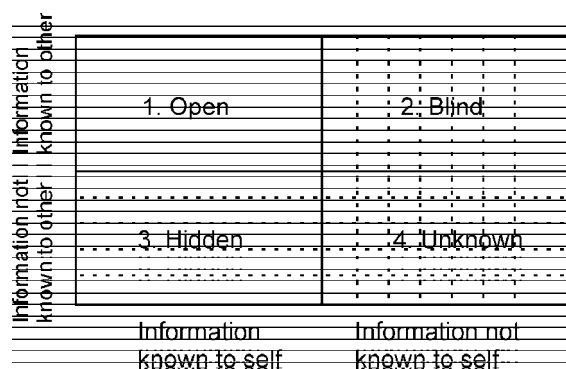
##### Q11. Write about Johari window.

*Ans :*

The Johari Window is a conceptual model for studying interpersonal awareness. It was developed by **Joseph Luft** and **Harrington Ingham**. It is a schematic model that shows how people expose themselves to others and receive feedback from others in their interpersonal relationships. The Johari window diagram (named by combining the first few letters of their names) looks like this.

**Joseph Left** and **Harrington Ingham** have developed a diagram that gives to look at what one is conscious in one's social life.

The Johari Window diagram is given below.



**Fig.: Johari Window**

This model is made up of 4 different quadrants that together represent total persons in relation to others on the basis of awareness of behavior, feelings and motivation.

- i) **The Open Self :** The open quadrant refers to states about an individual such as behaviors, feelings and motives that

he knows and is willing to share with others. Sometimes, in a relationship the individual is straight forward open and sharing. It is clear to both what is doing, how he is feeling and what his motives are.

- ii) **The Blind Self :** The blind quadrant refers to states about an individual known to others but not known to him. Often such blind behavior is copied by the individual from significant people unconsciously right since the childhood. Because such behavioral is copied unconsciously, people may not be aware about it.

We may speak in certain way with a tone of voice and don't look on our face, but other people are actually aware of it. In fact, our manner can effect how they perceive us and they believe they can interact with us.

- iii) **The Hidden Self :** The hidden quadrant refers to state about the individual known to him but not known to others. This is private and only the person concerned knows what is happening. The hidden self is within the vision of the individual but he does now want to share with others. People learn to hide many feelings and ideas right from their childhood.

- iv) **The Unknown Self :** The unknown quadrant refers to state that neither the individual nor other people know about him. Many times motives and feelings go very deep and no one, including the person concerned, knows about these.

#### Advantages of Johari Window

Various advantages of Johari Window are as follows :

1. Johari Window exercise can ensure that multiple perspectives are considered when prioritising the findings of self need assessment.

2. Results of a Johari Window exercise can help to communicate with others when prioritising needs and identifying appropriate interventions.
3. Individual can use the Johari Window exercise to expand on the finding of the needs assessment to also include information on what preferences differing groups may have on what should be done in response to identified needs.
4. Johari window can be used as a self assessment tool to increase individuals' understanding of themselves. This may be an exploration of the skills they possess or their personal and professional characteristics.
5. As an aid to personal and professional development, the Johari Window encourages reflection - enabling individuals and teams to consider strengths and weaknesses not only from their own point of view but from their managers', colleagues' and customers' perspectives.
6. As well as being used by individuals, the Johari Window can be applied by a group to identify team skills and characteristics.

#### Disadvantages of Johari Window

Various disadvantages of Johari Window are as follows :

1. Johari Window technique can be more limited than other tools or techniques (e.g., SWOT or brainstorming) for generating ideas about what to do next.
2. No one should feel obliged to reveal anything about them; they do not feel comfortable in sharing. Although individual may be led to believe that self-disclosure is healthy and can lead to increased trust within a group, inappropriate self-disclosure has its dangers. Individuals are often better off not telling others about their innermost personal secrets (or professional disasters).
3. When encouraging feedback from others, it is important to establish a positive group ethos and to gauge the level of people's sensitivity. Whereas it can be a great motivator

to learn of other people's positive perceptions of yourself, discovery of the weaknesses they perceive can have equally negative effects, especially where there is a mismatch between your own view and the view of others. That is not to say that weaknesses are not to be explored but this should be done with sensitivity.

#### 4.5 GROUP DYNAMICS

##### Q12. Write about Group Dynamics ?

*Ans :*

The word dynamics has been derived from the Greek word '**Dynamis**' which means power. **Kurt Lewin** popularised the term group dynamics in 1930's. Group dynamics refers to the "forces operating in groups". It focuses on the following aspects of these forces - "What gives rise to them, what conditions modify them, and what consequences do they have, etc. The practical application of group dynamics (or the technology of group dynamics) consists of the utilisation of knowledge about these forces for the achievement of some purpose". According to another view, group dynamics deals with, "the nature of groups, the laws of their development, and their interrelations with individuals, other groups, and larger institutions".

**According to Kurt Lewin**, "Group dynamics deal with internal nature of groups, how they are formed, what structure and processes they adopt, how they function and affect individual members, other groups and the organisation".

#### Features of Group Dynamics

The important features of group dynamics are perception, motivation, group's goals, group organisation, interdependence interaction and initiative.

1. **Perception** : Group dynamics as defined by perception implies that every member of the group is aware of his respective relationship with others. The group consists of organisms or agents. The members or agents are engaged in interaction with one another. They have face to face meetings. They develop some impression or perception

about each other and give their reactions to each other. Each member perceives the group differently, which he reveals at some situations.

2. **Motivation** : Members join groups because they expect that the group will solve their problems, are jointly met by them. Group norms emerge to guide individual behavior. Cooperative feelings are increased for helping each other. The group is developed taking into consideration individual interests. Employees join groups to get their pay and working problems redressed.
3. **Group Goals** : Group goals are targets towards which input, process and output are directed. Group goal is the essential component of group formation, although it is not the only condition for forming a group. A goal is used for motivating the employees. The path goal relationship produces a higher responsibility for attaining the goals. If people of a group accept responsibility, group activities are evolved and workers perform successfully.
4. **Group Organisation** : Group is an organisation which is composed of different organs to attain certain objectives. A group has the structural elements of an effective organisation. A socio-psychological group is evolved wherein two or more individuals are interrelated. It has a set standard of relationship among its members. Similarly, it has a set of norms that regulate the functions of the group. A number of individuals in the group have definite status, role relationship, set of values and own regulating behavior.
5. **Interdependency** : The main feature of a group is the members' interdependence. The members of a group may have a common goal but they may not be a part of the group because they are not interdependent. Individuals waiting for their turn at a bus stop have the common goal of travel but they do not constitute a group because the individuals are not independent.

If the individuals start supporting each other and interact with each other, they form a group. If they develop it as a permanent system, it becomes an organisation. Interdependence must be dynamic.

6. **Interaction** : Members of a group must interact with each other. If they are interdependent but do not interact, the group's goals are not achieved. Members have an interpersonal problem-solving mode. If any problem arises, the interaction of all the members is needed to solve the problem.
7. **Entity** : A group has its own identity. It has similarity and proximity. It is felt and realized but cannot be seen. The collection of individual experience becomes the guidelines for the members. The uniform, office and people become the symbol of a group. The vicinity and proximity have given birth to the group.

#### Importance of Group Dynamics

Group dynamics is important due to following reasons :

1. Understanding group dynamics is important because formal and informal workgroups are becoming increasingly important competitive factors in an organisation due to changes in an organisation.
2. Group dynamics is a useful way to analyse groups as systems that use inputs and engage in various processes or transformations, and produce outcomes in an organisation.
3. Group dynamics makes managers ready to help and bring about higher performance from formal workgroups by weighing the characteristics of members who assign to particular groups.
4. Group dynamics helps in discussing and analysing problems facing the group and take action to solve the problems based on innovative solutions.
5. Group dynamics helps in production of highly potential functional groups along with concomitant performance results.

#### 4.5.1 Reasons for Joining Group

**Q13. What are the reasons for Joining Group.**

*Ans :*

Groups come into being for a number of reasons, which are as follows :

1. **Personal Attraction:** Even in formal group settings when people are required to work together, the strength and cohesion of the group will be determined by the extent that individuals find other members attractive.
2. **Group Activities:** Having opportunities to interact with and take part in group activities is essential if people are to develop the sense of affiliation with others.
3. **Group Goals:** Sharing a set of common objectives is important to building the sense of common purpose and the norms required for the maintenance of a sense of identity and the way the group differentiates itself.
4. **Security and Social Affiliation:** Groups enable individuals to develop their belonging needs. Apart from the need to feel 'loved', the group meets security needs as individuals feel protected by the group.
5. **Status and Self-Esteem:** Groups often develop a sense of worth and status that confers greater self-esteem on members. These feelings are enhanced if membership is perceived to be exclusive or difficult.
6. **Power:** Groups can exert more power when dealing with non-group members than the collection of individuals would be able to achieve. For example, trade union membership provides an opportunity for the employee group to both protect and promote employee interests.

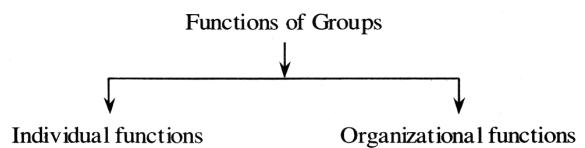
#### 4.5.2 Functions of Groups

**Q14. Write about functions of Groups.**

*Ans :*

##### Functions of Groups

Groups play a vital role in the smooth functioning of the employees and the organization as a whole. The functions of groups are classified into two types as follows.



##### 1. Individual Functions

Becoming a member of a group provides various benefits to the individuals like security, esteem, identity and so on.

###### (a) Security Proximity and Identity

An important function of a group is to provide emotional security to an individual. By joining a group, an individual must feel less isolated and stronger. It also enables them to develop close bonds with other workers.

Another function of a group is to provide an individual identity.

###### (b) Offering Power to Members

Groups often delegate power to individuals in two ways. Firstly, most industrial workers form a union (group) as it acquires power, as it provides them with more bargaining power. They believe in the motto "united we stand, divided we fall". Secondly, an individual with inclination to be a leader can achieve his goal by becoming the group leader of an informal group. Example, among a group of seven friends, there may be one member who dominates everyone and others have to listen to him.

**(c) Increasing Self-esteem**

An important function of group is to increase the self-esteem (self-respect) of the group members. An individual feels proud and worthy when he is associated/belongs to a powerful group in the organization.

**(d) Social Affiliation**

Groups also helps the individuals to socialize with others. Adam Smith has, rightly commented that "man is a social animal". Therefore, the human being loves to be in groups with similar tastes, preferences, habits or interests.

**(e) Provides Mechanism to Solve Problems**

Group effectively function as a great source to solve the complex personal and interpersonal problems. Discussing the problem with group members may provide individual with various idea or solution to overcome the day to day issues and challenges of their jobs.

**2. Organizational Functions**

Most of the activities in an organization are performed by employees in the form of groups. Groups play an important role in the smooth functioning of an organization. The important organizational functions of groups are as follows,

**(a) Accomplishment of Complex Tasks**

Groups play a significant role in achieving the complex organizational tasks. Modern businesses are complex in nature with interdependent and interrelated tasks. It is difficult for an individual to perform it alone. Therefore, organizations makes use of groups (teams) of employees, who work together in order to attain the organizational goals.

**(b) Collection of Ideas**

Another important function of groups is to facilitate organizations to create and

collect new, creative and innovative ideas. Employees work in groups and comes up with different solutions through brainstorming sessions.

**(c) Successful Implementation of Decisions**

Groups function as a common platform for different departments in an organization for deciding and implementing the complex decisions. The group leaders meet and discuss the problems and comes up with creative solutions. Thus groups help the organization to implement the complex decisions widely.

**(d) Socializing and Training New Employees**

Groups serves as an effective vehicle for familiarising new employees in the organization. The new joinee's may learn the job skills, operations and organizational culture quickly by being in a group of senior employees.

**(e) Provides Social Satisfaction**

An important function of group is to provide social satisfaction and acceptability in an organization. This help an employee to be happy and content at the workplace. Groups also help the employees to share their daily stress, problems and successes with others.

In modern organization groups function as an effective vehicle to attain individual and organizational goals and therefore, their significance cannot be over emphasized.

**4.5.3 Typology of Groups****Q15. Write about Typology of Groups.**

*Ans :*

**Typology of Groups**

Depending upon the purpose, extent of structuring, process of formation and size of group membership, groups are classified into various types.

### 1. Primary and Secondary Groups

A primary group is intimate, face-to-face association and cooperation. The membership of primary group is small. Such groups may be family, friendship or neighborhood groups. Secondary groups are more formal, general and remote. This group members may not have any interest in the problems and pleasures of others. They may not have continuous interaction and intimacy, face-to-face interaction, cooperation, association as that of primary groups.

### 2. Membership and Reference Group

A membership group is one to which an individual really belongs to. A reference group is one with which the individual identifies or to which he would like to belong. An individual may be member of several groups at a time but he may not participate actively in all such groups but he would like to participate in that whose norms are more attractive and gratifying. The attractiveness of the reference group makes the norms of that group more attractive to the individual who aspires to it and its norms will, become more influential in determining behavior. The reference groups have more relevance to organisational behaviors.

### 3. Command and Task Groups

A command group is composed of the subordinates who report directly to a common superior. It is determined by organisation chart. A task group is usually formed to solve a problem or perform an activity that involves a number of organisational units. Thus, membership of the task group may extend beyond the hierarchical command of a superior.

### 4. In-groups and Out-groups

The in-group represents a clustering of individuals holding prevailing values in a society, or at least, having a dominant place in social functioning. It can be a majority numerically, or it may represent the power structure with its pattern of behavior considered desirable. The out-group is the conglomerate looked up as subordinate or

marginal in the society. It is usually referred to as minority group even though in certain instances, it may represent numerical majority.

### 5. Formal and Informal Group

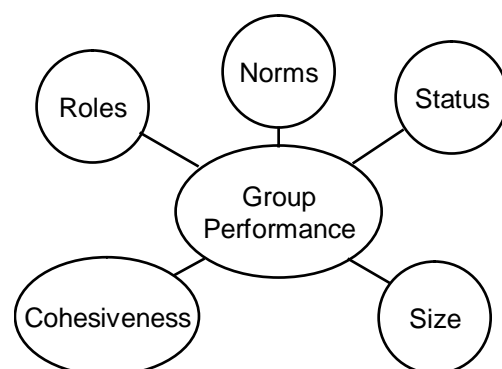
Formal groups are created and maintained to fulfill specific needs or tasks which is related to the total organisational mission. These are consciously and deliberately created. These may be in the form of temporary group as committee, task-force etc., or be permanent groups. Informal groups are created in the organisation because of operation of social and psychological forces operating at the workplace. Members create such groups for their own satisfaction and their working is not regulated by the general frameworks of organisational rules and regulations.

#### 4.5.4 Group Properties - Role, Norms, Status, Size, Cohesiveness

#### Q16. Discuss about Group Properties - Role, Norms, Status, Size, Cohesiveness

*Ans :*

Work groups are not unorganized mobs; they have properties that shape members' behaviour and help explain and predict individual behaviour within the group as well as the performance of the group itself. Some of these properties are roles, norms, status, size, and cohesiveness.



**Fig. : Group Property**

#### 1. Group Roles

Role is the expected pattern of behavior of an individual in a particular position of society. The employees of an organization play

different roles within and outside the organization and understanding their roles helps to understand their behavior. Dimensions such as identity, perception, expectations, and conflict of roles influence the behavior of individuals.

**(a) Role Identity**

Role identity results from attitude and behavior of individuals in different roles. Individuals need to make the necessary changes in behavior to suit the requirements of an organization. Changes like promotions, demotions, or any other changes in organizations require individuals to identify with the new roles and change and re-change their behavior accordingly.

**(b) Role Perception**

Role perception is the view of an individual about accepted behavior in a particular role. Employees in an organization perceive and interpret the roles by observing the behavior of other employees.

**(c) Role Expectations**

How an individual is expected to behave in a particular situation is referred to as role expectation. Employees and employers in organizations have different role expectations from each other. A psychological contract existing between employer and employees is an agreement that sets out expectations on the behavior of each party in performing various roles in the organization.

**(d) Role Conflict**

Individuals play different roles in their personal and professional lives. The roles of an individual in the organization may contradict other roles in the organization or with the roles in his/her personal life as the expectations from the roles differ.

**2. Group Norms**

Norms are set standards for behavior of individuals. Norms can be formal or informal

in organizations. Formal norms are stated in the manuals of the organization while informal norms are unwritten and are not specific. Informal norms of groups in organizations can sometimes be dysfunctional. Some norms are common to most workgroups and some workgroups have a set of norms specially set for them.

**(a) Norms pertaining to performance-related processes**

Norms give an indication of the expected performance levels of employees. Informal norms of groups influence the performance of employees along with their personal motivation levels.

**(b) Appearance norms**

Appearance norms include norms to dress up, to appear loyal to the organization along with the group, to be busy, and other formalized and informal norms.

**(c) Norms pertaining to informal social arrangements**

These norms control the social interactions of people within organizations. They determine the friends that people make within the organization. Lunch groups in organizations are determined by such norms.

**(d) Norms that regulate the allocation of resources**

These norms direct the allocation of new tools and equipment, assignment of projects, and overtime in organizations.

Norms for groups develop over time and can be after-effects of statements by influential members, important actions of a group and its responses, etc. Individuals need to stick to the norms of the group to be acceptable to members. Sometimes, groups can even pressure members to change their behavior.

### 3. Group Status

Status is the rank or social position given to an individual or group by others. It influences the behavior of individuals and motivates them. Organizational titles are used to establish status formally. People with high status in organizations have the liberty to deal with the norms of the organization as per their convenience. If there is a difference between ranking by the organization and the perceived ranking of the employee, disequilibrium in status is created. This leads to corrections in behaviour. However, members of groups in general, have the approval of others on the rankings given to them.

In an organisation there are two types of status available :

- (a) Formal status
- (b) Informal status

A short description of it is as under :

**(a) Formal status :** Various posts are created in every organisation, e.g. General Manager, Functional manager, Supervisor, etc. People get a particular post in accordance with their education, training and experience. The salary, other benefits, respect, etc. are connected with the position that one holds. Once gets encouraged on seeing these things and tries to work better.

**(b) Informal status :** In an organisation alongwith the formal status one gets informal status also. Informal status is obtained with the help of experience, personality, age, sex, etc. Accepting somebody as the leader is an example of an informal status.

On the basis of the above description it can be said that group status is a prominent characteristic affecting the behaviour of the members.

### 4. Group Size

The size of a group influences the behaviour of the group at large. According to research results, tasks are completed faster by small groups than by large ones but large groups work better to gather diverse opinions of members. Another research finding is about 'social loafing' according to which an individual puts in less effort when working with others collectively in a group as time gets wasted in socializing.

Social loafing may also result when the employee observes that other members of group are lazy and so puts in reduced effort too. If measures for individual performance do not exist, members may not work to increase productivity as the efforts would be counted for the group as a whole.

### 5. Group Cohesiveness

Cohesiveness refers to the closeness among group members. Some groups seem to have a certain atmosphere of intimacy or common attitudes, behaviour and performance that is lacking in other groups. Group cohesiveness is generally regarded as characteristic of the group in which the factors acting on the group members to remain and participate in the group are greater than those acting on members to leave it.

#### The Characteristics of Group Cohesiveness

The characteristics are as follows :

- (i) Cohesiveness is an important indicator of the degree of influence of the group as a whole. The greater the cohesive-ness, the greater the group's influence on members.
- (ii) Highly cohesive groups are usually characterized by good feeling among members and an absence of tension, hostility and major conflicts.
- (iii) Highly cohesive groups are potentially better performers than non-cohesive groups.

#### How Can Managers Encourage Cohesiveness?

1. Make the group smaller
2. Encourage agreement with group goals
3. Increase the time spent together
4. Increase the status and perceived difficulty of group membership
5. Stimulate competition with other groups
6. Give rewards to the group rather than to individual members
7. Physically isolate the group

#### Factors Effecting Group Cohesiveness

Some groups have more cohesiveness while some others have less of it. The following elements influence the extent of cohesiveness in the group:

- (i) Competition:** Competition deeply affects the cohesiveness of the group. Competition can be of two types: (i) between the members of the same group, (ii) between one group and the other. If the competition is between the members of the same group, it will reduce

the group cohesiveness. If the competition is between one group and other, cohesiveness will increase.

- (ii) **Outer Threat:** If one group gets threatened by the other group, then all the members of the first group will forget their bitterness and get united. Consequently, the group cohesiveness will increase. In this way, we can say that outer threat affects group cohesiveness.
- (iii) **Group Composition:** The basis of the group composition is the specialities of its members. If all the members of a group have similar qualities, it is called homogeneous group. In such a group because of the similarity of nature of the members, there is more cohesiveness. On the contrary, if the members of the group have dissimilar nature, the group is called heterogeneous group. In such a group because of the dissimilarity of nature of the members group cohesiveness is less.
- (iv) **Group Size:** The size of the group can both be large or small. If the size of the group is small members will be close to one another. As a result of it, there will be greater cohesiveness. On the contrary, if the size of the group is large, there is not regular meeting among the members as they may be spread over a large area. In such a group, the group cohesiveness will be less.
- (v) **Group Leadership:** The extent of the group cohesiveness depends to a large extent on the leader of the group. If the leader possesses all the qualities of a good leader, it will have positive effect on the members. There will be more group cohesiveness. On the contrary, if the leader happens to be careless, it will have negative effect on the members. As a result of it, group cohesiveness will be less.
- (vi) **Success Rate:** The members of the group that is regularly achieving its objectives successfully will be more satisfied. Such a group has more group cohesiveness. On the contrary, the members of a group who are regularly failing to achieve their objectives will be dissatisfied. In such a situation, the group cohesiveness will decidedly be less.

#### 4.5.5 Managerial Implications of Group Dynamics

##### Q17. What are the Managerial Implications of Group Dynamics ?

*Ans :*

The managerial implications of group dynamics are as follows:

##### 1. Performance

A number of group properties show a relationship to performance. Among the more prominent are role perception, norms, status differences, size of the group, and cohesiveness. Under this it includes:

- i) A positive relationship exists between role perception and an employee's performance evaluation. The degree of congruence that exists between an employee and his or her boss in the perception of the employee's job influences the degree to which that employee will be judged as an effective performer by the boss. To the extent that the employee's role perception fulfils the boss's role expectations, the employee will receive a higher performance evaluation.
- ii) Norms control group-member behaviour by establishing standards of right and wrong. The norms of a given group can help to explain the behaviours of its members for managers. When norms support high output, managers can expect individual performance to be markedly higher than when group norms aim to restrict output. Similarly, norms that support anti-social behaviour increase the likelihood that individuals will engage in deviant workplace activities.
- iii) Status inequities create frustration and can adversely influence productivity and the willingness to remain with an organisation. Among individuals who are equity sensitive, incongruence is likely to lead to reduced motivation and an increased search for ways to bring about fairness (e.g., taking another job). In

addition, because lower-status people tend to participate less in group discussions, groups characterised by high status differences among members are likely to inhibit input from the lower-status members and to underperformed potential.

- iv) The impact of size on a group's performance depends on the type of task in which the group is engaged. Larger groups are more effective at fact-finding activities. Smaller groups are more effective at action-taking tasks. Our knowledge of social loafing suggests that if management uses larger groups, efforts should be made to provide measures of individual performance within the group.
  - v) Cohesiveness can play an important function in influencing a group's level of productivity. Whether or not it does depends on the group's performance-related norms.
2. **Satisfaction :** As with the role perception - performance relationship, high congruence between a boss and an employee as to the perception of the employee's job shows a significant association with high employee satisfaction. Similarly, role conflict is associated with job-induced tension and job dissatisfaction.
- i) Most people prefer to communicate the others at their own status level or a higher one rather than with those below them. As a result, we should expect satisfaction to be greater among employees whose jobs minimise interaction with individuals who are lower in status than themselves.
  - ii) The group size-satisfaction relationship is what one would intuitively expect - Larger groups are associated with lower satisfaction. As size increases, opportunities for participation and social interaction decrease, as does the ability of members to identify with the group's accomplishments. At the same time, having more members also prompts dissension, conflict, and the formation of sub-groups, which all act to make the group less pleasant for individual participants.

## 4.6 CONFLICTS IN GROUPS

### Q18. Define conflict.

*Ans :* Feb./March-2012, Q.No. 6(a)

#### Meaning and Definition of Conflict

The concept of conflict, being an outcome of behaviors, is an integral part of human life. Wherever there is interaction, there is conflict. Conflict can be defined in many ways and can be considered as an expression of hostility, negative attitudes, antagonism, aggression, rivalry and misunderstanding.

It is also associated with situations that involve contradictory or irreconcilable interests between two opposing groups. It can be defined as a disagreement between two or more individuals or groups, with each individual or group trying to gain acceptance of its view or objectives over others.

**According to Follett,** "Conflict is the appearance of difference, difference of opinions, of interests."

**According to Louis R. Pondy.** 'Conflict' is:

- i) Antecedent conditions, **for example**, scarcity of resources, policy differences among individuals, etc.,
- ii) Effective states of the individuals involved, **for example**, stress, tension, hostility, anxiety, etc.,
- iii) Cognitive states of individuals, i.e., their perception of awareness of conflict full situations; and
- iv) Changed behavior ranging from passive resistance to overt aggression.

Conflict is a psychological state of mind when people are in a state of dilemma whether to do or not to do a thing, is a state of conflict. In organisation, conflict may imply difference of opinion with persons or groups and sometimes they manage to showdown and slowdown other and plan strategies for that.

#### 4.6.1 The Nature of Conflict

### Q19. Explain the nature of conflict.

*Ans :*

Nature of conflict is as follows :

1. **Conflicts are Natural:** Conflicts are a natural and inevitable result when individuals

work together, sharing diverse thoughts, concerns, perspectives, and goals. A manager has to deal with conflict situations both as a mediator (to help resolve conflicts between others) and as a participant.

2. **Conflicts are not Big:** Conflicts are not big, emotional blow-outs or scenes of physical violence, although these can and do occur, especially in workplaces in which conflict is not managed well. Conflicts usually involve small matters that continuously grind-down working relationships.
3. **Conflict is Multidimensional:** The concept of conflict is multidimensional; it envelops a family of forms. It is a clash of powers. However, conflict is not a balance, equilibrium, of powers. It is not a stable resultant.
4. **Conflict is Finding the Balance:** Conflict is the pushing and pulling, the giving and taking, the process of finding the balance between powers. Therefore, conflict is correlative to power. Power, simply, is the capability to produce effects; conflict is the process of powers meeting and balancing. In order to understand which powers succeed requires comprehending their conflicts; to understand conflict involves untangling the powers involved.
5. **Conflict is Universal:** Conflict is universal. Knowledge about self, others, and reality, growth and development, and the increasing ability to create individual's own heaven or hell, comes through conflict.
6. **Conflict is Disruptive:** In a business organisation, conflict may be described as a breakdown or disruption in normal activities in such a way that the individuals or group concerned experience difficulty in working together. If employees fail to work together but openly feud, the work of the business organisation will be severely disrupted.
7. **Conflict Involves Disagreement:** Generally, there is awareness that there is some level of disagreement in between the two (or more) parties involved in the conflict. Disagreement can be related to the following issues:

- i) **Facts:** Sometimes, the disagreement occurs because individuals have different definitions of a problem are not fully aware of the relevant information, accept or reject different information as factual or have different impressions of their respective power authority.
- ii) **Goals:** Sometimes, the disagreement may be about what should be accomplished - the desirable objectives of a department, division, section or of a specific position within the organisation.
- iii) **Methods:** Sometimes, individuals differ about the procedures, strategies or tactics which would most likely achieve a mutually desired goal.
- iv) **Values:** Sometimes, the disagreement is over ethics, the way power should be exercised or moral considerations or assumptions about justice, fairness and so on. Such differences may affect the choice of either goals or methods.

#### 4.6.2 Reasons / Sources of Conflict

##### Q20. What are the Reasons Sources of Conflict?

*Ans :*

1. **Organisational Change :** People hold differing views over the direction to go, the routes to take and their likely success, the resources to be used, and the probable outcomes. With the pace of technological, political, and social increasing and the marketplace hurting toward a global economy, organisational changes will be evert-present.
2. **Personality Clashes :** The concept of individual differences is fundamental to organisational behavior. Not everyone thinks feels, looks, or acts alike. Although personality differences can cause conflict, they are also a rich resource for creative problem solving. Employees need to accept, respect, and learn how to use these differences when they campaigns.

3. **Different Sets of Values** : People also hold different beliefs and adhere to different value systems. Their philosophies may diverge, or their ethical values may lead them in different directions.
4. **Threats to Status** : The status, or the social rank of a person in a group, is very important to many individuals. When one's status is threatened, face saving becomes a powerful driving force as a person struggles to maintain a desired image. Conflict may arise between the defensive person and whoever created a threat to status.
5. **Contrasting Perceptions** : People perceive things differently as a result of their prior experiences and expectations. Since their perceptions are very real to them (and they feel these perceptions must be equally apparent to others), they sometimes fail to realize that others may hold contrasting perceptions of the same object or event. Conflict may arise unless employees learn to see things as others see them and help others do the same.
6. **Lack of Trust** : Every continuing relationship requires some degree of trust—the capacity to depend on each other's word and actions. Trust opens up boundaries, provides opportunities in which to act, and enriches the entire social fabric of an organisation. It takes time to build, but it can be destroyed in an instant. When someone has a real or perceived reason not to trust another, the potential for conflict rises.

#### 4.6.3 Issues Involved in Conflicts

##### Q21. What are the Issues Involved in Conflicts ?

*Ans :*

The nature of conflict varies according to the kind of issue on which people disagree. There are four basic kinds of issues which are discussed below:

1. **Facts** : Sometimes, the disagreement occurs because individuals have different definitions of a problem or impressions of their respective power authority.

2. **Goals** : Sometimes, the disagreement may be about what should be accomplished – the desirable objectives of a department, division, section or of a specific position within the organisation.
3. **Methods** : Sometimes, individuals differ about the procedures, strategies or tactics which would most likely achieve a mutually desired goal.
4. **Values** : Sometimes, the disagreement is over ethics, the way power should be exercised or moral considerations or assumptions about justice, fairness and so on. Such differences may affect the choice of either goals or method.

#### 4.6.4 Process of Conflict

##### Q22. Explain the process of conflict.

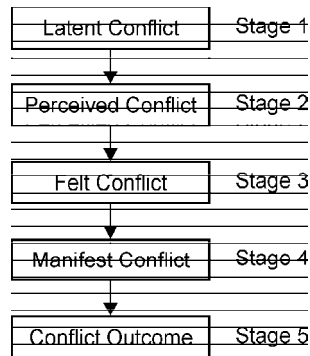
*Ans :*

1. **Latent Conflict (Stage 1)** : When two or more parties need each other to achieve desired objectives, there is potential for conflict. Other antecedents of conflict are interdependence, different goals, and ambiguity of responsibility. They do not automatically create conflict, when they exist – they make it possible.

Latent conflict often arises when a change occurs. Conflict is likely to be caused by a budget cutback, a change in organisational direction, a change in personal goals or the assignment of a new project to an already overloaded team.

2. **Perceived Conflict (Stage 2)** : This is the stage at which members become aware of a problem. Incompatibility of needs is perceived and tension begins as the parties begin to worry about what will happen. But no party feels that it is being overtly threatened.
3. **Felt Conflict (Stage 3)** : At this stage parties become emotionally involved and begin to focus on difference of opinion and opposing interests – sharpening perceived conflict. Internal tensions and frustrations begin to crystallize around specific, defined issues, and people begin to build an emotional commitment to their position.

4. **Manifest Conflict (Stage 4) :** At this stage parties in actions that help to achieve their own objectives and ruin those of others. Conflict behaviors vary from the subtle, indirect and highly controlled forms of interference to direct, aggressive, violent and uncontrolled struggle. At the organizational level, strikes or lock-outs are the result.



5. **Conflict Outcome (Stage 5) :** The conflict finally results in an outcome which may be functional or dysfunctional. If handled well, the result is functional conflict. If mishandled, the consequences are dysfunctional conflict. As conflict proceeds through the stages, resolution becomes more difficult. The parties become more locked into their position and more convinced that the conflict is winning-lose situation. It is usually easier to achieve win-on outcomes when the conflict is recognized early before frustration and negative feelings set in.

#### 4.6.5 Types of Conflicts

**Q23. What are the types of conflicts ?**

*Ans :*

According to Robbin "conflict is a process in which an effort is purposefully made by one person or unit to block another that results in frustrating the attainment of the other's goals or the furthering of his or her interests".

Newstrom and Davis defined conflict as,

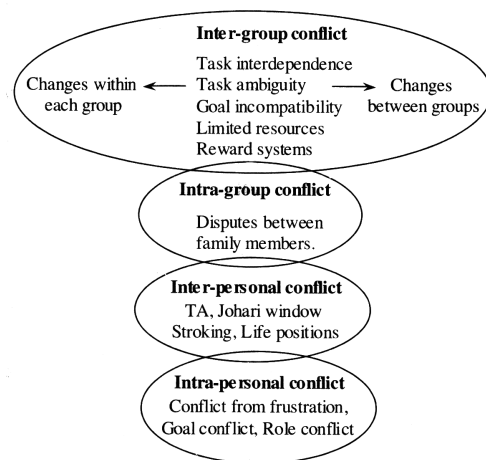
"Conflict is any situation in which two or more parties feed themselves in opposition. If is an interpersonal process that arises from disagreements other the goals or the methods to accomplish those goals".

Conflict is a process that progresses through different stages.

#### Types of Conflicts

The different types of conflicts can be studied at different levels of conflicts. In any organization, there exist four levels of conflicts. There can be,

1. Inter-group conflict
2. Intra-group conflict
3. Inter-individual or inter-personal conflict
4. Intra-individual or intra-personal conflict.



**Fig.: Levels and Sources of Conflict**

#### 1. Inter-group Conflict

Conflicts between groups, departments or section may result in inter-group conflicts, that can also be called as organizational conflicts.

The reasons for inter-group conflicts can be,

- (a) Task interdependence among various departments for assistance etc.
- (b) Ambiguity of the task among the groups.
- (c) Goal incompatibility for different organizational units.
- (d) Competition among the groups for the limited re-sources that are available.
- (e) Competitive reward systems based on the perfor-mance levels.
- (f) Line and staff relationships.
- (g) Intra-personal and inter-personal conflicts.

## 2. Intra-group Conflict

The disputes among some or all the group members that affect the group's performance result in intra-group conflicts. Severe intra-group conflicts can be noticed in family run business.

## 3. Inter-personal Conflicts

The conflict that arises between two individuals in an organization is known as inter-personal or inter-individual conflicts.

- Differences in perceptions, temperaments, personalities, value systems, sociocultural factors and role ambiguities.
- Inter-personal conflicts can be obtained by Transactional Analysis (TA), Johari window, Stroking and Life Positions seek to explain the phenomenon of inter-personal conflict.

### (a) Transactional Analysis (TA)

TA was introduced by Eric Berne and popularized by Thomas Harris in 1960s. TA can be defined as "The study of moves people make in their dealings with each other and is based on the idea that people's interactions resemble moves in games".

### (b) Johari Window

This model developed by Joseph Luft and Harry Ingham (hence the name Johari window) is highly useful in analyzing the causes for inter-personal conflicts.

The two basic assumptions of this model are,

- Degree to which the person knows about himself or herself.
- Degree to which the person is known to others.

### (c) Stroking

Recognition of one's presence by others can be referred to as stroking. Strokes can be positive or negative. Negative strokes cause inter-personal conflict.

### (d) Life Positions

Our behaviour can be influenced by the life positions when we interact with others. These

positions are acquired by us very early in our child need and stay with us through out, hence the term "life positions".

The two view points of life positions can be,

- (i) How people view themselves.
- (ii) How do they view other people in general. The four life positions can be,
  - I am not ok - You are ok
  - I am not ok - You are not ok
  - I am ok - You are not ok
  - I am ok - You are ok.

## 4. Intra-individual Conflict

The conflicts that take place within an individual result in an intra-individual conflict.

Intra-personal conflicts can be due to frustration, large number of roles that require equal attention which can not be possible all the time, goals that possess both positive and negative aspects, cognitive dissonances and neurotic tendencies.

### (a) Conflicts as a Result of Frustration

Conflicts from frustration are observed in a person, when a driving force behind motivation is blocked before he attains his aspired goal.

An individual gets frustrated when he or she is unable to reach the specified goal.

