

**LECTURE NOTES**

**ON**

**MANAGEMENT AND ORGANISATION BEHAVIOUR**

**MBA I semester**



**Master of Business Administration  
SVR ENGINEERING COLLEGE  
NANDYAL - 518 502**

**UNIT-I  
HISTORY OF MANAGEMENT**

## **Introduction:**

Companies of the same industry are being affected by the same environmental factors. Some companies attract a number of customers while some other companies repel them. Employees refer to be identified with some companies while they prefer to be unemployed in case of some other companies. Why do companies perform differently when they operate under the same environmental conditions, serve the same customer, and use the same raw material and technology and employ the people with similar skills? The answer for this question, invariably, is management practices. Thus 'Management' makes remarkable difference between the companies regarding their performance in terms of productivity, products, sales, profitability, service to the customer, employee welfare etc.

**Definition of management:** - **Mary Parker** defines the term management as –the art of getting things done through others.¶

**Ivancerich, Donnelly and Gibson**, defines the term management as —the process undertaken by one or more persons to coordinate the activities of other persons to achieve results not attainable by any one person acting alone.¶

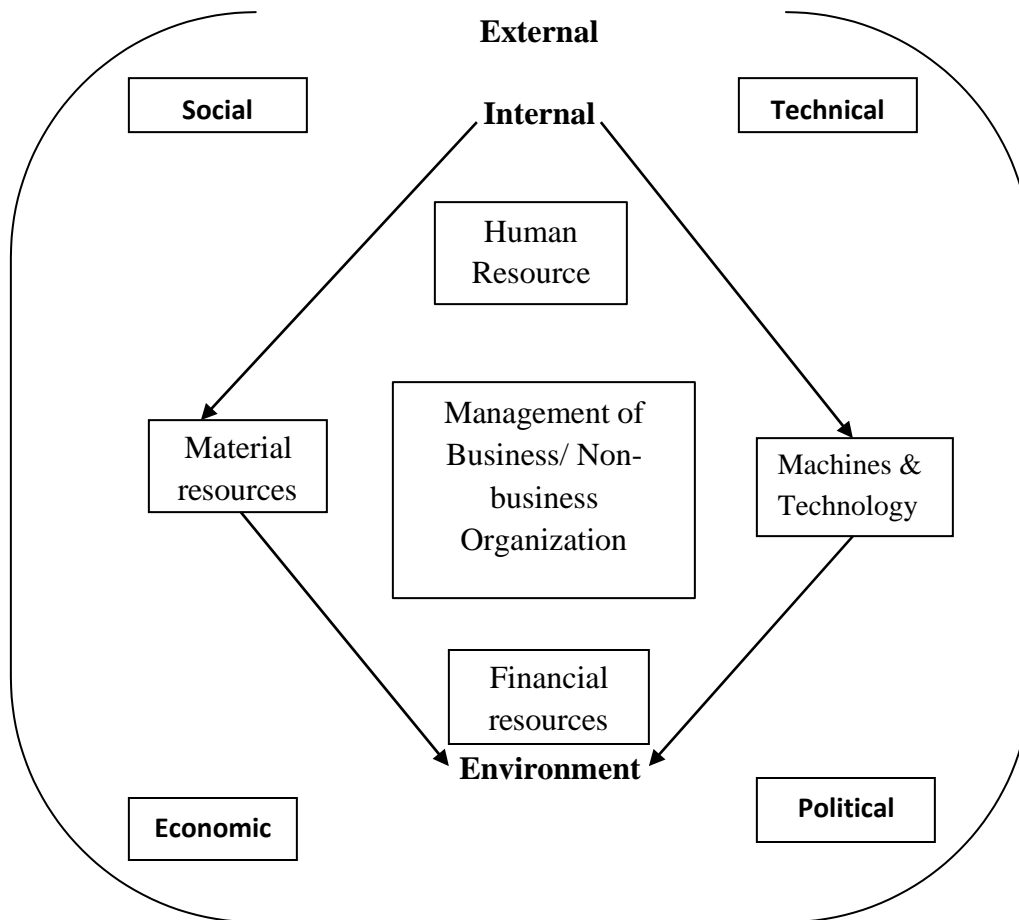
**John A. Pearce and Richard B. Robinson** included all kinds of resources in their definition on management. According to them, –Management is the process of optimizing human, material and financial contribution for the achievement of organizational goals.¶

The analysis of the above definitions provides the following aspects of management.

The purpose of management is to formulate effective (right) organizational strategies and to achieve them efficiently (productively) based on the missions objectives and goals.

- Management functions include: planning, organizing, directing and controlling.
- Managers should possess varied skills in order to play a variety of roles.
- It applies to managers at all levels in an organization.
- Management vs. Administration.
- Management is an art and a science in order to create a surplus.
- Management need to be a profession to achieve goals continuously with an
- Incremental efficiency.

## Management deals with internal and external environment



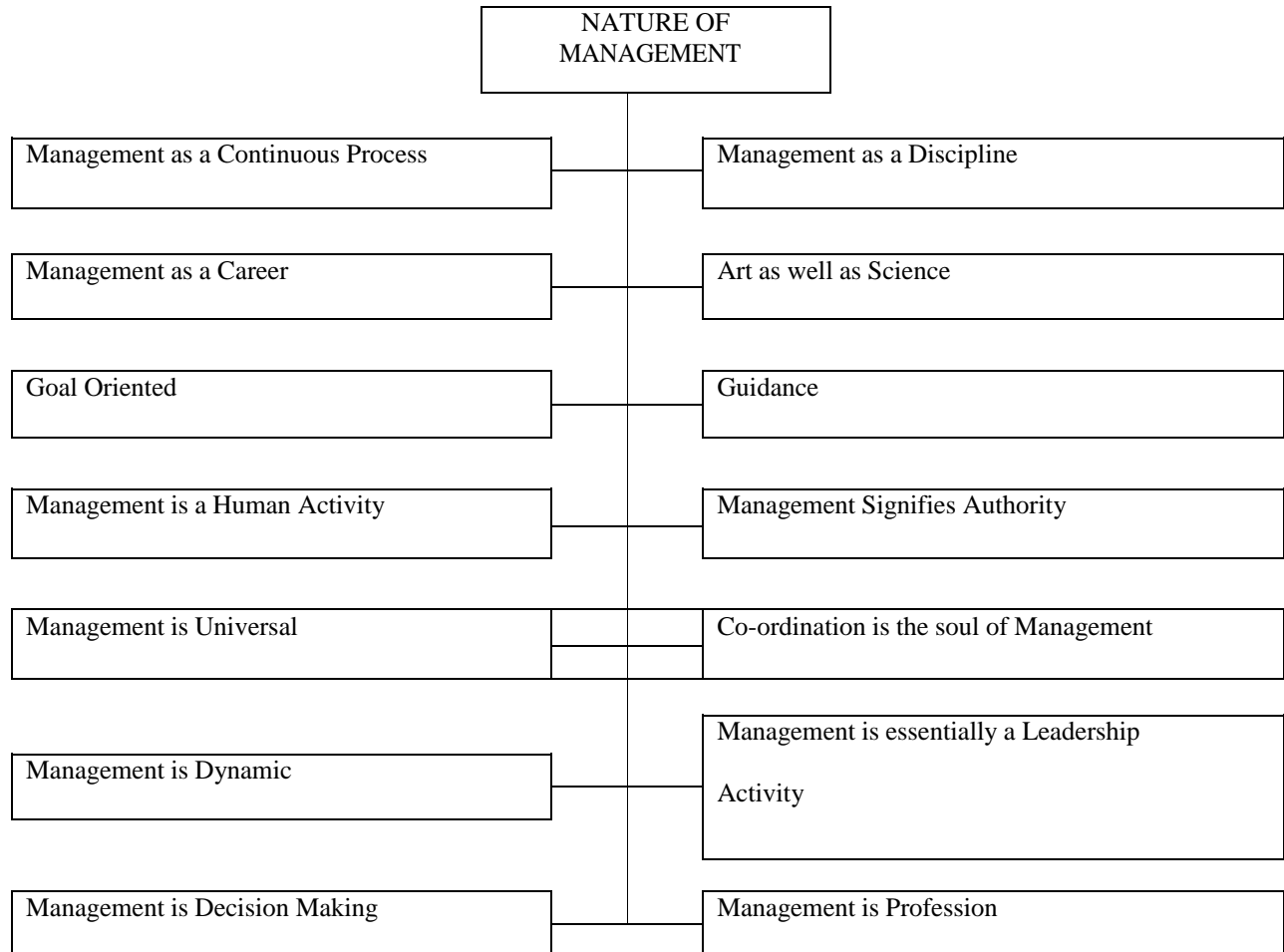
### Environment :

**Management: A Science or an art?** We should know what is science and what is a before discussing whether management is a science or an art?

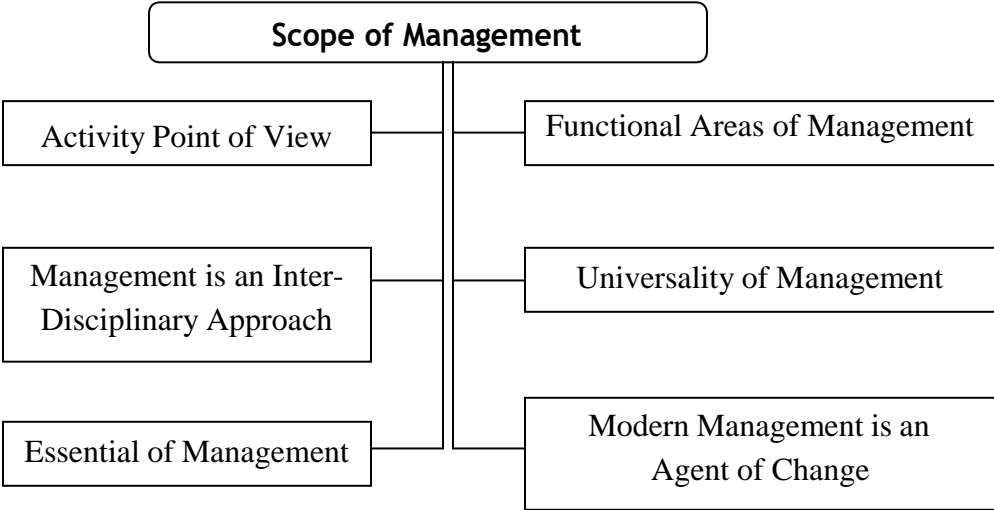
**What is science?** Science is a body of knowledge developed systematically, based on observation, measurement, and experimentation and drawing inferences based on data. The knowledge can be verified through cause- effect relationship. The knowledge provides principles, theory and laws. Management satisfies the characteristics of science like.

**What is an art?** Art understands how a particular activity can be done. Art can be acquired by conscious effort and practice. Management is getting things done by and through other people. They have to continuously analyze the environment and formulate the plans and strategies. They have to modify the strategies based on environmental changes. The principles of management cannot be implemented as learn, in the real world. They are to be applied after making necessary modifications based on the real life situations.

**Nature of Management :**



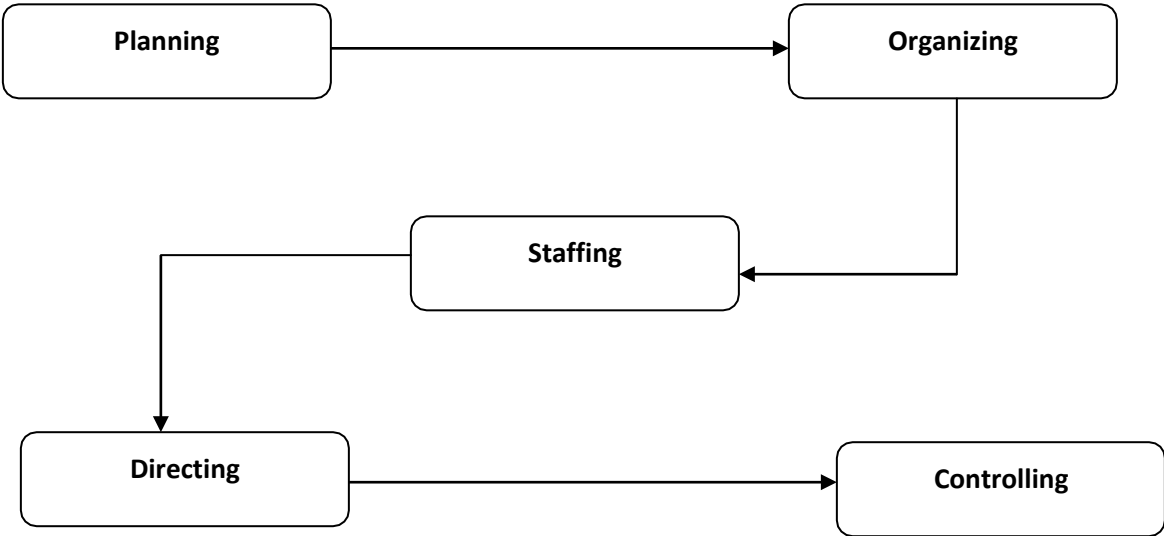
**Scope of Management**



**Functions of management**

As indicated earlier, management is the process of planning, organizing, staffing, directing and controlling the efforts of organization members in utilizing all resources to achieve organizational goals, objectives and mission. Management is a process as it operates the activities systematically.