Mainly, there are four defence mechanisms that are followed by a frustrated individual. They can be,

- (i) **Aggression** : It refers to physical or symbolical attack of barriers of motivation.
- (ii) **Withdrawal** : It refers to backing away from the barrier.
- (iii) **Fixation** : It refers to efforts taken by an individual to overcome the barrier.
- (iv) **Compromise** : It refers to the selection of an alternative goal instead of the one for which he was striving for.

**(b) Goal Conflict**

Goal conflicts arises when attainment of one goal prevents the other goal to get accomplished. Goal conflicts can be distinguished into four major forms like,

**(i) Approach-Approach Conflict :**

A situation in which an individual is has to select between the two or more positive and mutually exclusive goals then it is said to be "approach-approach conflict".

This type of conflict can be resolved by satisfying one goal first and then the next one.

This can also be resolved by giving up one of the goals.

Whenever a choice has to be made between the two tasks out of which one has to be withdrawn. This situation leads to "decision regret". According to which its a human nature.

**(ii) Approach-Avoidance Conflict**

This type of conflict arises when an individual is simultaneously attracted to and referred by a single goal object.

In this situation, if the motive to avoid a goal is stronger than the motive to approach it then the person will be held where the strengths of the motives are roughly equal. As the person tries to move towards or away from the goal, the relatively stronger motive takes over and brings the person back to vacillation.

**(iii) Avoidance-Avoidance Conflict**

This type of a conflict arises when an individual is forced to make a choice among two mutually exclusive goals, each one of which possesses unattractive qualities.

The two main features of this type of conflict are,

- **Vacillation :** The closer a person is to his goal, the higher is the growth of a goal.

- Attempt to leave the conflict situation.

In avoidance-avoidance conflict situation, the person may resort to other means to get relief from anxiety aroused by the conflict.

**(iv) Multiple Approach-Avoidance Conflict**

This type of a conflict in which there are two alternatives both involving positive and negative features is referred to a double approach-avoidance conflict.

**(c) Role Conflict**

It becomes difficult for an individual to play numerous roles simultaneously as time and resources would be the constraints. This can be the final reason for intra-personal conflict.

**(d) Cognitive Dissonance**

When individuals recognize inconsistencies in their own thoughts or behaviours that can be stressful and uncomfortable, it may lead to intra-personal conflict. Until cognitive dissonance is removed, it remains as a source of conflict.

**(e) Neurotic Tendencies**

Inner conflicts arise due to the irrational personality mechanisms that are used by an individual. These inner conflicts lead to conflicts with other people.

**4.6.6 Reactions to Conflict****Q24. What are the Reactions to Conflict ?**

*Ans :*

1. **Preliminary Step :** This step involves knowing of full details of the conflict and the first thing to note is the stage of conflict. The more advance the stage of conflict, the more efforts are required to resolve it. Moreover strategy used is also department upon the stage of conflict.
2. **Diagnosing the Issue :** Under this stage, the issues involved should be analyzed and understood what the conflict is about. It may arise due to facts, goals, methods, and values.

Next thing in diagnosing is to know why these differences have arisen. The difference may be informal, perceptual, role factors and the like.

3. **Conflict Handling Modes** : There may be numerous modes of conflict handling and these have been grouped into five:

- i) **To Avoid Appearance of Conflict** and for this purpose like-minded people should be appointed.
- ii) **Not Permitting Conflicts to Surface**, i.e., to suppress the feelings of the parties causing frustration to both the parties. Under this approach, leader is supreme and loyalty to group and to leader is desired.
- iii) **Mediation** : It involves sweeping out differences by mediation through persuasion, highlighting the merits and demerits of their case.
- iv) **Letting the Parties to Settle their Scores** : It is better when both the parties adopt a rigid stand to their views.
- v) **Mutual Problem Solving** : This approach is suitable both parties are interested in resolving the conflict and are not rigid to their stand.

4. **Resolving Intra-Group Conflict** : Conflict within a group can be resolved if the members recognize and respect roles of group members. All the members need to realize that divided they stand, united they fall. Probably, an outside party may intervene to resolve the dispute if the members fail to resolve the conflict themselves.

5. **Resolving Inter-Group Conflict** : The approaches available for resolving intra-personal and inter-personal conflicts can be used to solve inter-group disputes too. However, certain unique approaches are available for resolving inter-group conflict. They are.

- i) **Problem Solving** : Problem solving is considered to be the most effective approach available as it emphasizes the attainment of the common interests of

both conflicting parties. In the problem solving strategy, attempts are made to find a solution that reconciles or "integrates" the needs of both the parties. The two parties work together both to define the problem and to identify mutually satisfactory solutions.

- ii) **Organisation Redesign** : Changing organisational structure is another approach for resolving conflict, particularly when the sources of conflict come from the coordination of work among different departments or divisions. One way of redesigning organisations is to reduce task interdependence between groups and give each group clear responsibilities. Another way is to transfer or exchange members of conflicting groups.
- iii) **Superordinate Goals** : Appealing to superordinate goals is another way of resolving conflict. The superordinate goal is a common goal of both conflicting parties and the combined efforts of both parties will be needed to realize the goal.
- iv) **Expansion of Resource** : To the extent that scarce resources cause conflict, removing their scarcity will help resolve conflict. If up gradation of one's position has caused ripples elsewhere, some more jobs might be similarly upgraded.
- v) **Avoidance** : When the issue is trivial, avoidance strategy will be useful. In the avoidance strategy, the party or parties to the conflict may either withdraw from the conflict or conceal the incompatibility.
- vi) **Smoothen** : The process of playing down the differences between individuals or groups and highlighting their common interests is called smoothening. Finding and emphasizing similarities between conflicting parties, while playing down differences, can eventually lead the parties to realize that the two are not as far apart as was first believed.

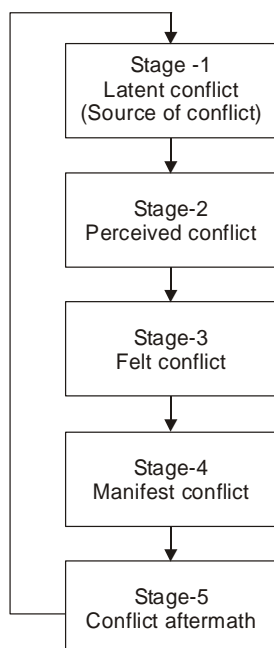
#### 4.6.7 A model of conflict

#### Q25. Discuss about pondy's model of organization Conflict.

*Ans :*

In an organisation, the existence of one or the other conflict is certain and thus it has an important effect on the organisational behaviour. A world wide accepted model of organisational conflict was developed by Louis Pondy. Pondy opines that a conflict is a dynamic process, which involves five sequential stages, i.e., latent managers, perceived, felt manifest and conflict aftermath, often uses Pondy's model to evaluate the conflict and manage it irrespective of why and how the conflict has taken place in the organisation.

#### Pondy's Model of Organisation Conflict



1. **Latent Conflict** : The first stage of model does not involves any real or actual conflict i.e., there is no definite or real conflict in the first stage of Pondy's model. There is possibility of conflict to arise but it is not visible due to the presence of various sources of conflict.
2. **Perceived Conflict** : The second stage of Pondy's model i.e., perceived conflict starts in an organisation when one party identifies

the fact that their goals can't be achieved or are obstructed by the activities of the other party. Each party then tries to identify the sources of conflict defines and evaluates the events which leads to conflict and develop an environment which would help in solving the problems faced due to other parties. In the stage of perceived conflict, conflicts become more serious as functions begin to fight over the cause of the problem.

3. **Felt Conflict** : In felt conflict stage of Pondy's model, conflicting parties develops negative feelings towards each other and build 'Us-versus-them attitude' and criticizes other group for the problem. When conflict becomes more serious, cooperation between groups reduces and results in less organisational effectiveness.
4. **Manifest Conflict** : In manifest conflict stage, one party identifies the different ways to deal/dope up with other party who causes or acts as the source of the conflict. Both the parties tries to abuse and blames each other for the reason of conflict and obstructs each others from achieving the goals. Manifest conflict can be in the form of an open aggression or lack of cooperation between people or functions.  
  
Managers must try to avoid manifest conflict and avoid being dysfunction in nature, and they must also prevent the breakdown in communication and coordination that often begins in this stage and continues till the last stage i.e., the conflict aftermath.
5. **Conflict Aftermath** : In an organisation, each and every conflict would be solved in some way or the other, either by firing someone or solving the conflict. If the conflict is serious the organisation may even fails. Every event of conflict leaves a conflict known as "aftermath" which would influence the way both parties perceive and responds to the future events. If conflicts are solved in early stages then conflict aftermath would develop good future working relationship whereas if conflicts are not solved in its early stages then competition begins and conflict aftermath leads to unpleasant future working relationships.

**4.7 LEADERSHIP**

**Q26. Define leadership and explain its characteristics.**

Jan./Feb.-2015, Q.No. 5(a)

Jan.-2014, Q.No. 5(a)

Feb./March-2012, Q.No. 5(a)

March-2011, Q.No. 6(a)

*Ans :*

Leadership is a Process of Influence on a People or organisation towards the accomplishments of target (Goals). In a Simple word the action of leading a group of people or an organization is a Leadership. It is the ability of a leader to induce Subordinates to work with confidence and zeal. Leadership changes potential into Reality. Leadership one of the means of direction and represents that part of the manager's activities by which he guides and influences the behaviors of a subordinate and the group towards some specified goals.

**Definitions of Leadership**

**According to Keith Davis.** "Leadership is the human factor which binds a group together and Motivates Towards the Particulars goals."

**According to Koontz and O'Donnell,** "Leadership may be defined as the ability to exert interpersonal influence by means of communication toward the achievement of a goal."

**According to George R. Terry,** "Leadership is the ability of influencing people to strive willingly for mutual objectives."

**According to Franklin G. Moore,** "Leadership is the ability to make men act the way the leader wants."

In conclusion, it can be said that leadership is that ability of an individual on the basis of which, in special circumstances, through the medium of communication, guides the employees by impressing them with his conduct in such a manner that they, without any pressure, automatically start working at their full capacity for the attainment of the objectives of the enterprise.

**Characteristics or Nature of Leadership**

After analysing the definitions of leadership, the following major characteristics become quite apparent:

**1. Followers**

The first requirement of leadership is the presence of followers without whom leadership cannot be thought of. Without followers, leader himself has no existence. Therefore, it is important that leader should have followers (or the employees) to work with.

**2. Personal Ability**

Leadership depends on the ability of a particular individual. For example, the degree of the success of a manager will be in proportion to his qualities of leadership. Different scholars have different opinions about the ability of an individual with reference to leadership. According to one opinion this ability is inborn, while according to the other view this ability can be acquired. Still the third opinion holds the view that leaders are born as well as made.

**3. Influencing Process**

Leadership is a process of influencing people. It means taking other people under one's influence. Under leadership a leader behaves with his followers in such a manner that they come under his influence effortlessly and they start working in accordance with his wishes.

**4. No Need of Coercion**

It is an important characteristic of leadership that it does not require coercion. A manager so impresses the employees with his behaviour that they willingly start working. Leadership does not mean getting work out of the employees under coercion.

**5. Full Capability Utilisation**

It is clear that ordinarily an individual does not work at his full capacity. He needs to be encouraged to do so and this is possible only under leadership. Thus, it is a characteristic of leadership that the followers start working at their full capacity.

**6. Ideal Conduct**

It is important for leadership that a leader should have an ideal conduct. He should not only be delivering lectures to others but

should behave in a manner that he expects from others. For example, if a manager tells his employees to be punctual in coming to their work but himself always arrives late at office, he cannot be a successful leader.

**7. Leadership is a Continuing Process**

Leadership is a continuous process. In other words, the job of a leader does not end by explaining the objectives of the organisation to his followers but they have to be regularly guided. Therefore, it can be said that leadership is a dynamic process.

**8. Leadership is a Part of Management but not all of it**

Generally, management and leadership are thought to be synonyms, but it is a wrong idea. Under management, we include planning, establishing the organisational structure for the implementation of planning, appointing competent persons on different posts in the organisational structure, and exercising control over them. All these functions require a manager but he cannot successfully perform these functions if he does not know how to lead or get work done through other people. The reality is that a leader is not appointed separately but a manager has to take the burden of leadership while performing his managerial functions.

**9. Leadership is ever a new Process**

Normally the nature of work, the efficiency of people, enthusiasm for work and level of competition continue changing. In this way new problems daily confront the leader in the changing situations. To face these problems the leader has to find out new techniques of leadership so that he continues motivating his followers as usual so that they can successfully achieve the objectives. It is, therefore, said that leadership is always a new process.

**10. Leadership is something a person does, not something he has**

Leadership is associated not with the name of a person or his position but with his works. In other words, leadership is recognized from

the way how successfully a person influences his followers. For example, a person holding a high post can lack the qualities of leadership, while another person on a low level post can be a leader because of his really good behaviour. In other words, the presence of the qualities of leadership in an individual does not depend on his bookish knowledge but on his practical knowledge.

**11. Leadership transforms Potential into Reality**

Leadership is that power which brings to light the latent abilities with the help of one's conduct. Generally, some employees cannot estimate their capabilities. There is a mental limit of their work which tells them that they cannot do any more than this but in reality it is not so. An efficient leader brings out their hidden capability by motivation. Thus, the objectives which appear to be imaginary are converted into reality.

**12. Leaders exist because of the need of the people to follow some one**

If the human nature has a tendency to work, there will be no need to have a leader but the reality is not so. Mostly the employees shirk work so long as they do not get clear orders and directions. Leadership fulfils such needs of the people. Leadership strikes an understanding between the available business environment and the feelings of the employees. They are motivated in such a manner that they start using their utmost capacity most enthusiastically in the available situations.

**4.7.1 Functions of Leadership**

**Q27. What are the Functions of Leadership ?**

*Ans :*

**1. Setting the Target**

At first of the function of leadership is to determine the target. On the basis of the policies of the organization. In fact a leader provides guidance to group of the people by setting goals. In the any business Organization a leader has an accountability to decide about

the target. And after that the target which is decided by the leader is implemented by a group of the people. Who are working in the organization. On the whole it is clear that a leader provides guidance to the group of the people by setting the target. It is an essential function of a leader.

## 2. To strive towards the goal

The another function of a leadership ostensibly to accomplish the organisational goal. Which is decided by himself. In fact a leader has an responsibility to strive the Whole activities & events towards the goal. As we know that the main objective or goals of a leader is to earn more and more Profit. But to earn more & more profit it is very essential that all the activities & events must be concerned with the Organisational goal. But its may be possible when a leader is to do the all activities towards the goal. Hence, it is clear that the function of a leader is to strive the whole activities towards the goal.

## 3. Policy Maker

It is a Very Vital Function of a Leader. The Policy of the any organization is made by a leader. In fact a leader has a responsibility to determine the policies of the Organization. Because all the activities of the organization is done on the basic of the Policies of the Organization. Hence, It is very essential that the Policies of the Organization must be in the favor of organization. On the other side. If the Policies of the organization is not in the favour of the organization then such kind of Organization can't survive a long time. It is the duty of a leader is to make a policy of the organization. Which is in the favour of him. On the whole it is Clear that as a policy maker it is an essential function of a leader.

## 3 Motivation

One of the most essential function of a leader is Motivation. How to motivate a group of the people who are working in the organization for the Purpose of accomplishing organizational goal. In fact Motivation is an important weapon of a leader by which he can establish unity & coordination amongst

the group of people. Who are working in the organization for the purpose of getting things done. So that it is clear that motivation must be required in the organization to do the various activities in the proper direction. On the other hand in the absence of a motivation tool a leader can't do any activity in the proper direction. Hence, it is Clear that motivation is one of the must important function of a leader.

## 4 To determine different activities

In the context of the functions of a leader the determination of different activities is an important function. As we know that is any business organization there different types of activities is done by the different types of the peoples. It is the liability of leader to determine the different activities & to divide the activities amongst the employees on the basis of their ability. In the absence of such function an organization can't achieve his own Objective in the proper way. On the whole it is clear that by dint of this function a leader can achieve his goal very smoothly.

## 5. To bring Economy in Operations

By the process of leadership a leader can bring the economy in various operations. Which is done in the Organization. As we know that under the organization there are different types of operations & activities is done by different types of the employees Hence, it is the duty of a leader to bring economy in all operations of the organization by dint of their own ability. So that it is that to bring economy on operations leadership functions is required.

### 4.7.2 Types of Leaders

#### Q28. Write about types of leaders ?

*Ans :*

Generally 6 types of leaders are found in different spheres of life. The main kinds of leaders are as follow:

#### 1. Formal leader

A formal leader is selected by the organization. E.g. In the ordination a manager is a formal

leader by virtue of the authority coming from the organization. A manager influences others to help accomplish the goals of the organization. Such a Leadership lasts over a long of time.

## 2. Informal Leader

An informal leader is chosen by the group. Thus all managers are leaders if their authority is accepted, but not all leaders are managers. Informal Leadership is leadership without position and may shift from one person to another. It may last for a short time. Most people are leaders at one time or the other and they may have influence on others as defined by the concept of leadership itself.

## 3. Democratic Leader

Democratic leader is one of who perform according to the wishes of his followers. He performs what his followers or majority wants. Democratic Leader is concerned with the interest of followers and subordinates, majority.

## 4. Intellectual Leader

In the organization, intellectual leaders are those who win the confidence of their followers by their superior knowledge. In most of the organizations there are a few experts whose advice is Sought on all matters is which they are experts. Intellectual Leader may be a production expert, a marketing expert or purchase expert.

## 5. Autocratic Leader

An autocratic leader is one who dominates and drives his followers through coercion. An autocratic leader Loves power and loves to use it in promoting his own ends.

## 6. Creative Leader

A Creative leader controls through united and voluntary activities by the members of his group directed by him towards specific goals which are satisfactory to all. A creative leader draw Out the best in his followers without exerting an undue personal influence on the peoples.

### 4.7.3 Essential of Successful Leadership or Qualities of a Leader

#### Q29. What are the Essential of Successful Leadership or Qualities of a Leader?

*Ans :*

The following are qualities for successful leadership :

#### 1. Ability to Motivate

Leadership means motivating the followers to follow the leader. It shows that it is important to have the ability to motivate in order to make the meaning of leadership meaningful or purposeful. The leader should know the different methods of motivation so that the employees can be motivated according to their nature.

#### 2. Ability to Communicate

The chief function of a leader is to have communication with the employees and other individuals regarding various information, orders, thoughts, etc. This job should be performed in a simple language keeping in view the ability of the person receiving communication so that the receiver takes the communication in the same spirit in which it is conveyed. The effect and its quickness will depend on the amount of communication skill of the person concerned.

#### 3. Quick Decision-making Power

A leader has to face many new difficulties. In order to handle these problems successfully, he should have substantial decision-making power. If the decisions are taken quickly, the leadership gets an extra shine. Quick decision-making power presents no hurdle in any work and makes the right work possible at the right time. In its absence the leader and the entire organisation look weak, works get delayed unnecessarily, the consumers get dissatisfied and finally, the reputation of the enterprise suffers.

#### 4. Integrity

It is important that a leader should be a man of integrity. It means that the style of his functioning should depend on goodwill, truth,

morality and be free from deceit. A leader is a link between the owner and the employees. Therefore, he should be faithful to both. For example, the owner should be informed before hand about any possible loss and the employees should not be fed on false promises.

**5. Full of Courage**

A leader should be courageous. Courage here means that whatever he feels should be strongly implemented. In other words, the leader should fearlessly stick to the decision once taken. A courageous leader never wavers on the path of truth and never falls a prey to the feelings of his opponents. This quality of a leader affects the people working with him and they also become quick in their work performance.

**6. Self-confidence**

It is important to have self-confidence in order to win over his followers completely. Self-confidence should depend on the leader's own knowledge. For example, a leader takes a decision about some work and he himself is not satisfied with his own decision. It means that he lacks self-confidence and, therefore, the decision cannot be successfully implemented. Self-confidence generates courage in an individual. Thus, a manager can provide successful leadership only when he possesses self-confidence.

**7. Flexibility of Mind**

It is important that a leader should not be a follower of a beaten track which means that he should not implement old ideas. He should change his ideas according to new technology and economic changes.

**8. Ability to Understand the Feelings of Others**

A leader should have the ability to understand the feelings and interests of his followers. So long as he does not understand the expectations of his followers, there is no possibility of his being successful. For example,

if some employee gives some suggestion to the leader which the latter ignores, it injures the feelings of the employee which directly affects his work performance.

**9. Sense of Responsibility**

A good leader should possess the sense of responsibility. According to Bernard, "Responsibility means that emotional situation, when he has failed to discharge some moral obligation, and which gives him a sharp sense of dissatisfaction." Thus, every individual should avoid such dissatisfaction. Hence, the only way to avoid this is to work sincerely for the realisation of those objectives for which he has been appointed in the enterprise.

**10. Tolerance**

Tolerance means acting with patience in the face of difficulties. If patience is not exercised at the time of difficulties, the decisions taken are likely to be wrong and it will result in failure. On the other hand, if the decision is taken after realising the situation and thinking over it, success is certain to follow. A man of tolerance alone can guide his followers properly. Therefore, along with other qualities a leader should have this virtue also.

**11. Alertness**

Decisions taken in a hurry adversely affect activities. Therefore, when a decision is being implemented one should be aware of its consequences. Prompt decision may be essential but it can be fatal also. It is thus obvious that a leader who is aware of the future situations and remains in touch with them, will be successful. He should also be conscious of the fact that the employees are not planning against him.

**12. Technical Ability**

Technical ability means that ability which he utilises in his work performance in the form of his knowledge, methods and techniques. This ability is acquired through experience, education and training.

**13. Psychological Expert**

A leader is connected with a human group. All the persons working in a human group belong to different religions, castes and tastes. It is not an easy job for an ordinary person to understand all these persons. It requires a psychological expert who can understand their feelings correctly. If a leader possesses this quality, he can immediately understand the feelings of his followers simply by looking at their faces. Hence, a leader should also be a psychological expert.

**14. Human Ability**

A leader has a direct contact with the active source of production (human group) with whose help the passive sources like capital, land, machinery, material, etc., are utilised. A leader is himself a human being and he gets work performance from other human beings. Therefore, they should be treated as human beings rather than anything else. If, however, the manager feels that he has bought these persons by giving them jobs, and, therefore, he can treat them the way he likes, it would be absolutely a wrong approach. In order to get work out of the employees they have to be provided non-economic facilities along with economic facilities. Therefore, human ability is a very important quality of successful leadership.

**15. Physical and Mental Fitness**

Physical and mental fitness is the last quality that leadership should possess. It is an established fact that a healthy mind exists in a healthy body. On this very basis it can be said that a leader should be physically fit so that he can exercise a positive influence on his followers. Mental health means that he should be a clear headed person, in other words, he should understand the point of view of others quickly and make his point of view understandable to others in a simple manner.

After studying the above mentioned facts we can conclude that to be able to provide leadership, a leader should possess not a single quality but a host of them.

**4.7.4 Types of Leadership Styles****Q30. What are the Types of Leadership Styles ?**

*Ans :* May/June-2012, Q.No. 5(b)

The behavioral pattern that a leader adopts to direct the behaviour of members in an enterprise for achieving the organization goals is known as the style of leadership. Among the different leadership styles, the following are the important leadership styles:

**1. Compromiser Style**

The compromiser gives a great deal of concern to both the task and the people irrespective of the situations which demands any one. He is a poor decision maker.

**2. Missionary Style**

Missionary is a person who gives maximum concern to the people and minimum concern to the task, he is do better who values harmony as end in itself. The main weakness is his low concern for task.

**3. Autocratic Style**

It is also called as Authoritarian leader. This leader is one who centralizes the decision making power in himself and gives orders to his employees and also insist that they should be obeyed. He decides policies for the group determined by him. He does not delegate authority and runs the whole show himself. He expects the employees to obey him blindly and has no regard for them and does not like to seek their suggestions or advice. Such leadership is negative because the followers are uninformed, insecure and afraid of leaders' authority.

**4. Deserter Style**

Deserter gives no importance either to the people or the task. He is least involved in the affairs of the group and hence passive in his approach. All the above leadership styles can't be called as effective because an effective leader is expected to give maximum concern to his people, task and the situation in which he is placed. One can't be passive approach may benefit in certain situations. A leader should be aware when to be active or passive as the situation demands.

**5. Executive Style**

A good executive leader has concern for both the task and the people depending on the situation. Such managers are good motivators who set high standards, recognize individual differences and emphasize team building.

**6. Developer Style**

Developer has implicit faith in his people and he is highly concerned with developing them obviously he gives priority to the people and in the process task seems to be pushed behind. However it is good to develop people in the objective of completing the task efficiently. This is because no effective leader can afford to neglect the task.

**7. Bureaucratic Style**

This style of leadership has no concern for people or for the task. They are more worried about the rules and regulations. Of course they would be able to control with the help of rules and regulations. This type of leadership is widely popular in the government and public sector leadership.

**8. Participative or Democratic Style**

A participative type of leader has a great concern for his group. He actively participates in all the activities, decisions etc., and get opinion from the group people, shares ideas with them while setting up the objectives for the group.

**9. Free rein Style**

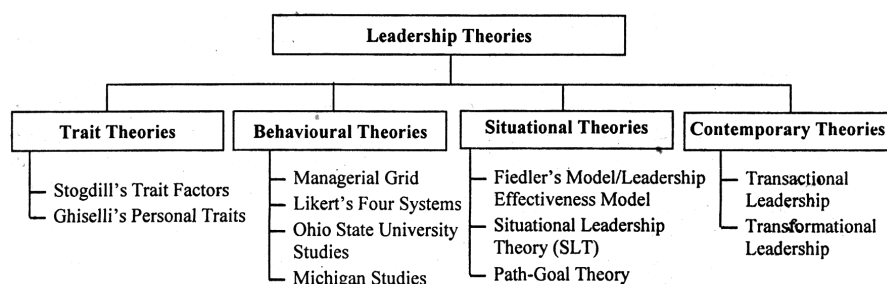
Here the leader entrusts the decision making authority to his subordinates. He does not direct and hardly makes any contribution to the overall effort. He avoids using power and leaves it to his subordinates to establish the goals and work out the plan to attain the goals. The manager usually contacts the outside sources and brings information and material, which the members of the group require to perform their job. This style of leadership is adopted only if the subordinates have a sincere desire to discharge their responsibilities and are highly competent and duty conscious and motivated to do the job even without any direction by the manager. Such instances of course, either do not exist or are found to be rare. Hence this style is used very rarely in business concern.

**4.7.5 Leadership Theories / Approaches****Q31. Discuss about leadership Theories /Approaches.**

*Ans :*

To understand leadership as it is viewed and practiced today, it is important to recognise that the concept of leadership has changed over time. Leadership is a complicated notion and a number of theories have been produced to explain it. Leadership theories typically have evolved as norms, attitudes and understanding in the larger world have changed. These theories have developed over the years and explore a number of different facets of leadership and leadership behaviour.

In many ways they complement one another and together they help to gain a comprehensive understanding of what the process of leadership is about. Various theories of leadership are as follows:



#### 4.7.6 Trait Approach to Leadership

##### Q32. Write about Trait Approach to Leadership.

*Ans :*

Trait theory is a traditional approach to the theory of leadership. According to these theories, it is thought that a leader has specific trait of mind and intelligence. These special qualities of head and heart generally include mental capacities and morale qualities. The trait theory holds the view that successful leader possess these basic qualities and these are inherited rather than acquired. Out of this approach, came the popular belief that "Leaders are Born and not Made".

Trait theory of leadership is based on the assumption that people are born with inherited traits and some traits are particularly suited to leadership. People who make effective leaders have the right (or sufficient) combination of traits and great leaders has some common personality characteristics. Trait theories help in identifying traits and dispositions that are helpful when leading others.

There have been many different studies of leadership traits and attention was put on discovering these traits, often by studying successful leaders, but with the underlying assumption that if other people could also be found with these traits, then they, too, could also become great leaders. Some of the most popular trait theories are as follows:

- A. Stogdill's trait factors, and
- B. Ghiselli's personal traits.

##### A) Stogdill's Trait Factors

In the late 1940s, Ralph Stogdill reported on the basis of at least fifteen studies that leaders possess intelligence, scholarship, dependability in exercising responsibilities, activity and social participation and socio-economic status. He also found traits such as sociability, persistence, initiative, knowing how to get things done, self-confidence, alertness, insight, cooperativeness, popularity, adaptability and verbal facility in ten leadership studies. Persons who are leaders are presumed to display better judgment and engage themselves in social activities. The study of the lives of successful leaders reveals that they

possessed many of these traits. Some of the important traits of an effective leader are discussed below:

1. **Intelligence:** This trait seems to hold up better than any other. Leaders generally have some what higher level of intelligence than the average of their followers. They possess the ability to think scientifically, analyse accurately and interpret clearly and precisely the problems before them in terms of different aspects and perspectives.
2. **Physical Features:** Physical characteristics and level of maturity determine personality of an individual, which is an important factor in determining success of leadership. Height, weight, physique, health and appearance of an individual are important for leadership to some extent.
3. **Inner Motivation Drive:** Leaders have relatively intense achievement type motivational drives. They have the inner urge to keep accomplishing something. To initiate suitable activities at proper time is the habit of a leader. He works hard more for the satisfaction of inner drives than for extrinsic material rewards.
4. **Maturity:** Leaders generally have broad interests and activities. They are emotionally mature and have balanced temperaments avoiding menacing so that they may not become thoughtless victims of the circumstances. They also have high frustration tolerance.
5. **Vision and Foresight:** A leader cannot maintain his influence unless he exhibits his trait of looking forward well in advice and imagination for handling his followers. So he should imaginatively visualise trends and devise his policies and programmes with foresight based on logical programmes.
6. **Acceptance of Responsibility:** A reliable leader is one who is prepared to shoulder the responsibility for the consequences of any steps he contemplates or takes. He is always aware of the duties and obligations associated with the position he holds.

7. **Open-Mind and Adaptability:** A leader is ready to absorb and adopt new ideas and views of others as may be demanded by the situation. He is not critical of others. He is prepared to accommodate others' viewpoints and modify his decision, if need be. Flexibility is another name for open-mindedness, which makes the leader more identified with the group.
8. **Self-Confidence:** A good leader has conceptual clarity about the things he is going to do. He has confidence in himself whenever he initiates any course of action. Self-confidence is essential to motivate the followers and boost up their morale.
9. **Human Relations Attitude:** A good leader is thoughtful of the followers as his success as a leader largely depends on the cooperation of the people. Thus, a successful leader possesses the human relations attitude. He always tries to develop social understanding with other people. He approaches various problems in terms of people involved more than in terms of technical aspects involved. He is constantly busy in achieving the voluntary cooperation of the followers.
10. **Fairness of Objectivity:** A good leader is fair and objective in dealing with subordinates. He must be free from bias and prejudice while becoming emotionally involved with the followers. Honesty, fairplay, justice and integrity of character are expected of any good leader.

#### B) Ghiselli's Personal Traits

Edwin Ghiselli has conducted extensive research on the relationship between personality and motivational traits and leadership effectiveness. He has identified the following six traits, in order of importance, as being significant traits for effective leadership :

1. **Supervisory Ability:** Getting the job done through others.
2. **Need for Occupational Achievement:** Seeking responsibility and having the motivation to work hard to succeed.
3. **Intelligence:** The ability to use good judgement and clear reasoning.

4. **Decisiveness:** The ability to solve problems and make decisions competently.
5. **Self-Assurance:** Viewing oneself as capable of coping with problems and behaving in a manner that shows others that one has self-esteem.
6. **Initiative:** Self-starting, or being able to get the job done with a minimum of supervision from one's boss.

The problem with Ghiselli's research is that several of the traits are interdependent and there is no indication of how much of any trait a person should have to be an effective leader.

#### 4.7.7 Behavioural Approaches to Leadership

**Q33. Write about behavioural approach to leadership.**

*Ans :*

The behavioural theory is an extension of the traits theory and is superior in certain respects. The traits theory failed to explain what caused effective leadership. The behavioural approach is based on the study of behaviour of a leader. The behavioural theories are practical in nature. These theories believe that leadership grows/develops not by traits but by the acts or experience of a person.

These are based on the assumption that leaders are not born but they develop gradually by experience and maturity. The attention is given to what leaders do (i.e., their behaviour) rather than to what they are. A leader learns new traits through his experience (behaviour or acts). The focus point, here, is on what the leader does while leading.

Because of the widespread inconsistencies of trait studies of leadership effectiveness, research continued and focused on the behavioural patterns, or styles, of leaders with respect to their interaction with group members. Several research efforts have focused on these two extremes and in-between levels of leadership behaviour. These are as follows:

1. Managerial grid,
2. Likert's four systems,
3. Ohio state university studies, and
4. Michigan studies.

## 1. Managerial Grid

The concept of managerial grid was created by R.R. Blake and Jane S. Mouton of USA. They emphasised that leadership style consists of facts of both task oriented and relation oriented behaviour in varying degrees. They have used two phrases :

- (i) **Concern for Production:** Concern for production means the attitude of the superiors towards a variety of factors concerning production, such as products, procedures, processes, quality of staff service, work load, efficiency and quantity of production.
- (ii) **Concern for People:** Concern for people includes degree of personal commitment towards goal achievement, maintaining the self esteem of workers, responsibility and conductibility based on trust rather than on force and satisfying inter-personal relations.

Figure below shows the degree of concern for production and for people and possible interactions (combinations) between them. The horizontal axis represents concern for production and the vertical axis indicates concern for people. Each axis is expressed as a nine point scale of concern. No.1 in each case represents the minimum concern and No.9 represents the maximum concern in ascending order.

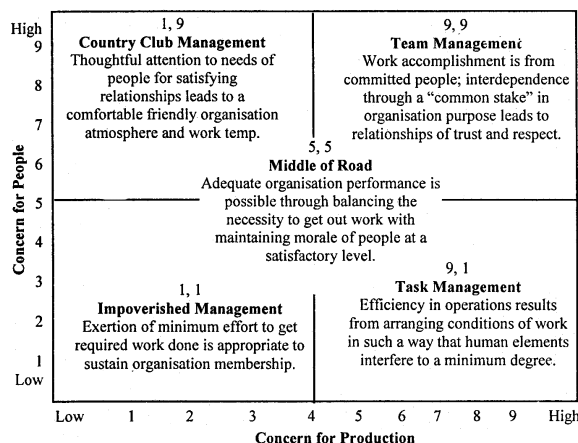


Fig. : Managerial Grid

- (a) **The 9,1 Managerial Style (Task):** 9, 1 scale point indicates efficiency results from arranging work in such a way that human elements have little effect.
- (b) **The 1, 9 Managerial Style (Country Club):** 1, 9 scale points indicates the thoughtful attention to needs of people for satisfying relationships which leads to a comfortable, friendly organisation atmosphere and work tempo.
- (c) **The 1, 1 Managerial Style (Impoverished):** A1, 1 scale point indicates that exertion of minimum effort to get required work done is appropriate to sustain organisation relationship.
- (d) **The 5, 5 Managerial Style (Middle Road):** 5, 5 scale points indicates that adequate performance is possible through balancing the work requirements with maintaining morale of people at satisfactory level.
- (e) **The 9, 9 Managerial Style (Team):** 9, 9 scale points indicates that work accomplishment from committed people and interdependence through a common stake in organisation leads to relationship of trust and respect.

In managerial grid there are 81 possible positions reflecting as many leadership styles, but the focus usually centres around five basic styles. The 9, 1 leader is mainly concerned with production and little concern for people. The leader wants to meet production schedule and get the task done at all cost. The 1, 9 styles reflect a minimum concern for production and maximum concern for people.

Managerial grid approach is attractive, instructive and has a common sense appeal. The grid helps the manager to identify his own leadership style. It serves as a useful framework for the leaders to understand behaviour and reactions of people at work. However, managerial grid fails to take cognisance of environmental factors, nature of subordinates and nature of task. Further, it is impossible to calculate 81 combinations to determine leadership behaviour.