**The management process:**



**Planning:**

- Planning consists of the activities involved in choosing courses of action to achieve organizational objectives.
- It is deciding in advance what to do, when to do, how to do and who will do it, in order to achieve these objectives.
- Both long- term and short- term plans are necessary to achieve goals.

**Organizing:**

- Organizing involves the grouping of jobs into framework for coordination and direction.
- Formal organizations may be portrayed by use of an organization chart.
- Organizations are structured based on product, function, geography, customer and project.
- The matrix structure has evolved as a result of complex environments, markets and technology.

**Staffing:**

- Staffing is planning, organizing, directing and controlling of procurement, development, compensation, integration and maintenance of people for the purpose of contributing to individual, organizational and social goals.
- This process requires the performance of the functions like job analysis, human resources planning, recruitment, selection, induction, placement, training, execute development, wage and salary administration, leadership, teamwork, motivation, grievance procedure, disciplinary procedure act.

**Directing:**

- The important function of management at any level is directing the people by motivating, commanding, leading and activating them.
- The willing and effective cooperation of employees for the attainment of organizational goals is possible through direction.
- Tapping the maximum potentialities of the people is possible through and command.
- Thus, direction is an important managerial function in securing employee's contribution.

**Controlling:**

1. After planning, organizing, staffing and directing the various activities, the performance is to be verified in order to know whether the activities are performed in conformity with the plans and objectives or not.
2. Controlling also involves checking, verifying and comparing of actual performance with the plans, identification of deviations, if any and correcting of identified deviations.
3. Thus, actions and operations are adjusted to predetermined plans and standards through control.
4. The purpose of control is to ensure the effective operation of an organization by focusing on all

## Management levels



### 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 –

They execute the plans of the organization in accordance with the policies and directives of the top management.

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

**Fayal's principles of management:** - In addition, Fayola listed out fourteen principles of



management.

They are:

**1.Division of labor:** - The more people specialize, the more efficiently they can perform their work. This principle is epitomized by the modern assembly line.

**2.Authority:** - Managers must give orders so that they can get things done. While their formal authority gives them the right to command, managers will not always compel obedience unless they have personal authority (such as relevant expertise) as well.

**3.Discipline:** - Members in an organization need to respect the rules and agreements that govern the organization. To Fayola, discipline results from good leadership at all levels of the organization, fair agreements.

**4.Unity of command:** - Each employee must receive instructions from only one person. Fayola believed that when an employee reported to more than one manager, conflicts in instructions and confusion of authority would ultimately result.

**5.Unity of direction:** - Those operations within the organization that have the same objective should be directed by only one manager using one plan.

**6.Subordination of individual interest to the common goal:** - In any undertaking, the interests of employees should not take precedence over the interests of the organization. As a whole.

**7.Remuneration:** - Compensation for work done should be fair to both employees and employers.

**8.Centralization:** - Decreasing the role of subordinates in decision making is centralization, increasing their roles is decentralization.

**9.The hierarchy:** - The lines of authority in an organization are often represented today by the neat boxes and lines of the organization chart that runs in order of rank from the top management to the lowest level of the enterprise.

**10.Order:** - Materials and people should be in the right place at the right time. People in particular, should be in the jobs or positions in which they are most suited.

**11.Equity:** - Manager should be both friendly and fair to their subordinates.

**12.Stability of staff:** - A high employee turnover rate undermines the efficient functioning of an organization.

**13.Initiative:** - Subordinates should be given the freedom to conceive and carry out their plans, even though some mistakes may result.

**14.Esprit de corps:** - Promoting team spirit will give the organization a sense of unity.

## **Taylor's scientific management**

The concept of scientific management was introduced by Fredric Winslow Taylor in USA in the beginning of <sup>the</sup> 20 Century. —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.

Scientific management theory is important because its approach to management is found in almost every industrial business operation across the world. Its influence is also felt in general business practices such planning, process design, quality control, cost accounting, and ergonomics. Your knowledge of the theory will give you a better understanding of industrial management. You'll also understand how a manager can use quantitative analysis, an examination of numbers and other measurable data, in management to improve the efficiency and effectiveness of business operations.

### **Elements and tools of scientific management**

**1. Separation of planning and doing:** - Taylor emphasized the separation of planning aspect from actual doing of the work. Before Taylor's scientific management, a work used to plan about how he had to work and what instruments were necessary for that. The worker was put under the supervision of a supervisor commonly known as gang boss.

**2. Functional foremanship:** - Separation of planning from doing resulted into development of supervision system which could take planning work adequately besides keeping supervisions on workers.

**3. Job analysis:** - Job analysis is undertaken to find out the one best way of doing the thing. The best way of doing a job is one which requires the least movements, consequently less time and cost. The best way of doing the thing can be determined by taking up time- motion fatigue studies.

**4. Standardization:-** As far as possible, standardization should be maintained in respect of instruments and tools, period of work, amount of work, work conditions, cost of production etc.

**5. Scientific selection & Training of workers:** - Taylor has suggested that workers should be selected on scientific basis taking into account their education, work experience, aptitude, physical strength.

**6. Financial incentives:** - Financial incentives can motivate workers to put in their maximum efforts. If provisions exist to earn higher wages by putting in extra effort, workers will be motivated to earn more.

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

**Mental revolution:** - scientific management depends on the mutual co-operation between management and workers. For this co-operation, there should be mental change in both parties from conflict to co-operation.

### **Principles of scientific management**

**1. Science, but not rule of the thumb:** - Scientific management organized knowledge should be

applied which will replace rule of thumb. While the use of scientific method denotes precision in determining any aspect of work.

**2. Group harmony:** - Group harmony suggests that there should be mutual given and takes situation and proper understanding so that group as a whole contributes to the maximum.

**3.Cooperation:** - scientific management involves achieving co-operation rather than chaotic individualism. Scientific management is based on mutual confidence, co- operation and good will. Co-operation between management and workers can be developed through mutual understanding and a change in thinking.

**4. Maximum output:** - Scientific management involves continuous increase in production and productivity instead of restricted production either by management or by worker.

**5.Development of workers:** - In scientific management, all workers should be developed to the fullest extent possible for their own and for the company's prosperity.

### **CLASSICAL THEORY OF MANAGEMENT:**

There are several theories which explain the organization and its structure Classical organization theory includes the

1. Scientific management approach
2. Weber's bureaucratic approach and
3. Administrative theory

#### **Scientific management approach:**

The scientific management approach is based on the concept of planning of work to achieve efficiency, standardization, specialization and simplification. The approach to increased productivity is through mutual trust between management and workers. Taylor (1947) proposed four principles of scientific management:

- a. Science not rule of thumb
- b. Scientific selection of the worker
- c. Management and labor cooperation rather than conflict and
- d. Scientific training of workers.

#### **Weber's bureaucratic approach:**

Weber's *bureaucratic approach* considers the organization as a part of broader society. The organization is based on the principles of:

- 1.Structure
- 2.Specialization
- 3.Predictability and stability
4. Rationalityand

## 5. Democracy.

Show, and discuss Weber's bureaucratic approach. Observe that this approach is considered rigid, impersonal, self-perpetuating and empire building.

### **ADMINISTRATIVE THEORY:**

Henry Fayol (1841-1925) was a French industrialist who was considered as the founder of classical management school. He believed that for effective management of any organization systematic scientific management principles should be followed.

Fayol defined management as, –a social process of all functions and believed that –to manage is to forecast and plan to organize, to command, to coordinate and control. He was a popular management guru, like F.W.Taylor. The only difference is that Taylor studied and emphasized on organizational functions, whereas Fayol took into consideration the whole organization. Further, Fayol proposed 14 principles of management based on his personal experience as a manager. The principles proposed by him changed the traditional belief that –managers are born, not made.

### **Behavioral Management Theory**

As management research continued in the 20th century, questions began to come up regarding the interactions and motivations of the individual within organizations. Management principles developed during the classical period were simply not useful in dealing with many management situations and could not explain the behavior of individual employees. In short, classical theory ignored employee motivation and behavior. As a result, the behavioral school was a natural outgrowth of this revolutionary management experiment. The behavioral management theory is often called the human relations movement because it addresses the human dimension of work. Behavioral theorists believed that a better understanding of human behavior at work, such as motivation, conflict, expectations, and group dynamics, improved productivity.

The theorists who contributed to this school viewed employees as individuals, resources, and assets to be developed and worked with — not as machines, as in the past. Several individuals and experiments contributed to this theory.

Abraham Maslow, a practicing psychologist, developed one of the most widely recognized need theories, a theory of motivation based upon a consideration of human needs. His theory of human needs had three assumptions:

1. Human needs are never completely satisfied.
2. Human behavior is purposeful and is motivated by the need for satisfaction.
3. Needs can be classified according to a hierarchical structure of importance, from the lowest to highest.

### **Maslow broke down the needs hierarchy into five specific areas:**

**Physiological needs.** Maslow grouped all physical needs necessary for maintaining basic human well-being, such as food and drink, into this category. After the need is satisfied, however, it is no longer a motivator.

1. **Safety needs**. These needs include the need for basic security, stability, protection, and freedom from fear. A normal state exists for an individual to have all these needs generally satisfied. Otherwise, they become primary motivators.
2. **Belonging and love needs**. After the physical and safety needs are satisfied and are no longer motivators, the need for belonging and love emerges as a primary motivator. The individual strives to establish meaningful relationships with significant others.
3. **Esteem needs**. An individual must develop self-confidence and wants to achieve status, reputation, fame, and glory.
4. **Self-actualization needs**. Assuming that all the previous needs in the hierarchy are satisfied, an individual feels a need to find himself.

**Douglas McGregor theory:**

Douglas McGregor was heavily influenced by both the Hawthorne studies and Maslow. He believed that two basic kinds of managers exist. One type, the Theory X manager, has a negative view of employees and assumes that they are lazy, untrustworthy, and incapable of assuming responsibility. On the other hand, the Theory Y manager assumes that employees are not only trustworthy and capable of assuming responsibility, but also have high levels of motivation. An important aspect of McGregor's idea was his belief that managers who hold either set of assumptions can create self-fulfilling prophecies — that through their behavior, these managers create situations where subordinates act in ways that confirm the manager's original expectations. As a group, these theorists discovered that people worked for inner satisfaction and not materialistic rewards, shifting the focus to the role of individuals in an organization's performance.

**The Behavioral Science Approach:**

It emphasizes scientific research the basis for developing theories about human behavior in organizations. That can be used to develop practical guidelines for managers.

- ✓ The emphasis is upon developing useful tools for managers. Unlike Scientific Management from the Classical Era, the findings in behavioral studies are often somewhat difficult to find with mathematical certainty. That does not mean however, that the scientific approach should not be attempted.

**Contributions of the behavioral viewpoint:**

1. Spotlight the managerial importance of such factors as communication, group Dynamics, motivation, and leaders.
2. Articulates practical applications of behavioral studies.
3. Draws on the findings of a number of disciplines such as management, Psychology.
4. Highlights the importance of an organization's members as active human resources rather than passive tools

**Management sciences theories:**

**Concept of management theory:**

During 1950, management science approach came into existence which is also known as mathematical or quantities measurement approach, management is viewed as a logical entity which tends to represent its activities in terms of mathematical symbols relationships and measurement data. Such approach acts as a systematic and scientific evolutionary method for providing an appropriate solution for the problems faced by managers. Management science approach is a systematic approach which uses the computer aided technology in different fields such as production, finance, costing transportation and storage, etc. in other words, operations research may be considered as a mathematical method where in scientific techniques are used to solve the problems.

The following are the stages involved in scientific methods,

- (a) A problem is divided into its constituent elements.
- (b) Information related to its respective components is collected.
- (c) Analysis of the collected data
- (d) Identifying the alternatives to solve the problems.

The approach of management science is a highly developed approach in evaluating and understanding the concepts of management theory and practice. Different mathematical tools such as sampling, game theory, simulation, linear programming, time series analysis, waiting line theory, etc. are used for solving the managerial problems with more accuracy. Information technology, electronic data processing system and many other quantitative devices are used for making decisions. The applicability of this approach is found to be limited as it is used for problem solving and decision making. As , many managerial activities cannot be expressed due to the involvement of human beings which would be managed efficiency through the various irrational factors, it cannot solve all the managerial problems. Hence it is not regarded as a full-fledged approach of management.

**Various techniques used in management science approach:** management science approach makes use of several techniques which are explained below:

- Linear programming
- Integer linear programming
- Waiting line or queuing models
- Simulation
- Goal programming
- Dynamic programming
- Network models

### **Linear programming**

Linear programming is one of the widely used modeling techniques that can solve decision problems with many thousands of variables. Linear programming models include an objective function and model constraints, which consist of decision variables and parameters. The objective function is a linear mathematical relationship

that describes the objective of the firm in terms of the decision variables. The objective function always consists of a certain number of variables, (e.g., maximize the profit or minimize the cost of producing radios). The model constraints are also linear relationships of the decision variables used in the objective function. This technique is closely related to linear algebra and uses inequalities in the problem statement rather than equalities. A linear programming problem can fall in three categories: problems with more than one optimal solution, infeasible problems, and problems with unbounded solutions. In an optimal solution, the objective function has a unique maximum or minimum value.

### **Integer linear programming**

Integer programming is useful when values of one or more decision variables are limited to integer values. This is particularly useful when modeling production processes for which fractional amounts of products cannot be produced. Integer variables are often limited to two values—zero or one. Such variables are particularly useful in modeling either/or decisions.

### **Waiting line or queuing models**

Queuing theory is often referred to as waiting line theory. Both terms refer to decision making regarding the management of waiting lines (or queues). This area of management science deals with operating characteristics of waiting lines, such as:

- the probability that there are no units in the system
- the mean number of units in the queue
- the mean number of units in the system (the number of units in the waiting line plus the number of units being served)
- the mean time a unit spends in the waiting line
- the mean time a unit spends in the system (the waiting time plus the service time)
- the probability that an arriving unit has to wait for service
- the probability of  $n$  units in the system

Given the above information, programs are developed that balance costs and service delivery levels. Typical applications involve supermarket checkout lines and waiting times in banks, hospitals, and restaurants.

### **Simulation**

Simulation is used to analyze complex systems by modeling complex relationships between variables with known probability distributions. Random values from these probability distributions are substituted into the model and the behavior of the system is observed. Repeated executions of the simulation model provide insight into the behavior of the system.

### **Goal programming**

Goal programming is a technique for solving multi-criteria rather than single-criteria decision problems, usually within the framework of linear programming. For example, in a location decision a bank would use not just one criterion, but several. The bank would consider cost of construction, land cost, and customer attractiveness, among other factors. Goal programming establishes primary and secondary goals. The primary goal is generally

referred to as a priority level 1 goal. Secondary goals are often labeled level 2, priority level 3, and so on. It should be noted that trade-offs are not allowed between higher and lower level goals. Assume a bank is searching for a site to locate a new branch. The primary goal is to be located in a five-mile proximity to a population of 40,000 consumers. A secondary goal might be to be located at least two miles from a competitor. Given the no trade-off rule, we would first search for a target solution of locating close to 40,000 consumers.

### **Dynamic programming**

Dynamic programming is a process of segmenting a large problem into a several smaller problems. The approach is to solve the all the smaller, easier problems individually in order to reach a solution to the original problem. This technique is useful for making decisions that consist of several steps, each of which also requires a decision. In addition, it is assumed that the smaller problems are not independent of one another given they contribute to the larger question. Dynamic programming can be utilized in the areas of capital budgeting, inventory control, resource allocation, production scheduling, and equipment replacement. These applications generally begin with a longer time horizon, such as a year, and then break down the problem into smaller time units such as months or weeks. For example, it may be necessary to determine an optimal production schedule for a twelve-month period.

Dynamic programming would first find a solution for smaller time periods, for example, monthly production schedules. By answering such questions, dynamic programming can identify solutions to a problem that are most efficient or that best serve other business needs given various constraints.

### **Network models**

These models are applicable in large projects involving complexities and interdependencies of activities. CPM (critical path method) and PERT (project evaluation and review technique) are used for planning. Scheduling and controlling activities of complex project which can be characterized as net diagram.

### **Systems approach to management**

Systems approach is based on the generalization that everything is inter-related and interdependent. A system is composed of related and dependent element which when in interaction, forms a unitary whole. A system is simply an assemblage or combination of things or parts forming a complex whole. One its most important characteristic is that it is composed of hierarchy of sub-systems. That is the parts forming the major system and so on. For example, the world can be considered-to be a system in which various national economies are sub-systems. In turn, each national economy is composed of its various industries, each industry is composed of firms' and of course a firm can be considered a system composed of sub-systems suds as production, marketing, finance, accounting and so on.

### **Features of Systems Approach:**

- (I) a system consists of interacting elements. It is set of inter-related and inter-dependent parts arranged in a manner that produces a unified whole.
- (ii) The various sub-systems should be studied in their inter-relationships rather, than in isolation from each other.



- (iii) An organizational system has a boundary that determines which parts are internal and which are external.
- (iv) A system does not exist in a vacuum. It receives information, material and energy from other systems as inputs. These inputs undergo a transformation process within a system and leave the system as output to other systems.
- (v) An organization is a dynamic system as it is responsive to its environment. It is vulnerable to change in its environment.

In the systems approach, attention is paid towards the overall effectiveness of the system rather than the effectiveness of the sub-systems. The interdependence of the sub-systems is taken into account. The idea of systems can be applied at an organizational level. In Applying system concepts, organizations are taken into account and not only the objectives and performances of different departments (sub-systems).

As discussed earlier, system approach has immense possibilities, —A system view point may provide the impetus to unify management theory. By definitions, it could treat the various approaches such as the process of quantitative and behavioral ones as sub-systems in an overall theory of management. Thus, the systems approach may succeed where the process approach has failed to lead management out of the theory of jungle. Systems theory is useful to management because it aims at achieving the objectives and it views organization as an open system. Chester Barnard was the first person to utilize the systems approach in the field of management.

#### ***Evaluation of System Approach:***

The systems approach assists in studying the functions of complex organizations and has been utilized as the base for the new kinds of organizations like project management organization. It is possible to bring out the inter-relations in various functions like planning, organizing, directing and controlling. This approach has an edge over the other approaches because it is very close to reality. This approach is called abstract and vague. It cannot be easily applied to large and complex organizations. Moreover, it does not provide any tool and technique for managers.

#### **Contingency approach:**

##### **Definition:**

A **contingency approach to management** is based on the theory that management effectiveness is contingent, or dependent, upon the interplay between the application of management behaviors and specific situations. In other words, the way you manage should change depending on the circumstances. One size does not fit all.

The contingency approach to management finds its foundation in the contingency theory of leadership effectiveness developed by management psychologist Fred Fielder. The theory states that leadership effectiveness, as it relates to group effectiveness, is a component of two factors: task motivation, or relation Motivation and circumstances. You measure task motivation, or relation motivation, by the least preferred co-worker (LPC) scale.

The LPC scale asks the manager to think of the person they least like working with and then rate that person on a set of questions, each involving an 8-point scale. For example, a score of one would be uncooperative, and a

score of eight would be cooperative. Fielder believed that people with a higher LPC score try to maintain harmony in their work relationships, while people with a lower LPC score are motivated to focus on task accomplishment.

The theory states that task or relations motivations are contingent upon whether the manager is able to both control and affect the group's situational favorability, or outcome. According to the theory, you can assess situational favorability by three factors:

- ✓ **Leader-member relations** - This factor addresses the manager's perception of his cooperative relations with his subordinates. In other words, is the cooperation between you and your employees good or bad?
- ✓ **Task structure** - This factor relates to whether the structure of the work task is highly structured, subject to standard procedures, and subject to adequate measures of assessment. Certain tasks are easy to structure, standardize and assess, such as the operation of an assembly line.
- ✓ **Position power** - This factor asks if the manager's level of authority is based on punishing or rewarding behavior. For example, does the manager derive his authority from providing bonuses for meeting sales goals or terminating employees for failure to meet the goals?

The combination of leader-member relations, task structure and position power create different situations that have been coined octants one through eight. You can divide these eight situations into three broad categories: favorable situations, intermediate situations and unfavorable situations. According to the theory, each situation is handled the best by either high or low LPC managers.

The theory argues that high LPC managers are most effective at influencing employee group behavior in intermediate situations, while low LPC.

### **Limitations of contingency approach**

Some of the major limitations of contingency approach are as follows:

1. Inadequate Literature
2. Complex
3. Difficult Empirical Testing
4. Reactive not Proactive.

In spite of the various contributions, contingency approach has not been acknowledged as a unified theory of management because it suffers from some limitations.

**These limitations are of following nature:**

#### **1. Inadequate Literature:**

Contingency approach suffers from inadequately of literature. Therefore, it has not adequately spelled out various types of actions which can be taken under different situations. It is not sufficient to say that 'a managerial action depends on the situation.'

The approach should provide if this is the situation, this action can be taken. Unless, this is done, the approach cannot offer much assistance to the practice of management. No doubt, researches have been conducted in this direction but, by and large, they have not satisfied the needs of managers.

**2. Complex:**

The suggestion of the approach is very simple, that is, managers should do according to the needs of the situation. However, when put into practice, this becomes very complex. Determination of situation in which managerial action is to be taken involves analysis of a large number of variables with multifarious dimensions. Therefore, there is a possibility that managers, who are always short of time, may ignore the thorough analysis of all these variables and may resort to short-cut and easier way.

**3. Difficult Empirical Testing:**

Contingency approach being complex, presents problems in testing the percepts of the theory. For empirical testing of the theory, it is necessary that some methodology is available. No doubt, methodology is available but because of the involvement of too many factors, testing becomes difficult.

**4. Reactive not Proactive:**

Contingency approach is basically reactive in nature. It nearly suggests what managers can do in a given situation. For a given organization, super system constitutes environment and management can be applied to supra-system also. Therefore, managers are responsible to manage the environment in such a way that they avoid the undesirable aspects of environment.

## **UNIT-II**

### **PROBLEM SOLVING, DECISION-MAKING AND PLANNING**

Decision- making is the process of choosing the best from among the alternative solutions under a given set of circumstances.

Now we shall discuss the meaning of decision – making based on this analysis.

Decision making is the process of choosing the best among the available alternatives with a purpose under a given set of circumstances.

#### **DECISION MAKING PROCESS:**

1. The analyses of these definitions present the following facts.
2. Identify the purpose or goal, based on which decision has to be made.
3. Analyze the set of circumstances, conditions or ground realities which set the norms for decision-making.
4. Decision – making is a process of identifying the issues, collecting information and data, analyze the, and generate or develop necessary inputs for developing alternative solutions.
5. Develop alternative solutions to solve the problem or ways to deal with the situation.
6. Evaluate the alternative solutions and choose the best solution.
7. Implement the selected solution.