	Style of Leader	Effectiveness
1,1 Little concern for either production or people	The impoverished type	Worst leadership style
1,9 Lowest concern for production highest for people	The country-club type	People-oriented style
9,1 Highest concern for production lowest for people	The autocrat type	Production-oriented style
5,5 Comfortable concern for both production and people	The middle-of-the-road type	Maintain present balance style
9, 9 Highest concern for both production and people	The team type	Peak of leadership style

## 2. Likert's Four Systems

Developing on the notion that leadership style consists of two extreme positions - autocratic and democratic. Rensis Likert formulated an influential classification of four systems of leadership styles for use in the management of organisation. These systems varied as System 1 to System 4 on a number of criteria, which are explained below:

- (a) **System 1 Management (Exploitative Authoritative):** As an exploitative authoritarian, the leaders :
- Are highly authoritarian and autocratic,
  - Have little confidence and trust in subordinates,
  - Motivate people through fear and punishment,
  - Engage in downward communication, and
  - Make decision at the top of the organisation, and exhibit similar characteristics.
- (b) **System 2 Management (Benevolent Authoritative):** As an benevolent authoritarian, the leaders:
- Have a condescending confidence and trust in subordinates,
  - Motivate people to encourage performance with rewards,
  - Engage in some upward communication,
  - Seek some ideas and opinions from subordinates, and
  - Permit some delegation of decision-making at lower levels with close policy control.
- (c) **System 3 Management (Consultative):** It is described as consultative in that leaders:
- Have substantial but not complete confidence and trust in subordinates,
  - Try to make use of ideas and opinions from subordinates,
  - Motivate people through rewards with occasional punishment and some participation,
  - Engage in both downward and upward communication, and
  - Make broad policy decisions at the top with specific decisions at lower levels.
- (d) **System 4 Management (Participative):** It is described as participative in that leaders:
- Have complete trust and confidence in subordinates in all matters,
  - Make constructive use of ideas and opinions after getting them from subordinates,
  - Give economic rewards on the basis of group participation and involvement in setting high performance goals, improving work methods, etc.,
  - Engage in much communication flow both down and up with peers,
  - Encourage decision-making throughout the organisation, and
  - Operate with themselves and their subordinates as a group.

### 3. Ohio State University Studies

The focus of the researchers at Ohio State University in the late 1940s was on the identification of independent dimensions of leadership behaviour. The researchers developed an assessment tool, the Leader Behaviour Description Questionnaire, which was used to discover how leaders carry out their activities. Researchers at Ohio State University identified consideration and initiating structure as the dimensions of leadership behaviour.

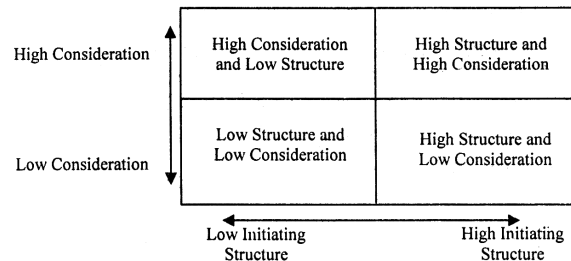
Consideration indicates friendship, mutual trust, respect, and worth. A leader with this kind of behaviour is likely to be friendly and approachable, and likely to have a good rapport with subordinates. There is a two-way communication with subordinates and willingness to help with subordinates' personal problems. In addition, the leader adopts an employee-oriented style that is participative.

The job-centred or task-oriented manager appears to rank high on initiating structure and low on consideration. The Ohio studies found that consideration and initiating structure were independent of each other. This means that what a leader scores on one factor has no influence on what the leader scores on the other. Initially, it was believed that if a leader scores high on initiating structure, the leader could not be considerate and if the leader was considerate, that leader was not good at initiating structure.

Leaders from the military, educational, manufacturing, and other sectors were included in the research project. The researchers found that two dimensions of leadership were consistent among the studied groups - consideration for people and initiating structure.

Consideration for people focused on the human side of the business and was also called relationship behaviour. This dimension recognised that individuals have needs and require relationships. The initiating structure dimension put an importance on tasks and goals. These findings were important to the study of organisational behaviour and leadership by not only identifying these concepts but also in recognising that the two dimensions were independent. In other words, consideration for workers and initiating structure existed simultaneously and to different degrees. A

matrix was created that showed the various combinations and quantities of the elements (see figure):



**Fig. : Ohio State Studies**

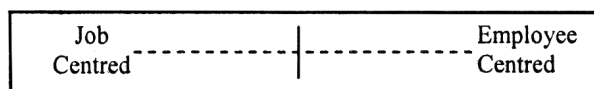
Leaders who ranked high on both dimensions were more likely to influence the workforce to higher levels of satisfaction and performance. A weakness noted in the Ohio State studies was that situational factors were absent from the research. Although a combination of the dimensions was developed, the effectiveness of each combination in relation to workplace situations was not identified. Not all workplace situations require an emphasis on initiating structure. For example, healthcare professionals who are intrinsically motivated and highly skilled may not require initiating structure from their manager.

### 4. Michigan Studies

The researchers at Michigan placed special attention to the impact of leader's behaviours on the performance of small groups. Just like their Ohio State counterparts, the researchers at Michigan identified two types of behaviour, which are as follows:

- (i) **Employee Centred Behaviour:** It is like the consideration structure behaviour of the Ohio studies, it focuses on people and relationships. Supervisors spent more time in actual, supervisory activities; less time performing tasks similar to those performed by subordinates, used general rather than close supervision, took a personal interest in employees and was less punishing when mistakes were made. Employees of employee-centred supervisors felt that their supervisor took a personal interest in them, let them know how they were doing on the job, and would support them.

- (ii) **Production Centred Behaviour:** It is like the initiating structure behaviour of the Ohio studies, it focuses on the task. Supervisors spent less time in actual supervisory practices such as planning; more time performing tasks similar to those subordinates performed, used close supervision, and punished mistakes.



**Figure**

So far, it has been seen that similar behaviours identified by the Ohio and Michigan studies, but unlike the Ohio studies, the Michigan researchers see the employee and production centred behaviours as opposite of the same continuum. With this in mind, leaders will not be able to have employee centred behaviour, and production centred behaviour at the same time. As more studies were completed, eventually the researchers re-conceptualised their approach as two independent behaviours, just like Ohio State did before. A famous series of studies on leadership were done in Michigan University, starting in the 1950s. They found three critical characteristics of effective leaders :

- i) **Task-Oriented Behaviour:** Effective managers studied did not do the same kind work as their subordinates. Their tasks were different, and included planning and scheduling work, coordinating activities and providing necessary resources. They also spent time guiding subordinates in setting task goals that were both challenging and achievable,
- ii) **Relationship-Oriented Behaviour:** Effective managers not only concentrated on the task, but also on their relationship with their subordinates. They were more considerate, helpful

and supportive of subordinates, including helping them with their career and personal problems. They recognised effort with intrinsic as well as extrinsic reward, thanking people for effort.

- iii) **Participative Leadership:** Effective leaders use a participative style, managing at the group level as well as individually, for example using team meetings to share ideas and involve the team in group decisions and problem-solving. By their actions, such leaders model good team-oriented behaviour. The role of the manager is more facilitate than directive, guiding the conversation and helping to resolve differences. The manager, however, is responsible for results and is not absolved of responsibility. As such, they may make final decisions that take recommendations from the team into account. The effect of participative leadership is to build a cohesive team which works together rather than a set of individuals.

#### 4.7.8 Managerial Grid Approach

**Q34. Write about managerial Grid Approach?**

*Ans :*

Robert Blake and Jane Mouton developed Managerial Grid Approach. This grid has been used throughout world as a means of training managers and of identifying various combinations of leadership styles.

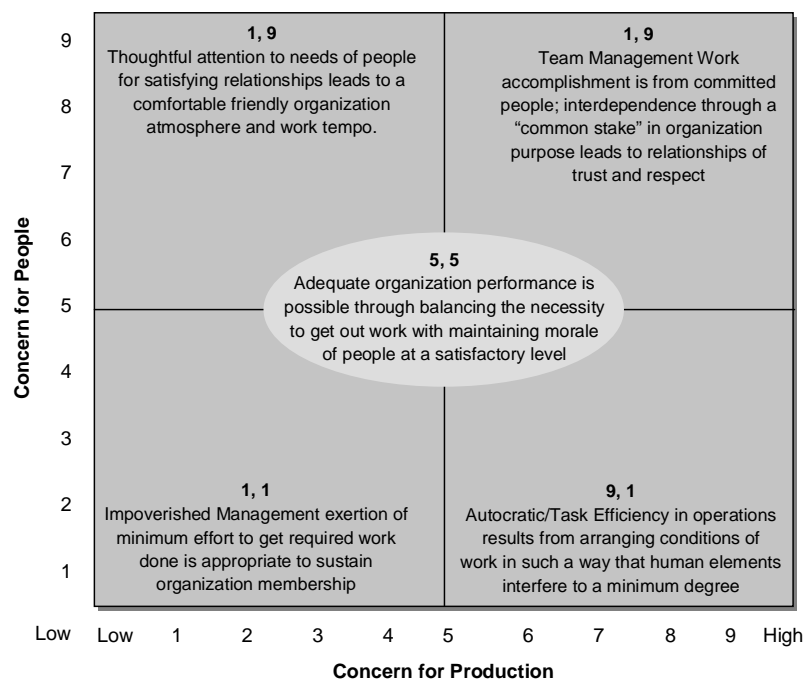
The grid has two dimensions :

1. **Concern for People :** Concern for people includes degree of personal commitment towards goal achievement, maintaining the self esteem of workers, responsibility and conductibility based on trust rather than on force and satisfying interpersonal relations.
2. **Concern for Production :** Concern for production includes degree of personal commitment towards goal achievement, maintaining the self esteem of workers, responsibility and conductibility based on trust rather than on force and satisfying interpersonal relations.

Figure below shows the degree of concern for production and for people and possible interactions between them. The horizontal axis represents concern for production and the vertical axis indicates concern for people.

Each axis is expressed as a nine point scale of concern. No. 1 in each case represents the minimum concern and No. 9 represents the maximum concern in ascending order.

1. **The 9, 1 Managerial Style** : 9, 1 scale point indicates efficiency results from arranging work in such a way that human elements have little effect.
2. **The 1, 9 Managerial Style** : 1, 9 scale point indicates the thoughtful attention to needs of people for satisfying relationships which leads to a comfortable, friendly organization atmosphere and work tempo.
3. **The 1, 1 Managerial Style** : 1, 1 scale point indicates that exertion of minimum effort to get required work done in appropriate to sustain organization relationship.



**Fig.: Managerial Grid**

4. **The 5, 5 Managerial Style** : 5, 5 scale point indicates that adequate performance is possible through balancing the work requirements with maintaining morale of people at satisfactory level.
5. **The 9, 9 Managerial Style** : 9, 9 scale point indicates that work accomplishment from committed people and interdependence through a common stake in organization leads to relationship of trust and respect.

Managerial grid approach is attractive, instructive and has a common sense appeal. The grid helps the manager to identify his own leadership style. It serves as a useful framework for the leaders to understand behavior and reactions of people at work. Managerial grid fails to take cognizance of environmental factors, nature of subordinates and nature of task. Further, it is impossible to calculate 81 combinations to determine leadership behavior.

#### 4.7.9 Path-Goal Theory

##### Q35. Write about Path-Goal Theory

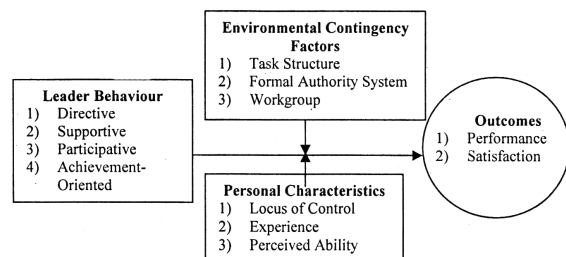
*Ans :*

Developed by Robert House, path-goal theory extracts elements from the Ohio State leadership research on initiating structure and consideration and the expectancy theory of motivation. The essence of path-goal theory is that it is the leader's job to provide followers with the information, support, or other resources necessary for them to achieve their goals. The term 'path-goal' is derived from the belief that effective leaders clarify the path to help their followers to get from achievement of their work goals and to make the journey along the path easier by reducing roadblocks. House identified four leadership behaviours:

- (i) **Supportive Leadership:** Considering the needs of the follower, showing concern for their welfare and creating a friendly working environment. This includes increasing the follower's self-esteem and making the job more interesting. This approach is best when the work is stressful, boring or hazardous.
- (ii) **Directive Leadership:** Telling followers what needs to be done and giving appropriate guidance along the way. This includes giving them schedules of specific work to be done at specific times. Rewards may also be increased as needed and role ambiguity decreased (by telling them what they should be doing). This may be used when the task is unstructured and complex and the follower are inexperienced. This increases the follower's sense of security and control and hence is appropriate to the situation.
- (iii) **Participative Leadership:** Consulting with followers and taking their ideas into account when making decisions and taking particular actions. This approach is best when the followers are expert and their advice is both needed and they expect to be able to give it.
- (iv) **Achievement-Oriented Leadership:** Setting challenging goals, both in work and

in self-improvement (and often together). High standards are demonstrated and expected. The leader shows faith in the capabilities of the follower to succeed. This approach is best when the task is complex.

As figure shows, path-goal theory proposes two classes of contingency variables that moderate the leadership behaviour - outcome relationship :



**Fig. : Path-Goal Theory**

1. Those in the environment that are outside the control of the employee (task structure, the formal authority system, and the workgroup), and
2. Those that are part of the personal characteristics of the employee (locus of control, experience, and perceived ability).

Environmental factors determine the type of leader's behaviour required as a complement if follower outcomes are to be maximised, while personal characteristics of the employee determine how the environment and leader's behaviour are interpreted. So the theory proposes that leader's behaviour will be ineffective when it is redundant with sources of environmental structure or incongruent with employee's characteristics.

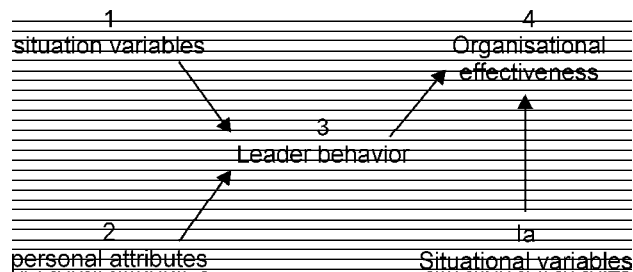
#### 4.7.10 Vroom's Decision Tree Approach to Leadership

##### Q36. Write about Vroom's Decision Tree Approach to Leadership.

*Ans :*

**VROOM's Decision Tree Approach :** The Consistency model developed by Victor Vroom and Philip Yetten is based on a model commonly used by researchers who take a contingency approach to leadership.

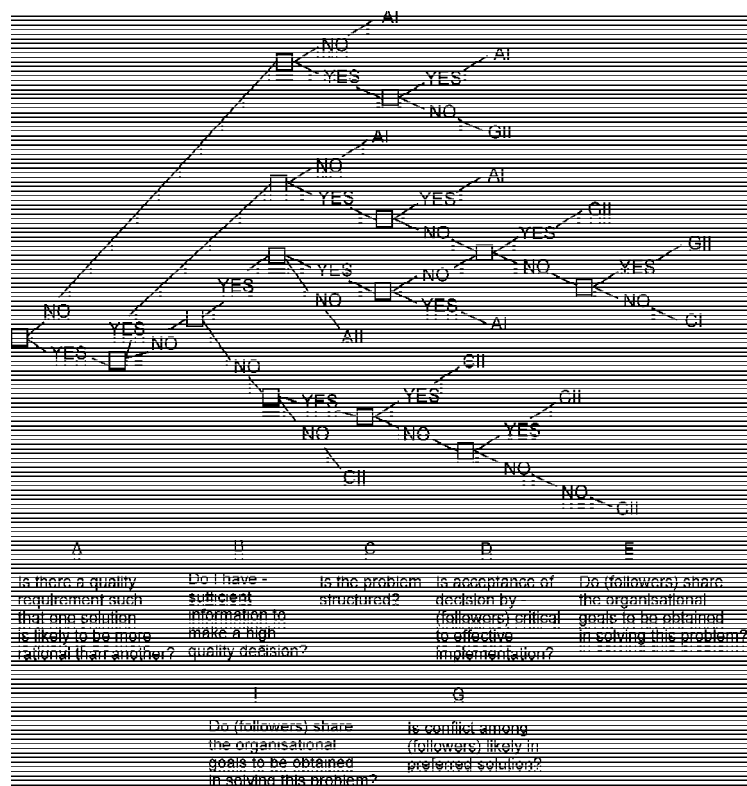
This model is based on the assumption that situational variables, interacting with personal attributes or characteristics of the leader, result in leader behavior that can affect organisational effectiveness. This change in the organisation is because the organisational is part of the situation and can, in turn, affect leadership intervention.



**Fig.: Schematic Representation of Important Variables Used in Leadership Research**

The figure above assumes that situational variables (1) of followers such as time and job demands, interacting with personal attributes (2) of the leader, such as experience or communication skills, result in leader behavior (3) such as directive style of leadership, to influence organisational effectiveness (4) which is also influenced by other situational variables outside the control of the leader. For example, world economic conditions, actions of competitors, government legislation.

Working of Vroom-Yetten Contingency Model Assume that you have decided to let your group participate in making a decision. You can use the figure below as a guide, by asking questions A through G in sequence. Table describes the five different types of decision styles possible in this model. Table lists seven problem attributes (A through G) together with their corresponding diagnostic questions.



**Fig.: Vroom-Yetten Decision Model**

Following the same process, the manager should first diagnose the situational variables.

- AI You solve the problem or make the decision yourself, using information available to you at the time.
- All You obtain the necessary information from your [follower(s)], then decide on the solution to the problem yourself. You may or may not tell your [followers] what the problem is in getting information from them. The role played by your [followers] in making the decision is clearly one of providing the necessary information to you, rather than generating or evaluating alternative solution.
- CI You share the problem with relevant [followers] individually, getting their ideas and suggestions without bringing them together as a group. Then you make the decision that may or may not reflect your [followers'] influence.
- CII You share the problem with your [followers] as a group, collectively obtaining their ideas and suggestions. Then you make the decision that may or may not reflect your [followers'] influence.
- GII You share a problem with your [followers] as a group. Together you generate and evaluate alternatives and attempt to reach agreement (consensus) on a solution. Your role is much like that of a chairman. You do not try to influence the group to adopt. "Your" solution and you are willing to accept and implement and solution that has the support of the entire group

Problem Attributes		Diagnostic Questions	
A.	This importance of the quality decision.	A.	Is there a quality requirement - such that one solution is likely to be more rational than another?
B.	The extent to which the leader possesses sufficient information/ expertise to make a high-quality decision.	B.	Do I have sufficient information - to make a high-quality decision?
C.	The extent to which the problem structured.	C.	Is the problem structured?
D.	The extent to which acceptance or commitment on the part of [followers] is critical to the - effective implementation of the decision.	D.	Is acceptance of the decision by [followers] critical to effective implementation?
E.	The priority probability that the leader's autocratic decision will receive acceptance by subordinates.	E.	If were to make the decision by myself, is it reasonably certain - that it would be accepted by my [followers]
F.	The extent to which [followers] are motivating to attain organisational goals as represented in the objectives explicit in the - statement of the problem.	F.	Do [followers] share the organisational goals to be obtained in solving the problem.
G.	The extent to which [followers] are likely to be in conflict over preferred solutions.	G.	Is conflict [followers] likely in preferred solutions.

**Table : Problem Attributes used in the Vroom-Yetten Model**

After asking these seven questions, the manager should refer to the figure and work through this decision tree from left to right asking questions. A through G. When the response indicates a type of decision, for example AI, then the manager should turn to Table for a description of the appropriate decision style.

This model is a contingency model because the leader's possible behavior is contingent upon the interactions between the questions and the leader's assessment of the situation in developing a response to the questions.

The first three questions concern the quality of technical accuracy of the decision, and the last four concern the acceptance of the decision by the group members. The questions are designed to eliminate alternatives that would jeopardize the quality of the acceptance of the decision, as appropriate.

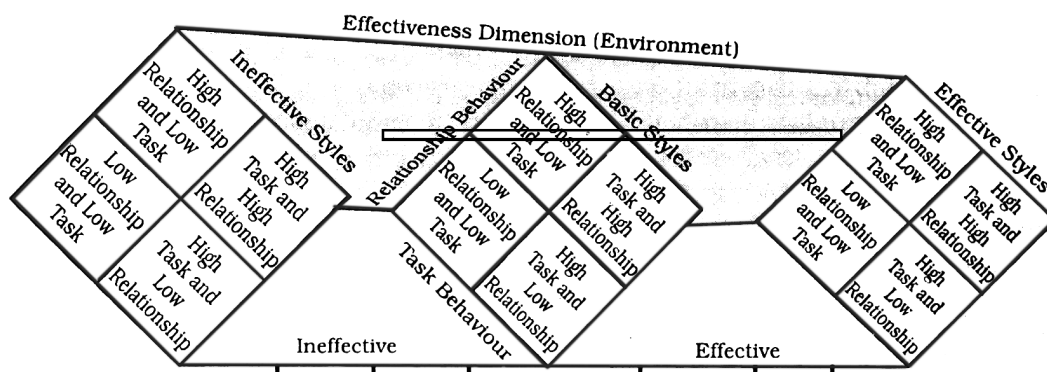
The Vroom-Yetten approach is important for several reasons. One is that it is widely respected among researchers in leadership behavior. Another reason is that the authors believe that leaders have the ability to vary their styles to fit the situation. This point is critical to acceptance of situational approaches to leadership. A third reason is that authors believe that people can be developed into more effective leaders.

#### 4.7.11 Hersey and Blanchard Model

**Q37. Write about Hersey and Blanchard Model.**

*Ans :*

Hersey and Blanchard have tried to integrate the concepts of leadership styles with the situational demands of specific environment by adding the environment dimension to the task behaviour and relationship behaviour dimensions of Ohio State Leadership model. They suggest when the style of a leader is appropriate to a given situation it is termed effective, when the style is inappropriate to a situation it is termed ineffective. The difference between effective and ineffective styles is often not the actual behaviour of the leader but the appropriateness of the observed behaviour to the given situation. It is the interaction of the basic style with the environment that results in a degree of effectiveness or ineffectiveness. In reality the third dimension is the environment in which the leader is operating. "Although effectiveness appears to be an either/or situation in this model, in reality it should be represented as a continuum. Any given style in a particular situation could fall somewhere on this continuum from extremely effective to extremely ineffective. Effectiveness, therefore, is a matter of degree, and there could be an infinite number of faces on the effectiveness dimension rather than only three. To illustrate, the effectiveness dimension has been divided into qualities ranging on the effective side from +1 to +4 and on the ineffective side from -1 to -4.



**Figure: Tri-dimensional Leader Effectiveness Model**

Hersey-Blanchard's model is different from Reddin's model in two respects: • i) using environment as an effectiveness dimension, and (ti) using the behavioural notions in place of attitudinal concepts of Reddin.

The four effective and the four ineffective styles are, in essence, how appropriate a leader's basic style is to a given situation as seen by his or her followers, superior, or associates. Table 35.7 describes briefly one of many different ways each style might be perceived as effective or ineffective by others.

**Table: How the Basic Leader Behaviour Styles may be seen by other when they are Effective or Ineffective**

Basic	Effective	Ineffective
High Task and Low Relationship Behaviour	Seen as having well-defined methods for accomplishing goals that are helpful to the followers.	Seen as imposing methods on others; sometimes seen as unpleasant and interested only in short-run output.
High Task and High Relationship Behaviour	Seen as satisfying the needs of the group for setting goals and organising work, but also providing high levels of socio-emotional support.	Seen as initiating more structure than is needed by the group and often appears not to be genuine in interpersonal relationships.
High Relationship and Low Task Behaviour	Seen as having implicit trust in people and as being primarily concerned with facilitating their goal accomplishment.	Seen as primarily interested in harmony; sometimes seen as unwilling to accomplish a task if it risks disrupting a relationship or losing "good person" image.
Low Relationship and Low Task Behaviour	Seen as appropriately delegating to subordinates decisions about how the work should be done and providing little socio-emotional support where little is needed by the group.	Seen as providing little structure or socio-emotional support when needed by members of the group.

A model such as the Tri-Dimensional Leader Effectiveness Model is distinctive because it does not depict a single ideal leader behaviour style that is suggested as being appropriate in all situations. For example, the high task and high relationship style is appropriate only in certain situations. In basically crisis-oriented organisations such as the military or the fire department, there is considerable evidence that the most appropriate style would be high task and low relationship, since under combat, fire, or emergency conditions success often depends on immediate response to orders. Time demands do not permit talking things over or explaining decisions. But once the crisis is over, other styles might become appropriate for the chief to engage in other styles while his staff are participating in an ancillary function, such as maintaining the equipment or studying new fire-fighting techniques."

## Short Notes

### 1. Organizational Behaviour

Organizational Behavior is so important matter for an organization to operate their business. We know every organization their ultimate target is to maximize profit by satisfying customers need, want and demand successfully. If any organization wants to do business for long time they must have to organize their business organization to compete in a high competitive global market. That's why the management of any organization is very sincere to operate their employees in a dynamic way.

Organizational behavior is a field of study that investigates the impact that individuals, groups and structures have on behavior within an organization for the purpose of applying such knowledge towards improving an organization's effectiveness.

#### Definitions of OB

The term 'organizational behavior' is defined by "**Stephen P Robbins**" as "a field of study that investigates the impact of individuals, groups and structures on behavior within organizations for the purpose of applying such knowledge towards improving an organization's effectiveness".

**Keith Davis** defined "Organizational Behavior is the study and application of knowledge about how people as individual or as groups act within organizations."

"Organizational behavior is the understanding, prediction and management of human behavior in organizations".

– Fred Luthans

### 2. Goals of Organizational Behavior

There are some goals of organizational behavior which are as follows:

- (i) **Describe** : The first goal is to describe, systematically how people behave under a variety of conditions. Achieving this

goal allows managers to communicate about human behavior at work using a common language.

- (ii) **Understand** : A second goal is to understand any people behave as they do. The managers would be frustrated if they could talk about behavior of their employees, but not understand the reasons behind those actions.

- (iii) **Predict** : The managers would have capacity to predict which employees might be dedicated and productive or which ones might have absent, cause problem. And thus the managers could take preventive actions.

- (iv) **Control** : The final goal of OB is to control and develop some human activity at work. Since managers are held responsible for performance outcome, they are vitally interested in being able to make an impact on employee behavior, skill development, team effort, and productivity. Managers need to be able to improve results through the actions they and their employees take, and organizational behavior can aid them in their pursuit of this goal.

### 3. Autocratic Model

**"Might is right" is the motto of the theory.**

**It depends upon power: Those who are in command must have power to demand.**

Main features of the autocratic model are given as below:

- i) **Only Management Decides Right or Wrong**: Employees are to follow their boss otherwise they are penalised. The theory is based on the assumption that only management knows what is wrong and what is right and employees are to follow orders without any argument. Management thinks that employees are passive and resistant to organisational needs. It is just like theory X developed by McGregor.

ii) **Obedient Orientation of Employees:** Under autocratic conditions the employee orientation is obedience to a boss, rather than respect for a manager. The psychological result for employees is dependence on their boss, whose power to hire, fire, and "perspire" is almost absolute. The boss pays minimum wages because minimum performance is given by employees. They are willing to give minimum performance - though sometimes reluctantly - because they must satisfy subsistence needs for themselves and their families.

iii) **Useful Approach:** The autocratic model was an acceptable approach to guide managerial behaviour when there were no well-known alternatives, and it still can be useful under some conditions, where situation are different.

#### 4. Custodial Model

**Workers being managed under the autocratic model often feel insecurity and frustration:** They may even show aggression towards their bojs, their families and neighbours. That is why progressive managers felt that there must be some way to develop better employee relationships so that insecurity and frustration could be dispelled. Main features of the custodial model are given below:

- i) **Employee Dependence on the Organisation :** The custodial approach leads to employee dependence on the organisation. Rather than being dependent on their boss for their weekly bread, employees now depend on organisations for their security and welfare.
- ii) **Emphasises Rewards :** The model emphasises economic reward, security, organisational dependence, and maintenance factors.
- iii) **Promotes Employee Satisfaction :** Employees working in a custodial environment become psychologically

preoccupied with their economic rewards and benefits. As a result of their treatment, they are well maintained and contented. However, contentment does not necessarily produce strong motivation; it may produce only passive cooperation. The result tends to be that employees do not perform much more effectively than under the old autocratic approach.

- 5. **System Model :** This model is based on trust, self-motivation, and the performance results will be more than expected, because employees will be committed to do their tasks as expected, and as well as organizational goals.

After we explained the models in brief we would like to inform you that the world nowadays requires from us necessary steps before we decide the best model to have for an each organization. One of the most important things to consider is that managers and leaders should clearly understand the nature of their organizations before making any decision. Also, they have to consider and look at the changing in the environment and of course the employee's needs so that they can have the best model to use to get a better result.

#### 6. Group Dynamics

The word dynamics has been derived from the Greek word '**Dynamis**' which means power. **Kurt Lewin** popularised the term group dynamics in 1930's. Group dynamics refers to the "forces operating in groups". It focuses on the following aspects of these forces - "What gives rise to them, what conditions modify them, and what consequences do they have, etc. The practical application of group dynamics (or the technology of group dynamics) consists of the utilisation of knowledge about these forces for the achievement of some purpose". According to another view, group dynamics deals with, "the nature of groups, the laws of their development, and their interrelations with individuals, other groups, and larger institutions".

**According to Kurt Lewin,** "Group dynamics deal with internal nature of groups, how they are formed, what structure and processes they adopt, how they function and affect individual members, other groups and the organisation".

#### 7. **Reasons for Joining Group**

Groups come into being for a number of reasons, which are as follows :

- (i) **Personal Attraction:** Even in formal group settings when people are required to work together, the strength and cohesion of the group will be determined by the extent that individuals find other members attractive.
- (ii) **Group Activities:** Having opportunities to interact with and take part in group activities is essential if people are to develop the sense of affiliation with others.
- (iii) **Group Goals:** Sharing a set of common objectives is important to building the sense of common purpose and the norms required for the maintenance of a sense of identity and the way the group differentiates itself.
- (iv) **Security and Social Affiliation:** Groups enable individuals to develop their belonging needs. Apart from the need to feel 'loved', the group meets security needs as individuals feel protected by the group.
- (v) **Status and Self-Esteem:** Groups often develop a sense of worth and status that confers greater self-esteem on members. These feelings are enhanced if membership is perceived to be exclusive or difficult.
- (vi) **Power:** Groups can exert more power when dealing with non-group members than the collection of individuals would be able to achieve. For example, trade union membership provides an

opportunity for the employee group to both protect and promote employee interests.

#### 8. **Group Size**

The size of a group influences the behaviour of the group at large. According to research results, tasks are completed faster by small groups than by large ones but large groups work better to gather diverse opinions of members. Another research finding is about 'social loafing' according to which an individual puts in less effort when working with others collectively in a group as time gets wasted in socializing.

Social loafing may also result when the employee observes that other members of group are lazy and so puts in reduced effort too. If measures for individual performance do not exist, members may not work to increase productivity as the efforts would be counted for the group as a whole.

#### 9. **Group Cohesiveness**

Cohesiveness refers to the closeness among group members. Some groups seem to have a certain atmosphere of intimacy or common attitudes, behaviour and performance that is lacking in other groups. Group cohesiveness is generally regarded as characteristic of the group in which the factors acting on the group members to remain and participate in the group are greater than those acting on members to leave it.

#### **The Characteristics of Group Cohesiveness**

The characteristics are as follows :

- (i) Cohesiveness is an important indicator of the degree of influence of the group as a whole. The greater the cohesive-ness, the greater the group's influence on members.
- (ii) Highly cohesive groups are usually characterized by good feeling among members and an absence of tension, hostility and major conflicts.

- (iii) Highly cohesive groups are potentially better performers than non-cohesive groups.

#### 10. Reasons / Sources of Conflict

- (i) **Organisational Change** : People hold differing views over the direction to go, the routes to take and their likely success, the resources to be used, and the probable outcomes. With the pace of technological, political, and social increasing and the marketplace hurting toward a global economy, organisational changes will be ever-present.
- (ii) **Personality Clashes** : The concept of individual differences is fundamental to organisational behavior. Not everyone thinks feels, looks, or acts alike. Although personality differences can cause conflict, they are also a rich resource for creative problem solving. Employees need to accept, respect, and learn how to use these differences when they campaign.
- (iii) **Different Sets of Values** : People also hold different beliefs and adhere to different value systems. Their philosophies may diverge, or their ethical values may lead them in different directions.
- (iv) **Threats to Status** : The status, or the social rank of a person in a group, is very important to many individuals. When one's status is threatened, face saving becomes a powerful driving force as a person struggles to maintain a desired image. Conflict may arise between the defensive person and whoever created a threat to status.
- (v) **Contrasting Perceptions** : People perceive things differently as a result of their prior experiences and expectations. Since their perceptions are very real to them (and they feel these perceptions must be equally apparent to others), they sometimes fail to realize that others

may hold contrasting perceptions of the same object or event. Conflict may arise unless employees learn to see things as others see them and help others do the same.

- (vi) **Lack of Trust** : Every continuing relationship requires some degree of trust—the capacity to depend on each other's word and actions. Trust opens up boundaries, provides opportunities in which to act, and enriches the entire social fabric of an organisation. It takes time to build, but it can be destroyed in an instant. When someone has a real or perceived reason not to trust another, the potential for conflict rises.

#### 11. Leadership

Jan./Feb.-2015, Q.No. 5(a)

Jan.-2014, Q.No. 5(a)

Feb./March-2012, Q.No. 5(a)

March-2011, Q.No. 6(a)

Leadership is a Process of Influence on a People or organisation towards the accomplishments of target (Goals). In a simple word the action of leading a group of people or an organization is a Leadership. It is the ability of a leader to induce Subordinates to work with confidence and zeal. Leadership changes potential into Reality. Leadership is one of the means of direction and represents that part of the manager's activities by which he guides and influences the behaviors of a subordinate and the group towards some specified goals.

##### Definitions of Leadership

**According to Keith Davis.**

"Leadership is the human factor which binds a group together and Motivates Towards the Particulars goals."

**According to Koontz and O'Donnell,** "Leadership may be defined as the ability to exert interpersonal influence by means of communication toward the achievement of a goal."

**According to George R. Terry,** "Leadership is the ability of influencing people to strive willingly for mutual objectives."

**According to Franklin G. Moore,** "Leadership is the ability to make men act the way the leader wants."

In conclusion, it can be said that leadership is that ability of an individual on the basis of which, in special circumstances, through the medium of communication, guides the employees by impressing them with his conduct in such a manner that they, without any pressure, automatically start working at their full capacity for the attainment of the objectives of the enterprise.

## 12. Managerial Grid Approach

Robert Blake and Jane Mouton developed Managerial Grid Approach. This grid has been used throughout world as a means of training managers and of identifying various combinations of leadership styles.

The grid has two dimensions :

- (i) **Concern for People** : Concern for people includes degree of personal commitment towards goal achievement, maintaining the self esteem of workers, responsibility and conductibility based on trust rather than on force and satisfying interpersonal relations.
- (ii) **Concern for Production** : Concern for production includes degree of personal commitment towards goal achievement, maintaining the self esteem of workers, responsibility and conductibility based on trust rather than on force and satisfying interpersonal relations.

## Objective Type

### Fill in the Blanks

1. Model of OB \_\_\_\_\_.
2. Level of OB \_\_\_\_\_.
3. Components of transaction analysis \_\_\_\_\_.
4. Feature of group dynamics \_\_\_\_\_.
5. Groups created by formal authority to accomplish specific tasks are called \_\_\_\_\_.
6. \_\_\_\_\_ is the degree of attachment of the members to their group.
7. Changes carried out in expectation of an event are \_\_\_\_\_.
8. Type of group in organisation \_\_\_\_\_.
9. \_\_\_\_\_ is a contingent theory that focuses on followers readiness.
10. Leaders who provide individualized consideration and intellectual stimulation are called the \_\_\_\_\_.

### Answers

1. Autocratic
2. Group
3. Ego states
4. Perception
5. Formal groups
6. Group cohesiveness
7. Anticipatory changes
8. Task group
9. Situational leadership theory
10. Transformational leaders

### Choose the Correct Answers

1. Theory of leadership [d]  
(a) Expectancy theory (b) Maslow's need theory  
(c) Mc Clelland's motivation theory (d) None
2. Praise, recognition, power and responsibility, are the examples of \_\_\_\_\_ motivation [a]  
(a) Intrinsic (b) Extrinsic  
(c) Positive (d) None.

3. In path-goal theory, a leader can adopt following types of behaviour [c]  
(a) Supporting (b) Participative  
(c) Both (a) and (b) (d) None.
4. Which of the following are formal groups in organisations [b]  
(a) Power and interest group (b) Command and task groups  
(c) Interest and task groups (d) None.
5. During which stage of group development the goal is to establish a clear group structure and group roles [d]  
(a) Performing (b) Norming  
(c) Forming (d) Storming.
6. Within an organisation, leadership influence will be dependent upon the type of \_\_\_\_\_ that the leader can exercise over its followers. [a]  
(a) Power (b) Delegation  
(c) Knowledge (d) Friendship.
7. Vroom and Yelton's contingency model of leadership is based on certain aspects of a leader's decision such as [c]  
(a) Decision acceptance (b) Decision quality  
(c) Both (a) and (b) (d) None.
8. Hersey and Blanchard theory are based on the \_\_\_\_\_ of the people on which the leader is trying to influence [b]  
(a) Intelligence (b) Readiness  
(c) Personality (d) Motivation.
9. Managerial application of group dynamics [a]  
(a) Performance (b) Motivation  
(c) Need for achievement (d) All the above.
10. Which of the following are different types of conflicts? [a]  
(a) Intergroup conflict (b) Strategic conflicts  
(c) Both (a) and (b) (d) Environmental conflict.

# UNIT V

Organisation Design, organisation culture and organisation climate. Stress Management and Counseling, Management of change and organisation development. Communication – Emerging aspects of OB.

## 5.1 ORGANISATION DESIGN

### Q1. What do you mean by Organisation Design?

*Ans :*

Organisational design is the **design of the organisational structure**. It entails decisions about structure and culture. In design, we use the term structure in the widest sense. Organisational structure is the design of the pattern of positions and functions in the organisation.

Organisational design includes organisational structure as well as the design of the organisational process of work, in particular the decision making process. Though all the organisations are different from each other in their respective fields and types, but, there are certain basic features which are to be taken into consideration while designing the organisational structure or while changing it. Thus organisational design is the allocation of resources and people to specified mission or purpose and the structuring of these resources to achieve the mission.

### Importance of Organisational Design and Structure

Following reasons explain why organisation design is a vital task in today's competitive global environment:

1. **Dealing with Contingencies:** A contingency is an event that might occur and must be planned for, such as a changing environment. The design of an organisation determines how effectively an organisation controls various factors in its environment and obtains scarce resources.

2. **Gaining Competitive Advantage:**

Increasingly, organisations are discovering that organisation design is a source of sustained competitive advantage. Competitive advantage is the ability of a company to outperform others because its managers are able to create more value from the resources at their disposal. Competitive advantage springs from a firm's competences, manager's skills and abilities in value-creation activities such as manufacturing, research and development, or organisation design.

3. **Managing Diversity:** Differences in the race, gender, and national origin of organisational members have important implications for the values of an organisation's effectiveness. The quality of organisational decision making, e.g., is a function of the diversity of the viewpoints that are considered and of the kind of analysis that takes place.

4. **Efficiency and Innovation:** Organisations exist to produce goods and services that people value. The better organisations function, the more value, in the form of more or better goods and services, they create. Historically, the capacity of organisations to create value has increased enormously as organisations have introduced better ways of producing and distributing goods and services. The design and use of new and more efficient organisational structures is equally important. In today's global environment, e.g., competition from countries with low labour costs is pressuring companies all over the world to become more efficient in order to reduce costs or increase quality.

### 5.1.1 Factors of Organizations Design

#### Q2. How is an organization designed? Explain.

*Ans :*

Organizing is the process of creating the structure of working relationships between which enables them to achieve their organizational goals.

Organizational structure is the result of the organizing process. It is a framework of a decision-making process i.e., a system of relationships that controls the people's activities in an organization for achieving goals.

Organization as a structure is the specific method of arranging the pattern of network relations in the firm among different positions.

Organizational structure is the formal system of task and job reporting relationships that analyzes the way how the employees makes use of the available resources to attain their objectives. The organizational structure monitors, coordinates and encourages the employees in an organization.

Organizational design is the process wherein the managers select and manage different elements and parts of the organizational structure and culture for achieving the goals.

The contingency theory states that an organization's structure must be designed in such a manner that it fits the set of contingencies i.e., factors or conditions which influence and result in greater uncertainty.

There may be several contingencies, so it is not possible to design a specific design for each and every situation. Three most important factors must be considered for designing the organizational structure,

1. Nature of an organization
2. Technology advances
3. Features of human resources in an organization.

#### 1. Nature of an Organization

The nature of an organization refers to the organizational environment which includes social, cultural and global environment. The

more the changes take place in an organizational environment, the uncertainty level would be greater, when uncertainty is greater it would lead to greater problems.

When the organization faces greater problems, it must perform well and must try and have extra capital, plants and equipment. The organization besides this, must be flexible in nature in order to speed up the decision making process and the communication process.

As change is frequently taking place in the present environment, it is necessary to design organization structure in such a way that it delegates authority to the employees for making important decisions.

If in case the environment does not change and is stable, wherein all the resources are available easily, and where uncertainty is less, then in such a case coordination and communication among the employees need not be that strong.

### 2. Technology Advances

Technology is the integration of skills, knowledge, tools, machines, computers and equipment which are being used in the design, production and distribution of the goods of services.

It is found out that the more sophisticated technology the organization uses it becomes that difficult to monitor and regulate it. Therefore, according to contingency theory, the more sophisticated technology is being used, then the organizational structure needs to be more flexible in nature, so that it provides the employees more authority to accomplish the task.

If in case the technology does not change frequently then the formal structure is designed simply i.e., simple in nature and the steps to manufacture goods and services is outlined in advance only.

### 3. Human Resources in an Organization

Nature of the employment relationship and features of human resources are the most

significant contingency factors which influences the organization's selection of a structure.

For instance, if an organization demands highly skilled employees then it would need more people to perform the tasks i.e., it needs to be flexible and decentralized in nature. Highly skilled and talented people wishes more freedom and power and dislikes close supervision.

### 5.1.2 Importance of Organizational Design

#### Q3. What is the importance of Organizational Design.

*Ans :*

Organizational design results in several advantages such as it makes the organizations to be capable of facing various contingencies, achieve greater competitiveness, manages the diversity in an efficient manner, and promotes or develops the efficiency and ability to create new goods and services.

The following points highlight the importance of organizational design,

#### 1. Contingencies

The organizational design helps the organizations to meet the contingencies i.e., an event which may take place all of a sudden. With the help of an organizational design the organization can determine its effectiveness in controlling different environmental factors.

There are several ways of controlling the environment. The organizations can change the employee's task relationships so that the employees gain much knowledge about their environment, or may change the manner of linking organization with other organizations through creating new contracts or joint ventures.

#### 2. Competitive Advantage

The organizational design helps the organization in gaining the competitive advantage. It acts as one of the great source for sustaining the competitive advantage.

Competitive advantage refers to the capability of an organization to perform better than their competitors. The competitive advantage can be improved by using the organization's capability fully, skills of the managers and their competencies in creating value-added activities such as production, research and development, or organization design.

The sources of competitive advantage disappear quickly because they are easy to copy. It is quite difficult to copy the organizational design of the reputed organization.

#### 3. Diversity

Diversity refers to the differences in the race, gender, nationality and so on. Diversity greatly effects the effectiveness of an organization. Even the quality of organizational decision making is a function of diversity.

An organizational structure must be designed in such a way that it makes optimum utilization of the workforce and also develops the cultural values, which motivates the employees to work collectively.

#### 4. Creativity

Organizations survive in the market to manufacture those goods and services which the people want. The better they function, the greater valued goods and services they produce. The capacity and the efficiency of the organization to produce goods and services have increased drastically due to the use of improved methods of manufacturing and distributing goods and services.

It has become essential to use new and efficient organizational structures, in order to face the global competition from different countries. The organizational design plays a vital role in innovation.

For instance, the manner in which an organizational structure relates/associates its human resources with different fields such as research and marketing helps in analyzing the pace of an organization to introduce new product.

### 5.1.3 Elements of Organisational Design

#### Q4. Explain about Elements of Organizational Design.

*Ans :*

Organizational design is the creation or change of an organization's structure. The organizational design of a company reflects its efforts to respond to changes, integrate new elements, ensure collaboration, and allow flexibility. Organizational design is engaged when managers develop or change an organization's structure. Organizational Design is a process that involves decisions about the following key elements:

##### 1. Work Specialization

Describes the degree to which tasks in an organization are divided into separate jobs. The main idea of this organizational design is that an entire job is not done by one individual. It is broken down into steps, and a different person completes each step. Individual employees specialize in doing part of an activity rather than the entire activity.

##### 2. Departmentalization

It is the basis by which jobs are grouped together. For instance every organization has its own specific way of classifying and grouping work activities.

##### 3. Chain of command

It is defined as a continuous line of authority that extends from upper organizational levels to the lowest levels and clarifies who reports to whom. There are three important concepts attached to this theory:

**Authority:** Refers to the rights inherent in a managerial position to tell people what to do and to expect them to do it.

**Responsibility:** The obligation to perform any assigned duties.

**Unity of command:** The management principle that each person should report to only one manager.

##### 4. Span of Control

It is important to a large degree because it determines the number of levels and

managers an organization has. Also, determines the number of employees a manager can efficiently and effectively manage.

### 5. Formalization

It refers to the degree to which jobs within the organization are standardized and the extent to which employee behavior is guided by rules and procedures.

### 5.1.4 Types of Organizational Design

#### Q5. What are the Types of Organizational Design ?

*Ans :*

Organizational designs fall into two categories, traditional and contemporary. Traditional designs include simple structure, functional structure, and divisional structure. Contemporary designs would include team structure, matrix structure, project structure, boundaryless organization, and the learning organization. I am going to define and discuss each design in order to give an understanding of the organizational design concept.

#### I. Traditional Designs

##### 1. Simple Structure

A simple structure is defined as a design with low departmentalization, wide spans of control, centralized authority, and little formalization. This type of design is very common in small start up businesses. For example in a business with few employees the owner tends to be the manager and controls all of the functions of the business. Often employees work in all parts of the business and don't just focus on one job creating little if any departmentalization. In this type of design there are usually no standardized policies and procedures. When the company begins to expand then the structure tends to become more complex and grows out of the simple structure.

##### 2. Functional Structure

A functional structure is defined as a design that groups similar or related occupational specialties together. It is the functional approach to departmentalization applied to the entire organization.

**3. Divisional Structure**

A divisional structure is made up of separate, semi-autonomous units or divisions. Within one corporation there may be many different divisions and each division has its own goals to accomplish. A manager oversees their division and is completely responsible for the success or failure of the division. This gets managers to focus more on results knowing that they will be held accountable for them.

**II. Contemporary Designs****1. Team Structure**

A team structure is a design in which an organization is made up of teams, and each team works towards a common goal. Since the organization is made up of groups to perform the functions of the company, teams must perform well because they are held accountable for their performance. In a team structured organization there is no hierarchy or chain of command. Therefore, teams can work the way they want to, and figure out the most effective and efficient way to perform their tasks. Teams are given the power to be as innovative as they want. Some teams may have a group leader who is in charge of the group.

**2. Matrix Structure**

A matrix structure is one that assigns specialists from different functional departments to work on one or more projects. In an organization there may be different projects going on at once. Each specific project is assigned a project manager and he has the duty of allocating all the resources needed to accomplish the project. In a matrix structure those resources include the different functions of the company such as operations, accounting, sales, marketing, engineering, and human resources. Basically the project manager has to gather specialists from each function in order to work on a project, and complete it successfully. In this structure there are two managers, the project manager and the department or functional manager.

**3. Project Structure**

A project structure is an organizational structure in which employees continuously work on projects. This is like the matrix structure; however when the project ends the employees don't go back their departments. They continuously work on projects in a team like structure. Each team has the necessary employees to successfully complete the project. Each employee brings his or her specialized skill to the team. Once the project is finished then the team moves on to the next project.

**4. Autonomous Internal Units**

Some large organizations have adopted this type of structure. That is, the organization is comprised of many independent decentralized business units, each with its own products, clients, competitors, and profit goals. There is no centralized control or resource allocation.

**5. Boundaryless Organization**

A boundaryless organization is one in which its design is not defined by, or limited to, the horizontal, vertical, or external boundaries imposed by a predefined structure. In other words it is an unstructured design. This structure is much more flexible because there is no boundaries to deal with such as chain of command, departmentalization, and organizational hierarchy. Instead of having departments, companies have used the team approach. In order to eliminate boundaries managers may use virtual, modular, or network organizational structures. In a virtual organization work is outsourced when necessary. There are a small number of permanent employees, however specialists are hired when a situation arises. Examples of this would be subcontractors or freelancers. A modular organization is one in which manufacturing is the business. This type of organization has work done outside of the company from different suppliers. Each supplier produces a specific piece of the final product. When all the pieces are done, the

organization then assembles the final product. A network organization is one in which companies outsource their major business functions in order to focus more on what they are in business to do.

## 6. Learning Organization

A learning organization is defined as an organization that has developed the capacity to continuously learn, adapt, and change. In order to have a learning organization a company must have very knowledgeable employees who are able to share their knowledge with others and be able to apply it in a work environment. The learning organization must also have a strong organizational culture where all employees have a common goal and are willing to work together through sharing knowledge and information. A learning organization must have a team design and great leadership. Learning organizations that are innovative and knowledgeable create leverage over competitors.

### 5.1.5 Organization Design and Structure

#### Q6. What is Organization and its importance?

*Ans :*

Organizational design is the design of the organizational structure. In design, we use the term structure in the widest sense. Organizational structure is the design of the pattern of positions and functions in the organization. Organizational design includes organizational structure as well as the design of the organizational process of work, in particular the decision making process. Though all the organizations are different from each other in their respective fields and types, but there are certain basic features which are to be taken into consideration while designing the organizational structure or while changing it.

While designing the organizational structures the following factors are to be kept in mind :

1. In the first place, the real organization is to be put into perspective.

2. A proper method for identifying design problem is to be decided so that the decisions to be made in a specific set of circumstances can be pinpointed.
3. The basic features of organization and human behavior must be identified and understood since these determine what can and what cannot be deliberately designed.
4. There must be an awareness of all the social factors in the organization and its situation, not just the factors which are explicit or which are causing trouble. Efficient technically trained managers consider the economic and technical dimensions as well as human-social dimensions, while considering some change.
5. Lastly, the environmental factors must be kept in mind. The organization must be studied as a process, it should be deliberately designed for change, not just to respond the change but to take the initiative in meeting and steering change.

Organization structure refers to the hierarchical arrangement of various positions in an enterprise. It also defines the relationship between various positions, departments and persons. It helps in allocating authority and responsibility formally and decides who is to report to whom and who is to direct to whom. It defines the position of persons in the organization, i.e., who is superior to whom and who are his subordinates.

#### Importance of Organizational Structure

The functions of organizing and that the organization are important in several ways, they are as follows :

##### 1. Specialization

In the process of organizing care is taken to see that the activities are divided and subdivided into compact, convenient jobs. Organizing thus promotes specialization, speedy performance of tasks and efficiency.

##### 2. Well Defined Jobs

The jobs of managers and non-managers are clearly defined and differentiated. This helps the process of looking for and selecting the employees, and fitting the right person to the right job.

**3. Clarifies Authority and Power**

A clear-cut definition of authority enjoyed by each manager and his jurisdiction of activity minimizes conflict and confusion about the respective powers and privileges of managers.

**4. Avoiding Duplication of Work**

Organizing helps in avoiding duplication of work and overlapping in responsibilities among various employees and work units. This is because specific jobs are assigned to individuals and work groups.

**5. Coordination**

The organization structure serves as a mechanism for coordination and unification of efforts of people. Harmony of work is brought about by higher level managers exercising their authority over interconnected activities of lower level managers.

**6. Source of Support and Security**

Organizational structure is a source of support, security and satisfaction to managers and employees in performing their assigned tasks. It recognizes the relative status level of members; each one of the members enjoys a definite status and position in the organization.

**7. Adoption**

Organizational structure facilitates adjustment to changes in work load caused by changing conditions in the external environment related to technology, markets, products and resources.

**5.16 Types of Organization Structure****Q7. What are the Types of Organization Structure ?**

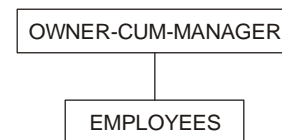
*Ans :*

The various types of organization structure are

**1. Entrepreneurial Structure**

Generally, the small business when they are started consist of an owner-manager alone or also with few employees. These types of organization do not require an organizational chart and formal assignment of

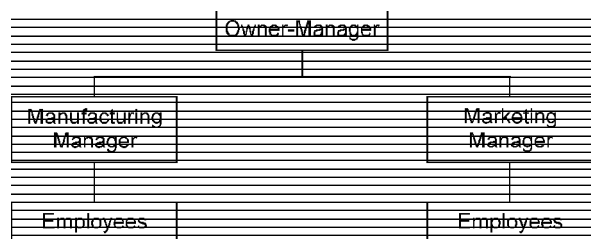
responsibilities. Organization structure is fluid with each employee often knowing how to perform more than one task and with owner-manager involved in all aspects/areas of business.



**Figure : Entrepreneurial Organization Structure (Start-up)**

The small firms, if they are successful during the starting phase, it would be due to the increased demand for products or services. The entrepreneurs develop the business and increase the size of the firm to meet the increased demand. The business begins to evolve from fluidity to a status of more permanent division of labour due to the growth. The owner-manager, who was performing all functions in the initial stage now finds that he has to perform new candidates and this results in assignment of specialized functions to these employees.

The business growth results in expansion of organizational structure both vertically and horizontally. The entrepreneurial organizational structure is depicted in figure.



**Fig. : Entrepreneurial Organizational Structure - with Growth**

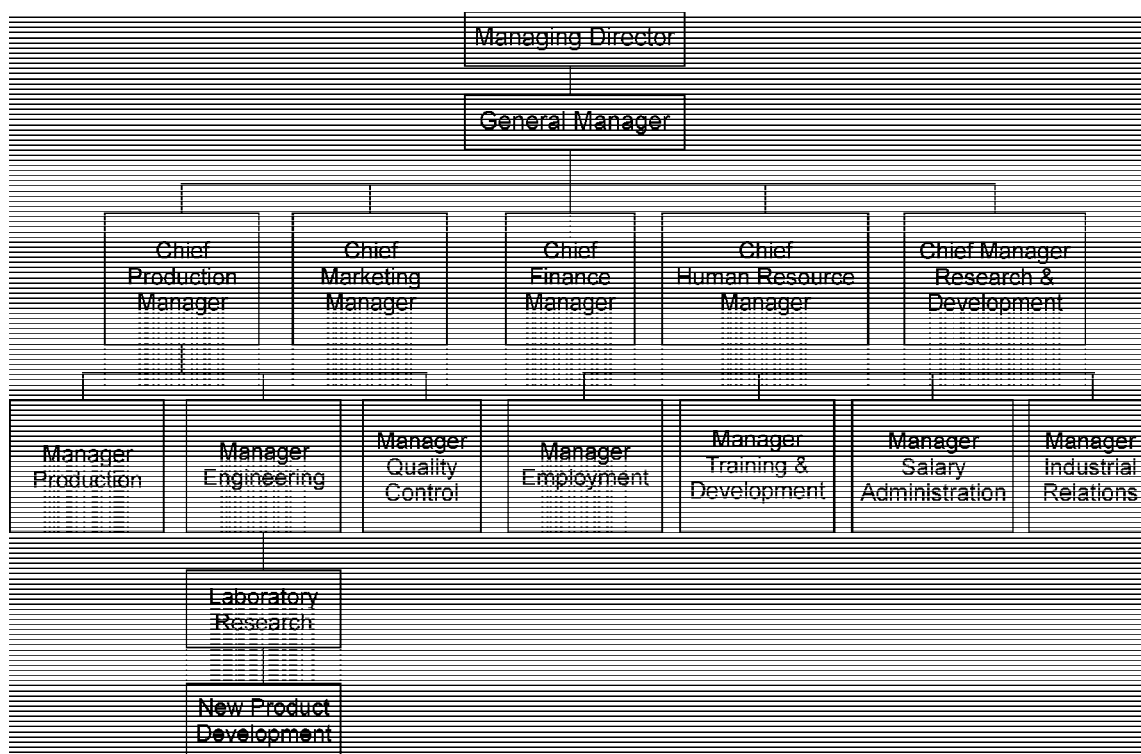
As can be seen from this figure, the operative functions of manufacturing are assigned to manufacturing manager and the operative functions of marketing are assigned to the marketing manager. These two managers perform the activities with the help of employees. The owner-manager performs managerial and strategic functions.

**Managerial Implications :** The entrepreneurial structure is simple and it offers some advantages like: timely decision-making, sensitive to environmental demands and operational flexibility.

But, this structure results in excessive depending on owner-manager who is normally is not a professional manager. This structure cannot respond to the increasing demand beyond a certain point. Thus, this structure is mostly suitable to the strategy catering to the needs of a local market by being small.

## 2. Functional Organization Structure

Functional organization structure is most widely used structure. Each functional department consists of those jobs in which employees perform similar job at different levels. The commonly used functions are: marketing, finance and accounting, human resources, manufacturing, research and development and engineering. Figure below illustrates a typical functional structure.



**Fig. : A Functional Organization Structure**

### Advantages

- i) A functional structure would be effective in single business firms where key activities revolve around well defined skills and areas of specialization.
- ii) Indepth specialization and focused concentration on performing functional tasks can enhance operating efficiency and the development of core competencies.
- iii) This type of structure promotes maximum utilization of up-to-date technical skills and enables the firm to capitalise on specialization and efficiency. These are strategically important considerations for single business companies, dominant product companies and vertically integrated companies.

- iv) The functional structure is most appropriate when firms compete on the basis of technical specialization or efficiency in a relatively stable environment.
- v) This structure promotes common values and goals among employees of the department, facilitating cooperation and collaboration within the functional department.

#### Disadvantages :

- i) The horizontal diversification of the business reduces the efficiency of the functional structure.
- ii) The departmental members may see the activities from the narrow view point of the department rather than the total organization. This aspect results in absence of interdepartmental coordination and cooperation.
- iii) Interdepartmental policies further results in conflicts. This situation leads to indecision, delay in decision making or ineffective decision-making.
- iv) Further, the narrow specializations kill the initiative of entrepreneurs and the zeal of inventiveness and creativeness. Consequently, the firm may lose sensitiveness to the customer demands, technological changes and environmental demands.

### 3. Product Organizational Structure

Companies producing more than one product structure their organization, based on product structures.

Activities are divided on the basis of individual products, product line, services and are grouped into departments in product organization structure. All important functions viz., marketing, production, finance and human resource are contained within each department. This type of organization structure overcomes many of the major limitations of functional organizational structure.

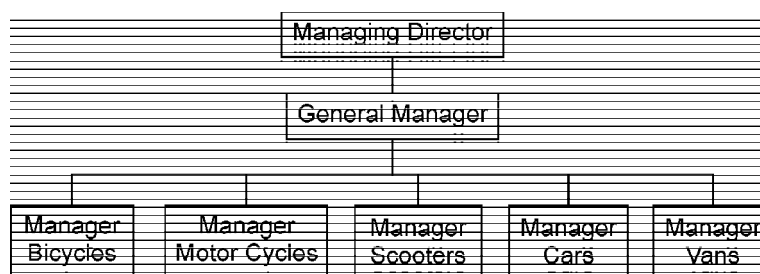


Fig. : Product Organization Structure

#### Advantages

- i) The product organization structure is more appropriate than the functional form of organization for firms producing multiple products.
- ii) Coordination among functional areas like product design, producing, distributing, marketing is effective as all functions are performed in each department.
- iii) Since, each department is independent, most of the decisions can be made at departmental level without involving the top management in this process. It will result in fast decisions, enhancement of organizational competency to compete in rapidly changing environment.
- iv) Responsibility and accountability for market share, sales, profit/loss is clearly fixed. Thus, either the credit for the success or blame for the failure of a product can be clearly attributed to a particular department.

### Disadvantages

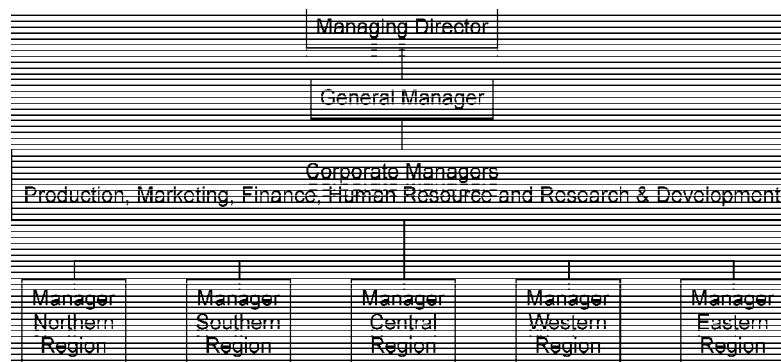
Product organizational structure is also not free from limitations:

- i) One of the major limitation is that unnecessary duplication of equipment and personnel among various departments. This results in loss of specialization.
- ii) Each department will have production, marketing, human resource, finance managers, secretarial and support staff, computers and testing equipment. As such specialized personnel and equipment cannot be procured.
- iii) Some decisions like pay, promotion, product quality, design and pricing strategy may be inconsistent between departments.
- iv) Interdepartmental conflicts arise regarding sharing of common resources, allocation of common and overhead expenses etc.

### 4. Geographical Organization Structure

Companies operating in various geographical regions of the country and/or world, structure their organizations based on geographical structure. The activities or functions are grouped into departments based on the activities performed in the geographical areas/regions. Each geographical unit includes all functions required to produce and market the products in a particular geographical area.

Figure below presents a geographical organization structure. Multinational organizations, enterprises operating in diverse geographic markets or serving an expansive geographic areas are organized based on the geographic structure. This structure is also used by chain stores, power companies, restaurant chains, dairy products, banking companies, insurance companies etc.



**Fig.: Geographical Organizational Structure**

### Advantages

The advantages of this type of organizational structure are :

- i) Products and services are designed to the climatic and cultural needs specific geographical regions.
- ii) A geographical structure allows a firm to respond to the technical needs of different international area.
- iii) Producing and distributing products in different national or global locations may give the organization to better serve the consumer needs of various nations.
- iv) This organization structure enables a company to adapt to varying legal systems.
- v) It also allows firms to pinpoint the responsibility for profits or losses.

### Disadvantages

This organizational structure is also not free from limitations. The limitation of this structure are similar to those of product structure.

- i) Often more functional personnel are required. The firm cannot appoint specialists unlike in functional structure due to duplication of personnel.
- ii) There would be duplication of equipment and facilities.
- iii) Coordination of company-wide activities would be difficult.
- iv) There would be a problem of imposing degree of uniformity and diversity.
- v) It is difficult to maintain consistent company image or reputation.
- vi) This structure adds another layer of management to run the geographic units.

### 5. Decentralized Business Unit Structure

Grouping activities based on product lines has been a trend among diversified companies since 1920. In a diversified firm, the basic organizational building blocks are its business units, each business is operated as stand-alone profit centre. Figure below decentralized line of business type of organizational structure.

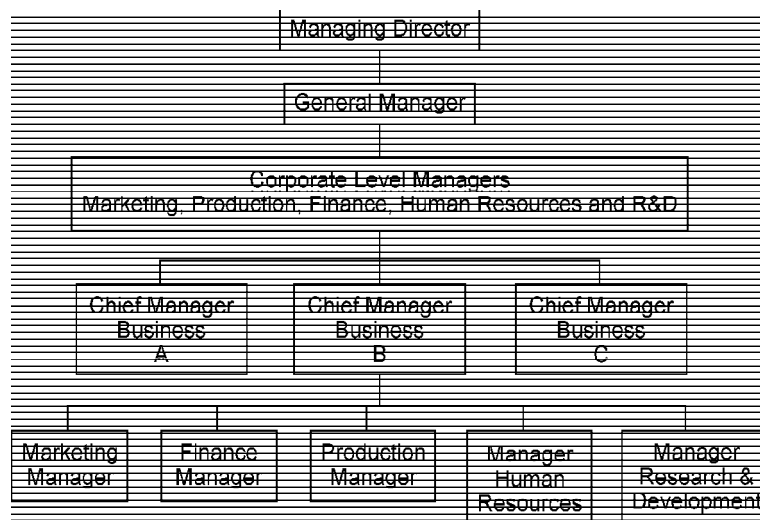


Fig.: Decentralized Line of Business Type of Organizational Structure

### Advantages

- i) Diversification is generally managed by decentralized decision-making and delegating authority and responsibility to a manager at each business unit.
- ii) Each business unit should be managed by an entrepreneurially oriented general manager who is delegated with authority to formulate and execute business strategies.
- iii) Each business unit operates as a stand-alone profit centre. Each business unit is structured on the basis of either functional structure or geographic structure depending upon strategy, key activities and operating requirements.

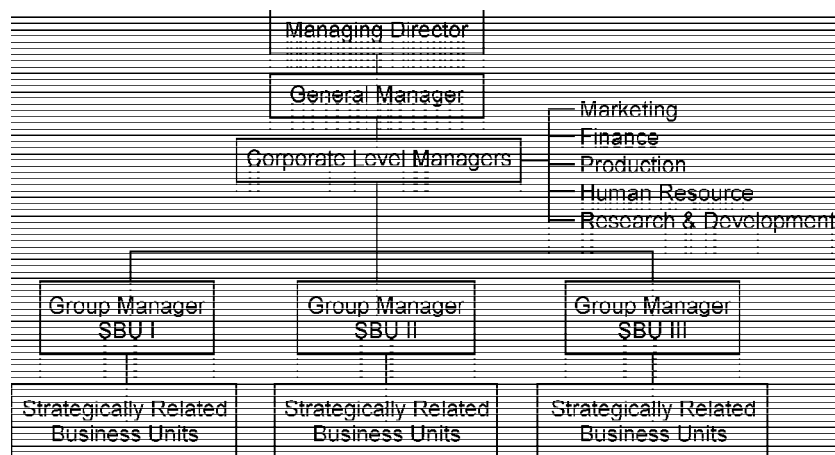
### Disadvantages

- i) The major problem of this type of organization structure is absence of mechanism for coordinating related activities across business units.

- ii) The general manager in charge of each business unit functions independently. It makes coordination a complicated task. Therefore corporate headquarters must devise some internal mechanism for achieving strategic coordination and to capture strategic benefits.

## 6. Strategic Business Unit Structure

A single chief executive cannot control a number of denaturalized units of a broadly diversified company. The business can be effectively controlled, if the related businesses are grouped into strategic units and the efficient and senior executive will in turn report the matter to the chief executive. This arrangement will improve strategic planning and implementation, though it adds one layer in the organizational hierarchy. Top management coordinates the interests of the diversified business units.



**Fig. : Strategic Business Unity Type of Organization Structure**

A strategic business units is a grouping of business subsidiaries based on some important strategic elements common to each. The common or related could be an overlapping set of competitors, a closely related strategic mission, a common need to compete globally, an ability to accomplish integrated strategic planning, common key success factors and technologically related growth opportunities.

### Advantages

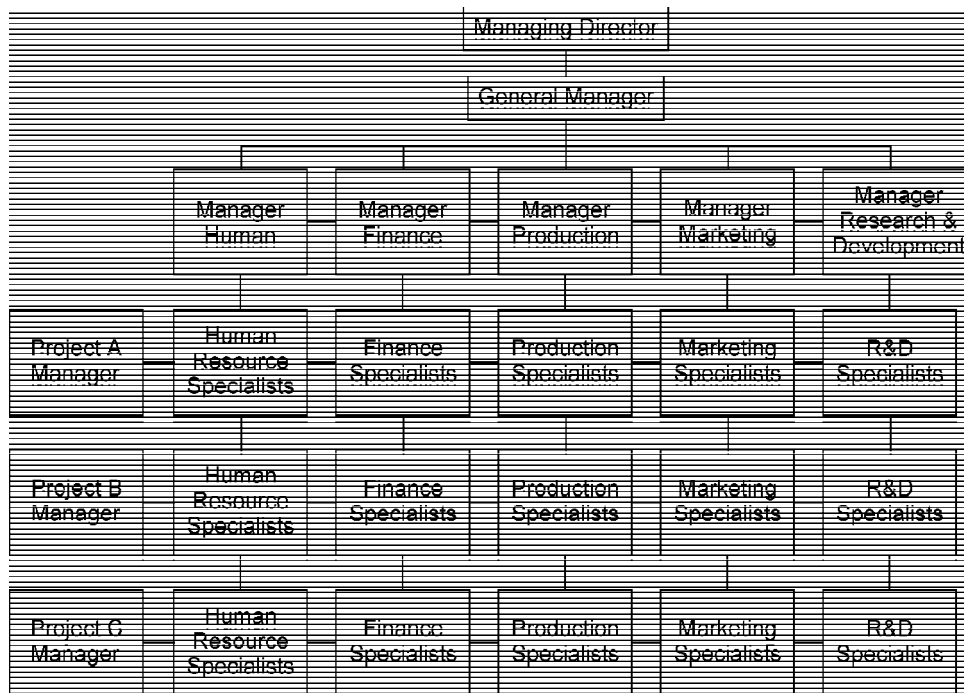
- i) Reduction of the corporate headquarter's span of control. The chief executive at the corporate headquarters has to control the general managers of the strategic business units.
- ii) This structure permits better coordination between divisions with similar missions, products, markets and technologies.
- iii) It allows strategic management to be done at the most relevant level within the total enterprise.
- iv) It helps to allocate corporate resources to areas with greatest growth opportunities.
- v) Business units are organized based on the strategically relevant method.

### Disadvantages

- i) The first disadvantages is that corporate headquarters becomes more distant from the division.
- ii) Conflicts between/among the strategic business unit managers for greater share of corporate resources can become dysfunctional.
- iii) Corporate portfolio analysis become complicated one in this structure.

## 7. Matrix Organization Structure

Organizational structures discussed earlier have possessed a single chain of command. In other words, employees in those structures report to only one manager. But, the organization structure possesses a dual chain of command. Both functional and project managers exercise authority over organizational activities, in a matrix structure. Thus, personnel in this structure have two superiors viz., a project manager and the manager of the functional department.



**Fig. : Matrix Organization Structure**

A matrix organizational structure is appropriate when:

- i) Management attention must be focused on two or more key issues (technical issues, consumer needs, functional efficiency).
- ii) Large amounts of diverse information need to be processed.
- iii) Problem solving is complex (environmental uncertainty, interdependence among organizational units, complex products or technology).
- iv) Economies of scale require the sharing of human resource expertise to achieve high performance.

### Advantages

- i) The company can have the advantages of both project type of organizational structure and functional organization structure.
- ii) Functional personnel are paid for their services whenever they are used by project managers. This practice enables the management to reduce the cost.
- iii) This structure has considerable flexibility. The personnel can be transferred from one project to the other depending upon the need of the project.

- iv) The lower level functional employees are highly motivated and satisfied with their job as they are involved in decision making.
- v) Each project manager is incharge of a unit. Therefore, he can be developed as a general manager through performing general managerial functions.

### Disadvantages

The significant disadvantages of matrix organizational structure include.

- i) Greater administrative costs associated with its operation. Personnel spend much of their time in meetings and exchanging of information to coordinate functional areas with project.
- ii) In view of the two forms associated in this structure, they are characterized by conflicts. The most critical conflict is between functional managers and project managers.
- iii) Functional employees experience stress by working in matrix structure. Reporting to two bosses, creates role ambiguity and role conflict.

### 8. Team Organization Structure

Strategies of business are not always static. They go on changing depending upon internal and external environmental factors. Hence, a single type of organizational structure is not suitable for all times and all situations. Blending the basic forms of organization to match the structure to strategy in the units concerned is essential. Another option is to supplement special situation devices to the basic organizational structure. This option is Team structure.

Team structure takes three forms viz.,

- i) Project Team,
- ii) Task Force Team, and
- iii) Venture Team

**i) Project Team :** Project teams are created to handle special kind of situations with a finite life expectancy. Project teams are self-sufficient work groups. These are created to supervise the completion of a special activity. The special activities include: setting up a new technological process, starting up a new venture, producing a new product, initiating and completion of a joint venture and the like.

**ii) The Task Force Team :** Interdisciplinary assignments necessitate the formation of task force team. A task force team consists of top level executives and specialists in different areas from the organization. The advantages of special task force team include: increased opportunity for creativity, open communication, cross-functional authority, effective integration of talents, quick conflict resolution, collaborative approach for problem solving.

**iii) The Venture Team :** Venture team is a group of individuals. The purpose of forming this team is to bring a specific product or a new business into being.

The problems of venture team are :

- i) Difficulty of deciding the manager to whom the report should be made,
- ii) Source of funding to the venture i.e., is the source from department or business or corporation
- iii) Methods of keeping the venture clear of bureaucratic and vested interests, and
- iv) Problem of coordinating large number of different ventures.