#### **Importance of Decision- Making**

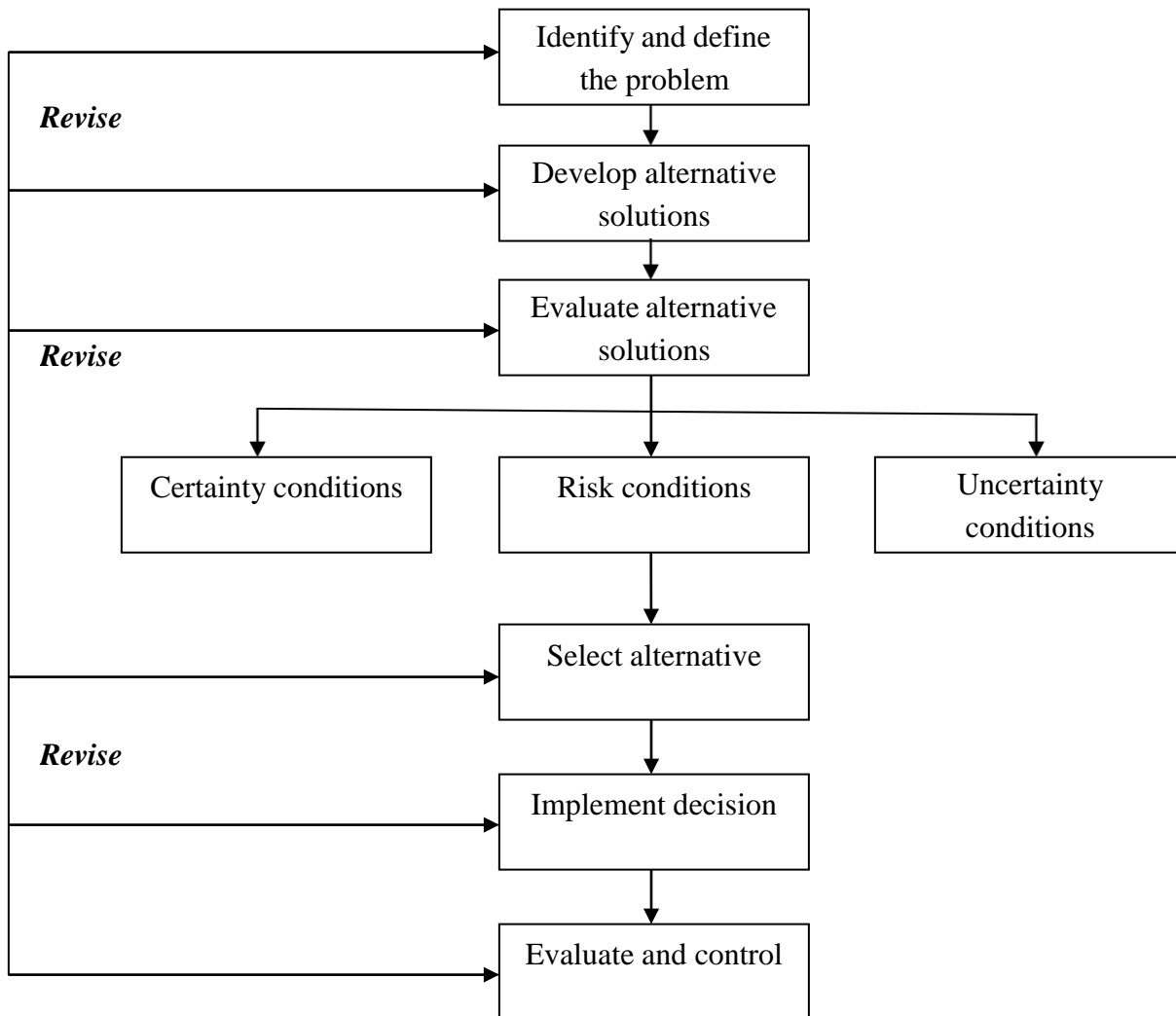
- Managers perform all their functions and activities through decision- making.
- In addition, making the decision in right time values much to the organization rather than making a right decision in the wrong time.
- Managers in the business world, often fail to make a decision in the right time and allow the competitors to grab the opportunities.
- As such, managers have to make not only the right decisions but make them in right time.
- Otherwise, the problems remain or magnify and culminate into a crisis.
- Decision- making process helps the management to procure necessary data and information.

- Decision- making further helps in the formulation of strategies and implement them.

**Process of Decision- Making**

- I. Problem Awareness
- II. Problem diagnosis
- III. Development of alternative solutions
- IV. Evaluation of alternative solutions
- V. Selection of the best solution
- VI. Implementation of the decision

**Process of Decision- Making**



**Problem awareness**

- ✓ Mostly individual employees identify the problems in various areas.
- ✓ Individuals, when they get a ‘gut feeling’ that something is wrong, they identify

the problem.

- ✓ The awareness of a problem mostly occurs to employees at the grass- root level like sales people, machine operator, finance assistants, human resource assistant's act.
- ✓ Internal performance measurements like level of turnover or profit performance.

### **Problem diagnosis**

- ✓ After the individual employees are aware of the problem and it is informed to the managers, managers will gather the information and define the problem.
- ✓ Information may be explored to determine the facts of the problem in detail.
- ✓ Such information may be gathered on a verbal and informal basis.
- ✓ Rationalize the information and stimuli relevant to the problem so as to classify the situation.
- ✓ Act diplomatically to establish peer groups or those of political support for individual views of the problem.

### **Development of alternative solutions**

- ✓ After the problem is diagnosed clearly, the tendency of managers is that of searching for readymade solutions.
- ✓ Through memory search in which the managers seek for known, existing or attempted solutions.
- ✓ Passive search which entails waiting for possible solutions to be offered.
- ✓ This process of developing solutions takes place through discussions, debates, consultations and brainstorming sessions and by sharing management wisdom and experience.

### **Evaluation of alternative solutions**

- ✓ After the alternative solutions are developed, the solutions have to be formally evaluated based on their inherent strengths and weaknesses and also based on the environmental threats and opportunities for implementations.
- ✓ The solutions are to be ranked on the basis of their weights in terms of strengths and opportunities after eliminating the non- viable solutions in view of their weaknesses and environmental threats for implementation.

### **Selection of the best solution**

- ✓ After the formal evaluation and ranking is completed, the managers tend to re-evaluate the solution based on the managerial judgment followed by political bargaining as the formal evaluation is not the predominant criterion for assessing the feasibility in

practice.

- ✓ Therefore, the techniques for evaluation of solutions also include social and political process.

### **Implementation of the decision**

- ✓ Implementation of the selected solutions is a part of the decision-making process as the process may be required to be recycled due to impediments in the process of implementation.
- ✓ The managers should secure the support of the top management for allocation of resources; time act, regarding the implementation of the decision.

### **Types of Decisions**

- ❖ Programmed and Non-Programmed Decisions
- ❖ Major and Minor Decisions
- ❖ Routine and Strategic Decisions
- ❖ Policy and Operative Decisions
- ❖ Organizational and Personal Decisions
- ❖ Individual and Group Decisions
- ❖ Long-Term, Departmental and Non-Economic Decisions
- ❖ Crisis and Research Decisions
- ❖ Problem and Opportunity Decisions

### **Techniques of Decision-making**

Decision taken must be accurate and should not lead to confusion; the decisions taken must also be scientific and available for accuracy and verification. The important techniques that aid the manager in decision making are operations research and other quantitative techniques.

- ❖ Marginal Analysis
- ❖ Break-Even Analysis
- ❖ Operation Research
- ❖ Paired comparison Analysis
- ❖ Force Field Analysis
- ❖ Financial Analysis
- ❖ Ration Analysis
- ❖ Brainstorming

### **Importance of Decision Making**

## Importance of Decision-Making in Management



### Decision Levels

We all recognize that some decisions are more important than others, whether in their immediate impact or long term significance. As a means of understanding the significance of a decision so that we can know how much time and resources to spend on it, three levels of decision have been identified:

**1. Strategic.** Strategic decisions are the highest level. Here a decision concerns general direction, long term goals, philosophies and values. These decisions are the least structured and most imaginative; they are the most risky and of the most uncertain outcome, partly because they reach so far into the future and partly because they are of such importance.

For example: Decisions about what to do with your life, what to learn, or what methods to use to gain knowledge (travel, work, and school) would be strategic. Whether to produce a low priced product and gain market share or produce a high priced product for a niche market would be a strategic decision.

**2. Tactical.** Tactical decisions support strategic decisions. They tend to be medium range, medium significance, with moderate consequences.

For example: If your strategic decision were to become a forest ranger, a tactical decision would include where to go to school and what books to read. Or if your company decided to produce a low priced product, a tactical decision might be to build a new factory to produce them at a low manufacturing cost.



**3. Operational.** These are every day decisions, used to support tactical decisions. They are often made with little thought and are structured. Their impact is immediate, short term, short range, and usually low cost. The consequences of a bad operational decision will be minimal, although a series of bad or sloppy operational decisions can cause harm. Operational decisions can be preprogrammed, pre-made, or set out clearly in policy manuals.

### **Defining Planning**

Before a manager can tackle any of the other functions, he or she must first devise a plan. A plan is a blueprint for goal achievement that specifies the necessary resource allocations, schedules, tasks, and other actions. A goal is a desired future state that the organization attempts to realize. Goals are important because an organization exists for a purpose, and goals define and state that purpose. Goals specify future ends; plans specify today's means.

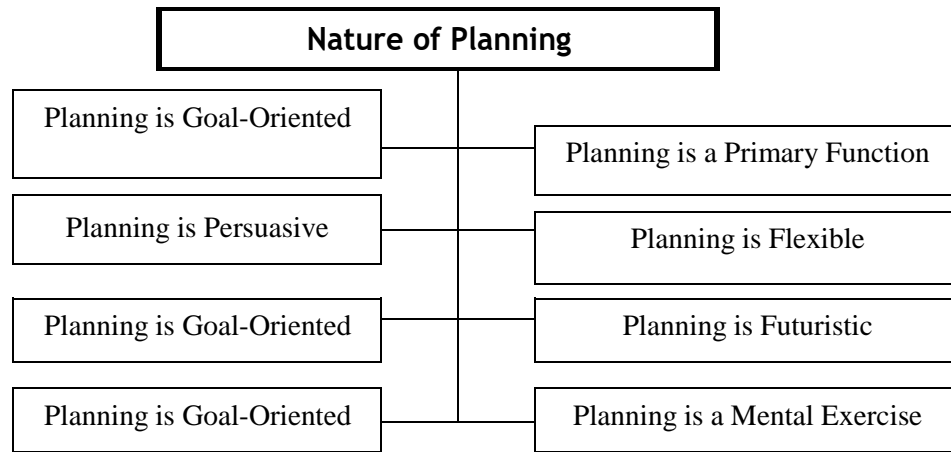
The word planning incorporates both ideas: It means determining the organization's goals and defining the means for achieving them. Planning allows managers the opportunity to adjust to the environment instead of merely reacting to it. Planning increases the possibility of survival in business by actively anticipating and managing the risks that may occur in the future.

In short, planning is preparing for tomorrow, today. It's the activity that allows managers to determine what they want and how they will achieve it.

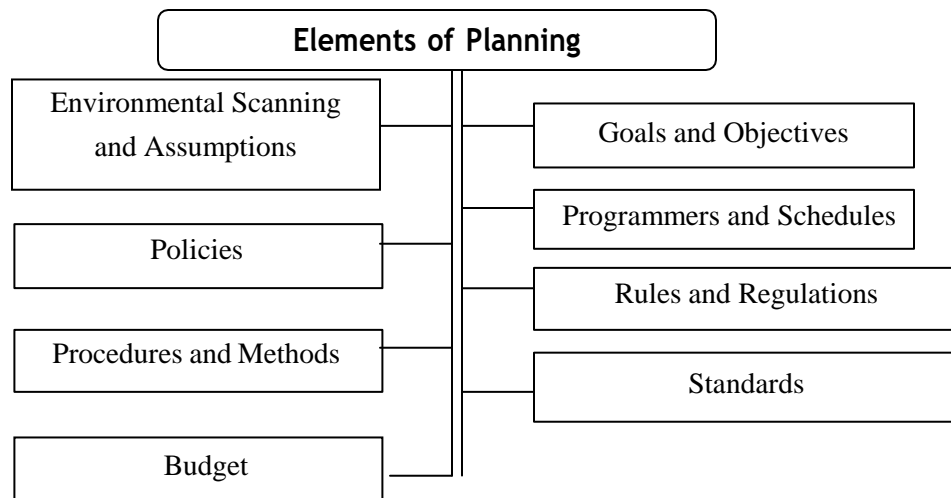
Not only does planning provide direction and a unity of purpose for organizations, it also answers six basic questions in regard to any activity:

- a. What needs to be accomplished?
- b. When is the deadline?
- c. Where will this be done?
- d. Who will be responsible for it?
- e. How will it get done?
- f. How much time, energy, and resources are required to accomplish this goal?