### 9. Virtual Organizational Structure

Virtual organizational structure does not physically exist, but its effect is felt. Globalization and information technology has enabled large scale outsourcing and as such the virtual organization structure has become popular.

**Advantages**

- i) These structures enable for doing business with less capital, less human resources and other inputs,
- ii) These structure provide for flexibility of operations,
- iii) These structures react to the environment demands most efficiently,
- iv) These structures develop the ancillary industries.

**Disadvantages**

- i) Companies do not have strong foundations or strengths in their operations,
- ii) Organizational have to heavily depend on outsourcing.
- iii) Failure in the network results in the failure of the entire organization.

**5.1.7 Approaches of Designing Organisational Structure****Q8. What are the Approaches of Designing Organisational Structure***Ans :*

This classification is more appropriate for organisational design:

1. **Process Approach:** Process approach to designing of an organisation structure is related to identification of sequences of activities involved and then deciding the various units of organisation, combining various units, and placing them at appropriate places so that activities are performed properly. The main emphasis is put on three things:
  - i) All necessary activities for achieving objectives are performed.
  - ii) There is no unnecessary duplication of performance of activities.
  - iii) All necessary activities are performed in a synchronised way.

Thus, various organisational units may be created based on the activities to be undertaken; their relationships will be based on the sequence of activities performed by

these units: their relative position will depend on the relative importance of activities performed by them.

The process approach of organisational design has some unique advantages. It sharpens understanding of the dynamics of operating sequences and requirements of the business. This approach helps, in improving the coordination of functions' that cut across several departments such as planning, budgeting, etc. However, it has one basic limitation in the form of prescribing a stable structure. This process works well in comparatively smaller organisations which concentrate on one or lesser number of related products.

2. **Result Approach :** Organisational design that focuses on results is more effective in those situations where strategy innovation is a prime need. The focal point for developing the structure through a result approach involves the following steps:

- i) Defining the business on the basis of potential area of market opportunities;
- ii) Establishing the objectives to be accomplished;
- iii) Determining the requirements for success and functional skills needed to meet them;
- iv) Determining the degree of authority keeping in mind the degree of centralisation best suited to decision-making.

However, if an organisation has several clusters of market opportunities which are not common but the organisation wants to take the advantages of these, it should be structured on the basis of Strategic Business Units (SBUs). An SBU can be thought of as a clustering of discrete product/market units based on some important common strategic elements.

3. **Decision Approach :** Decision approach of organisational design mechanism puts certain questions about the decisions and the answers of these questions become the basis for designing structure. These questions are :

- i) What decisions are needed to obtain results for achieving organisational objectives?
- ii) What is the nature of such decisions?
- iii) At what levels of the organisation, should such decisions be made?
- iv) What are the activities involved in or affected by such decisions?

The answers of these questions would determine the degree of authority in a position, its interaction with other positions, and the placement of the position in organisational hierarchy.

## 5.2 ORGANISATION CULTURE

### Q9. What do you mean by Organisation Culture?

*Ans :*

#### Meaning of Culture

Culture is generally subjective and reflects the meanings and understanding that we typically attribute to situations.

Organisational culture is defined as the set of assumption, beliefs, values and norms that are shared by an organisation's members.

#### Definitions of the Culture

**Deal and Kennedy** say that culture is the single most important factor accounting for the success or failure of an organization.

Organisational culture is a set of assumptions that the members of an organisation share in common. The assumption may be in the form of internally oriented characteristics or externally-oriented characteristics. Internally-oriented characteristics include values, attitudes, beliefs, feelings, personality types etc., also known as abstract elements of culture. Externally-oriented characteristics include buildings, products, dresses etc., also known as material elements of the culture.

### 5.2.1 Characteristics of Organisational Culture

#### Q10. What are the Characteristics of Organisational Culture?

*Ans :*

The following are the nature of organisation culture,

1. **Individual Initiative:** The degree of responsibility, freedom, and independence that individuals have.
2. **Risk Tolerance:** The degree to which employees are encouraged to be aggressive, innovative and risk-seeking.
3. **Direction:** The degree to which the organization creates clear objectives and performance expectations.
4. **Integration:** The degree to which units within the organization are encouraged to operate in a coordinated manner.
5. **Management Support:** The degree to which managers provide clear communication, assistance and support to their subordinates.
6. **Control :** The number of rules and regulations and the amount of direct supervision that is used to oversee and control employee behaviour.
7. **Identity:** The degree to which members identify with the organisation as a whole rather than with their particular work group or field of professional expertise.
8. **Reward System:** The degree to which reward allocations are based on employee's performance criteria in contrast to seniority, favoritism, and so on.
9. **Conflict Tolerance:** The degree to which employees are encouraged to air conflicts and criticism openly.
10. **Communication Patterns:** The degree to which organizational communications are restricted to the formal hierarchy or authority.

### 5.2.2 Types of Cultures

#### Q11. Explain Types of Cultures.

*Ans :*

There are different types of culture just like there are different types of personality. Researcher Jeffrey Sonnenfeld identified the following four types of cultures.

1. **Academy Culture :** Employees are highly skilled and tend to stay in the organization, while working their way up the ranks. The

organization provides a stable environment in which employees can development and exercise their skills. Examples are universities, hospitals, large corporations, etc.

2. **Baseball Team Culture** : Employees are "free agents" who have highly prized skills. They are in high demand and can rather easily get jobs elsewhere. This type of culture exists in fast-paced, high-risk organizations, such as investment banking, advertising, etc.
3. **Club Culture** : The most important requirement for employees in this culture is to fit into the group. Usually employees start at the bottom and stay with the organization. The organization promotes from within and highly values seniority. Examples are the military, some law firms, etc.
4. **Fortress Culture** : Employees don't know if they'll be laid off or not. These organizations often undergo massive reorganization. There are many opportunities for those with timely, specialized skills. Examples are savings and loans, large car companies, etc.

### 5.2.3 Factors Shaping Organisation Culture

#### Q12. What are the factors shaping the organizational culture?

*Ans :*

"Culture is the single most important factor accounting for the success or failure of an organization".

- Deal and Kennedy

According to Edgor and Schein, "Organizational climate is a pattern of basic assumptions invented, discovered or developed by a gives group as it learns to cope with its problems of external adoption and internal integration that has worked well enough to be considered valuable and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems".

Organizational culture is shaped by the following factors,

1. Characteristics of people in an organization

2. Ethics of an organization
3. Employment relationship
4. Organizational design

#### 1. Characteristics of People in an Organization

Human resources of an organization are the most important source of the organizational culture. The culture of an organization differs from one organization to another organization, due to the presence of different members.

For instance, if three organizations namely x, y and z follows different methods for attracting, selecting, and retaining the employees and having different values, personalities and ethics then a different culture would be formed.

The people who hold the same organizational values are usually attracted by the organizations in the same way the organizations chooses those people who share their values.

As the time passes on, the people who fails to adjust the organization quits the organization. As a result the people who are present in an organization develop greater cohesiveness and becomes more and more pronounced and clear, which helps the organizations to become unique from other organizations.

The founder of an organization holds a greater influence an the culture of on organization due to his/her personnal values and beliefs.

#### 2. Ethics of an Organization

Few organizations creates an ethical environment in order to monitor their member's behaviour.

The most important set of values are the organizational ethics which includes the moral values beliefs, and rules that create the adequate way for an organization and its members to behave with each other and also with the outside people.

Now-a-days organizations are giving due considerations to what is right, ethical and so on. Earlier the companies were reluctant to practise the ethical culture as they were afraid that the employees would become hostile and apathetic in nature and would not perform well.

The company must also decide whether their officials can pay bribes in the foreign countries, where this is treated as a common practise in the foreign country irrespective of the fact that, it is unethical or illegal in the home country.

Thus, the ethical values and the rules and norms forms an important part of an organization's culture, as they helps in analyzing the way the managers will control the situations and make decisions.

### 3. Employment Relationship

It is the third factor which shapes up the organizational culture, where in the company creates an employment relationship with its employees through its human resource policies and practices.

Various human resource policies such as the hiring process of the company, promotion policies, layoff policies, benefit policies and so on will effect the employees in achieving the organizational goals.

When people work cooperatively with an aim of achieving a common goal there are greater chances of miscommunication, competition and conflict. Promotions also helps in building good employee relationship.

Apple computer, Hewlett packard and IBM are the companies who holds stronger corporate values, long-term employment, risk taking initiatives and employee commitment.

Another important policy is with regards to the company's pay level and its incentive system. Few companies such as Microsoft, Merck, IBM have selected the pay level above the average industrial pay level. This helps them in attracting new qualified employees.

While few other companies have selected below average industrial pay level. Similarly, the incentive pay system also differs from one country to another.

### 4. Organizational Structure

The last important factor shaping the organizational culture is the organizational structure. Organizational structure is the formal way of task and reporting relationships which an organization creates in order to encourage and coordinate its employees.

Mechanistic and organic structures can be formed by the managers according to their requirements. Thus, an organizational structure helps in promoting the culture values and develops greater integration and coordination.

#### 5.2.4 Dimentions of Organisational Culture

#### Q13. What are the Dimensions of Organization culture?

*Ans :*

#### Dimensions

##### (a) Mechanistic and Organic Cultures

The mechanistic organisational culture exhibits the values of bureaucracy and feudalism. Organisational work is conceived as a system of narrow specialism and people think of their careers mainly within these specialism.

Authority is thought of as flowing down from the top of the organisation down to the lower levels and communication flows through prescribed channels. There is a great deal of departmental loyalty and interdepartmental animosity, a strong "we" versus "they" perception. This sort of culture resists change and innovation.

Contrast is the organic culture. Formal hierarchies of authority, departmental boundaries, formal rules and regulations and prescribed channels of communications are frowned upon.

There is great deal of emphasis on task accom-plishment team work and free flow of communication, formal and informal. In

given problem situations, the persons with expertise may yield far more influence than the formal boss.

There is a widespread understanding within staff of the problems, threats and opportunities the organisation is facing and there is willingness and preparedness to take appropriate roles to solve the problems.

The culture stresses flexibility, consultation, change and innovation. CMC, a central Government organisation comes to one's memory when one describes organic culture.

**(b) Authoritarian and Participative Cultures**

In the authoritarian culture, power is concentrated on the leader and obedience to orders and discipline are stressed.

Any disobedience is punished severely to set an example to others. The basic assumption is that the leaders know what is good for the organisation and he or she always acts in its interests. Participative cultures tend to emerge where most organisational members are professionals or see themselves as equals.

The participative culture is premised on the notion that people are more committed to the decisions that are participatively made than to those which are imposed on them.

Further, group problem-solving leads to better decisions because several new points and information are shared during discussions.

**(c) Subculture and Dominant Cultures**

Each department of an organisation may have its own culture, in which case there is subculture. An organisational culture emerges when there is an integration of all the departments into an unified whole.

Within any given unit, the tendency for integration and consistency will be assumed to be present, but it is perfectly possible for coexisting units of a larger system to have cultures that are independent and even in conflict with each other.

**(d) Strong and Weak Cultures**

In an organisation having strong culture, the core values are both intensely held and widely shared by its members.

Such employees develop strong loyalty to the organisation. The Hindu of Madras comes to one's memory in this context. One benefit of a strong culture is reduced turnover and positive employee attitude. A strong culture demonstrates high agreement among members about what the organisation stand for. Such unanimity of purpose builds cohesiveness and organisational commitment. The opposite will "happen when culture is weak.

The danger with strong organisational culture is that it leads to "group think", collective blind spots and resistance to change and innovation.

**(e) National Culture Vs Organisational Culture**

Distinction is also made between national culture and organisational culture.

Organisational culture is influenced by the culture of the land, irrespective of the origin of the company. Go to any company operating in India, Indian or foreign, the local culture is visible. The holidays declared, festivals celebrated, functions organised and other cultural activities reflect Indian ethics.

**5.2.5 Process of Creating Organisational Culture**

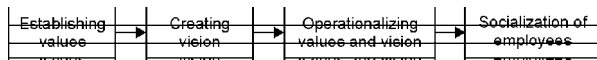
**Q14. Explain about Process of creating organisational culture.**

*Ans :*

Organisational culture is a long-term proposition that must satisfy the members' needs and values and match the cultural requirements of the society of which the organization is a part. Therefore, the organisation has to develop a culture which is conducive to both members in it and social culture. For creating organizational culture, there may be two options to an organisation.

**First**, let the cultural characteristics of the persons, particularly the founders, of the organisation percolate among the members. Most of the organisations which are not large enough adopt this approach. Thus, an organisation's current customs, traditions, and general way of working that are helpful in being successful become the source of organisational culture.

However, this approach is not very effective for organisations which start as large. **Second**, there is explicit attempt to prescribe what the culture of an organisation is. Where this approach is followed, creation of organisational culture proceeds as a process with distinct steps as shown in figure below.



**Fig.: Process of Creation of Organisational Culture**

Let us discuss the steps involved in the process of creation of organisational culture.

1. **Establishing Values** : The first step in creating organisational is establishment of values which will govern members of the organisation. Value defines what is right and what is wrong; what is desirable and what is undesirable; and so on. Values of an organisation are created by those who establish the organisation, and in one way, organisational values depend on the values of the founders and other key personnel who are responsible for managing the organisation.

These values decide, to a very great extent, what business, the organisation should be in. Values also determine how organisational activities will be carried out, that is, what type of practices will be followed.

2. **Creating Vision** : Vision represents the imagination of future events and prepare the organisation for the same. It implies that the organisation should create projections about where it should go in the future and what major challenges lie ahead. El-Mamaki has defined vision as "a mental perception of the kind of environment an individual or an organisation aspires to create within a broad time horizon and the underlying conditions for the actualization of this perception."

3. **Operationalizing Values and Vision** : Till values and vision are not operationalized, that is, these are not put into action; these remain just the thinking of those who have created these. For putting values and vision in action, the organisation can undertake the following activities:

- i) It is better that the organisation prepares a written statement containing its values and vision and communicates these to organisational members. Many companies adopt the practice of including this statement in employee handbook which is distributed to all new employees.
- ii) The organisation should design its structure that facilitates employees to take those actions that have been envisaged by values and vision.
- iii) Various organisational processes should be prescribed in such a way that these inspire employees to adhere to organisational values and vision. While prescribing these processes, care should be taken that there is enough flexibility required for creativity and innovation.
- iv) In selection of employees, care should be taken that their values match organisational values. In fact, many progressive companies are of the opinion that people can be made to learn; their skills can be developed; but their values cannot be changed. Therefore, it is desirable to hire those whose values match those of the organisation.
- v) Reward system should be such which encourages employees to engage in behaviors that are compatible with organisational values and vision. There should be enough provisions in the reward system which reinforce these behavior and punish contradictory behaviors.

4. **Socialization of Employees** : To ensure that culture of an organisation is adopted by its employees, socialization of employees is required. The term socialization has been

drawn from sociology where it is used as a process by which an individual develops into a functioning member of the group according to its standards, conforming to its modes, observing its traditions, and adjusting himself to the social situations. Same meaning of socialization is used in the context of work organisations.

### 5.2.6 Approaches to Organization Culture

#### Q14. What are the approaches to organization culture?

*Ans :*

Lim suggested the following approaches of organisational culture:

1. **Process/Qualitative Approaches to Organisational Culture:** This approach is usually represented by Schein's model who describes organisational culture as a pattern of basic assumptions invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration, and that has worked well enough to be considered valid, and therefore, is to be taught to new members as the correct way to perceive, think and feel in relation to those problems. In Schein's opinion, culture has three levels:

- i) **Behaviours and Artifacts:** It is the clearest level of culture consisting of the physical and social environment of an organisation.
- ii) **Values:** It is less visible than the previous level of culture, being composed of those elements that provide the underlying meanings by which the patterns of behaviours may be deciphered.
- iii) **Basic Assumptions:** It represents an unconscious level of culture being the most difficult to re-learn and change.

According to Sackman, the qualitative approaches may have limitations in testing hypotheses and building theory because of the large number of case studies that have to be completed in order to draw some general principles from such approaches. Because qualitative approaches are time and money

consuming, the classification approaches were proved to be more useful in the study of organisational culture.

2. **Classification/Quantitative Approaches to Organisational Culture:** According to the classification approach, organisational cultures correspond to a range of ideal types that can be reflected by two or more variables. One of the best known studies based on this approach belongs to Hofstede who used data gathered from IBM employees from over 40 countries. He identified four dimensions of organisational culture - power distance, uncertainty avoidance, individualism/collectivism and masculinity/femininity. Later, Hofstede defined organisational culture as a concept that has the following features:

- i) Holistic (describing a whole which is more than the sum of its parts);
- ii) Historically determined (reflecting the history of the organisation);
- iii) Related to the things anthropologists study (like rituals and symbols);
- iv) Socially constructed (created and preserved by the group of people who together form the organisation);
- v) Soft; and
- vi) Difficult to change.

Compared to the qualitative approach, the quantitative approach generates a number of quantitative methods that can be used to measure the corporate culture.

### 5.2.7 Learning of Organizational Culture

#### Q15. Write about learning of Organizational Culture ?

*Ans :*

Employees may learn organisational culture in the following ways:

1. **Stories:** All the organisations have their share of typical 'rag-to-riches' stories or stories of corporate success. These help to give an identity to the organisation, be it the family or the corporate house you work for. And these are passed on to the next generation people so that they get to know the culture.

2. **Rituals:** Rituals are repetitive acts that are as such might not seem to be too important for the organisational goals, but nevertheless are held as a very integral part of the life of the organisation as through these rituals it becomes clear where is the emphasis being given in an organisation. Examples of rituals may include important events such as convocations held for awarding degrees, hosting the employees' annual dinner and the like.
3. **Material Symbols:** Material symbols or status, particularly those that come with acquiring positions in the organisational hierarchy, reflect very clearly the culture of an organisation. For example, the parking space for an executive, the size of the room he sits in, the type of office he has, and other benefits that are linked with one's position denotes rather plainly what the culture of the organisation is. Is it an open door, informal culture or a typical bureaucratic one with multiple layers? Is it a status-oriented or open kind of organisation?
4. **Language:** Most organisations and the sub-groups intend to use a typical language of their own, often heavily strewn with ample amount of professional jargons. People will easily identify the management people by their language usage. The general use of language in an organisation, whether they have the practice of wishing each other when they meet, or they prefer to ignore others, the nature of 'code language' within the group, all these clearly indicate the nature of culture prevalent in the organisation.

### 5.2.8 Importance of Organisational Culture

**Q16. What is the importance of organisational culture.**

*Ans :*

Importance of organisational culture is as follows:

1. **Acts as Talent Attractor:** Organisational culture is part of the package that prospective employees look at when assessing organisation. The talent market is tighter and those looking for a new organisation are more selective than ever. The best people want

more than a salary and good benefits. They want an environment they can enjoy and succeed in. Good organisation culture can help in attracting good and potential employees.

2. **Engages People:** People want to be engaged in their work. Organisation culture can engage people. Engagement creates greater productivity, which can impact profitability.
3. **Creates Greater Synergy:** A strong culture brings people together. When people have the opportunity to (and are expected to) communicate and get to know each other better, they will find new connections. These connections will lead to new ideas and greater productivity and create a great synergy in employees' work. Literally, 1+1+ right culture = more than 10.
4. **Makes Everyone more Successful:** An investment of time, talent and focus on organisational culture will make everyone more successful. Not only is creating better culture a good thing to do for the human capital in the business, it makes good business sense too.
5. **Acts as Control System:** That culture is a deeply embedded form of social control that influences employee decisions and behaviour. As a control system, culture is pervasive and operates unconsciously. Employers might think of it as an automatic pilot, directing employees in ways that are consistent with organisational expectations.
6. **Operates as Social Glue:** Organisational culture is the "social glue" that bonds people together and makes them feel part of the organisational experience. Employees are motivated to internalise the organisation's dominant culture because it fulfils their need for social identity.
7. **Helps in Sense Making:** Organisational culture assists the sense-making process. It helps employees understand what goes on and why things happen in the company. Corporate culture also makes it easier for them to understand what is expected of them and to interact with other employees who know the culture and believe in it.

### 5.2.9 Barriers of Organisational Culture

#### Q17. What are the Barriers of Organisational Culture?

*Ans :*

Barriers of organisational culture are as follows:

1. **Culture Restricts Organisation to Change as per Environmental Demands:** When the organisation is operating as a dynamic environment, culture does not allow the organisation to change in accordance with the environmental demands.
2. **Culture Demand New Employees to Confirm to its Values:** New entrants bring diversified cultures into the organisation. But the strong cultures demand new employees to confirm to its values rather than modifying it through their diversified culture, whatsoever their merits may be.
3. **Breakage of Various Business Alliances:** Many business alliances like mergers and acquisitions, today, are tending towards divorce due to the strong cultures of the partners to the alliance.

Thus, culture works both as an asset and as a liability. Culture should be both tight and loose in order to maximise its asset value and reduce the value of liability. Change in organisational culture is necessary in order to allow the organisation to change in accordance with the environment and to act as a change agent to the environment.

### 5.3 ORGANISATION CLIMATE

#### Q18. What do mean by organization climate.

*Ans :*

All organisational theoreticians and researchers unanimously agree that a sound climate is extremely important for the ultimate achievement of organisational goals. Organisational climate, though abstract in concept, is normally associated with job performance and job satisfaction and morale of the employees. Climate is a commonly experienced phenomenon and often referred to by many expressions as atmosphere, environment and culture, etc. Each organisation is always unique and

has its own traditions, methods of action, culture which in their totality comprise its climate for people.

According to James and Sells, "Organisational climate is a collective perception of the work environment by the individuals within a common system".

According to Renato Tagiuri, "Organisational climate is a relatively ending quality of the internal environment that is experienced by the members, influences their behaviour and can described in terms of values of a particular set of characteristics of the organisation".

According to Bowen and Ostroff, "Organisational climate is a shared perception of what the organisation is like in terms of practices, policies, procedures, routines, and rewards - what is important and what behaviours are expected and rewarded - and is based on shared perceptions among employees within formal organisational units".

### 5.3.1 Dimensions of Organisational Climate

#### Q19. What are the dimensions of organisational climate.

*Ans :*

Various dimensions of organisational climate are as follows:

1. **Orientation:** The domain orientation of an organisation is the main concern of its members, and the dimension is an important determinant of climate. If the dominant orientation or concern is to adhere to established rules, the climate will be characterised by control, on the other hand, if the orientation is to excel, the climate will be characterised by achievement.
2. **Interpersonal Relationship:** An organisation's interpersonal-relations process is reflected in the way in which informal groups are formed, and these processes affect climate.

**For example,** if groups are formed for the purpose of protecting their own interest, cliques may develop and a climate of control may result; similarly, if people tend to develop informal relationships with their supervisors, a climate of dependency may result.

3. **Supervision:** Supervisory practices contribute significantly to climate. If supervisors focus on helping their subordinates to improve personal skills and chances of advancement, a climate characterised by the extension motive may result, if supervisors are more concerned with maintaining good relations with their subordinates, a climate characterised by the affiliation motive may result.
  4. **Problem Management:** Problems can be seen as challenges or as irritants. They can be solved by the supervisor or jointly by the supervisor and the subordinates concerned, or they can be referred to a higher level. These different perspectives and ways of handling problems contribute to the creation of an organisation's climate.
  5. **Management of Mistakes:** Supervisor's attitudes toward subordinate's mistakes develop the organisational orientation, which is generally one of annoyance or concern or tolerance an organisation approach to maintain influence on the climate.
  6. **Conflict Management:** Conflicts may be seen as embracing announcements to be covered up or as problem to be solved. The process of dealing with conflicts has as significant effect on climate as that of handling problems or mistakes. Purpose of protecting their own interest, cliques may develop and a climate of control may result; similarly, if people tend to develop informal relationships with their supervisors, a climate of dependency may result.
  7. **Communication:** Communication, another important determinant of climate, is concerned with the flow of information - its direction (top-down, bottom-up, horizontal), its dispersement (selectively or to everyone concerned), its mode (formal or informal), and its type (instructions or feedback on the state of affairs).
  8. **Decision-Making:** An organisation's approach to decision-making can be focused on maintaining good relations or on achieving results. In addition, the issue of who makes decisions is important - people high in the hierarchy, experts, or those involved in the matters about which decisions are made. These elements of decision-making are relevant to the establishment of a particular climate.
  9. **Trust:** The degree of trust or its absence among various members and groups in the organisation affects climate. The issue of who is trusted by management and to what degree is also relevant.
  10. **Management of Rewards:** Rewards reinforce specific behaviours; they are by arousing and sustaining specific motives. Consequently, what is rewarded in an organisation influences the motivational climate.
  11. **Risk Taking:** How people respond to risks and whose help is sought in situations involving risk are important determinants of climate.
  12. **Innovation and Change:** Who initiates change, how change and innovations are perceived, and how change is implemented in all critical establishing climates.
- 5.3.2 Importance of Organisational Climate**
- Q20. Explain the importance of organisational climate.**
- Ans :*
- Importance of organisational climate is as follows:
1. **Increased Employee Performance:** Climate at the workplace is an excellent predictor of performance of an organisation and employee, because positive environment results in motivated employees who enjoy working.
  2. **Develops Strong Relationship:** Organisational climate supports manager to know the relationship stuck between the processes and practices of the firm and the needs of employees. By understanding how different practices and initiatives stimulate employees, managers will be able to understand what motivates employees to

behave in a manner that leads to a positive climate and results in the organisation's success.

3. **Determinant of Success or Failure:** Organisational climate plays an important role in the success or failure of organisations. As if organisational climate is good, employees will be willing to be in association with others. Then employees like to perform the job with pleasure and satisfaction. Therefore, organisational climate decides the success or failure of the organisation.
4. **Managers can Get their Work Done Easily:** Managers experience that employees follow their orders with respect. Manager's instructions will be pleasantly obliged by the subordinates.
5. **Develops Confidence:** When the organisational climate is good it develops confidence in the subordinates. As subordinates will work hard and show confidence to their superiors.
6. **Resource Conservation:** Dissatisfied employees destroy the organisational resources whereas satisfied employees will help in maintaining the resources. Management and employees will have ultimate gains through low cost of production and better incentives respectively.
7. **Social Benefit:** The society will be benefited by the regular supply of goods at lower prices from an effective organisation. As when the employees are satisfied and are cooperative in nature will help in reserving the organisation's resources.
8. **Reduces Turnover:** Employees work happily and associate with the company for a long time. Employee turnover, absenteeism will be lowered when morale is high.
9. **Develops a Sense of Attachment with Organisation:** Employees feel attachment with the organisation, as high morale attracts and holds good employees for a long time. It results in increased job performance and improves cooperation and brings unity.

10. **Develops Healthy Organisation:** Organisational climate creates favourable atmosphere among customers, public, suppliers and organisational particulars. It keeps organisation healthy.
11. **Creates Innovativeness:** Organisational climate is the key factor to explain the innovativeness of the employees. If climate is healthy, employees will be more innovative as comparison to other organisation's stressful climate. With changing scenarios in the world economy, companies want very smart, professional and innovative team members, who are groomed within the organisation by outperforming other non-productive team members. Companies promote a healthy work environment and organisational climate so that the employees feel free to innovate and outshine for their organisation.
12. **Increases Production:** Good and healthy climate increases productivity level of employees. Organisational climate represents how the employees feel about the atmosphere. Employees are the key resources of an organisation. For the development of an organisation it is necessary to make them feel good.

### 5.3.3 Guidelines for Building Sound Organisational Climate

**Q22. What are the guidelines for building sound organisational climate.**

*Ans :*

Guidelines for building sound organisational climate are as follows:

1. **Motivation Begins with Decluttering the Workspace:** The first suggestion to improve organisational climate begins with removing unnecessary mess. Clutter steals workers' motivation because they expend all their energy just trying to find what they need to begin a task. One cannot expect to make significant progress to improving the organisational climate until he declutters everyone's work area. If people's desks are overflowing with paper, consider adopting some best practices in records management so that it will be easier to see what needs to be cleaned up.

2. **Institute Rewards Equity to Motivate Employees:** Once clutter has been removed as an obstacle to increasing productivity, the next step is to determine and implement policies that will motivate employees. There are many theories regarding what motivates employees, and manager will find that workers respond differently when presented a group of performance incentives. However, all workers will be more motivated if they believe there is rewards equity within the organisation. Eliminating the appearance of favouritism and recognising achievements that are not necessarily "high profile" will go a long way to boosting the morale of workers.
3. **Foster Innovation and the Entrepreneurial Spirit:** Can someone turn an employee's regular job into an entrepreneurial experience? The answer is yes, but it will take some creative thinking and the willingness of managers to relinquish some control. Creating an entrepreneurial spirit begins with transforming workers into the economic engines of the company. One way to facilitate entrepreneurship is to set-up each department or team as a profit centre and allow them to keep any profits generated through savings or increased sales. Likewise, the company can offer individuals in-house patents for innovative ideas and pay a royalty for the savings or revenues generated from the patented idea.
4. **Prepare Workers to Embrace Change:** Resistance to change manifests itself into many symptoms that can create an organisational climate that is full of stale air. Opening the windows to let the fresh air into the organisation is not always easy, especially if those windows have been shut for a long period of time. This is why it is so important that change becomes an integral part of the organisation's culture. Try to designate spring as the annual time of year for reviewing and instituting new procedures and processes. If change is on everyone's seasonal calendar, it will not take anybody by surprise.
5. **Create a Sense of Purpose:** Organisational climate is enhanced when co-workers feel a connection or bond with their colleagues. Even if each employee has a different job within the organisation, there needs to be a unifying, core purpose in what they do that is tied back to the organisation as a whole. For example, scrubbing the floors, cleaning the windows, and dusting the furniture are very different jobs that require an assortment of tools. However, they are all connected to the unifying purpose of having a clean and beautiful home. Connecting the dots so employees understand and visibly see how their work is related to the broader picture will do wonders for morale.
6. **Provide the Right Tools for Effective Collaboration:** We know that teamwork depends on the ability to effectively collaborate with one's co-workers in an environment best-suited for the exchange of information. In an ideal setting team members would be sitting around in chairs facing each other in a room without distractions and interruptions. But the reality is that we work in a world of telecommuters and multi-taskers and therefore businesses should look into purchasing some affordable collaborative software to strengthen teamwork.
7. **Empower Employees for Better Execution:** Employees want to feel that their work is valuable and they have some control in the final product. Empowerment leads to better execution because employees who are closest to the work product are able to address problems faster and have more ideas on how to improve efficiency. While empowerment can take multiple shapes and forms, it generally creates positive perceptions of the employer/employee relationship within the organisation. Empowerment will give an organisation that fresh scent of a good spring cleaning.
8. **Find Periodic Downtime to Improve Execution:** It may sound counter-intuitive to take a breath to improve execution, but think about how the game of basketball is played. No coach is going to leave his or her five starters in during the entire game. Businesses should take a lesson from the sports, such as basketball, to ensure that employees do not suffer from burnout either mentally or physically.

9. **Develop Honest Communications to Build Trust:** Make sure the organisation communicates clearly and often to the employees about the true state of affairs, including the mission, goals, financial position, achievements and missteps of the organisation. No one likes bad news, but trust will never flourish in an organisation that refuses to air its dirty laundry. Keeping workers in the dark about the true financial health of the company only creates rumour-mongering.

10. **Promote Ethical Behaviour:** Even high performance teams cannot be maintained in an atmosphere of unethical behaviour. So how can the organisation foster trust? There are several practices that build trust at both the individual and organisational level. First, managers need to put into place personnel procedures that produce the desired ethical behaviours and swiftly disciplines those who step outside these boundaries. If manager do not have one, develop a workplace ethics policy to ensure that boundaries and the consequences for transgressing those boundaries are specified with clarity. If management already have a policy in place, take time during the spring to review the policy to see if it needs to be updated.

#### 5.4 STRESS MANAGEMENT

##### Q23. Define stress management

*Ans :* May/Juen-2012, Q.No. 6(a)

Stress is a general term applied to various psychologic (mental) and physiologic (bodily) pressures experienced or felt by people throughout their lives.

##### Definition of Stress

Stress is defined as "a state of psychological and physiological imbalance resulting from the disparity between situational demand and the individual's ability and motivation to meet those needs."

**Dr. Hans Selye**, one of the leading authorities on the concept of stress, described stress as "the rate of all wear and tear caused by life."

Stress can be positive or negative :

1. Stress is good when the situation offers an opportunity to a person to gain something. It acts as a motivator for peak performance.
2. Stress is negative when a person faces social, physical, organizational and emotional problems.

##### 5.4.1 Causes of Stress

##### Q24. What are the causes of stress.

*Ans :* May/Juen-2012, Q.No. 6(a)

The major causes of stress at work or in organization :

##### 1. Career Concern

If an employee feels that he is very much behind in the corporate ladder, then he may experience stress. If he seems that there are no opportunities for self-growth, he may experience stress. Hence, unfulfilled career expectations are the significant source of stress.

##### 2. Role Ambiguity

It occurs when the person doesn't know what he is supposed to do, on the job. His tasks and responsibilities are not clear. The employee is not sure what he is expected to do. It creates confusion in the minds of the worker and results in stress.

##### 3. Rotating Work Shifts

Stress may occur in those individuals who work on different work shifts. Employees may be expected to work on day shift for some days and then on the night shift. That may create problems in adjusting to the shift timings, and it can affect not only personal life but also family life of the employee.

##### 4. Role Conflict

It takes place when people have different expectations from the person performing a particular role. It can also occur if the job is not as per expectation, or when a job demands a certain type of behavior that is against the person's moral values.

##### 5. Occupational Demands

Some jobs are more demanding than others. Jobs that involve risk, and danger are more

stressful. Research findings indicate, job that cause stress needs constant monitoring of equipments and devices, unpleasant physical conditions, making decisions, etc.

#### 6. Lack of Participation in Decision-making

Many experienced employees feel that management should consult them on matters affecting their jobs. In reality, the superiors hardly ask the concerned employees before taking a decision. That develops a feeling of being neglected, which may lead to stress.

#### 7. Work Overload

Excessive workload leads to stress as it puts a person under tremendous pressure. Work overload may take two different forms :

- (a) Qualitative work overload implies performing a job that is complicated or beyond the employee's capacity.
- (b) Quantitative work overload is a result of many activities performed in a prescribed time.

#### 8. Work Underload

In this, case, too little work or very easy work is expected on the part of the employee. Doing less work or jobs of routine and simple nature would lead to monotony and boredom, which can lead to stress.

#### 9. Poor Working Conditions

Employees may be subject to poor working conditions. It would include bad lighting and ventilation, unhygienic sanitation facilities, excessive noise, and dust, presence of toxic gasses and fumes, inadequate safety measures, etc. All these unpleasant conditions create physiological and psychological imbalance in humans thereby causing stress.

#### 10. Lack of Group Cohesiveness

Every group is characterized by its cohesiveness, although they differ widely in its degree. Individuals experience stress when there is no unity among work group members. There are mistrust, jealousy, frequent quarrels, etc., in groups and this lead to stress to employees.

#### 11. Interpersonal and Intergroup Conflict

These conflicts take place due to differences in perceptions, attitudes, values and beliefs between two or more individuals and groups. Such conflicts can be a source of stress for group members.

#### 12. Organizational Changes

When changes occur, people have to adapt to those changes, and this may cause stress. Stress is higher when changes are significant or unusual like transfer or adoption of new technology.

#### 13. Lack of Social Support

When individuals believe that they have the friendship and support of others at work, their ability to cope with the effects of stress increases. If this kind of social support is not available, then an employee experiences more stress.

#### 5.4.2 Factors outside the scope of an organization also cause stress

**Q25. What are the factors outside the scope of an organization also cause stress ?**

*Ans :*

The main causes of stress outside work or organization :



#### 1. Civic Amenities

Poor civic amenities in the area in which one lives can be a cause of stress. Inadequate or

lack of public facilities like improper water supply, excessive noise or air pollution, lack of proper transport facility can be quite stressful.

## 2. Life Changes

Life changes can bring stress to a person. Life changes can be slow or sudden. Gradual life changes include getting older, and abrupt life changes include death or accident of a loved one. Sudden life changes are highly stressful and very difficult to cope.

## 3. Frustration

Frustration is another cause of stress. It arises when goal-directed behavior gets blocked. Management should attempt to remove barriers and help the employees to reach their goals.

## 4. Racial, Caste, and Religious Conflicts

Employees living in areas, which are often prone to conflicts among people based on differences seen in their race, caste and religion do suffer more from stress. In the case of a religion, the minorities and lower-caste people (especially in India) are subject to more stress.

## 5. Personality

We can classify people as 'Type A' and 'Type B'.

The 'Type A' people :

- They feel guilty while relaxing.
- They get irritated by minor mistakes of self and others.
- They feel impatient and dislike waiting.
- They also multitask and prefer to do several things at one time.

The 'Type B' people are exactly opposite and hence are less affected by stress due to the above factors.

## 6. Technological Changes

When there are any changes in technical fields, employees are under the constant fear of losing jobs or need to adjust to new technologies. It can be a source of stress.

## 7. Career Changes

When a person suddenly switches to another job, he is under stress to shoulder new responsibilities adequately. Under-promotion, over-promotion, demotion and transfers can also cause stress.

Following habits can remarkably help to relieve stress :

- Regular meditation
- Physical exercise,
- Balanced diet,
- Focused thinking,
- Control of anger,
- Managing Depression,
- Maintaining calmness in stressful situations,
- Having a positive attitude towards life,
- Harmony towards self and others, etc.

### 5.4.3 Strategies for Managing Stress

#### Q25. What are Strategies for Managing Stress

*Ans :*

Stress experienced by the employees in their job has negative impact on their health, performance and their behaviour in the organization. Thus, stress needs to be managed effectively so as to set off these harmful consequences. Strategies for managing stress are as follows :

#### A) Organizational Strategies for Managing Stress

- Encouraging more of organizational communication with the employees so that there is no role ambiguity/conflict. Effective communication can also change employee views. Managers can use better signs and symbols which are not misinterpreted by the employees.
- Encourage employees' participation in decision-making. This will reduce role stress.

3. Grant the employees greater independence, meaningful and timely feedback, and greater responsibility.
4. The organizational goals should be realistic, stimulating and particular. The employees must be given feedback on how well they are heading towards these goals.
5. Encourage decentralization.
6. Have a fair and just distribution of incentives and salary structure.
7. Promote job rotation and job enrichment.
8. Create a just and safe working environment.
9. Have effective hiring and orientation procedure.
10. Appreciate the employees on accomplishing and over-exceeding their targets.

#### B) Individual Strategies for Managing Stress

1. The employees should make a "to-do" list daily, prioritize the acts in the list and plan the acts accordingly. Take regular breaks during work to relax you. By effective time management, the employees can achieve their targets timely and can meet work pressures and, thus, avoid stress.
2. Do hard work. Strive to achieve your goals but do not do it to the harm of family, health, or peer.
3. Indulge in physical exercises. It helps in effective blood circulation, keeps you fit, diverts mind from work pressures.
4. Encourage a healthy lifestyle. Take a regular sleep, have plenty of water, have healthy eating habits. Promote relaxation techniques such as yoga, listening music and meditation.
5. The employees should have optimistic approach about their work. They should avoid connections with negative approach employees.

6. The employees should have emotional intelligence at workplace. They should have self-awareness, self-confidence and self-control at workplace.
7. The employees should build social support. They should have close connections with trustworthy peer who can listen to their problems and boost their confidence level. This social network will help the employees to overcome stress.
8. Employee counselling is a very good strategy to overcome employee stress. Through counselling, employees can become aware of their strengths and how to develop those strengths; their weaknesses and how to eliminate them; and they can develop strategies for changing their behaviour. Employees are also given career counselling which helps in reducing their ambiguities with regard to career.
9. Find a fun way to release stress, such as, cracking jokes, playing tennis, golf, etc.
10. Do not remain pre-occupied with yourself. Turn your focus outwards. Help others. This will release some stress.

#### 5.5 COUNSELING

##### Q26. Discuss about counselling.

*Ans :*

Counseling is a two way process in which a counselor, usually a superior provides advice and assistance to his subordinates. There are many occasions when an employee feels the need for counseling. Performance Counseling means the help given by a superior to his subordinates in improving the latter's performance.

It is in effect a process of guiding a subordinate to adjust better with his work environment and to better understand others so that his dealings with them can be effective and purposeful. Employees counseling may be informal and informal. Informal Counseling takes place in day to day work relationships between a manager and his subordinates without any plan or schedule.

Formal Counseling involves a planned and systematic programme of advising and assisting employees by their subordinates and/or by professional counselor.

Counseling can be helpful in strengthening superior subordinate relationship. It improves communication and helps employees recognize their strengths and weaknesses and potential. Counseling also helps employees to prepare action plans for their own development. Thus, Counseling helps to solve employee problems and to prevent future problems. It plays both curative and preventing roles.

Performance Counseling involves assisting the employee to understand his own performance, factors contributing to it, contributions of his own strengths and weaknesses, and assist him to identify extent to which he can influence the outcome of his work and thereby plan for improving his competence and performance.

### **Objectives of Counseling**

1. To identify development needs of subordinates and to draw systematic plan of action.
2. To understand himself better to know his potential, strengths and weaknesses
3. To gain an insight into the dynamics of his behavior by providing necessary feedback.
4. To have better understanding of the environment in which he functions.
5. To increase his personal and interpersonal effectiveness by assisting him in analyzing his interpersonal competence.
6. To prepare alternate action plans for improving his behavior and performance.
7. To understand and solve personal problems through empathetic listening.

### **Types of Employee Counseling**

In attempting to help an employee who has a problem, a variety of counseling approaches are used. All of these counseling approaches, however, depend on active listening. Sometimes the mere furnishing of information or advice may be the solution to what at first appeared to be a knotty

problem. More frequently, however, the problem cannot be solved easily because of frustrations or conflicts that are accompanied by strong feelings such as fear, confusion, or hostility. A manager, therefore, needs to learn to use whatever approach appears to be suitable at the time. Flexibility is a key component of the employee counseling process.

#### **1. Directive Counseling**

It is full counseling. It is the process of listening to an employee's problem, deciding with the employee what should be done and telling and motivating the employee to do it. This type of counseling mostly does the function of advice, reassurance and communication. It may also perform other functions of counseling.

#### **2. Non-directive Counseling**

In non-directive counseling, the employee is permitted to have maximum freedom in determining the course of the interview. It is the process of skillfully listening and encouraging a counselee to explain troublesome problems, understand them and determine appropriate solutions. Fundamentally, the approach is to listen, with understanding and without criticism or appraisal, to the problem as it is described by the employee. The employee is encouraged, through the manager's attitude and reaction to what is said or not said, to express feelings without fear of shame, embarrassment, or reprisal. The free expression that is encouraged in the non-directive approach tends to reduce tensions and frustrations. The employee who has had an opportunity to release pent-up feelings is usually in a better position to view the problem more objectively and with a problem-solving attitude.

#### **3. Participative Counseling**

Both directive and non-directive methods suffer from limitations. While the former is often not accepted by independent employees, the latter needs professionals to operate and hence is costly. Hence, the counseling used in most situations is in between these two. This middle path is known

as participative counseling. Participative is a counselor-counselee relationship that establishes a cooperative exchange of ideas to help solve an employee's problems. It is neither wholly counsellor-centred nor wholly counselee-centred. Counselor and counselee mutually apply their different knowledge, perceptions, skills, perspectives and values to problem into the problems and find solutions.

### **The Process of Employee Counselling**

The process of employee counselling has three phases: rapport building, exploration and action planning, these are discussed below:

#### **1. Rapport Building**

Initially the counselor-manager should level himself with his employee and tune himself to his orientations. General opening rituals like offering a chair, closing the door to indicate privacy, asking the secretary not to disturb are all important in demonstrating the manager's genuine interest in employee's problems. The counselor must listen to the feelings and concerns of the employee carefully and attentively. Leaning forward and eye contact are important signs of active listening. The employee must feel that he is wanted and the counselors is interested in him genuinely.

#### **2. Exploration**

Besides active listening, the counselor should help the employee find his own weaknesses and problems through open and exploring questions. He should be encouraged to open up fully and talk more on the problem. This would enable both parties to uncover various dimensions of the problem clearly. Once the key issue is identified, (e.g., inability to get along with colleagues, not being promoted despite hard work, boss does not like his work etc.) it should be diagnosed thoroughly. Open questions like- why do people pick arguments with you? On what occasions did you try to get ahead in the race? Who are coming in your way and why? – may help the employee visualize the problem from different angles. The whole exercise is meant to generate several alternative causes of a problem.

#### **3. Action Planning**

Counseling should finally help the employee find alternative ways of resolving a problem. The list of alternatives could be generated after two or three brain storming sessions. The merits and limitations of each course of action could also be identified and the best course of action picked up-keeping the background factors (boss, colleagues, work-related issues, competitive pressures etc.) in mind. The employee should be encouraged to self-monitor the action plan without seeking further helps from the counselor. The counseling sessions could be monitored and reviewed at regular intervals later on.

### **Methods of Employee Counseling**

Effectiveness of counselling largely depends on the methods and techniques as well as the skills used by the counselor. Methods and techniques of counseling change from person to person and from situation to situation. Normally employee counseling involves the following methods:

#### **1. Desensitization**

According to Desensitization, once an animal has been shocked in a particular situation, it will continue to avoid it indefinitely. This is quite true in respect of human beings also. Once an individual is shocked in a particular situation, he gives himself no chance for the situation to recur. This method can be used to overcome avoidance reactions, so as to improve the emotional weak spots. If an employee is once shocked by the behavior, approach or action of his superior, he would continue to avoid that superior. It is difficult for such superiors to be effective counselors, unless such superiors prove otherwise through their behavior or action on the contrary. Similarly, once an employee is shocked by a particular situation, he can be brought back to that situation only if he will be convinced through desensitization that the shock will not to take place further. Counselor can make use of desensitization in such situations.

**2. Catharsis**

Discharge of emotional tensions can be called catharsis. Emotional tensions can be discharged by talking them out or by relieving of the painful experience which engendered them. It is an important technique as a means of reducing the tensions associated with anxiety, fear, hostility, or guilt. Catharsis helps to gain insight into the ways an emotional trauma has been affecting the behavior.

**3. Insight**

With the help of insight one may find that he has devalued himself unnecessarily, or his aspirations were unrealistic, or that his childish interpretation of an event was inaccurate. Then he can overcome his weakness.

**4. Developing the new patterns**

Developing new patterns becomes very often necessary when other methods to deal with weak spots remain ineffective. In order to develop new, more satisfying emotional reactions, the individual needs to expose himself to situations where he can experience positive feelings. The manager who deals with such individuals may motivate or instigate them to put themselves into such situations, so that their self-confidence may increase.

**5.6 MANAGEMENT OF CHANGE****Q28. What do you understand by Management of Change?**

*Ans :*

Change is essential for the existence and development of the organisation. However, sometimes this kind of change can adversely affect some people. Consequently, they do not like it and therefore, oppose it. The fear of opposition is particularly more when the change is likely to increase the work-load of the employees, reduce their salary or result in their retrenchment.

**Meaning of Management of Change**

Whenever a change is introduced in the organisation, there is always a reason for it. The change can be necessitated both by external and internal causes. (These causes have been explained later in this chapter.) In short, it can be said that

whatever may be the reason, the change has got to be made. The major question, however, is to avoid opposition. This work can be done by the management. Therefore, it can be said that "Management of change is a definite process to implement the proposed change unopposed."

**Definition of Management of Change**

According to Dr. P. Sambaiah, "Change is understood as making the form, nature, content, etc. of something different from what it is or what it would be if left alone. The process through which a proposed change is effected is treated as the management of change."

**5.6.1 Nature of Change****Q29. Explain the Nature of Change.**

*Ans :*

The following details will make us understand the nature of change:

**1. Change is the Law of Nature**

Whatever nature has given to this world is subject to change. A man has to adjust himself to the changed situations and environment. If he does not do so, he has to face a lot of challenges. Just as a man has to face many changes, similarly a business unit is compelled to make changes because of the pressure of some internal and external forces. The changes do not appear all of a sudden, but it is a law according to which they have to appear.

**2. Change is Resisted by Man**

Changes are inevitable, but it is true that they are generally opposed by the people. Change in a company can result in the change of the work-place of the employees, their designation, their boss, their work-method, group of friends, their remuneration, etc. In other words, they are compelled to work in a new environment, but human nature is such that he wants to live in the old surroundings. He opposes any change. Change is opposed by almost everybody including the workers, low level managers, middle level managers, high level managers, etc.

### 3. Change Leads to Development

Nature of change is to lead towards development. It means that whenever there is some change, it is always for in some thing new. The important question, however, is that when change leads to development why it is opposed by the people. The simple answer to this question is that it is not necessary that the change should benefit everybody. It is quite possible that some people may be benefited more than the other people and possibly some people may suffer loss. In this way those who face loss would certainly oppose the change.

### 4. Change is Continuous Process

Change is a process because whenever a change is made, it becomes complete only after passing through various stages, it is not only process, but a continuous process. A business unit comes into existence in a dynamic environment. It develops in such an environment. Therefore, the moment the work of implementing a change is accomplished, some other problem crops up. This again necessitates some other change.

### 5. Change has an Element of Uncertainty

Change is always for future and future is uncertain. Nothing can be said about them with any amount of certainty. Hence, an element of uncertainty is inherent in a change.

### 6. Change Requires a Change Agent

A programme of change is not an automatic process. Many efforts have to be made in order to implement it. Therefore, a special man is required to complete the whole process. This man is called an agent of change. For small changes the manager concerned can perform the job of an agent of change. In case of big changes, the help of high ranking managers or some professional consultants is necessary.

### 7. Change Takes Place due to Two Forces

It is the nature of change to get affected by two forces - internal and external. For example, if a company merges two departments and converts them into one

department, it will be an internal change. On the contrary, if a company has to change its price policy because of the entry of a competing company, it will be an external change.

### 8. Change has Two Types

Whatever may be the reason, change can effect in two ways. It can be work related or organisation related. The setting of modern machinery is a work related, change, whereas the increasing or decreasing the number of departments is organisation related change.

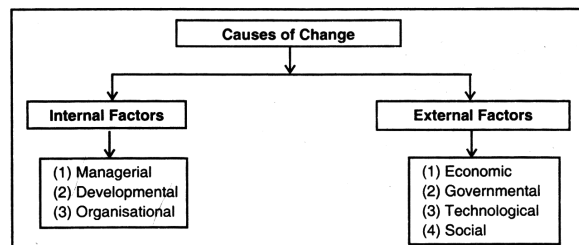
#### 5.6.2 Causes / Factors of Change

**Q30. What are the causes or factors of change?**

*Ans :*

#### Factors Responsible for Change

Many changes have to be introduced in every organisation. There can be many causes for introducing changes. For the sake of convenience they can be divided into following two parts:



#### (A) Internal Factors

The following internal causes can be responsible for introducing changes:

##### 1. Managerial

The first internal cause of change is related with the managers. It means the moment there is some difference in the position of the managers, changes have got to be made in the organisation also. These examples include promotion, transfer, proceeding on leave, retrenchment, etc. Every manager has his own style of working. The moment there is a difference in the position of the manager of some department, the effect of change is felt there.

**2. Developmental**

It is important to keep up the tempo of dynamism for the development of any organisation. Intelligent managers continue to introduce changes in some form or the other. In this way, people working in the organisation get used to it. The obvious advantage of it is that whenever some big change has got to be introduced, the employees do not oppose it. These changes include development, production method, discovery of new markets, training programme, etc.

**3. Organisational**

Sometimes, the existing organisation gets paralysed. In such a situation desired results cannot be obtained. The following causes are responsible for weakening the organisation:

Managerial levels not being as required, span of management (being too little or too much), the number of departments (excessive or deficient), absence of effective communication system, absence of good relations among the departments, absence of effective decision-making, continuous conflict between the line and staff authorities, etc. These organisational causes make it necessary to introduce changes in the organisation.

**(B) External Factors**

There are many external factors which compel the organisation to change their objectives, policies, structure, etc. These factors are as follows:

**1. Economic**

The economic factors leave a strong impact on the organisation? As a result of this, many changes have to be introduced in the organisation. The following are the examples of the chief economic factors:

- i) Deflation and Inflation:** Deflation and inflation are the two important conditions of any economy. There is a decrease in demand during the period of deflation, while during the period of inflation there is an increase in demand. Keeping these things in mind, many changes are made in the organisation.

- ii) Change in National Income:** A change in the national income results in a change in the standard of living of the people. This has an impact on the demand of things. Many new products have to be created to meet various types of demand. This involves new methods of production. This definitely leads to some changes in the organisation.

- iii) Urbanisation:** Urbanisation directly affects industries. Things have to be produced according to the tastes of the people coming from villages to the cities.

**2. Governmental**

The following changes are included under the governmental factors:

- (i) Changes in the government at the state level and the national level.
- (ii) Change in the economic policies of the government.
- (iii) Change in the import-export policies of the government.
- (iv) Change in the tax policy.
- (v) Change in the licensing policy of the government.

All these governmental factors affect the organisation and changes have got to be introduced in the organisation ipso facto.

**3. Technological**

Technological development going on in any country affects the organisation in two ways: firstly, there are new methods of production and discovery of new machinery. This brings a change in the attitude of the labourers. Illiterate workers get replaced by literate ones. Secondly, because of technological development and the possibility of retrenchment of workers, the labour problem starts assuming large proportions. Therefore, the twin problem of the change in attitude of the workers and the possibility of retrenchment is responsible for many changes in the organisation.

#### 4. Social

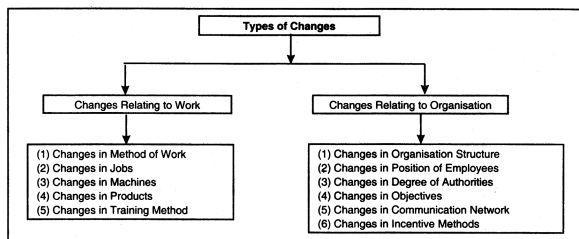
The changes in customs, increase in purchasing power of the people change in consumers attitude are those social changes which leave an impact on the organisation. Under this influence changes have to be made in the organisation of the business.

#### 5.6.3 Types of Changes

##### Q31. What are the Types of Changes?

*Ans :*

We have seen that there can be many causes, both internal and external, which necessitate changes in the organisation. Now, the all important question is to find out the number of changes that can be introduced under the impact of the internal and external factors. The changes to be introduced in the organisation can be divided into two parts. Their brief description is as follows:



#### A) Changes Relating to Work

Changes relating to work are of the following types:

##### 1. Changes in Method of Work

New methods of work and production are being developed because of the research being carried out day in and day out only to take advantage of the modernisation and for the development of the organisation, these methods are implemented. In this way, this is the first kind of change in the organisation.

##### 2. Changes in Jobs

Sometimes there is a need to divide a big job into many small jobs and sometimes it is vice-versa.

##### 3. Changes in Machines

Regular technological changes have taken over the hand-operated machines replacing

them with the automatic machines. These changes have their own advantages on the one hand but, on the other hand, they prove harmful in the shape of workers opposition as they fear retrenchment.

#### 4. Changes in Products

There is a demand of new products on account of the rising standard of living, urbanisation, etc. A manager has to be conscious about this demand. In case of need he has either to change old products or add some new products to the old list of products.

#### 5. Change in Training Method

In case of need there can be a change in the method of training. It has become essential to impart training according to modern methods because of the new methods of work and arrival of new machines.

#### B. Changes Relating to Organisation

The following changes are chiefly organisation related:

##### 1. Changes in organisation structure:

Organisation structure means the posts existing at different levels of the organisation. This number varies according to the size of the company. For example, there are six department in a company namely, Purchase Department, Sales Department, Advertisement Department, Personnel Department and Finance Department, Production Department. After intensive study it was felt that there was no need of a separate department of advertisement and that it should be merged with the sales department. In this way, there appeared a change in the structure of the Organisation.

##### 2. Changes in the Position of Employees:

In case of need changes can be introduced in the number, posts and level of the employees working in organisation. This is usually done through promotion, transfer, retrenchment, etc.

##### 3. Changes in Degree of Authorities:

The officers often delegate their authority to their subordinates in order to get the work done efficiently. This is known as the delegation of

authority. When this delegation of authority is increased, it takes the shape of decentralisation.

4. **Changes in Objectives:** An Organisation has sometimes to change its objectives under pressure of the internal and external environment. In addition to this, policies can also be changed.
5. **Changes in Communication Network:** Communication network is of two types - formal and informal. Alongwith formal communication, informal communication is also important. Any one of these can be given preference according to the need. Alongwith it the medium of communication (written, oral or gesture) can also be changed. For example, if earlier oral communication was in vogue, now the written communication can be brought into use.
6. **Changes in Incentive Methods:** There are two methods of giving incentive - Monetary and Non-monetary. For example, in a company at one time both the methods were in use, but the company decided that henceforth only Non-monetary methods alone will be used. In this way, there will be a change in the organisation.

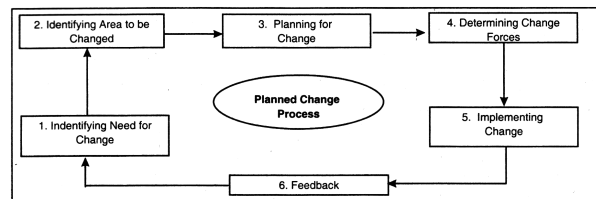
#### 5.6.4 Process of Planned Change

**Q32. Explain about Process of Planned Change.**

*Ans :*

It is obvious that there are many factors, both external and internal, which continue to influence the organisation in some way or the other. It is only because of this influence that changes have to be made in the organisation. Even otherwise, it is always advisable to bring changes according to the changing environment. On the other hand, the possibility of opposition to change cannot be denied. The purpose of change is to solve problems and not to create some other problems in the form of opposition. The important question is to avoid opposition and implement the change. This problem can be avoided if the change is properly managed or handled. If the change is implemented in a

planned manner, opposition to change can be minimised, if not eliminated. Again, it is important to know about this planned manner. It is a "Process of planned change." If a change is implemented by following this process there is an absolute possibility of success. The various stages of the process of planned change can be indicated with the help of the following diagram.



#### 1. Identifying Need for Change

First of all, under the process of planned change the need for a change is understood. Why there is an idea of a change comes in our mind. The need of change is associated with the factors influencing the organisation. There can be many factors influencing the organisation. The need is to find out the way in which particular factor influences the organisation. When this information is obtained, the necessity of a change becomes known. For example, the entry of competing companies in the market is one such external factor which affects the already established company. An intensive study indicated that because of the activation of this external factor, there was a fall in the sales of the established company. A heavy fall in the sales is a problem before the company. In order to remove this problem the company shall have to introduce some change in its organisation structure. In the context of this problem an effort shall have to be made to know the present amount of sales and the amount of sales required. The need of the change is to end this difference in the present sales and the required sales and to check the fall in sales.

In this way, there can be many other reasons for the need of change. These reasons generally include increase in the employees turnover, need for expansion of the organisation, bitterness between the labour and management, continuous increase in the cost of production, change in the import-export policy of the government.

## 2. Identifying Area to be Changed

At the second stage of planned change process the area of change is identified. It has to be decided whether the change will be work related or related to the organisation. At the first stage, there is always a hint about the type of change. For example, there can be many causes for the decline in sales - the inferior quality of goods, lack of advertisement, poor consumer services, not allowing credit facilities, etc. It has to be accepted that in the present example the fact about the poor quality of goods as a cause for decline in sales come to the light only after the market survey. Another study showed that the quality of goods could only be improved with the help of modern machinery. Hence, it becomes clear that in this case the establishment of modern machinery is the area of change.

The setting up of the modern machinery is a work related change. In order to solve the present problem which is work related some changes in the organisation may also become necessary. This may include the transfer of some experienced manager to the production department and the creation of a new post of deputy manager alongwith the manager can also be thought of.

## 3. Planning for Changing

The moment the area of change is determined, the planning activity starts. The decision about the following three questions are taken:

- (i) Who will bring the change?
- (ii) When will the change be made?
- (iii) How will the change be brought about?

**(i) Who will Bring the Change:** While planning for the change, first of all it is decided as to who will bring the change. A person who brings about the change is called Change Agent. The change can be of two types - Minor change and Major change. For a minor change the change related to work is performed by the manager concerned. For the major change some senior and experienced manager is given the responsibility of effecting the change or this work is given to some outside professional.

**(ii) When to Bring Change:** This is a time related question. While deciding about the appropriate time for bringing the change, the following things are kept in mind:

- (a) Determining the number of the opposing forces.
- (b) Time to be consumed in bringing round the opposing forces.
- (c) Time to be consumed in making available the new resources.
- (d) Time to be consumed in the training of the employees.

## (iii) How to Bring Change

Under this it has to be decided whether the change will be made in toto or by stages. If the change is to be brought about gradually by stages, the time to be spent in case of each stage is also decided.

## 4. Determining Change Forces

After deciding the planning for change, the forces influencing the change are taken into consideration. The change can affect a single individual or a group or the whole organisation. First of all, the number of forces likely to be affected by the change is determined. After this, it is observed as to how many forces are against or in favour of the change. For example, some people will be against the setting up of the modern machines, while some of them may be in their favour. Those who think that working with the modern machines will make the work easier and that they will learn something new, will be in favour of the change. On the contrary, those who think that for working on the new machines they shall have to get training and that it can lead to retrenchment, will oppose the change.

The Change Agent has to take a decision about the implementation of change after taking into consideration the opposing as well as favouring forces. If the number of people in favour of the change is more, it should be implemented. If the number of opponents is more, the change should be postponed for some appropriate time. If both

the forces have parity of number, any decision can be taken. An effort should be made to strengthen the favourable forces and weaken the opponents.

### 5. Implementing Changes

If the number of people or forces favouring the change is comparatively more, the work of change should be immediately implemented. In the present example, implementing the change means making preparation for the purchase of modern machinery, preparing a training programme, transferring an able manager to the Production Department and creating a departmental Deputy Manager's post and appointing someone on this post.

### 6. Feedback

At the last stage of the planned change process it is ensured whether the programme of change is moving in the right direction or not. Getting this information is called 'feedback'. Before implementing the change and doing entire analysis, there can be a possibility of opposition by the opposing forces or even some new difficulty can raise its head. That is why the programme of change has to be constantly watched. An immediate solution of any problem ensures success of the programme of change.

Every organisation is born and it develops in a dynamic environment. Therefore, an organisation is dynamic. It means that changes continue to take place in it. That is why when the programme of change is accomplished, some new problem appears. Consequently, this planned change process has to be repeated again and again and this is almost a continuous chain.

### 5.6.5 Resistance to Change and Strategies

#### Q33. Explain about Resistance to Change and Strategies.

*Ans :*

#### Resistance to Change

It is difficult for organizations to avoid change, as new ideas promote growth for them and their members. Change occurs for many reasons such as new staff roles; increases or decreases in funding; acquisition of new technology; new missions, vision or goals; and to reach new members or clients.

Changes can create new opportunities, but are often met with criticism from resistant individuals within the group.

#### 1. Poor Communication

Changes within an organization start with key decision makers. It is up to them to pass along the details to team members and ensure all questions and complaints are handled before changes go into effect. Unfortunately, as news of a change spreads through the hierarchy, details are sometimes skewed and members end up receiving inaccurate, second-hand information. Poor communication can therefore cause resistance to change.

#### 2. Self-Interest

Ego often interferes with the ability to adapt to change. Some want to maintain the status quo to better advance their own personal agendas; others have different motivations. In the end, employees acting in their own self-interest, instead of the organization's greater good, will resist change.

#### 3. Feeling Excluded

Organizations often solicit advance input to ensure that everyone has an opportunity to voice their ideas and opinions. If, however, employees hear of a sudden change, and they had no input, they will feel excluded from the decision making process and perhaps offended.

#### 4. Lack of Trust

Trust plays a big role in running a successful organization. When organization members feel they cannot trust each other or key decision makers, it becomes difficult for them to accept organizational changes. They may ascribe the changes to some negative underlying reason or even assume they will eventually lose their jobs.

#### 5. Skills/Training Dearth

When change requires mastering new skills, resistance is likely, particularly when it comes to new technology. Organizations can prevent this through offering education and training.

#### Overcoming/Strategies Resistance to Change

**Overcoming Resistance to change:** There are several thing of overcoming resistance to change. They are given below:

- **Education:** Educations employees always effective for resistance to change. An organization want to good result from those educated employees. They have to ability to reduce any kind if resistance.
- **Communication:** Resistance can be reduced through communicating with employees to help them see the logic of a change. This tactics basically assumes that the source of resistance lies in misinformation or poor communication. If communication is continue then and established changing process.
- **Participation:** Participation is the most effective technique for overcoming resistance to change. This is managing an organizational resistance to change very effectively.
- **Facilitation:** Several facilitation procedures are also advisable. For instance, making only necessary change, announcing change will be advance can help reduce resistance to change.
- **Support:** Change agents can offer a range of supportive to reduce resistance.
- **Negotiation:** Another way for the change agent to deal with potential resistance to change to exchange something of value for a lessening of the resistance.
- **Manipulation:** Manipulation refers to convert influence attempts. Manipulating is more attractive, withholding, undesirable, information and creating false to get employees to accept a change are all examples of manipulation.
- **Cooptation:** Cooptation is to “buy off” the leader of resistance group by giving them a key role in the change decision.
- **Selecting People Who Accept Change:** We can reduce resistance by selecting people who accept change.
- **Coercion:** Last on the list of tactics is coercion. That is the application of direct threats or force of the resistance. The other examples of coercion are threats of transfer, loss of promotions, negative performance evaluation and poor letter of recommendation.

After you have identified the types of change resistance present in your organization, employ a mix of strategies to counter the negative forces. Following are six classic strategies<sup>1</sup> for dealing with change resistance (in order from least to most extreme) – use them to develop action plans that address the resistance within your organization.

- **Education & Communication:** One of the best ways to overcome resistance to change is to educate people about the change effort beforehand. Up-front communication and education helps employees see the logic in the change effort. This reduces unfounded and incorrect rumors concerning the effects of change in the organization.
- **Participation & Involvement:** When employees are involved in the change effort they are more likely to buy into change rather than resist it. This approach is likely to lower resistance more so than merely hoping people will acquiesce to change.
- **Facilitation & Support:** Managers can head-off potential resistance by being supportive of employees during difficult times. Managerial support helps employees deal with fear and anxiety during a transition period. This approach is concerned with provision of special training, counseling, time off work.
- **Negotiation and Agreement:** Managers can combat resistance by offering incentives to employees not to resist change. This can be done by allowing change resisters to veto elements of change that are threatening, or change resisters can be offered incentives to go elsewhere in the company in order to avoid having to experience the change effort. This approach will be appropriate where those resisting change are in a position of power.
- **Manipulation and Cooptation:** “Cooptation” (no it’s not misspelled) involves the patronizing gesture of bringing a person into a change management planning group for the sake of appearances rather than their substantive contribution. This often involves selecting leaders of the resisters to participate in the change effort. These leaders can be given a symbolic role in decision making without threatening the change effort.

- **Explicit and Implicit Coercion:** Managers can explicitly or implicitly force employees into accepting change by making clear that resisting change can lead to losing jobs, firing, or not promoting employees.

## 5.7 ORGANISATION DEVELOPMENT (OD)

**Q34. Define OD and its nature and scope.**

*Ans :*

### Organizational Development

Organizational Development (OD) is a field of research, theory, and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organizational change and performance.

OD is a process of continuous diagnosis, action planning, implementation and evaluation, with the goal of transferring knowledge and skills to organizations to improve their capacity for solving problems and managing future change.

### Characteristics of organization development

1. **Focus on culture and process:** Organization development on culture and process of proper and organization on following suitable and positive culture level and process success organization development program depend.
2. **Collaboration:** Organization development encourages heartfelt collaboration between managers and employees and members managing culture and processes.
3. **Accomplishment of tasks:** Various kinds of teams and groups play important roles for accomplishment of organization development activities. Thus targets can also be achieved.
4. **Human and social sides:** Organization development focuses on both human and social sides. By doing so, it intervenes in the technological and structural sides also.
5. **Participation:** Participation and involvement of managers and players can make the organization development process a success. It helps to exchange views and ideal related to organization development.

6. **System change:** Organization development focuses on total system change. Because every change is inevitable for the success of any development program.
7. **Facilitation:** There are three parties to organization development process. They are facilitators, collaborators and co-learners in the client system. Cooperation of all these parties can help the organization to develop.
8. **Overarching goals:** An overarching goal of the organization is to make the client system able to solve its problems. It is done by teaching the skills and knowledge on continuous learning through self-analytical methods.
9. **Action research model:** Organization development activities are undertaken following the conclusions and recommendations of action research members related to client system.
10. **Developmental view:** Organization development takes a developmental view for the betterment of both process and organization. Another practice in organization development programs is to create win-win solutions.

### Scope of OD

Beyond such general features, substantial agreement exists about the boundary conditions that circumscribe a successful application. Three such boundaries help stake out the territory of OD :

1. The typical set of objective underlying OD programs.
2. Some assumptions implied by these typical objectives and
3. Some broad agreements about the linkages of individual learning with organization change, as well as about the inadequacies of the available research as it relates to these agreements.

### 5.7.1 Process of Organizational Development

**Q35. Explain the process of organizational development.**

*Ans :*

The process of Organizational Development comprises of follows steps and they are:

**1. Initial Diagnosis**

The initial diagnosis refers to finding the inadequacies within the organisation that can be corrected by organisational development activities then it is necessary to find out the professionally competent persons within organisation to plan and execute organisational development activities. The outside consultants can be also employed to help in diagnosing the problems and diagnosing organisational development activities. The consultants adopt various methods and that primarily includes interviews, questionnaires, direct observation, analysis of documents and reports for diagnosing the problem.

**2. Data Collection**

The survey method is employed to collect the data for determining organizational climate. It also helps in identifying the behavioural problems that are rising in the organisation.

**3. Data Feedback**

The collected data are analyzed and reviewed by various work groups that are formed for this purpose. It is done in order to intervene in the areas of disagreement or confrontation of ideas or opinions.

**4. Selection of Interventions**

The interventions can be described as the planned activities that are introduced into the system to achieve desired changes and improvements. The suitable interventions are to be selected and designed at this stage.

**5. Implementation of Interventions**

The selected intervention should be implemented progressively as the process is not a one shot, quick cure for organizational problems. Consequently, it achieves real and lasting change in the attitudes and behaviour of employees.

**6. Action Planning and Problem Solving**

To solve the specific and identified problems by using the collected data, groups prepare recommendations and specific action planning.

**7. Team Building**

The consultants explain the advantages of the teams in organisational development process and encourage the employees throughout the process to form into groups and teams.

**8. Inter-group Development**

After the formation of groups/teams, the consultants encourage the inter-group meetings, interaction etc.

**9. Evaluation and follow up**

The organisation should evaluate the organisational development programmes and should find out their utility, and develop the programmes further for correcting the deviations. The consultants make great significance to the organisation in this respect. The entire steps in the organisational development processes should be followed by the organisation in order to derive full range of organisational development benefits.

**5.7.2 Organisational Development Techniques****Q36. What are the Techniques of OD ?**

*Ans :*

Organisational development techniques are the base; these are designed to improve the functioning of an organisation through employee participation. OD techniques can be classified in various categories which are as follows.

**1. Behavioural Techniques**

**i) Sensitivity Training:** Under this technique the different groups of employees are allowed to mix up with each other and communicate freely and build up interpersonal relationship. They learn the reflection of their behaviour and try to improve it. The employees through this technique know others feelings and behaviour and the impact of their behaviour on others.

**ii) Management by Objectives:** Managing by objectives is a dynamic system which integrates the company's need to achieve its goals for profit and growth with the manager's need to contribute and develop himself. Management by objectives is a

comprehensive tool of management. It calls for regulating the entire process of managing in terms of meaningful, specific and variable objectives at different levels of management hierarchy.

- iii) **Grid Development:** Grid organisational development is based on Blake and Mouton's model of leadership called the Managerial Grid. Their model depicts two prevailing concerns found in all organisations - concern for productivity and concern for people. Some managers are high in concern for productivity but low in concern for people. Besides helping managers evaluate their concern for people and productivity, the Managerial Grid stresses the importance of developing a team- management leadership style.

## 2. Non-Behavioural Techniques

- i) **Changes in Organisation Structure:** The organisation's structure may be changed to make it more efficient by redefining the flow of authority. There can also be changes in functional responsibility such as a move from product to matrix organisational structure.
- ii) **Work Design:** Work design is a broad term which means the process of defining tasks and jobs to achieve both organisational and employee goals. It must, therefore, take into account the nature of the business (organisational interest), the organisational structure, the information flow and decision processes, the differences among employees, and the reward system. Within the broad scope of work design is the design of individual jobs, that is, job design.
- iii) **Job Enrichment:** Job enrichment implies increasing the contents of a job or the deliberate upgrading of responsibility, scope and challenge in work. Job enrichment is a motivational technique which emphasises the need for challenging and interesting work.