### **Nature of Planning**



Elements of Planning



### Objectives of Planning

- Reduce Uncertainty
- Bring cooperation and coordination
- Economy in operation
- Anticipate unpredictable contingencies
- Achieving the predetermined goals
- Reduce competition

**The various stages in the process of planning are as follows:**

#### Goal setting:

Plans are the means to achieve certain ends or objectives. Therefore, establishment of organizational or overall objectives is the first step in planning. Setting objectives is the most crucial part of planning. The organizational objectives should be set in key areas of operations.

**Developing the planning premises:**

Before plans are prepared, the assumptions and conditions underlying them must be clearly defined these assumptions are called planning premises and they can be identified through accurate forecasting of likely future events

**Reviewing Limitations:**

In practice, several constraints or limitations affect the ability of an organization to achieve its objectives. These limitations restrict the smooth operation of plans and they must be anticipated and provided for.

**Deciding the planning period:**

Once the broad goals, planning premises and limitations are laid down, the next step is to decide the period of planning. The planning period should be long enough to permit the fulfillment of the commitments involved in a decision.

**Formulation of policies and strategies:**

After the goals are defined and planning premises are identified, management can formulate policies and strategies for the accomplishment of desired results. The responsibility for laying down policies and strategies lies usually with management. But, the subordinates should be consulted as they are to implement the policies and strategies.

**Preparing operating plans:**

After the formulation of overall operating plans, the derivative or supporting plans are prepared. Several medium range and short-range plans are required to implement policies and strategies.

**Integration of plans:**

Different plans must be properly balanced so that they support one another. Review and revision may be necessary before the plan is put into operation. Moreover, the various plans must be communicated and explained to those responsible for putting them into practice.

**Problems in Planning**

1. Rigidity
2. Misdirection
3. Time Consuming
4. Lack of Accurate Information
5. Problems of Change
6. Internal Flexibilities
  - a. Psychological Inflexibility
  - b. Policy and Procedural Inflexibility

- c. Capital Investment
- 7. External Flexibilities
  - a. Political Climate
  - b. Trade Unions
  - c. Technological Changes

**Main Steps Involved in Planning Process:**

Eight main steps involved in the planning process of an organization. The steps are:



**FIGURE 3.1 PLANNING PROCESS**

### **1. Perception of Opportunities:**

Perception of opportunities is not strictly a part of the planning process. But this awareness of opportunities in the external environment as well as within the organization is the real starting point for planning. It is important to take a preliminary look at possible future opportunities and see them clearly and completely.

All managers should know where they stand in the light of their strengths and weaknesses, understand the problems they wish to solve and know what they gain. Setting objectives depends on the awareness. Planning requires realistic diagnosis of the opportunity situation.

### **2. Establishing Objectives:**

This is the second step in the planning process. The major organizational and unit objectives are set in this stage. This is to be done for the long term as well as for the short range. Objectives specify the expected results and indicate the end points of what is to be done, where the primary emphasis is to be placed and what is to be accomplished by the various types of plans.

Organizational objectives give direction to the major plans, which by reflecting these objectives define the objective of every major department. Major objectives, in turn, control the objectives of subordinate departments and so on down the line. In other words, objectives form a hierarchy.

The objectives of lesser departments will be more accurate if subdivision managers understand the overall enterprise objectives and the derivative goals. Managers should also have the opportunity to contribute their ideas to setting their own goals and those of the organization.

### **3. Planning Premises:**

After determination of organizational objectives, the next step is establishing planning premises that is the conditions under which planning activities will be undertaken. Planning premises are planning assumptions the expected environmental and internal conditions

Thus planning premises are external and internal. External premises include total factors in task environment like political, social, technological, competitors, plans and actions, government policies. Internal factors include organization's policies, resources of various types, and the ability of the organization to withstand the environmental pressure. The plans are formulated in the light of both external and internal factors.

The nature of planning premises differs at different levels of planning. At the top level, it is mostly externally focused. As one moves down the organizational hierarchy the composition of planning premises changes from external to internal. The major plans both old and new will materially affect the future against which the managers at lower units must plan.

#### **4. Identification of Alternatives:**

The fourth step in planning is to identify the alternatives. Various alternatives can be identified based on the organizational objectives and planning premises. The concept of various alternatives suggests that a particular objective can be achieved through various actions.

For example, if an organization has set its objectives to grow further, it can be achieved in several ways like expanding in the same Field of business or product line diversifying in other areas, joining hands with other organizations, or taking over another organization and so on. Within each category, there may be several alternatives

The most common problem is not finding alternatives but reducing the number of alternatives so that the most promising may be analyzed. Even with mathematical techniques and the computer, there is a limit to the number of alternatives that can be thoroughly examined. The planner must usually make a preliminary examination to discover the most fruitful possibilities.

#### **5. Evaluation of Alternatives:**

The various alternative course of action should be analyzed in the light of premises and goals. There are various techniques available to evaluate alternatives. The evaluation is to be done in the light of various factors. Example, cash inflow and outflow, risks, limited resources, expected pay back etc.; the alternatives should give us the best chance of meeting our goals at the lowest cost and highest profit.

#### **6. Choice of Alternative Plans:**

This is the real point of decision-making. An analysis and evaluation of alternative courses will disclose that two or more are advisable and beneficial. The fit one is selected.

#### **7. Formulation of Supporting Plan:**

After formulating the basic plan, various plans are derived so as to support the main plan. In an organization there can be various derivative plans like planning for buying equipment, buying raw materials, recruiting and training personal, developing new product etc. These derivative plans are formulated out of the basic or main plan and almost invariably required to support the basic plan.

#### **8. Establishing Sequence of Activities:**

After formulating basic and derivative plans, the sequence of activities is determined so those plans are put into action. After decisions are made and plans are set, budgets for various periods and divisions can be prepared to give plans more concrete meaning for implementation. The overall budgets of an enterprise represent the sum total of income and expenses, with resultant profit or surplus, and budgets of major balance sheet items such as cash and capital expenditures.

## **ORGANIZING AND CONTROLLING**

**Controlling** is one of the managerial functions like planning, organizing, staffing and directing. It is an important function because it helps to check the errors and to take the corrective action so that deviation from standards are minimized and stated goals of the organization are achieved in a desired manner.

According to modern concepts, control is a foreseeing action whereas earlier concept of control was used only when errors were detected. Control in management means setting standards, measuring actual performance and taking corrective action. Thus, control comprises these three main activities.

Definition

**According to Henri Fayola,**

Control of an undertaking consists of seeing that everything is being carried out in accordance with the plan which has been adopted, the orders which have been given, and the principles which have been laid down. Its object is to point out mistakes in order that they may be rectified and prevented from recurring.

**According to EFL Breach,**

Control is checking current performance against pre-determined standards contained in the plans, with a view to ensure adequate progress and satisfactory performance.

**According to Harold Koontz,**

Controlling is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised to attain them are accomplished.

**According to Stafford Beer,** Management is the profession of control

**. Characteristics of Control**

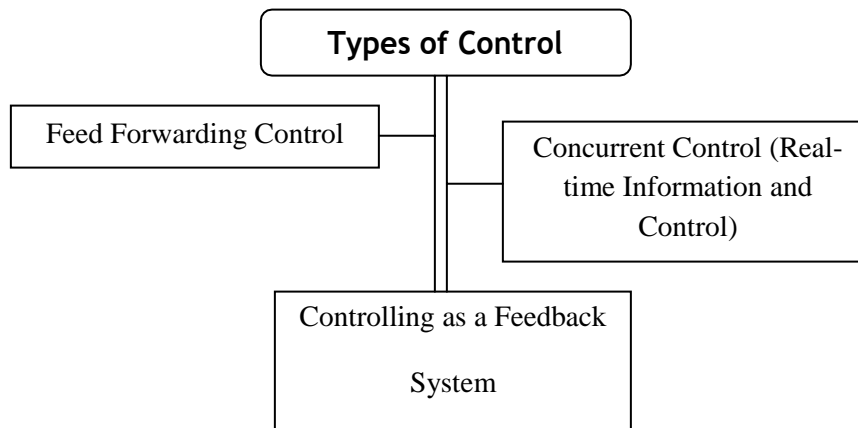
- Control is a continuous process
- Control is a management process
- Control is embedded in each level of organizational hierarchy
- Control is forward looking
- Control is closely linked with planning
- Control is a tool for achieving organizational activities
- Control is an end process

## The elements of Control

The four basic elements in a control system

- (1) The characteristic or condition to be controlled
- (2) The sensor
- (3) The comparator
- (4) The activator

## Types of Control



## Classifications or Types of Control

Control may be grouped according to three general classifications:

- (1) The nature of the information flow designed into the system (open- or closed-loop control)
- (2) The kind of components included in the design (man or machine control systems)
- (3) The relationship of control to the decision process (organizational or operational control).

## Open- and Closed-Loop Control

A Street-lighting system controlled by a timing device is an example of an open-loop system. At a certain time each evening, a mechanical device closes the circuit and energy flows through the electric lines to light the lamps. Note, however, that the timing mechanism is an independent unit and is not measuring the objective function of the lighting system.

## Man and Machine Control

The elements of control are easy to identify in machine systems. For example, the characteristic to be controlled might be some variable like speed or temperature, and the sensing device could be a speedometer or a thermometer. An expectation of precision exists because the



characteristic is quantifiable and the standard and the normal variation to be expected can be described in exact terms.

### **Organizational and Operational Control**

The concept of organizational control is implicit in the bureaucratic theory of Max Weber. Associated with this theory are such concepts as "span of control", "closeness of supervision", and "hierarchical authority".

organizational control, the approach used in the program of review and evaluation depends on the reason for the evaluation that is, is it because the system is not effective (accomplishing its objectives)? Is the system failing to achieve an expected standard of efficiency? Is the evaluation being conducted because of a breakdown or failure in operations? Is it merely a periodic audit- and-review process?

### **Controlling Process**

The control process involves carefully collecting information about a system, process, person, or group of people in order to make necessary decisions about each. Managers set up control systems that consist of four key steps:

**Establish standards to measure performance.** Within an organization's overall strategic plan, managers define goals for organizational departments in specific, operational terms that include standards of performance to compare with organizational activities.

**Measure actual performance.** Most organizations prepare formal reports of performance measurements that manager's review regularly. These measurements should be related to the standards set in the first step of the control process. For example, if sales growth is a target, the organization should have a means of gathering and reporting sales data.

**Compare performance with the standards.** This step compares actual activities to performance standards. When managers read computer reports or walk through their plants, they identify whether actual performance meets, exceeds, or falls short of standards. Typically, performance reports simplify such comparison by placing the performance standards for the reporting period alongside the actual performance for the same period and by computing the variance—that is, the difference between each actual amount and the associated standard.

**Take corrective actions.** When performance deviates from standards, managers must determine what changes, if any, are necessary and how to apply them. In the productivity and quality-centered environment, workers and managers are often empowered to evaluate their own work. After the evaluator determines the cause or causes of deviation, he or she can take

the fourth step—corrective action. The most effective course may be prescribed by policies or may be best left up to employees' judgment and initiative.

## **Controlling Techniques**

### **10 Types of Traditional Control Techniques**

#### **Direct Supervision and Observation**

'Direct Supervision and Observation' is the oldest technique of controlling. The supervisor himself observes the employees and their work. This brings him in direct contact with the workers. So, many problems are solved during supervision.

#### **Financial Statements**

All business organizations prepare Profit and Loss Account. It gives a summary of the income and expenses for a specified period. They also prepare Balance Sheet, which shows the financial position of the organization at the end of the specified period. Financial statements are used to control the organization.

#### **Budgetary Control**

A budget is a planning and controlling device. Budgetary control is a technique of managerial control through budgets. It is the essence of financial control. Budgetary control is done for all aspects of a business such as income, expenditure, production, capital and revenue. Budgetary control is done by the budget committee.