## 3. Miscellaneous Techniques

- i) **Survey Feedback:** Information is collected through survey method. The managers use this information collected through survey for making decisions. The wide range of data is collected regarding working conditions, quality of work, working hours, wages and salaries, attitude of employees. These data are then analysed by the team of managers. They find out the problem, evaluate the results and find out solutions. After this, plans are prepared for making necessary changes.
- ii) **Process Consultation:** Process consultation includes "a set of activities on the part of a consultant which helps the client to perceive, understand, and act upon process events which occur in the client's environment". Process consultation assumes that an organisation's effectiveness depends on how well its people relate to one another. An organisation's problems, therefore, often can be traced to the breakdown of critical human processes at key places.
- iii) **Team Building:** This method is specifically designed to make improvement in the ability of employees and motivating them to work together. It is the organisation development technique which emphasises on team building or forming work groups in order to improve organisational effectiveness. These teams consist of employees of the same rank and a supervisor. This technique is an application of sensitivity training to the teams of different departments.

### 5.7.3 Importance of Organisational Development

**Q37. Explain the Importance of Organisational Development.**

*Ans :*

Organisation development is beneficial as it:

1. Gives Opportunities to Function as a Human Being: Provides opportunities for people to function as human beings rather than mere resources in the productive process.
2. Helps in Utilisation of Full Potential by Members: Gives opportunities to each member of the organisation to develop his full potential.
3. Helps to Achieve Goals: Seeks to make the organisation more effective in meeting all its goals.
4. Gives Organisation a New Environment: Tries to create an environment in which exciting and challenging work can be found.
5. Helps People to Influence Organisation through Work: Gives people in organisations the chance to influence how they relate to work, the organisation, and the work environment.
6. Analyses Alternative Organisation Structures: Gives orderly, well-planned analysis of alternative organisation structures.
7. Identifies Requirements of Functional Areas: Helps in the identification of functional areas, and activities that need to be added and/or emphasised.
8. Helps in Fulfilment of Personal Appraisal Capabilities: Helps in the appraisal of personnel capabilities relative to present and future organisation needs.
9. Gives Recommendations as per Needs of Organisation: Provides recommendations regarding present, interim, and proposed organisation changes such as changes in reporting relationships, the need for new positions, the need for new people skills, re-defined job positions, increased emphasis in certain activity areas, or changes in levels of authority.

#### 5.7.4 Limitations of Organisational Development

**Q38. What are the Limitations of Organisational Development ?**

*Ans :*

Organisation development is an important technique of introducing change but it has certain limitations also, which are as follows:

1. Based on Behavioural Science Concepts: OD is heavily based on the behavioural science concepts. Behavioural science has many limitations which are applicable to organisation development also.
2. Requires Initiators: OD requires use of certain persons who can take initiative to bring about change. Complacent people cannot be helpful in implementing organisation development.
3. Requires Consideration of Circumstances: OD cannot be applied without giving due consideration to the circumstances existing within the organisation. The local circumstances may pose a problem in adapting to change.
4. Time-Consuming: When a company engages in organisational development, there are processes that can become time-consuming and slow its productivity. Surveying employees on the effectiveness of internal processes, waiting for customer feedback on a marketing programme before moving forward with changes and evaluating logistics plans to improve shipping efficiency are important to company growth, but they can also slow down the company's ability to make changes and react to pressing issues.
5. Put Administrative Challenges: Organisational development adds responsibility to the employees and managers to maintain open communication and constantly re-evaluate the needs of the organisation. Because organisational development tends to add elements to the corporate structure, such as managing workplace diversity, the formation of work groups to address issues and changes in the company's strategic planning to meet the needs of the staff, it can be a challenge to maintain an efficient organisational development programme.

#### 5.8 COMMUNICATION IN ORGANIZATION

**Q39. Define communication.**

*Ans :*

##### Meaning of Communication

The term communication is freely be behavioral theorists, management scholars and the

general public. Despite the widespread use of the term, very few people have been able to come up with a precise definition of it.

### Definition of Communication

Communication as “an exchange of facts, ideas, opinions or emotions by two or more persons.”

#### – Newman and Summer

Communication as “a communication by words, letters, symbols, or messages, and as a way that one organization member shares meaning with another.

#### – Bellows, Gilson and Odirone

Communication is “the sum of all things, one person does when he wants to create an understanding in the mind of another. It involves a systematic and continuous understanding.

#### – L.A. Allen

Communication may be understood “as the exchange of information at least between two persons with a view of create an understanding in the mind of the other, whether or not it gives rise to conflict.

#### – Koontz and O’Donnel

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

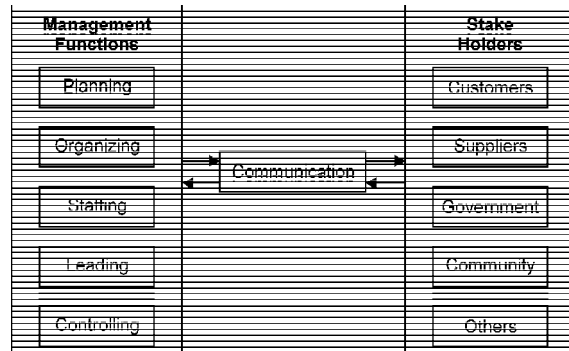
### 5.8.1 Significance of Communication in Organization

#### Q40. Explain the Significance of Communication in Organization

*Ans :*

Modern organization are complex social systems. No social system functions effectively without meaningful interaction between its participants. Thus, communication can be described as a means through which organizational participants are linked. We cannot expect effective management without communication.

According to some estimates, communication takes up nearly three-fourths of an active human being’s life; in the case of a manager, this percentage may be even higher.



**Fig.: The Purpose and Function of Communication**

Good communication is essential for the functioning of enterprises, as communication helps coordinate the various managerial functions of enterprises. Communication serves the following purposes in organizations.

- Helps establish and disseminate the goals of an organizations.
- Facilitates the development of plans for the achievement of goals.
- Helps managers utilize manpower and other resources in the most effective and efficient way.
- Helps managers select, develop, and appraise members of the organization.
- Helps managers lead, direct, motivate and create a climate in which people are willing to contribute.
- Facilitates control and evaluation of performance.

In an organization, effective communication not only helps managers discharge their duties but also builds a bridge between managers and the external environment of the organization. The external environment consists mainly of customers, suppliers, stockholders, government, community and others that effect the success of the enterprise.

By means of an effective communication network, a manager can understand the needs of customers, the demands of the stockholders and

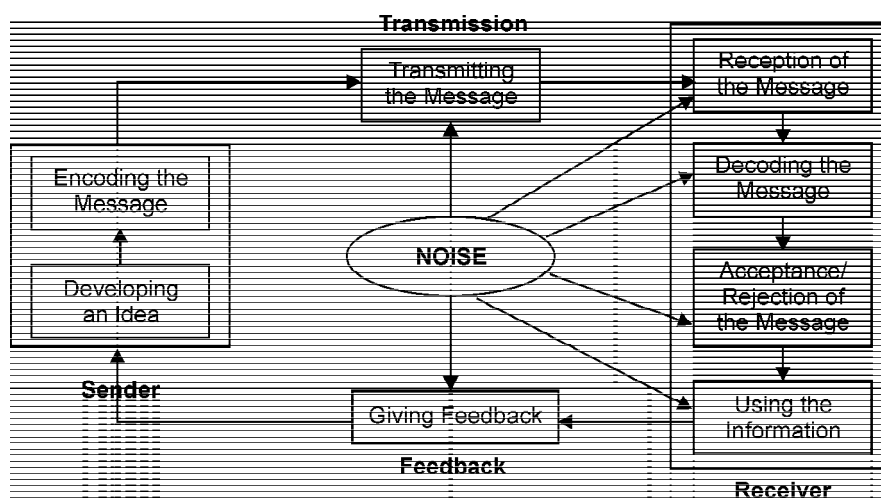
the expectations of the community, and be aware of the presence of quality suppliers and relevant government regulations. An organization can function as an open system only by communicating with the environment. Figure above shows the purpose and function of communication.

### 5.8.2 Communication Process

**Q41. Describe briefly about the proces of communication.**

*Ans :*

Since communication involves the exchange of ideas and/or information between two persons, the presence of at least two persons (i.e., a sender and a receiver) is required. Figure below shows the steps in the communication process. The key elements in the communication process - the sender, transmission, noise, the receiver and feedback - are discussed below.



**Fig.: The Communication Process**

- 1. Sender :** Communication starts with the sender, who is the initiator of the message. After generating an idea, the sender encodes it in a way that can be comprehended by the receiver. Encoding refers to the process by which the sender translates his thoughts into a series of verbal and non-verbal actions that he feels will communicate the message to the intended receiver. For example, translating the thought into any language.
- 2. Transmission :** The information that the sender wants to communicate is transmitted over a channel through which the message travels to the receiver. A channel connects the sender to the receiver. Channels for communication may include a memorandum, a computer a telephone, a telegram, or a television. The choice of a channel depends on the communication situation.

For instance, when dealing with confidential information, direct face-to-face interaction or a sealed letter are more effective channels than an telephone conversation.

- 3. Noise :** Noise is anything that has a disturbing influence on the message. Since noise hinders communication, the sender should choose a channel that is free from noise. Noise may occur at the sender's end, during transmission, or at the receiver's end. Examples of noise include:
  - ambiguous symbols that lead to faulty encoding.
  - a poor telephone connection.
  - an inattentive receiver

- faulty decoding (attaching the wrong meaning to the message)
- prejudices obstructing the poor understanding of a message.
- gestures and postures that may distort the message.

4. **Receiver** : The receiver is the person to whom the message is transmitted. In order to decode the message, the receiver has to be ready to receive the message. That is, the receiver should not be preoccupied with other thoughts that might cause him to pay insufficient attention to the message. Decoding refers to the process of translation of symbols encoded by the sender into ideas that can be understood.

5. **Feedback** : A message generated by the receiver in response to the sender's original message is known as feedback. Feedback is necessary to ensure that the message has been effectively encoded, transmitted decoded and understood. It helps a sender evaluate the effectiveness of his message, so that he can modify his subsequent messages.

Feedback also confirms whether there has been any change in the behavior of the individual or in the organization as a result of communication.

### 5.8.3 Types or Methods of Communication

**Q42. What are the types or methods of communication.**

*Ans :*

Communication in an organization carries innumerable kinds of messages which may be difficult to map out; but it may be possible to classify communications in regard to how to transmit, or who communicates to whom, or what kinds of relationships communication develops.

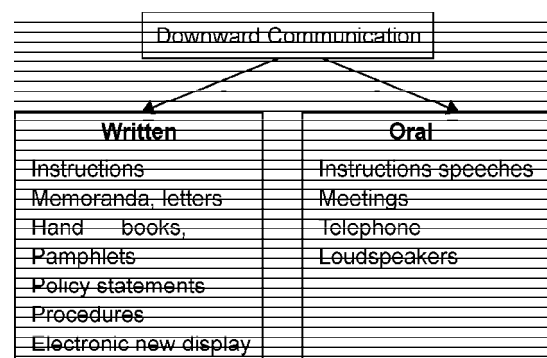
#### Methods of Communication

1. **Vertical Communication** : Upward and downward flow of messages constitutes vertical communication. Information is transmitted from top management to the employees working in the organization or vice versa. As it is not possible to have a direct

interface on all occasions, especially when the number of people working is high, messages traverse or percolate down with the help of a mediator or an opinion leader. In such situations, probability is high that messages might get distorted as it travels from one person to another.

#### (a) Downward Communication :

Downward communication moves from top to the bottom, i.e., from the CEO downwards. It travels through senior executives to junior level functionaries, from the controlling office to the branch, from the head of the division to the head of the unit. Corporate goals, business priorities motivational letters, work related instructions, newsletters, letters from the CEO/General Manager's desk are all typical examples of downward communication.



#### Benefits of Downward Communication

Downward communication provides following benefits to the organization.

- i) Help to explain to the subordinate the organizational plans policies, programs and procedures, work methodology and other necessary information for performing the job.
- ii) Help to convey to the subordinates the expectations of management from them.
- iii) Acts as a means to control the activities of the subordinates with active feedback.

- iv) Provide motivation to the subordinate to the workers to excel their performance.

**(b) Upward Communication :** Upward communication is just the reverse of the downward communication. It flows from a subordinate to the superior through middle managerial levels along the line. Such communication is of two types.

- i) Feedback of information in which subordinates convey a message to the top executive in response to the latter's original communication.
- ii) Voluntary communication from the subordinates to convey their complaints, grievances, suggestions and opinions.

#### Benefits of Upward Communication

- i) Create insight into behavioral problems.
- ii) Create confidence and trust.
- iii) Enhance learning and excellence.

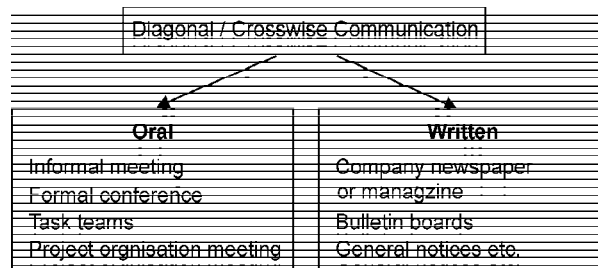
**2. Horizontal Communication or Lateral Communication :** This type of communication between various departments or units representing the same level, or people within the same or different departments, without having a superior-subordinate relationship.

It flows between persons at the same hierarchical level. The main objective of this type of communication is to coordinate the efforts of different departments performing different but related activities. Such communications may be oral or written.

#### Benefits of Horizontal Communication

- (a) It helps in coordinating the activities of different at the same level.
- (b) Different departmental heads may sit together and thrash out problems of wastage of time, money, labor, and materials.

**3. Diagonal Communication or Crosswise Communication :** This includes the horizontal flow of information as also that among persons at different levels who have no direct reporting relationships. This kind of communication is used to speed information flow to improve understanding, and to coordinate efforts for the achievement of organizational objectives. It must be noted that a very great deal of communication does not follow the organizational hierarchy but cuts across the well drawn lines.



**4. Formal Communication :** Communication through the chain of command is known as formal communication. Formal communication is closely associated with a formal organizational structure. The communication flows through formal channels, i.e., officially recognized positions along the line in the organization.

In the organization, the path along which a communication is to travel is deliberately created to regulate the flows of communication so as to make it orderly, and thereby to ensure that the required information flow smoothly, accurately, and timely to the points at which it is required.

**5. Informal Communication (Grapevine) :** Informal communication, also known as the **grapevine**, is not a planned or deliberately created channel of communication. It is free from all formalities. No formal organizational chart is followed to convey messages. It is based on the informal relations of the two persons, the sender and the receiver of communication.

It runs in all directions – horizontal, vertical, diagonal. It flows around water coolers, down hallways, through lunch rooms,

and wherever people get together in groups. A general manager may develop contacts with a worker at the lowest level and communicate certain important information relating to him direct to the worker. It is an example of informal communication.

It is the result of the natural desire of people to communicate with each other when they come into contact on a regular basis. When interaction takes place among them, a small social group emerges spontaneously, and members of the group develop their own communication system known as informal communication channel, or the grapevine.

#### **Factors Responsibilities for the Grapevine Phenomenon**

- (a) Feeling of uncertainty or lack of direction when the organization is passing through a difficult period.
- (b) Feeling of inadequacy or lack of favored group by the managers, giving other employees a feeling of insecurity or isolation.
- (c) Formation of a coterie, clique or favored group by the managers, giving other employees a feeling of insecurity or isolation.

#### **Merits of Grapevine**

- (a) **Safety Valve** : Apprehensions experienced by workers on matters like promotions and retrenchments become an obsession with them. Talking about them may not alleviate their fears, but it certainly provides them emotional relief. Thus the grapevine acts as a kind of safety-valve for the pent-up emotions of the subordinates.
- (b) **Organizational Solidarity and Cohesion** : The existence of the grapevine proves that the workers are interested in their associates. The very fact that they talk among themselves helps to promote organizational solidarity and cohesion. Properly used, the grapevine may even raise the morale of the workers.

(c) **Supplement to Other Channels** : All information cannot be transmitted to the employees through the official channels. If there is some useful information unsuitable for being transmitted through official channels, it can be transmitted through the grapevine.

(d) **Quick Transmission** : The speed with which information is transmitted through the grapevine is just remarkable. Rumors, they say, spread like wild fire. Just spot a leader of the grapevine and give him some information, cleverly describing it as 'top secret', and within minutes, it will have reached everybody.

(e) **Feedback** : The grapevine provides feedback to the management it enables them to know what the subordinates think about the organization and its various activities.

6. **Oral Communication** : It occurs through the spoken word. In oral communication, the two parties to communication, the sender and the receiver, exchange their views speech, either in face to face communication between individual and individual, or between an individual and the group, or any mechanical or electrical device, such as a telephone, public address systems, etc.

#### **Advantages of Oral Communication**

- a) Oral communication saves time.
- b) Oral communication saves money also.
- c) Speech is a more powerful means of persuasion and control.
- d) With the help of variations in the tone, pitch and intensity of voice, the speaker can convey shades of meaning.
- e) Speaker can get immediate feedback.
- f) Employees get an opportunity for feedback and immediate clarification.
- g) Informal plan of oral communication helps to promote friendly relations.

**Limitations of Oral Communication**

- a) Not possible for distant people in the absence of mechanical devices.
- b) Lengthy message are not suitable for oral transmission.
- c) Oral messages cannot be retained for a long time.
- d) Oral message do not have any legal validity unless they are taped and made a part of permanent record.
- e) Although oral messages offer a greater opportunity for clarification, there are also inherent in them greater chances of misunderstanding.
- f) In oral messages, responsibilities for mistakes, if any, cannot be specifically assigned.

7. **Written Communication** : Written communication is often resorted by the management for messages that are lengthy and have to be made permanent. It is also undertaken when oral communication cannot reach each and every person concerned, either due to a large number of communications or due to long geographical distances between the sender and the receiver. Written communication includes written words, graphs, charts, reports, diagrams, pictures, letters, circulars, etc.

**Advantages of Written Communication**

- a) It is accurate and precise.
- b) It can be repeatedly referred to.
- c) It is a permanent record.
- d) It is a legal document.
- e) It facilitates the assignation of responsibilities
- f) It has a wide access.

**Limitations of Written Communication**

- a) It is time-consuming.
- b) It is costly.
- c) Quick clarification is not possible.

8. **Gesture Communication** : Expression through body parts is known as gesture communication. Successful communicators make a very effective use of facial expressions and gestures. A good boss, while scolding a subordinate for some serious mistake, will not show anger on his face; instead his face will register a feeling of concern for the employee so that the latter goes with the impression that the scolding was directed at improving him and making him more-efficient in his work.

9. **Interactive Communication in Organizations** : The classical hierarchical organizational structure gave formal recognition only to vertical communication. Nevertheless, most of the classical theorists saw the need to supplement the vertical with some form of horizontal system. Horizontal communication is required to make a coordinated, cross-functional effort in achieving organizational goals. The horizontal requirement becomes more apparent as the organization becomes larger, more complex, and more subject to the flattening and networking of structures.

**5.8 BARRIERS TO EFFECTIVE COMMUNICATION****Q43. What are the Barriers to Effective Communication**

Jan/Feb-2015, Q.No. 6(b)

May-2013, Q.No. 6(b)

May/June-2012, Q.No. 6(b)

Feb./March-2012, Q.No. 6(b)

Jan-2012, Q.No. 6(b)

Feb-2011, Q.No. 6(b)

*Ans :*

Obstructions or barriers impede the flow of communication. Barriers are classified into,

1. Semantic barriers
2. Emotional/psychological barriers
3. Organisational barriers
4. Personal barriers.

1. **Semantic Barriers**. They arise from limitations in the symbols with which we communicate. They are,

- (a) **Symbols with Different Meanings :** Communication symbols usually have a variety of meanings and we have to choose one meaning from many. A particular word may give contradictory meaning in different parts of the country. Similarly non-verbal symbols may also convey different meanings to different persons.
  - (b) **Faulty Translations :** Managers receive various types of communications from superiors, peers, subordinates and he must translate information destined for subordinates, peers and superiors into language suitable to each. Hence, the message has to be put into words appropriate to the framework in which the receiver operates. Approximate understanding of words and the consequent faulty translations leads to impaired efficiency and heavy costs.
  - (c) **Badly Expressed Message :** Poorly chosen and empty words and phrases, careless omission, bad organization of ideas, awkward sentence structure, inadequate vocabulary jargon, lack of clarity and precision in message makes it badly expressed.
  - (d) **Unclearified Assumptions :** A message although appears to be specific, its underlying assumptions may not be clear to the receiver.
  - (e) **Specialists Language :** Technical personnel and special groups tend to develop a special, peculiar and technical language of their own. This builds a communication barrier, because of the receiver's ignorance of language.
2. **Emotional/Psychological Barriers :** Emotional barriers are just as effective as an actual physical wall. Often these human barriers are more like filter paper than a brick wall. They let through some communication but hold back some, thereby making communication inadequate. Some of them are as follows.
- (a) **Premature Evaluation :** Is the tendency of prematurely evaluating communication, rather than to keep an uncompromised position during the interchange. It stops the transfer of information and be gets in the sender a sense of futility.
  - (b) **Inattention :** The preoccupied mind of a receiver and the result and non-listening is one of the major chronic psychological barriers. It is a common phenomenon the people simply fail to react to bulletins, notices, minutes and reports.
  - (c) **Loss by Transmission and Poor Retention :** Communication passes through various levels in the organization, successive transmissions of the same message leads to decreasing accuracy. Poor retention of the information is again a barrier.
  - (d) **Distrust of Communicator :** Frequent countermanding or illogical decisions of the original communication by the communicator leads to distrust.
  - (e) **Failure to Communicate :** Managers often fail to transmit the needed message either because of laziness or assuming that information is known or to embarrass deliberately.
3. **Organisational Barriers**
- (a) **Organizational Policy :** Organization policy which acts as an overall guideline to every one in the organization regarding his expected behaviour, should be supported by the flow of communication in different directions. If this is not done, then communication flow would not be smooth and adequate.
  - (b) **Organisational Rules and Regulations:** Organisational rules and regulations affect the flow of the communication by prescribing the subject matter to be communicated and

also the channel through which these are to be communicated. The rules may restrict the flow of certain messages thus leaving many important ones.

- (c) **Status Relationships** : Greater the difference between hierarchical position in terms of their status, greater would be the possibility of communication breakdown.
- (d) **Complexity in Organisational Structure** : Communication gets delayed when there are large number of managerial levels. The possibility of communication getting distorted and filtered is present to a great extent. This generally exists in upward communication.
- (e) **Organisational Facilities** : Organisational facilities as meetings, conferences, complaint box, suggestion box etc. provided for smooth, adequate, clear and timely flow of communication. If these are not properly emphasized, people fail to make effective communication.

#### 4. Personal Barriers

##### (a) Barriers from Superiors

- i) **Attitude of Superiors** : The attitude of superiors towards communication in general or in any particular direction affect the flow of messages in different directions.
- ii) **Fear of Challenge to Authority** : Managers in general try to withhold the information coming down the line or going up as frequent passing of information may disclose their weakness.
- iii) **Insistence on Proper Channel** : Superiors insists on passing the communication through proper channel as they wish to remain in communication links and they do not like any type of bypassing in communication.

iv) **Ignoring Communication** : Many times superiors consciously and deliberately ignore the communication from their subordinates to maintain their importance. This works against the willingness of subordinates to communicate.

v) **Lack of Confidence in Subordinates** : Generally superiors perceive their subordinates to be less competent and capable, thus leading to not disclosing of many facts and information to them.

vi) **Time Constraint** : Due to time constraint, superior may have little to talk to their subordinates.

vii) **Lack of Awareness** : Communication particularly in downward directions becomes difficult when the managers do not give the importance to understand 'employees need for communication'.

##### (b) Barriers in Subordinates

i) **Unwillingness to Communicate** : Communication would be restricted and modified to a great extent when it is going in upward direction as the subordinates may feel that if the information is revealed they would be adversely affected.

ii) **Lack of Proper Incentive** : Lack of motivation to communicate also refrains subordinates to communicate upward. The reward and punishment system of the organization is more responsible for this.

#### 5.9 OVERCOMING BARRIERS TO COMMUNICATION

##### Q44. How to Overcoming Barriers to Communication.

*Ans :*

July-2014, Q.No. 6(b)

There are a lot of communication barriers faced these days by all. The message intended by the sender is not understood by the receiver in the

same terms and sense and thus communication breakdown occurs. It is essential to deal and cope up with these communication barriers so as to ensure smooth and effective communication.

As, in the previous section we have discussed the major barriers of communication. Let's talk about how to overcome these barriers of communication.

1. **Eliminating differences in perception :** The organization should ensure that it is recruiting right individuals on the job. It's the responsibility of the interviewer to ensure that the interviewee has command over the written and spoken language. There should be proper Induction program so that the policies of the company are clear to all the employees. There should be proper trainings conducted for required employees (for eg: Voice and Accent training).
2. **Use of Simple Language :** Use of simple and clear words should be emphasized. Use of ambiguous words and jargons should be avoided.
3. **Reduction and elimination of noise levels :** Noise is the main communication barrier which must be overcome on priority basis. It is essential to identify the source of noise and then eliminate that source.
4. **Active Listening :** Listen attentively and carefully. There is a difference between "listening" and "hearing". Active listening means hearing with proper understanding of the message that is heard. By asking questions the speaker can ensure whether his/her message is understood or not by the receiver in the same terms as intended by the speaker.
5. **Emotional State :** During communication one should make effective use of body language. He/she should not show their emotions while communication as the receiver might misinterpret the message being delivered. For example, if the conveyer of the message is in a bad mood then the receiver might think that the information being delivered is not good.

6. **Simple Organizational Structure :** The organizational structure should not be complex. The number of hierarchical levels should be optimum. There should be a ideal span of control within the organization. Simpler the organizational structure, more effective will be the communication.
7. **Avoid Information Overload :** The managers should know how to prioritize their work. They should not overload themselves with the work. They should spend quality time with their subordinates and should listen to their problems and feedbacks actively.
8. **Give Constructive Feedback :** Avoid giving negative feedback. The contents of the feedback might be negative, but it should be delivered constructively. Constructive feedback will lead to effective communication between the superior and subordinate.
9. **Proper Media Selection :** The managers should properly select the medium of communication. Simple messages should be conveyed orally, like: face to face interaction or meetings. Use of written means of communication should be encouraged for delivering complex messages. For significant messages reminders can be given by using written means of communication such as : Memos, Notices etc.
10. **Flexibility in meeting the targets :** For effective communication in an organization the managers should ensure that the individuals are meeting their targets timely without skipping the formal channels of communication. There should not be much pressure on employees to meet their targets.

## 5.10 EMERGING ASPECTS IN ORGANISATION BEHAVIOUR

### Q45. Discuss about Emerging Aspects in Organisation Behaviour

*Ans :*

#### 1. Workforce Diversity

Organizations are becoming increasingly cosmopolitan. Organization specialist must learn to live with diverse behaviors. Managers

must learn to respect diversity. Diversity if managed positively enhances creativity and innovation in organization as well as ensures better decision-making by providing different perspectives on problems. When not managed, diversity leads to increased turnover, heightened inter-personal conflict and more strained communication.

## 2. **Changed Employee Expectation**

Traditional allurements such as job security, attractive remuneration housing does not attract, retain and motivate today's workforce. Employees demand empowerment and expect equality of status with the management. Empowerment results in redefining jobs, both from the shop floor as well as the boardrooms. Expectations of equality break up the traditional relationship between employer and employee – top to bottom.

## 3. **Globalization**

Growing internationalization of business has its impact on people management. Managements are required to cope with the problems of unfamiliar laws, languages, practices, competitors, attitudes and management styles, work ethics and more. To face this challenge the management must be flexible and pro-active. Being flexible and pro-active the management can make significant contribution to the company's growth.

1. Internationalization makes managers to increase their competencies.
2. Globalization increases the number of managers and professions.

## 4. **Improving Productivity and Quality**

As organizations are exposed to competition, managers are seriously thinking of improving quality and productivity. In this context managers are implementing programmes like TQM (Total Quality Management) and Re-engineering programmes that requires employee involvement. TQM is a philosophy of management that is inspired by constant attainment of customer satisfaction of all organizational process.

Re-engineering means radically re-building and redesigning those processes by which we create value for customers.

## 5. **Changing Demographics of Workforce**

Major challenges from changing demographics of workforce relate to dual-career couples. Couples where both partners are actively pursuing professional careers. The increase in number of dual career profession limits individual flexibility and may hinder organization flexibility in acquiring and developing talent. Another change in the workforce demographics relates to the growing number of employees who are young.

## Short Notes

### 1. Organisation Design?

Organisational design is the **design of the organisational structure**. It entails decisions about structure and culture. In design, we use the term structure in the widest sense. Organisational structure is the design of the pattern of positions and functions in the organisation.

Organisational design includes organisational structure as well as the design of the organisational process of work, in particular the decision making process. Though all the organisations are different from each other in their respective fields and types, but there are certain basic features which are to be taken into consideration while designing the organisational structure or while changing it. Thus organisational design is the allocation of resources and people to specified mission or purpose and the structuring of these resources to achieve the mission.

### 2. Matrix Structure

A matrix structure is one that assigns specialists from different functional departments to work on one or more projects. In an organization there may be different projects going on at once. Each specific project is assigned a project manager and he has the duty of allocating all the resources needed to accomplish the project. In a matrix structure those resources include the different functions of the company such as operations, accounting, sales, marketing, engineering, and human resources. Basically the project manager has to gather specialists from each function in order to work on a project, and complete it successfully. In this structure there are two managers, the project manager and the department or functional manager.

### 3. Learning Organization

A learning organization is defined as an organization that has developed the capacity to continuously learn, adapt, and change. In

order to have a learning organization a company must have very knowledgeable employees who are able to share their knowledge with others and be able to apply it in a work environment. The learning organization must also have a strong organizational culture where all employees have a common goal and are willing to work together through sharing knowledge and information. A learning organization must have a team design and great leadership. Learning organizations that are innovative and knowledgeable create leverage over competitors.

### 4. Organisation Culture

#### Meaning of Culture

Culture is generally subjective and reflects the meanings and understanding that we typically attribute to situations.

Organisational culture is defined as the set of assumption, beliefs, values and norms that are shared by an organisation's members.

#### Definitions of the Culture

**Deal and Kennedy** say that culture is the single most important factor accounting for the success or failure of an organization.

Organisational culture is a set of assumptions that the members of an organisation share in common. The assumption may be in the form of internally oriented characteristics or externally-oriented characteristics. Internally-oriented characteristics include values, attitudes, beliefs, feelings, personality types etc., also known as abstract elements of culture. Externally-oriented characteristics include buildings, products, dresses etc., also known as material elements of the culture.

### 5. Types of Cultures

There are different types of culture just like there are different types of personality. Researcher Jeffrey Sonnenfeld identified the following four types of cultures.

- (i) **Academy Culture** : Employees are highly skilled and tend to stay in the organization, while working their way up the ranks. The organization provides a stable environment in which employees can development and exercise their skills. Examples are universities, hospitals, large corporations, etc.
- (ii) **Baseball Team Culture** : Employees are "free agents" who have highly prized skills. They are in high demand and can rather easily get jobs elsewhere. This type of culture exists in fast-paced, high-risk organizations, such as investment banking, advertising, etc.
- (iii) **Club Culture** : The most important requirement for employees in this culture is to fit into the group. Usually employees start at the bottom and stay with the organization. The organization promotes from within and highly values seniority. Examples are the military, some law firms, etc.
- (iv) **Fortress Culture** : Employees don't know if they'll be laid off or not. These organizations often undergo massive reorganization. There are many opportunities for those with timely, specialized skills. Examples are savings and loans, large car companies, etc.

## 6. Organisation Climate

All organisational theoreticians and researchers unanimously agree that a sound climate is extremely important for the ultimate achievement of organisational goals. Organisational climate, though abstract in concept, is normally associated with job performance and job satisfaction and morale of the employees. Climate is a commonly experienced phenomenon and often referred to by many expressions as atmosphere, environment and culture, etc. Each organisation is always unique and has its own traditions, methods of action, culture which in their totality comprise its climate for people.

According to James and Sells, "Organisational climate is a collective perception of the work environment by the individuals within a common system".

According to Renato Tagiuri, "Organisational climate is a relatively ending quality of the internal environment that is experienced by the members, influences their behaviour and can described in terms of values of a particular set of characteristics of the organisation".

According to Bowen and Ostroff, "Organisational climate is a shared perception of what the organisation is like in terms of practices, policies, procedures, routines, and rewards - what is important and what behaviours are expected and rewarded - and is based on shared perceptions among employees within formal organisational units".

## 7. Stress Management

Stress is a general term applied to various psychologic (mental) and physiologic (bodily) pressures experienced or felt by people throughout their lives.

### Definition of Stress

Stress is defined as "a state of psychological and physiological imbalance resulting from the disparity between situational demand and the individual's ability and motivation to meet those needs."

**Dr. Hans Selye**, one of the leading authorities on the concept of stress, described stress as "the rate of all wear and tear caused by life."

Stress can be positive or negative :

- (i) Stress is good when the situation offers an opportunity to a person to gain something. It acts as a motivator for peak performance.
- (ii) Stress is negative when a person faces social, physical, organizational and emotional problems.

## 8. Counseling

Counseling is a two way process in which a counselor, usually a superior provides advice and assistance to his subordinates. There are many occasions when an employee feels the need for counseling. Performance Counseling means the help given by a superior to his subordinates in improving the latter's performance.

It is in effect a process of guiding a subordinate to adjust better with his work environment and to better understand others so that his dealings with them can be effective and purposeful. Employees counseling may be informal and informal. Informal Counseling takes place in day to day work relationships between a manager and his subordinates without any plan or schedule.

Formal Counseling involves a planned and systematic programme of advising and assisting employees by their subordinates and/or by professional counselor.

Counseling can be helpful in strengthening superior subordinate relationship. It improves communication and helps employees recognize their strengths and weaknesses and potential. Counseling also helps employees to prepare action plans for their own development. Thus, Counseling helps to solve employee problems and to prevent future problems. Its plays both curative and preventing roles.

## 9. Management of Change

Change is essential for the existence and development of the organisation. However, sometimes this kind of change can adversely affect some people. Consequently, they do not like it and therefore, oppose it. The fear of opposition is particularly more when the change is likely to increase the work- load of the employees, reduce their salary or result in their retrenchment.

### Meaning of Management of Change

Whenever a change is introduced in the organisation, there is always a reason for it. The change can be necessitated both by

external and internal causes. (These causes have been explained later in this chapter.) In short, it can be said that whatever may be the reason, the change has got to be made. The major question, however, is to avoid opposition. This work can be done by the management. Therefore, it can be said that "Management of change is a definite process to implement the proposed change unopposed."

### Definition of Management of Change

According to Dr. P. Sambaiah, "Change is understood as making the form, nature, content, etc. of something different from what it is or what it would be if left alone. The process through which a proposed change is effected is treated as the management of change."

## 10. Organizational Development (OD)

Organizational Development (OD) is a field of research, theory, and practice dedicated to expanding the knowledge and effectiveness of people to accomplish more successful organizational change and performance.

OD is a process of continuous diagnosis, action planning, implementation and evaluation, with the goal of transferring knowledge and skills to organizations to improve their capacity for solving problems and managing future change.

## 11. Scope of OD

Beyond such general features, substantial agreement exists about the boundary conditions that circumscribe a successful application. Three such boundaries help stake out the territory of OD :

- (i) The typical set of objective underlying OD programs.
- (ii) Some assumptions implied by these typical objectives and
- (iii) Some broad agreements about the linkages of individual learning with organization change, as well as about the inadequacies of the available research as it relates to these agreements.

## 12. Grid Development

Grid organisational development is based on Blake and Mouton's model of leadership called the Managerial Grid. Their model depicts two prevailing concerns found in all organisations - concern for productivity and concern for people. Some managers are high in concern for productivity but low in concern for people. Besides helping managers evaluate their concern for people and productivity, the Managerial Grid stresses the importance of developing a team-management leadership style.

## 13. Communication

The term communication is freely be behavioral theorists, management scholars and the general public. Despite the widespread use of the term, very few people have been able to come up with a precise definition of it.

### Definition of Communication

Communication as "an exchange of facts, ideas, opinions or emotions by two or more persons."

– Newman and Summer

Communication as "a communication by words, letters, symbols, or messages, and as a way that one organization member shares meaning with another.