#### **Break Even Analysis**

Break Even Analysis or Break Even Point is the point of no profit, no loss. For e.g. when an organization sells 50K cars it will break even. It means that, any sale below this point will cause losses and any sale above this point will earn profits.

#### **Return on Investment (ROI)**

Investment consists of fixed assets and working capital used in business. Profit on the investment is a reward for risk taking. If the ROI is high then the financial performance of a business is good and vice-versa.

**ROI** is a tool to improve financial performance. It helps the business to compare its present performance with that of previous years' performance. It helps to conduct inter-firm comparisons. It also shows the areas where corrective actions are needed.

#### **Management by Objectives (MBO)**

MBO facilitates planning and control. It must fulfill following requirements:-

- Objectives for individuals are jointly fixed by the superior and the subordinate.

- Periodic evaluation and regular feedback to evaluate individual performance.
- Achievement of objectives brings rewards to individuals.

### **Management Audit**

Management Audit is an evaluation of the management as a whole. It critically examines the full management process, i.e. planning, organizing, directing, and controlling. It finds out the efficiency of the management.

### **Management Information System (MIS)**

In order to control the organization properly the management needs accurate information. They need information about the internal working of the organization and also about the external environment...

### **PERT and CPM Techniques**

Program me Evaluation and Review Technique (**PERT**) and Critical Path Method (**CPM**) techniques were developed in USA in the late 50's. Any programme consists of various activities and sub-activities. Successful completion of any activity depends upon doing the work in a given sequence and in a given time.

### **Self-Control**

Self-Control means self-directed control. A person is given freedom to set his own targets, evaluate his own performance and take corrective measures as and when required. Self-control is especially required for top level managers because they do not like external control.

### **Importance of Controlling**

- Helps in Achieving Objectives
- Efficient Use of Resources
- Facilitates Decision Making
- Improves Employee Morale
- Helps in Achieving better Coordination
- Helps in Better Planning
- Helps to Fix Responsibility
- Control Motivates Employees
- Control Facilitates Delegation

### **Making Controlling Effective**

- Feedback
- Objective
- Suitability
- Prompt Reporting
- Forward Looking
- Pointing out Exceptions
- Motivation
- Suggest Remedial Action
- Understandable and Economical

### **Introduction to organizational behavior**

**What is an organization?** - An organization is a consciously coordinated social unit, composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals.

**What is organizational behavior?:-** Organizational behavior is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organization, for the purpose of applying such knowledge toward improving an organizations effectiveness.

#### **Organizational behavior:**

- The behavior of people
- The process of management
- Organizational processes and the execution of work
- Interactions with the external environment of which the organization is a part
- Organizational implications in terms of performance and effectiveness

**Why study organizational behavior? :** - Behavior is generally predictable, and the systematic study of behavior is a means to making reasonably accurate predictions.

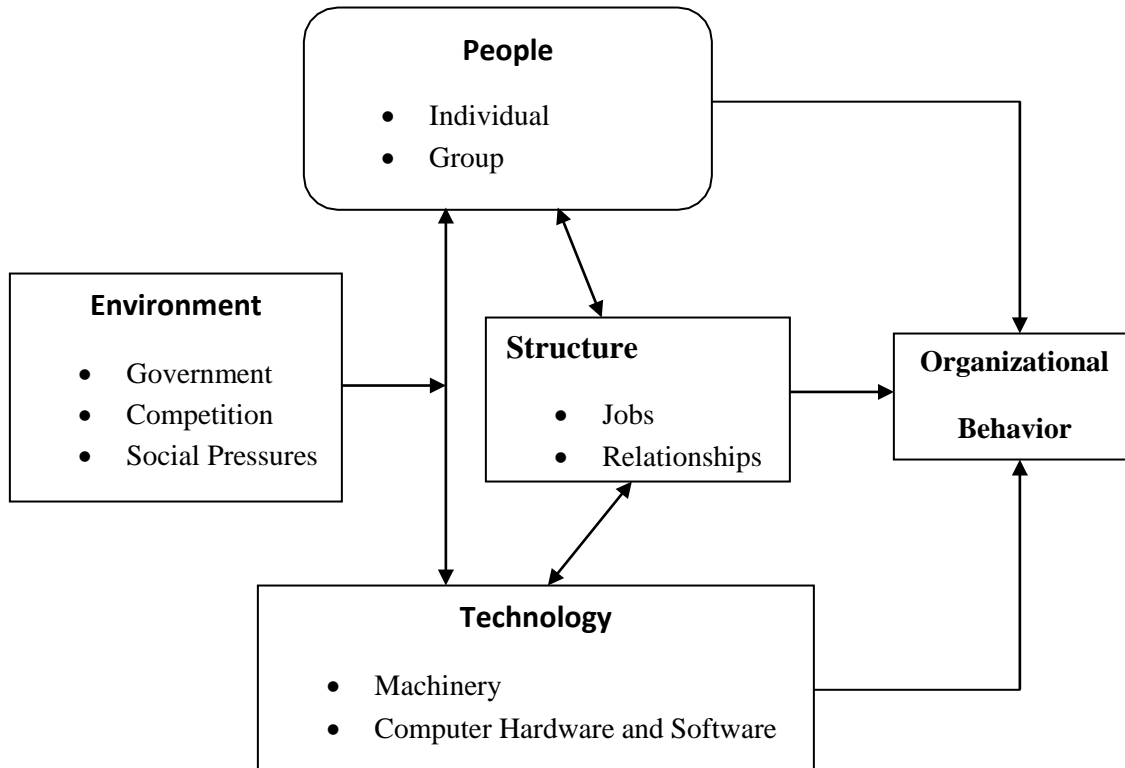
Systematic study involves looking at relationships, attempting to attribute causes and effects, and drawing conclusions based on scientific evidence.

#### **Management functions:**

- Planning
- Organizing

- Leading
- Controlling

**Elements of Organizational Behavior**



**Management roles:**

**A. Interpersonal roles**

1. Leadership: hiring, training, motivating, disciplining.
2. Figurehead: ceremonial and symbolic duties.
3. Liaison: contacting people for information.

**B. Informational roles**

1. Monitor: collecting information from environment.
2. Disseminator: transmitting information within organization.
3. Spokesperson: representing organization to outsiders.

**C. Decisional roles**

1. Entrepreneur: initiating new projects to improve performance.
2. Disturbance handler: correcting and solving problems.
3. Resource allocation: human, physical and monetary.

4. Negotiator: bargaining to goal advantages.

### **Management Skills**

- **Technical skills:** - The ability to apply specialized or expertise.
- **Human skills:** - The ability to work with, understands, and motivates other people, both individually and in groups.
- **Conceptual skills:** - The mental ability to analyze and diagnose complex situations. This includes looking at relationships, attempting to attribute causes looking at relationships, conclusions on scientific evidence.

- **Disciplines contributing to organizational behavior**

- ✓ Psychology
- ✓ Perception
- ✓ Motivation
- ✓ Emotions
- ✓ Personality
- ✓ Training
- ✓ Leadership effectiveness
- ✓ Job satisfaction
- ✓ Individual decision making
- ✓ Performance appraisal
- ✓ Attitude measurement
- ✓ Employee selection
- ✓ Work design
- ✓ Work stress

### **Disciplines contributing to organizational behavior**

#### **Sociology:**

1. Group dynamics
2. Work teams
3. Communication
4. Power
5. Conflict
6. Intergroup behavior

7. Formal organization theory
8. Organization change
9. Organization culture

**Social psychology:**

1. Behavioral change
2. Attitude change
3. Communication
4. Group processes
5. Group decision making

**Anthropology:**

1. Comparative values
2. Comparative attitude
3. Cross- cultural analysis
4. Organizational culture
5. Organizational environment

**Political science:**

1. Conflict
2. Power
3. Intra organizational politics

**Challenges and opportunities for organizational behavior**

1. Responding to globalization
2. Managing work force diversity
3. Improving quality and productivity
4. Responding to the labor shortage
5. Improving customer service
6. Improving people skills
7. Empowering people
8. Stimulating innovation and change
9. Helping employees balance work/ life conflicts
10. Improving ethical behavior

### **Basic concept related to organization**

The following concepts provide an insight into the functioning of organizations.

1. **Organizational hierarchy:** - The hierarchy in a business refers to the layers of management from the top management down to managers or supervisors of the lowest rank. In small business, usually, there are few layers of hierarchy.
2. **Authority and responsibility:** - Authority is the power to give command and to use discretion vested in that particular position or job. If the person is removed from the job he or she loses the authority. Responsibility is the obligation on the part of the subordinate to complete the given job.
3. **Delegation of authority:** - The process of transferring authority from the top to the lower levels in the organization is called delegation.

### **Principles of organization**

**Align departmental objectives to corporate goals:** - It is to be ensured that the objectives of different departments in the organization are unified and aligned to the corporate goals.

**Cost- effective operations:** - An organization is said to be efficient if it can achieve the goals at the lowest costs and with minimum undesirable consequences.

**Optimum number of subordinates:** - In each managerial position, there is a limit to the number of persons an individual can effectively manage.

**Specialization:** - Similar activities are grouped together to ensure better performance of the work and efficiency at each level.

**Define authority:** - The authority and responsibility relationships underlying each position in the organization have to be defined clearly to avoid confusion or misinterpretation.

**Flow of authority:** - This refers to the line of authority from the top management in an enterprise to other levels. If this is clear, then the terms of responsibility also can be understood.

**Manage via exceptional cases:** - An organization should be geared in such a way that manager's attention is drawn only to exceptional problems.

**Ensure one employee, one superior:** - Each subordinate should have only one superior. There should not be any room for conflict of command.

**One head and one plan:** - Every group of activities with common objective should be handled by one person and one plan. If handled by different persons, the organization may lose direction.

**Define responsibility:** - A superior is responsible for the omissions of his subordinates and at the same time the subordinates must be held responsible to their superiors for the performance of



the work assigned.

**Attain balance:** - Every organization needs to be a balance one. There are several factors such as decentralization of authority, delegation of authority, departmentation, span of control, and others, that have to be balanced to ensure the overall effectiveness of the structure in meeting the organizational objectives.

**Types of Organization**

An organization can be classified on the basis of authority relationships or on the basis of its departments.

**Line Organization:** - Line organization also called military or scalar organization. It is said to be the oldest and most traditional type of organization, which is widely used even today.

Merits	Demerits
A. It sets clearly the direct lines of authority and responsibility of a line manager	A. It is likely that the line manager is overburden with all tasks relating to a particular section
B. It is simple to understand	B. There no scope for specialization
C. Each section are department can be treated as a unit for control purposes	C. There is more scope for favoritism and Nepotism
D. It is flexible	D. It may lead to low morale in the organization
E. It facilitates quick decisions and prompt Actions	E. Instability is likely, due to lack of continuity

**Line and Staff Organization:** - The word –staffll means a stick for support. The staff members are specially appointed to give advice, and suggest, or assist the line managers in their day to day matters. The line manager can take the support of their staff mangers to get a full view of the issue under consideration.

Merits	Demerits
A. It enhances the quality of decisions	A. It may create more friction or conflict between line and staff managers
B. There is a greater scope for advancement	B. Staff suggestions are seldom implemented

C. It relieves the line managers	C. It is expensive to have both staff and line managers
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**Functional Organization:** - Taylor observed that one single foreman was overburdened with all the operations such as task setting, time recording, quality inspection, disciplinary jobs and so on.