– Bellows, Gilson and Odirone

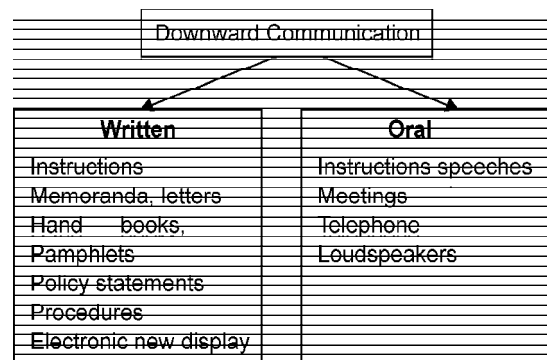
Communication is "the sum of all things, one person does when he wants to create an understanding in the mind of another. It involves a systematic and continuous understanding.

– L.A. Allen

## 14. Downward Communication

Downward communication moves from top to the bottom, i.e., from the CEO downwards. It travels through senior executives to junior level functionaries, from the controlling office to the branch, from the head of the division to the head of the unit.

Corporate goals, business priorities motivational letters, work related instructions, newsletters, letters from the CEO/General Manager's desk are all typical examples of downward communication.



### Benefits of Downward Communication

Downward communication provides following benefits to the organization.

- Help to explain to the subordinate the organizational plans policies, programs and procedures, work methodology and other necessary information for performing the job.
- Help to convey to the subordinates the expectations of management from them.
- Acts as a means to control the activities of the subordinates with active feedback.
- Provide motivation to the subordinate to the workers to excel their performance.

**15. Upward Communication :** Upward communication is just the reverse of the downward communication. It flows from a subordinate to the superior through middle managerial levels along the line. Such communication is of two types.

- Feedback of information in which subordinates convey a message to the top executive in response to the latter's original communication.

- ii) Voluntary communication from the subordinates to convey their complaints, grievances, suggestions and opinions.

**Benefits of Upward Communication**

- i) Create insight into behavioral problems.
- ii) Create confidence and trust.
- iii) Enhance learning and excellence.

**16. Oral Communication**

It occurs through the spoken word. In oral communication, the two parties to communication, the sender and the receiver, exchange their views speech, either in face to face communication between individual and individual, or between an individual and the group, or any mechanical or electrical device, such as a telephone, public address systems, etc.

**Advantages of Oral Communication**

- (a) Oral communication saves time.
- (b) Oral communication saves money also.
- (c) Speech is a more powerful means of persuasion and control.
- (d) With the help of variations in the tone, pitch and intensity of voice, the speaker can convey shades of meaning.
- (e) Speaker can get immediate feedback.
- (f) Employees get an opportunity for feedback and immediate clarification.
- (g) Informal plan of oral communication helps to promote friendly relations.

## Objective Type

### Fill in the Blanks

1. Importance of organisational design \_\_\_\_\_.
2. Feature of organisation culture \_\_\_\_\_.
3. Approach to organisation culture \_\_\_\_\_.
4. Factors of organisational design \_\_\_\_\_.
5. Dimension of organisation climate \_\_\_\_\_.
6. Causes of stress \_\_\_\_\_.
7. \_\_\_\_\_ is a method of analysing and understanding interpersonal behaviour.
8. \_\_\_\_\_ is a form of informal channel of communication which is primarily a source of upward communication
9. \_\_\_\_\_ takes place when the sender translates the content to be transmitted into a series of symbols.
10. Technique of OD \_\_\_\_\_ .

### Answers

1. Diversity
2. Direction
3. Process approach
4. Technology
5. Organizational
6. Role conflict
7. Transactional analysis
8. Grapevine network
9. Encoding
10. Sensitivity training

### Choose the Correct Answers

1. Factor shaping organisation culture \_\_\_\_\_. [a]  
(a) Ethics of organisation (b) Coercive power  
(c) Type of produt (d) All the above
2. Elements of communication \_\_\_\_\_. [a or b]  
(a) Feedback (b) Sender  
(c) Power (d) None

3. Type of communication [a]  
(a) Oral (b) Positive  
(c) Negative (d) None
4. Following are some of the steps involved in communication process, [d]  
(a) Message (b) Encoding  
(c) Feedback (d) All the above
5. The sharing of information by means of words, either spoken or written is, [c]  
(a) Pictorial communication (b) Non-verbal communication  
(c) Verbal communication (d) None
6. Barriers which restricts the flow of communication are, [d]  
(a) Semantic barriers (b) Emotional barriers  
(c) Organizational barriers (d) All the above
7. Factors which helps in identifying the relative power of different managers are, [d]  
(a) Sources of power (b) Symbols of power  
(c) Personal reputations (d) All the above
8. Organizational politics are activities that managers engage in order to increase their, [b]  
(a) Responsibility (b) Power  
(c) Accountability (d) Authority
9. The main sources of stress [a]  
(a) Work overload (b) Role incompatibility  
(c) Information deficiency (d) All the above
10. Components of process of OD [a]  
(a) Team building (b) Latent conflict  
(c) Group process (d) Perceived power

**FACULTY OF MANAGEMENT**  
**M.B.A I - Semester Examination**  
**Model Paper - I**  
**MANAGEMENT AND ORGANIZATION BEHAVIOUR**

Time : 3 Hours ]

[Max. Marks : 80

**Note :** Answer **all** the questions

**PART - A (5 × 4 = 20 Marks)**

**[Short Answer type]**

1. (a) Management
- (b) Responsibility
- (c) MBTI Inventory
- (d) Leadership
- (e) Organisation Design?

**PART - B (5 × 12 = 60 Marks)**

**[Essay Answer type]**

Answer all the questions using the internal choice

2. (a) Discuss about Management Process and Functions.

OR

- (b) What are the Main Approaches to Organisation Structure ?

3. (a) What are the Approaches to Decision making ?

OR

- (b) What is Authority ? Discuss.

4. (a) Explain about Personality Traits.

OR

- (b) Explain about Kelly's Personal Construct Theory.

5. (a) What are the Models of OB ?

OR

- (b) Explain the A model of conflict.

6. (a) Explain the concept of Organi-sation Design.

OR

- (b) Discuss about Communication in Organization.

### Answers to Model Paper - I

#### PART - A

**1. (a) Management**

**Ans :**

Refer to Unit-I, Page No. 48, Short Notes-1.

**(b) Responsibility**

**Ans :**

Refer to Unit-II, Page No. 89, Short Notes-7.

**(c) MBTI Inventory**

**Ans :**

Refer to Unit-III, Page No. 124, Short Notes -6.

**(d) Leadership**

**Ans :**

Refer to Unit-IV, Page No. 177, Short Notes-11.

**(e) Organisation Design?**

**Ans :**

Refer to Unit - III, Page No. 235, Short Notes - 1.

#### PART - B

**2. (a) Discuss about Management Process and Functions.**

**Ans :**

Refer to Unit - I, Page No. 6, Topic No. 1.1.6

**OR**

**(b) What are the Main Approaches to Organisation Structure ?**

**Ans :**

Refer to Unit - I, Page No. 31, Topic No. 1.10

**3. (a) What are the Approaches to Decision making ?**

**Ans :**

Refer to Unit - II, Page No. 57, Topic No. 2.1.2

**OR**

**(b) What is Authority ? Discuss.**

**Ans :**

Refer to Unit - II, Page No. 70, Topic No. 2.3

**4. (a) Explain about Personality Traits.**

**Ans :**

Refer to Unit - III, Page No. 93, Topic No. 3.2

**OR**

**(b) Explain about Kelly's Personal Construct Theory.**

**Ans :**

Refer to Unit - III, Page No. 108, Topic No. 3.4

**5. (a) What are the Models of OB ?**

**Ans :**

Refer to Unit - IV, Page No. 134, Topic No. 4.2

**OR**

**(b) Explain the A model of conflict.**

**Ans :**

Refer to Unit - IV, Page No. 154, Topic No. 4.6.7

**6. (a) Explain the concept of Organisation Design.**

**Ans :**

Refer to Unit - V, Page No. 181, Topic No. 5.1

**OR**

**(b) Discuss about Communication in Organization.**

**Ans :**

Refer to Unit - V, Page No. 224, Topic No. 5.8

**FACULTY OF MANAGEMENT**  
**M.B.A I - Semester Examination**  
**Model Paper - II**  
**MANAGEMENT AND ORGANIZATION BEHAVIOUR**

Time : 3 Hours ]

[Max. Marks : 80

**Note :** Answer **all** the questions**PART - A (5 × 4 = 20 Marks)****[Short Answer type]**

1. (a) Levels of Management
- (b) Bureaucracy
- (c) Motivation
- (d) Autocratic Model
- (e) Management of Change

**PART - B (5 × 12 = 60 Marks)****[Essay Answer type]**

Answer all the questions using the internal choice

2. (a) What is Management by Objective (MBO) ? Explain.  
OR  
(b) What are the Approaches to Management ?
3. (a) Explain the Types of Plan. What are the Steps in Planning Process?  
OR  
(b) Discuss about Bureaucracy.
4. (a) Explain about MBTI Inventory.  
OR  
(b) What are the Theories of Motivation?
5. (a) Discuss about Transactional Analysis and Johari Window.  
OR  
(b) Explain about Leadership Theories / Approaches
6. (a) What is Organisation Culture? Explain.  
OR  
(b) What are the Emerging Aspects in Organisation Behaviour?

### Answers to Model Paper - II

#### PART - A

**1. (a) Levels of Management**

**Ans :**

Refer to Unit-I, Page No. 48, Short Notes-3.

**(b) Bureaucracy**

**Ans :**

Refer to Unit-II, Page No. 90, Short Notes -10.

**(c) Motivation**

**Ans :**

Refer to Unit-III, Page No. 125, Short Notes -9.

**(d) Autocratic Model**

**Ans :**

Refer to Unit-IV, Page No. 174, Short Notes-3.

**(e) Management of Change**

**Ans :**

Refer to Unit - III, Page No. 237, Short Notes - 9.

#### PART - B

**2. (a) What is Management by Objective (MBO) ? Explain.**

**Ans :**

Refer to Unit - I, Page No. 19, Topic No. 1.5

**OR**

**(b) What are the Approaches to Management ?**

**Ans :**

Refer to Unit - I, Page No. 33, Topic No. 1.11

**3. (a) Explain the Types of Plan. What are the Steps in Planning Process?**

**Ans :**

Refer to Unit - II, Page No. 64, 68, Topic No. 2.2.3, 2.2.5

**OR**

**(b) Discuss about Bureaucracy.**

**Ans :**

Refer to Unit - II, Page No. 86, Topic No. 2.8

**4. (a) Explain about MBTI Inventory.**

**Ans :**

Refer to Unit - III, Page No. 101, Topic No. 3.2.6

**OR**

**(b) What are the Theories of Motivation?**

**Ans :**

Refer to Unit - III, Page No. 113, Topic No. 3.6

**5. (a) Discuss about Transactional Analysis and Johari Window.**

**Ans :**

Refer to Unit - IV, Page No. 136, 138, Topic No. 4.3, 4.4

**OR**

**(b) Explain about Leadership Theories / Approaches**

**Ans :**

Refer to Unit - IV, Page No. 161, Topic No. 4.7.5

**6. (a) What is Organisation Culture? Explain.**

**Ans :**

Refer to Unit - V, Page No. 196, Topic No. 5.2

**OR**

**(b) What are the Emerging Aspects in Organisation Behaviour?**

**Ans :**

Refer to Unit - V, Page No. 233, Topic No. 5.10

**FACULTY OF MANAGEMENT**  
**M.B.A I - Semester Examination**  
**Internal Paper - I**  
**MANAGEMENT AND ORGANIZATION BEHAVIOUR**

---

**Note :** Answer **all** the questions

**PART - A**

**Fill in the blanks (10 x 1/2 = 5 Marks)**

1. A person who has high orientation towards organisational rules and regulations and who does not take initiatives is a \_\_\_\_\_.
2. \_\_\_\_\_ are derived from the expectations of various stake holders and shows the priorities for organizational performance.
3. MBWA stands for \_\_\_\_\_
4. \_\_\_\_\_ is suggested by Fayol to prevent the scalar chain from bogging down action.
5. MBO stands for \_\_\_\_\_.
6. \_\_\_\_\_ reason for planning.
7. Approach of decision making \_\_\_\_\_.
8. Model of decision making \_\_\_\_\_.
9. Advantage of standing plan \_\_\_\_\_ .
10. Strategy of delegation of authority \_\_\_\_\_.

**PART - B**

**Multiple Choice Questions (10 x 1/2 = 5 Marks)**

1. The function which helps in recruiting the suitable personnel is [c]  
(a) Organizing (b) Planning  
(c) Staffing (d) Decision-making.
2. Individuals who manage themselves and the performance of their own work are [b]  
(a) Line managers (b) Self managers  
(c) Team managers (d) Task managers.
3. Hawthorne Experiment was conducted by [b]  
(a) Pierce Gardner (b) Elton May and his associates  
(c) Taylor (d) Henry Fayal
4. The classical school of thought is divided into [c]  
(a) Scientific school (b) Administrative school  
(c) Both (a) and (b) (d) None

5. Which principle of management implies that members in an organisation must receive instruction from only one person. [d]  
(a) Division of labour (b) Authority  
(c) Centralization (d) Unity of command
6. KWRA stand for \_\_\_\_\_. [b]  
(a) Key work related attributes  
(b) Key work related attitudes  
(c) Knowledge and work related attributes  
(d) None of the above.
7. \_\_\_\_\_ refers to capability of the person to do something. [a]  
(a) Ability (b) Perception  
(c) Assessment (d) (b) or (c)
8. \_\_\_\_\_ the art of managing the impressions or perceptions of others. [c]  
(a) Strategic (b) Behavioral management  
(c) Impression management (d) Scientific management
9. The principle states that figures are \_\_\_\_\_ seen against a background. [b]  
(a) Grouping (b) Figure ground  
(c) Closure (d) Background
10. \_\_\_\_\_ is an ability to adjust his or her behaviour to external factors [a]  
(a) Self monitoring (b) Self-motivating  
(c) Self appraising (d) None of the above.

**PART - C****One Mark Questions (5 x 1 = 5 Marks)**

1. Management
2. Levels of Management
3. Decision Making
4. Authority
5. Responsibility

**FACULTY OF MANAGEMENT**  
**M.B.A I - Semester Examination**  
**Internal Paper - II**  
**MANAGEMENT AND ORGANIZATION BEHAVIOUR**

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**Note :** Answer **all** the questions

**PART - A**

**Fill in the blanks (10 x 1/2 = 5 Marks)**

1. Personality trait \_\_\_\_\_.
2. MBTI stand for \_\_\_\_\_.
3. Perceptual errors \_\_\_\_\_.
4. Feature of group dynamics \_\_\_\_\_.
5. Groups created by formal authority to accomplish specific tasks are called \_\_\_\_\_.
6. \_\_\_\_\_ is the degree of attachment of the members to their group.
7. \_\_\_\_\_ is a method of analysing and understanding interpersonal behaviour.
8. \_\_\_\_\_ is a form of informal channel of communication which is primarily a source of upward communication
9. \_\_\_\_\_ takes place when the sender translates the content to be transmitted into a series of symbols.
10. Technique of OD \_\_\_\_\_.

**PART - B**

**Multiple Choice Questions (10 x 1/2 = 5 Marks)**

1. Theory of motivation [a]  
(a) Maslow's (b) Game theory  
(c) Classical (d) All
2. Theory of personality [a]  
(a) Freudian theory (b) Operational theory  
(c) Standing theory (d) Strategic theory
3. BBTI developed by (b)  
(a) Kotler (b) Myers-Briggs  
(c) Stantom (d) All
4. Which of the following are formal groups in organisations [b]  
(a) Power and interest group (b) Command and task groups  
(c) Interest and task groups (d) None.

5. During which stage of group development the goal is to establish a clear group structure and group roles [d]
  - (a) Performing
  - (b) Norming
  - (c) Forming
  - (d) Storming.
6. Within an organisation, leadership influence will be dependent upon the type of \_\_\_\_\_ that the leader can exercise over its followers. [a]
  - (a) Power
  - (b) Delegation
  - (c) Knowledge
  - (d) Friendship.
7. Factors which helps in identifying the relative power of different managers are, [d]
  - (a) Sources of power
  - (b) Symbols of power
  - (c) Personal reputations
  - (d) All the above
8. Organizational politics are activities that managers engage in order to increase their, [b]
  - (a) Responsibility
  - (b) Power
  - (c) Accountability
  - (d) Authority
9. The main sources of stress [a]
  - (a) Work overload
  - (b) Role incompatibility
  - (c) Information deficiency
  - (d) All the above
10. Components of process of OD [a]
  - (a) Team building
  - (b) Latent conflict
  - (c) Group process
  - (d) Perceived power

**PART - C**

**One Mark Questions (5 x 1 = 5 Marks)**

1. Personality
2. Managerial Grid Approach
3. Leadership
4. Organisation Culture
5. Stress Management

## **FACULTY OF MANAGEMENT**

**MBA I-Semester (CBCS) Examination**

**October - 2020**

### **MANAGEMENT AND ORGANIZATIONAL BEHAVIOR**

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Time: 2 Hours]

[Max. Marks: 80

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#### **PART - A (4 × 5 = 20 Marks)**

**Note:** Answer any four questions.

1. Individual Behavior
2. Job Enrichment
3. High Performance Systems
4. Classical Conditioning
5. Matrix Structure.

#### **PART - B (4 × 15 = 60 Marks)**

**Note:** Answer any four questions.

6. Discuss the major functions of management. Explain the function of planning and leading in detail and state its limitations.
7. Discuss the concept of centralization and decentralization with its merits and demerits.
8. Giving examples discuss in which conditions either of them is appropriate or inappropriate.
9. What are the essentials of an effective control system? Discuss with examples.
10. Discuss in detail the Johari window and its applications.
11. What is the concept of Motivation? Discuss any two theories of motivation with merits and demerits.
12. Distinguish clearly between intrapersonal and interpersonal conflicts with examples. Discuss the ways to resolve conflicts.
13. Discuss the path-goal theory with examples.
14. Briefly discuss stress management and importance of counselling.
15. What is change? Why employees resist change and in such circumstances what approaches are effective in managing organizational change?

**FACULTY OF MANAGEMENT****MBA I-Semester (CBCS) Examination****January - 2020****MANAGEMENT AND ORGANIZATIONAL BEHAVIOR**

Time: 2 Hours]

[Max. Marks: 80

**PART - A (5 × 4 = 20 Marks)****(Short Answer Type)****Note: Answer all the questions in not more than one page each**

1. Operational planning and strategic planning
2. Power Vs Politics and human behaviour
3. Characteristics of an effective team and Team Vs. Group.
4. Line, staff and functional managers
5. Human Engineering.

**PART - B (5 × 12 = 60 Marks)****(Essay Answer Type)****Note: Answer all the questions by using internal choice in not exceeding four pages each**

6. (a) Explain 14 principles of management as suggested by Henry Fayol.

OR

- (b) State and explain Hawthorne's experiments.

7. (a) Explain and discuss about Authority, Responsibility and Bureaucracy.

OR

- (b) Differentiate among Centralization, Decentralization and Re-centralization.

8. (a) What is perception? Why do perceptual problems arise in organization?

OR

- (b) Discuss the organizationally relevant personality traits.

9. (a) What is OB and what are the levels of OB?

OR

- (b) Brief about Hersey and Blanchard model of leadership and identify its applications and limitations.

10. (a) Define communication. Elaborate the process of communication in corporate context.

OR

- (b) Write an essay on organizational design.

**FACULTY OF MANAGEMENT****MBA I-Semester (CBCS) Examination****July / August - 2019****MANAGEMENT AND ORGANIZATIONAL BEHAVIOR**

Time: 2 Hours]

[Max. Marks: 80

**Note:** Answer All the Questions from Part-A and Part-B Each question carries 4 marks in Part-A and 12 marks in Part-B

**PART - A (5 × 4 = 20 Marks)**  
**(Short Answer Type)**

1. Explain:
  - (i) Peter's Principle
  - (ii) Parkinson's Law.
2. Explain the limitations of Planning.
3. Explain Perceptual Process.
4. Transactional Analysis.
5. What is Organization Development?

**PART - B (5 × 12 = 60 Marks)**  
**(Essay Answer Type)**

6. (a) What is MBO? Explain the advantages and limitations of MBO.  
OR  
(b) Explain the main approaches to organization structure.
7. (a) What is Decision Making? Discuss the open and closed models of decision making.  
OR  
(b) "Bureaucracy is neither bad nor good; it is only a type of rational structure of organizations". Critically examine the statement.
8. (a) Explain the factors influencing perception.  
OR  
(b) What is Motivation? Compare and contrast any two process theories of motivation.
9. (a) Explain any three models of organizational behaviour.  
OR  
(b) "Leadership is situational". Explain.
10. (a) Explain how organization culture is developed and sustained with the help of suitable examples.  
OR  
(b) Describe the communication process and discuss the barriers to communication.

**FACULTY OF MANAGEMENT**  
**M.B.A I - Semester (CBCS) Examination**  
**May / June - 2018**

**MANAGEMENT AND ORGANIZATIONAL BEHAVIOUR**

Time : 3 Hours ]

[Max. Marks : 80

**PART - A (5 × 4 = 20 Marks)**

**[Short Answer type]**

**ANSWERS**

- |                                 |                     |
|---------------------------------|---------------------|
| 1. Human Engineering            | (Unit-I, SA: 15)    |
| 2. Authority and Responsibility | (Unit-II, SA: 4, 7) |
| 3. Perception                   |                     |

**Ans :**

Perception is the process by which organize interpret and organize sensation to produce a meaningful experience of the world. It usually refers to the immediate, relatively, unprocessed result of stimulation of sensory receptors in the eye, ears, nose, skin.

It includes all those processes by which an individual receives information about his environment - seeing, hearing, feeling, tasting and smelling.

- |                        |                  |
|------------------------|------------------|
| 4. Group Dynamics      | (Unit-IV, SA: 6) |
| 5. Organisation Design | (Unit-V, SA: 1)  |

**PART - B (5 × 12 = 60 Marks)**

**[Essay Answer type]**

- |   |                      |
|---|----------------------|
| 6. (a) What is management? Explain the functions of management. | (Unit-I, Q.No. 1, 6) |
|---|----------------------|

OR

- |  |                          |
|--|--------------------------|
| (b) Define the term organizational behaviour (OB) and discuss various levels of OB and its importance. | (Unit-IV, Q.No. 1, 5, 7) |
|--|--------------------------|

- |   |                        |
|---|------------------------|
| 7. (a) What is Planning? Explain the steps in Planning. | (Unit-II, Q.No. 5, 12) |
|---|------------------------|

OR

- |   |                     |
|---|---------------------|
| (b) Distinguish between Authority and Responsibility. | (Unit-II, Q.No. 18) |
|---|---------------------|

- |  |                          |
|--|--------------------------|
| 8. (a) Define motivation. Explain the Maslow's theory of Motivation. | (Unit-III, Q.No. 15, 18) |
|--|--------------------------|

OR

- |  |                      |
|--|----------------------|
| (b) Explain the equity theory of motivation. | (Unit-III, Q.No. 25) |
|--|----------------------|

9. (a) Explain the theory of managerial Grid approach of leadership. **(Unit-IV, Q.No. 34)**

OR

- (b) Explain different models of organization behaviour. **(Unit-IV, Q.No. 8)**

10. (a) What is organization climate? Explain emerging aspects of organizational behaviour. **(Unit-V, Q.No. 9)**

OR

- (b) Discuss the impact of technology on organizational design. **(Unit-V, Q.No. 6)**

**FACULTY OF MANAGEMENT**  
**M.B.A I - Semester (CBCS) Examination**  
**July - 2018**

**MANAGEMENT AND ORGANIZATIONAL BEHAVIOUR**

Time : 3 Hours ]

[Max. Marks : 80

**PART - A (5 × 4 = 20 Marks)**

**[Short Answer type]**

**ANSWERS**

1. Explain the reasons for conflict between line and staff.

**Ans :**

The line executives claim that they play a major role in the attainment of the objectives of the enterprise and in case of adverse results they are answerable. Therefore they are important part of the enterprise, under this impression the line executives start treating the staff executives as inferior employees and do not pay any attention to their advice. On the other hand the staff executives start losing initiatives on account of their advice being ignored regularly.

2. Centralization Vs. Decentralization

**Ans :**

Basis for	Centralization	Decentralization
1. Meaning	The retention of powers and authority with respect to planning and decisions, with the top management, is known as Centralization.	The dissemination of authority, responsibility and accountability to the various management levels, is known as Decentralization.
2. Involves	Systematic and consistent reservation of authority.	Systematic dispersal of authority
3. Communication Flow	Vertical	Open and Free
4. Decision Making	Slow	Comparatively faster
5. Advantage	Proper coordination and Leadership	Sharing of burden and responsibility
6. Power of decision making	Lies with the top management.	Multiple persons have the power decision making.
7. Reasons	Inadequate control over the organization	Considerable control over the Organization
8. Best suited for	Small sized organization	Large sized organization

3. Explain Attribution Theory

**(Unit-III, SA: 12)**

4. Johari window

**(Unit-IV, SA: 11)**

5. Determinants of organization culture.

**(Unit-V, SA: 10)**

**PART - B (5 × 12 = 60 Marks)****[Essay Answer type]**

6. (a) Describe the management process. (Unit-I, Q.No. 6)
- OR
- (b) Explain Hawthorn experiment, in detail. (Unit-I, Q.No. 33)
7. (a) Explain the approaches to decision making. (Unit-II, Q.No. 3)
- OR
- (b) Failure to plan is planning to fail'. Explain with examples. (Unit-II, Q.No. 7)
8. (a) Describe the process of perception. (Unit-III, Q.No. 9)
- OR
- (b) Discuss any two of the content theories of motivation. (Unit-III, Q.No. 18, 19)
9. (a) Define conflict. Explain the causes and consequences of conflict. (Unit-IV, Q.No. 18, 20)
- OR
- (b) Discuss any two theories of leadership. (Unit-IV, Q.No. 31)
10. (a) What is organization climate? Explain the factors affecting organization culture. (Unit-V, Q.No. 22)
- OR
- (b) Why do people resist change? Suggest ways and means to manage change. (Unit-V, Q.No. 33)

**FACULTY OF MANAGEMENT****M.B.A I - Semester Examination****February - 2017****MANAGEMENT AND ORGANIZATION BEHAVIOUR**

Time : 3 Hours ]

[Max. Marks : 80

**Note :** Answer all the questions from Part-A and Part-B.

Each question carries 4 marks in Part-A and 12 marks in Part-B.

**PART - A (5 × 4 = 20 Marks)****[Short Answer type]****ANSWERS**

1. Signal Detection Theory

**Ans :**

This theory is used to clarify problems of evaluating performance in industry. This theory was introduced by Gordon in 1970. Signal detection is significantly more accurate in identifying correct as compared to in correct performance in a simulated sales task. The detection model suggested that this differential accuracy of raters could be manipulated in a predictable way by varying the rater's expectancy concerning the likelihood of correct behaviour, and his pay off matrix. Prof. Harris concluded that the accuracy of inspectors in detecting defective items changed with the quality of the product.

2, Management by Output

**Ans :**

Management by output is based upon the initial inputs that guide and influence the processes, with the intent of delivering superior organisational performance.

The key issues of management by output are :

- (a) **Employee performance** : Job performance, team work, job satisfaction and commitment to the organisation.
- (b) **Group performance** : How well the team functions as a group and delivers to its goals.
- (c) **Organisational performance** : Profitability, productivity competitiveness and so on.

3. Motivational Force Formula

(Unit-III, Page No.116, Q.22)

4. Human Engineering

(Unit-I, Page No.52, Q.15)

## 5. Open Model of Decision Making

**Ans :**

If manager operates in an environment not known to him, then the decision making system is termed as an open decision making system.

The conditions of this system are :

- (a) The manager does not know all the decision alternatives.
- (b) The outcome of the decision is also not known fully. The knowledge of the outcome may be a probabilistic one.
- (c) No model is available to study and finalise one decision among the set of decision alternatives.
- (d) It is difficult to decide an objective or a goal and therefore, the manager resorts to that decision, where his aspirations are met best.

Deciding on the possible product diversification lines, the pricing of a new product, and the plant location, are some decision making situations which is known as open model of decision making.

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**PART - B (5 × 12 = 60 Marks)****[Essay Answer type]**

6. (a) What do you understand by the concept of management ? (Unit-I, Page No.2, Q.1 and  
Explain about various functions of management. Unit-I, Page No.3, Q.2)

OR

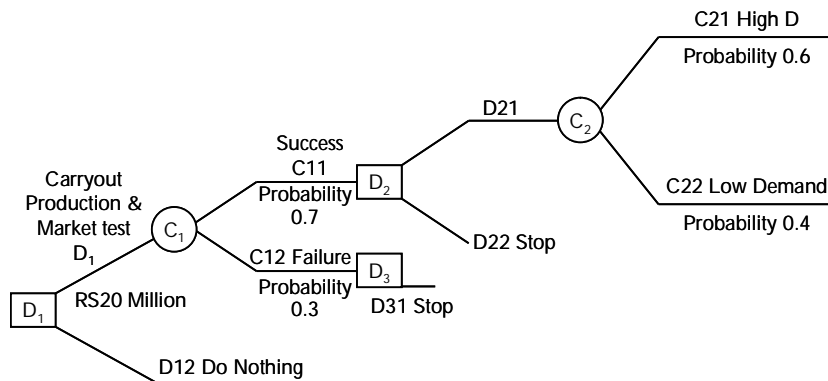
- (b) Discuss the contribution of Hawthorne's experiment to (Unit-I, Page No.43, Q.33)  
organization behaviour.
- 

7. (a) Describe decision tree method in decision making.

**Ans :**

The decision tree method is a schematic representation of several decisions followed by different chances of the occurrence. A tree shaped graphical representation of decisions are related to the investments and chance points that help to investigate the possible outcomes which is known as decision tree method.

The decision tree shows decision points, represented by sources, are the alternative actions along with the investment outlays, that can be undertaken for the experimentation. These decisions are followed by chance points, represented by circles, are the uncertain points, where the outcomes are dependent on the chance process. Thus, the probability of occurrence is assigned to each chance point.



The decision tree is described precisely, and the data about outcomes along with their probabilities are gathered, the decision alternatives are given.

They are evaluated as follows :

1. Start from the extreme right hand end of the tree and start calculating NPV for each chance points as you proceed leftward.
2. Once the points of NPVs are calculated for each chance point, evaluate the alternatives at the final stage decision points in terms of their NPV.
3. Select the alternative which has the highest NPV and Cut the branch of inferior decision alternative. Assign value to each decision point equivalent to the NPV of the alternative selected.
4. Again, repeat the process, proceed left ward, recalculate NPV for each chance point, select the decision alternative which has highest NPV value and the cut the branch of the inferior decision alternative. Assign the value of each point equivalent to the NPV of selected alternative and repeat this process again and again until a final decision point is reached.

Thus, decision tree analysis helps the decision maker to take all the possible outcomes into the consideration before reaching a final investment decision.

OR

- (b) What is decentralization ? Distinguish between centralization and decentralization. **(Unit-II, Page No.90, Q.9 and Unit-II, Page No.85, Q.23)**

8. (a) Critically examine Kelly's personal construct theory with its limitations. **(Unit-III, Page No.108, Q.14)**

OR

- (b) Discuss Edward Lawler's criticism of expectancy theory. **(Unit-III, Page No.116, Q.22)**

9. (a) What is meant by Ringleman effect ? Briefly write about the reasons for arising conflicts among groups.

**Ans :**

**Ringlemann Effect**

When team size is too large and dynamic potentiality of the team and performance is effected by negative impact Ringlemann effect is applied. It is as size of the team increases individual performance decrease. This is known as Ringlemann effect or "Social loafing".

---

**Reasons for arising conflicts among groups**

**(Unit-IV, Page No.148, Q.20)**

OR

- (b) Write in detail about path goal theory of leadership.
10. (a) Explain the emerging aspects of OB with latest corporate examples.

**(Unit-IV, Page No.169, Q.35)**

**(Unit-V, Page No.233, Q.45)**

OR

- (b) What do you mean by stress ? Identify the reasons for stress and suggest measures to prevent or reduce stress.

**(Unit-V, Page No.207, Q.23 and  
Unit-V, Page No.207, Q.24)**

**FACULTY OF MANAGEMENT**  
**M.B.A I - Semester Examination**  
**MANAGEMENT AND ORGANIZATION BEHAVIOUR**

Time : 3 Hours ]

**ANSWERS TO JULY/AUGST - 2017**

[Max. Marks : 80

**Note :** Answer all the questions from Part-A and Part-B.

Each question carries 4 marks in Part-A and 12 marks in Part-B.

**PART - A (5 × 4 = 20 Marks)****[Short Answer type]****ANSWERS**

1. Reddin's MBO

**Ans :**

It was proposed by William James Reddin, there is a notion of a single ideal management style was not sound nor useful, he recognized that it was a managers effectiveness as key to an organization's success.

The 3D theory "essentially is a frame work emphasizing concepts & relationships rather than descriptions, it was designed to serve as a practical tool for managers steam leaders showing effectiveness as a control value.

There are four base styles represent four types of managerial behaviour, the effectiveness of four basic styles was conjunct on the situation in which they are repeated, the dimensionally of effectiveness comes in to play along the yy axis of task orientation (TO) & Relationship orientation.

For Basic styles

1. Separated → Bureaucrat
2. Related → Developer
3. Dedicated → Benevolent autocrat
4. Integrated → Executive

2. Peter's principle

**(Unit- , Page No.29, Q.20)**

3. Learning organizations

**Ans :**

It is a company that facilitates the learning of its members & continuously transforms itself, the concept was gained through the work and research of petor senge & has colleagues.

The following are the five characteristics of a learning organization.

1. Systems Thinking : This allows people to study business as bounded objects, it is used when assessing their company & have information systems that measure the performance of the organization.
2. Personal Mastery : The commitment by an Individual to the process of learning is known as personal mastery.
3. Mental Models : The assumptions held by individual & organizations.
4. Shared Vision : It is used to motivating the staff to learn.
5. Team Learning : Staff grow more quickly & to improve the problem solving capacity of the organization.

---

4. Closed model of decision making?

(Unit- II, Page No.60, 61, Q.4)

5. Pavlov's effect?

**Ans:**

Ivan pavlov, a Russian scientist whose work with dogs has been influential in understanding how learning occurs. He was originally studying the saliva of dogs as it related to digestion.

The following four factors were Identified about classical conditioning at work.

- a) The unconditioned response was the dogs natural satiation in response to seeing (or) smelling their food.
- b) The unconditioned stimulus was the sight (or) smell of the food itself.
- c) The conditioned stimulus was the ringing of the bell, which previously had no association with food.
- d) The conditional response, therefore, was the salivation of dogs in response to the ringing of bell, even the no food was present.

**PART - B (5 × 12 = 60 Marks)**

**[Essay Answer type]**

6. (a) Define management? Explain the functions and process involved in management?

(Unit-I, Page No.6, Q.6)

OR

- (b) Describe the 3D-model or managerial behaviour? (Unit-I, Page No.18, Q.12)
7. (a) What are advantages & disadvantages of open models of decision making?

**Ans :**

If the manager operates in a environment not known to from, then the decision making system is termed as open decision making system.

#### **Disadvantages**

1. Manager doest not know all the decision alternative.
2. The out come of the decision is also not know fully.
3. The knowledge of outcome may be probabilistic one.
4. No method, rule (or) model is available to study and finalize one decision among the set of decision alternators.
5. It is difficult to decide on objective (or) a goul.

#### **Advantages**

1. It is challenging to take decision on open of decision.
2. It is dynamic in nature.
3. More concentration of final output. since it is unknown.
4. Working on probability of outcome makes the deasion maker think more about decision.
5. Goals & objectives can be changed from time to time as conject.

- (b) Evaluate the significance and involved in planning? (Unit-II, Page No.63, 68, Q.7, 12)
8. (a) Define motivation, critically exclusive victor room's motivational force formula. (Unit-III, Page No.116, Q.22)

OR

- (b) Critically evaluate MBTI - model of personality? (Unit-III, Page No.101, Q.8)
9. (a) Identify the reasons for arising conflicts among groups in a large scale organizations. (Unit-IV, Page No.148, Q.20)

OR

- (b) Examine in detail about Hersey-Blanchard approach to leadership. (Unit-IV, Page No.172, Q.37)
10. (a) What is meant by stress? Write about stress management techniques (Unit-V, Page No.209, Q.25)
- (b) Distinguish organizational where from organizational climate? (Unit-V, Page No. 202,204, Q.16,20)