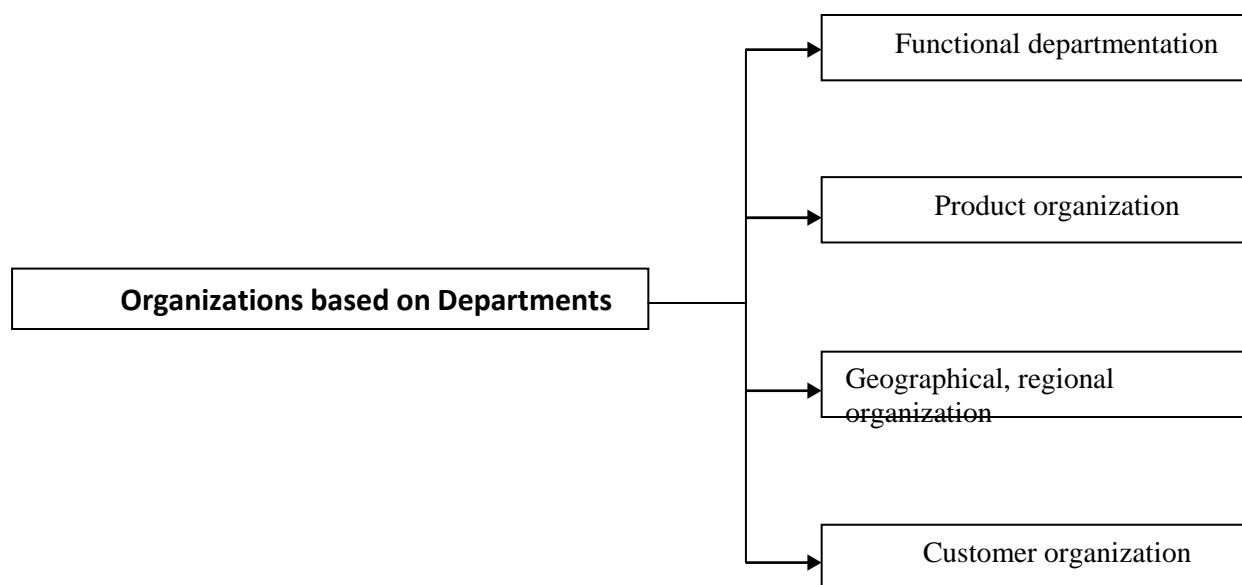
Merits	Demerits
A. Planned specialization	A. Ineffective controls as workers have more than one boss
B. Separates activities related to planning and control	B. Very costly
C. Facilitates large scale production through Standardization	C. Calls for more coordination
D. The disciplinary controls are well defined	D. No clear line authority

**Committee Organization:** - A committee is formed when two or more persons are appointed to work as a team to arrive at a decision on the matters referred to it. It is intended to utilize the knowledge, skills, and experiences of all the concerned parties. Particularly, in large organizations, problems are too big to be handled by one expert.

Merits	Demerits
A. It pools up the organizational resources in terms of knowledge, skills and experiences	A. Responsibility for decisions cannot be fixed on a particular person
B. It represents all interested groups and thus, facilitates group decision	B. It calls for high degree of coordination
C. It minimizes the fear of too much authority vested in one person	C. It involves high cost in terms of time and money
D. It motives all the concerned or affected groups to participate	

**Matrix Organization:** - This is also called project organization. It is a combination of all relationships in the organization- vertical, horizontal and diagonal. It is mostly used in complex projects. It provides a high degree of operational freedom, flexibility and adaptability for both the line and the staff managers in performing their respective roles.

Merits	Demerits
A. It offers operational freedom and flexibility	A. It calls for greater degree of coordination
B. It Seeks to optimize the utilization of Resources	B. It violates unity of command principle
C. It focuses on end results	C. It may be difficult to define authority
D. Maintain professional identity	D. Employees may find it frustrating to work



**Functional departmentation:** - This is similar to the modern view of functional structure of organizations. Marketing, engineering, production and finance are the basic functions of a manufacturing organization. So, the departments are also named accordingly.

Merits	Demerits
A. Here, each function or process is focused	A. It delays decisions and implementation
B. Specialization enhances the quality of Decisions	B. It calls for more coordination
C. It reduces the load on the senior executives	C. It is expensive in terms of time and resources
D. It offers better control	D. It may not be suitable for small organizations

E. Training needs can be well identified for career progression	
F. It is more suitable for large and medium organizations	

**Product Organization:** - Here, the departments are based on the products manufactured or services rendered. It is common in case of organizations specializing in different products or services. Such as manufacturing, financing, wholesaling, and the like.

Merits	Demerits
A. It strengthens the manufacturing facilities product wise or process- wise	A. Adequate number of qualified and professional managers may not be available
B. It provides for growth and diversification	B. Maintaining central services may not be cost-effective
C. It ensures better customer care	C. It tend to increase the problems of control for top management
D. All facilities are available under one roof	D. The organization may yet disintegrated with increasing focus on departments
E. Managers can be trained for senior positions	

**Geographical, regional, territorial Organization:** - This is further specialized type of organization, which is used to operate over wide geographic areas. Here, organization is divided into territories of regions commonly used for the decentralization of responsibility over certain areas. This is method is popularly used in sales and production functions.

Merits	Demerits
A. Responsibility is fixed at the territory level	A. It may be difficult for the top management to Monitor and control the territory level operations
B. Local facilities and resources can be well utilized	B. It may involve duplication of costs

C. Managers at lower level can be made more responsible	C. It may be difficult to find competent managers to head different locations
D. It trains managers for senior management positions	

### **Modern trends in organizational structure design**

Organization in the recent times have been gearing themselves to suit to the growing demands from their stakeholders in terms of responsiveness, flexible, agility, adaptability act. In this process, they are following organic structures which are more agile, flexible and adaptable to the changing circumstances. Virtual organizations, cellular organizations, team structure, boundary less organization and inverted pyramid organizations.

**Virtual Organization:** - Virtual organization facilitates competitiveness particularly when these organizations are part of the global economy. Here, there can be alliances and partnerships with other organizations almost all over world. It is a flexible organization structure that removes the traditional boundaries. It allows easy reassignment and reallocation of resources to take quick advantage of shifting opportunities in global markets.

**Cellular Organization:** - Organization structured around the units / cells that complete the entire assembly processes are called cellular organizations. In the modern organizations, cellular organizations have been replacing the continuous line or linear production process systems. In cellular organizations, workers manufacture total product or sub- assemblies in teams [cells].

**Team structure:** - A structure in which the entire organization is made up of work groups or teams is known as team structure. Team structures are both permanent and also temporary in nature as situation demands. In team structures, we find cross functional Teams meant for improving lateral relations, solving problems, completing special projects and accomplishing routine tasks.

**Boundary less Organization:** - As the name indicates, a boundary less organization eliminates internal boundaries among subsystems and external boundaries with external environment. It is a combination of team and net work structures with the addition of temporariness. Such type of organization structure is characterized by spontaneous team work and communication.

**Inverted pyramid:** - This is an alternative to the traditional chain of command. This is a structure which narrows at the top and wide at the base. It includes a few levels of management.

For instance, sales people and sale support staff sit on the top as the key decision makers for all the issues related to sales and dealing with the customers.

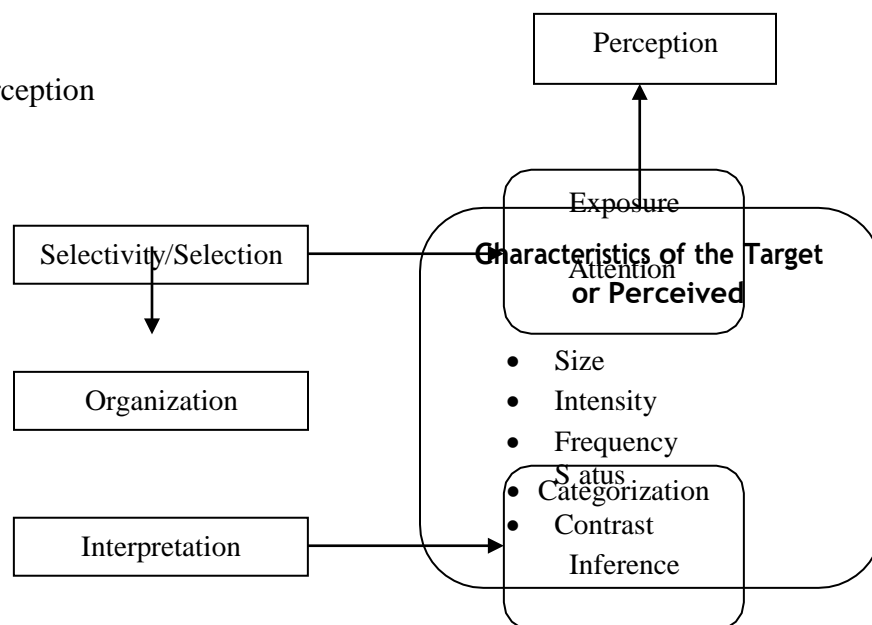
**Perception**

Perception (from the Latin *perception, perception*) is the process of attaining awareness or understanding of the environment by organizing and interpreting sensory information. All perception involves signals in the nervous system, which in turn result from physical stimulation of the sense organs. For example, vision involves light striking the retinas of the eyes, smell is mediated by odor molecules and hearing involves pressure waves. Perception is not the passive receipt of these signals, but can be shaped by learning, memory and expectation. Perception involves these "top-down" effects as well as the "bottom-up" process of processing sensory input. Perception depends on complex functions of the nervous system, but subjectively seems mostly effortless because this processing happens outside conscious awareness.

**Nature of Perception**

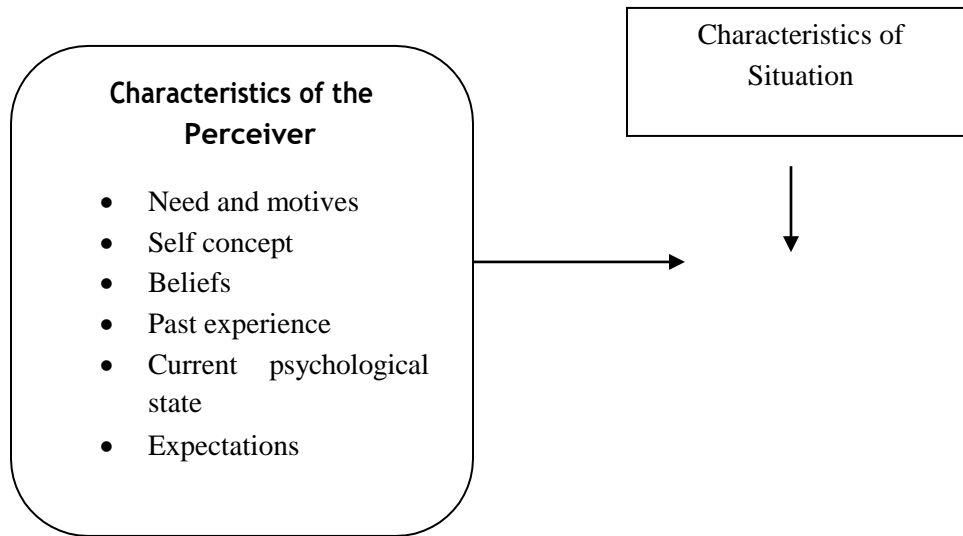
- Intellectual Process
- Cognitive or Psychological Process
- Subjective Process
- Socially Co-Created
- Culturally Influenced
- Self-Fulfillint

Process of Perception



↓

## Factors Influencing Perception



### Types

- Sound
- Touch
- Taste

### Learning

**Learning** is acquiring new or modifying existing knowledge, behaviors, skills, values, or preferences and may involve synthesizing different types of information. The ability to learn is possessed by humans, animals and some machines. Progress over time tends to follow learning curves.

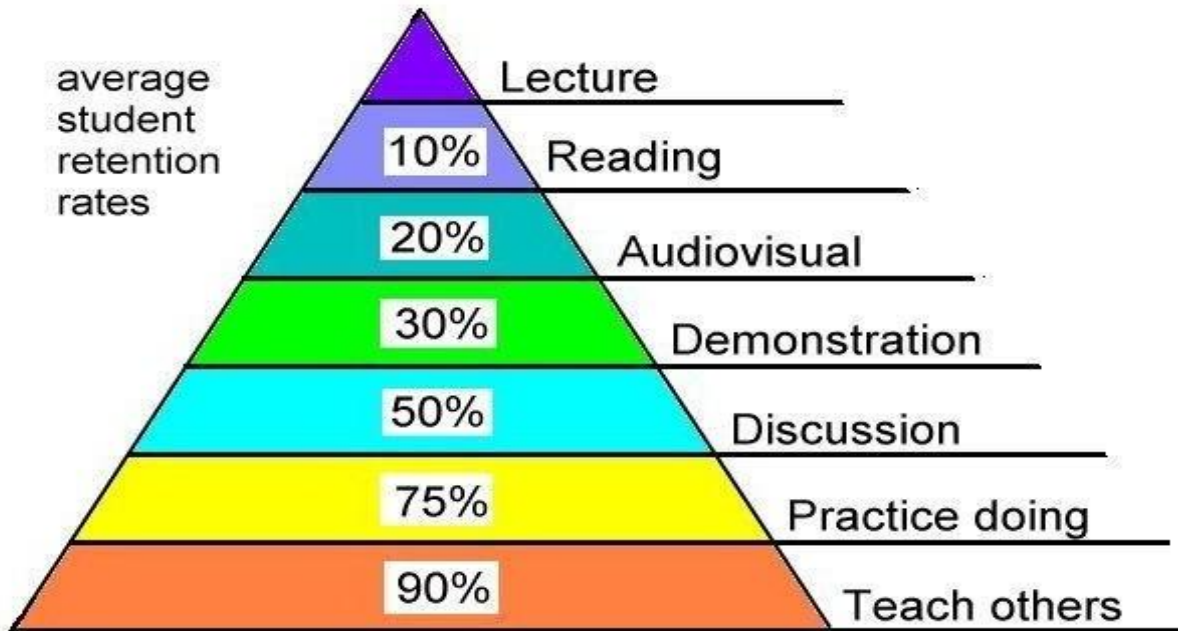
Play has been approached by several theorists as the first form of learning. Children play, experiment with the world, learn the rules, and learn to interact. Vygotsky agrees that play is pivotal for children's development, since they make meaning of their environment through play.

### **Nature of Learning**

- Learning is Growth

- Learning is Adjustment
- Learning is Organizing Experience
- Learning involves Acquiring of Knowledge and Skills

## Learning Pyramid



Source: National Training Laboratories, Bethel, Maine

**Characteristics of learning:** - Learning has the following characteristics.

**Learning involves change:** - As indicated earlier, people acquire new information which is processed in their condition. This process produces new knowledge. This knowledge brings changes in their existing pattern of behavior.

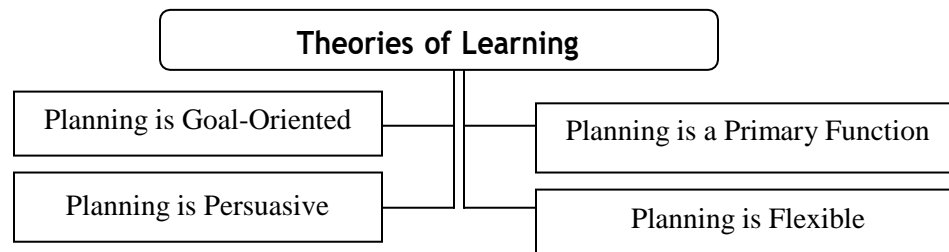
**Change must be relatively permanent:** - When the information acquired is converted into knowledge and wisdom, people change their behavior more or less permanently.

**Behavioral issues:** - The change in the knowledge and wisdom should produce different attitudes and values. These new attitudes and values should change the behavior. Then only it is called learning. In other words, the new attitudes and values not accompanied by change in behavior are not called learning.

**Experience-based:** - learning is based on experience. Experience may be direct or indirect, personal or through observation or through reading.



## Theories of learning



## Principles of learning

Individual learning in organizations has to be shaped and managed based on behavioral requirements in an organization as. Individual learning is managed with the help of reinforcement and punishment.

1. Law of effect
2. Reinforcement
3. Positive and negative reinforcers
4. Punishment

## Personality

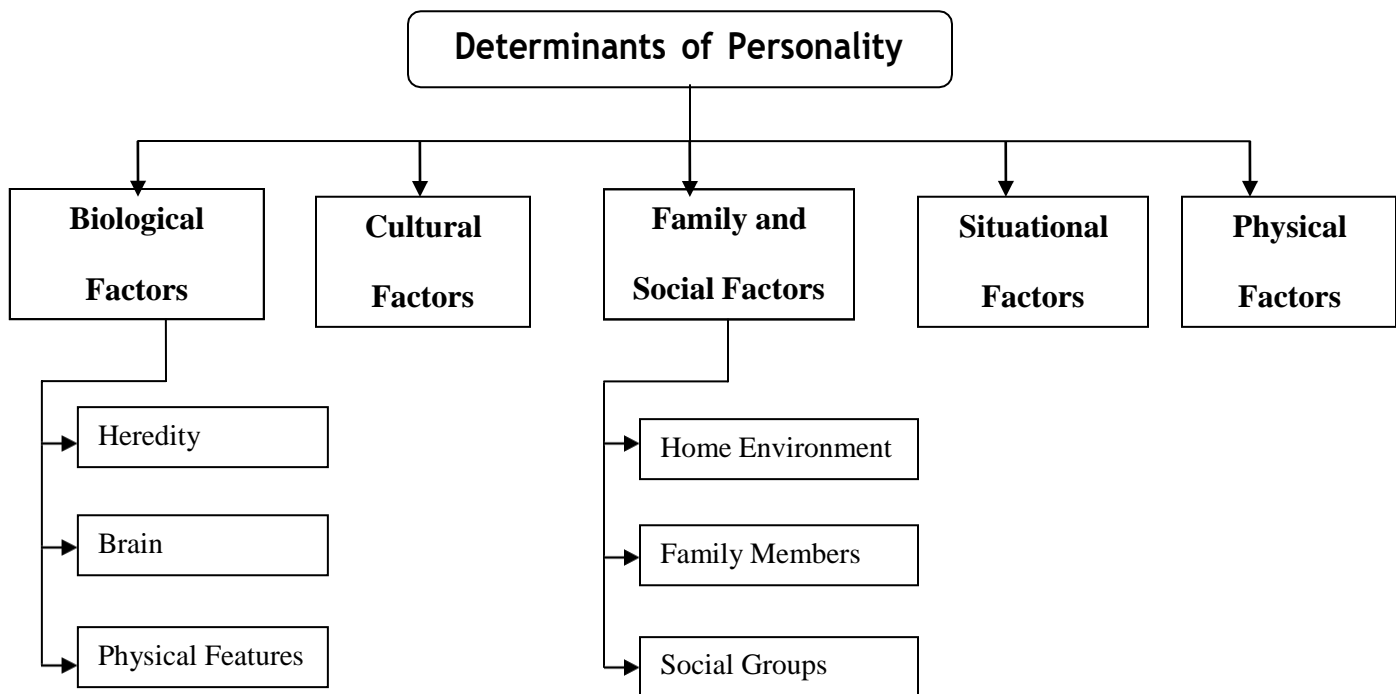
What does personality mean? People use different terms like good, popular, strong, honest, weak, polite, ECT. to denote personality. Behavioral scientists and common people define personality from different perspective.

The world personality can be traced to the Latin words ‘per sonar’ which are translated as –to speak through. According to Gordon all port, personality is –the dynamic organization within the individual of those psychological systems that determine his unique adjustments to his environment.

Fred Lufthansa defines the term personality as, –how people affect others and how they understand and view themselves, as well as their pattern of inner and outer measurable traits and the person- situation intervention.

Robbins defines personality as, –the sum total of ways in which an individual reacts to and interacts with others.

## Determinants of Personality



### Components of Personality

While there are many different theories of personality, the first step is to understand exactly what is meant by the term *personality*. A brief definition would be that personality is made up of the characteristic patterns of thoughts, feelings and behaviors that make a person unique. In addition to this, personality arises from within the individual and remains fairly consistent throughout life.

Some of the fundamental characteristics of personality include:

**Consistency** - There is generally a recognizable order and regularity to behaviors. Essentially, people act in the same ways or similar ways in a variety of situations.

**Psychological and physiological** - Personality is a psychological construct, but research suggests that it is also influenced by biological processes and needs.

**Impact behaviors and actions** - Personality does not just influence how we move and respond in our environment; it also *causes* us to act in certain ways

**.Multiple expressions** - Personality is displayed in more than just behavior. It can also be seen in our thoughts, feelings, close relationships and other social interactions.

### **Personality Types**

- Sensing Managers
- Intuitive Managers
- Feeling Managers
- Thinking Managers
- Intuitive Thinkers
- Sensation Feelers
- Sensation Thinkers
- Intuitive Feelers

### **Theories of Personality**

There are a number of different theories about how personality develops. Different schools of thought in psychology influence many of these theories. Some of these major perspectives on personality include:

**Type theories** are the early perspectives on personality. These theories suggested that there are a limited number of "personality types" which are related to biological influences.

**Trait theories** viewed personality as the result of internal characteristics that are genetically based.

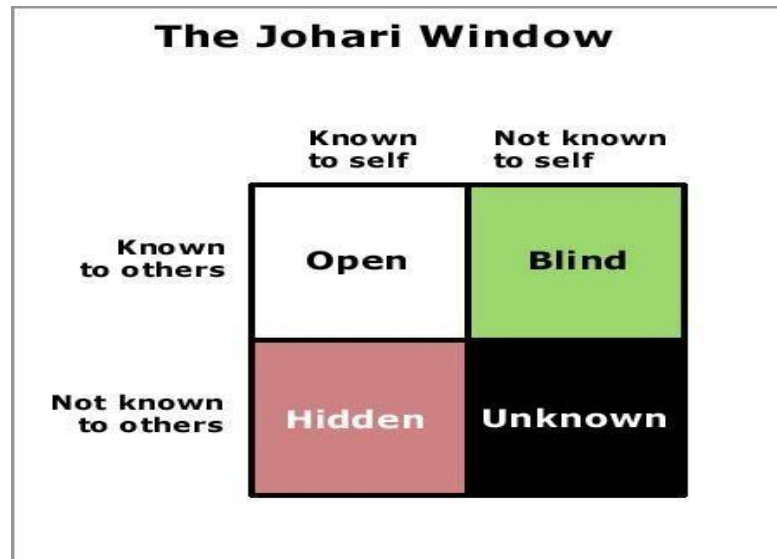
**Psychodynamic theories** of personality are heavily influenced by the work of Sigmund Freud, and emphasize the influence of the unconscious on personality. Psychodynamic theories include Sigmund Freud's psychosexual stage theory and Erik Erikson's stages of psychosocial development.

**Behavioral theories** suggest that personality is a result of interaction between the individual and the environment. Behavioral theorists study observable and measurable behaviors, rejecting theories that take internal thoughts and feelings into account. Behavioral theorists include B. F. Skinner and John B. Watson.

**Humanist theories** emphasize the importance of free will and individual experience in the development of personality. Humanist theorists include Carl Rogers and Abraham Maslow

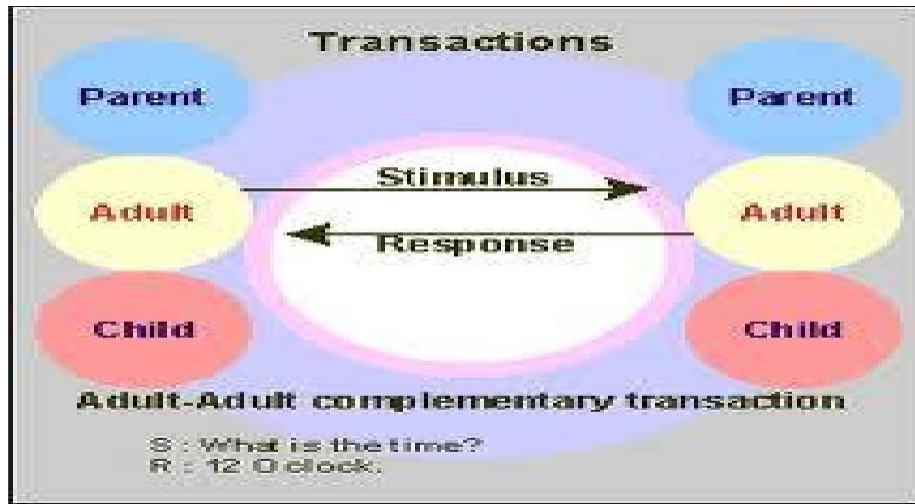
### **Johor window**

- The Johor window is a technique created by Joseph Loft and Harrington Ingham in 1955 in the United States, used to help people better understand their relationship with self and others. It is used primarily in self-help groups and corporate settings as a heuristic exercise.
- When performing the exercise, subjects are given a list of 56 adjectives and pick five or six that they feel describe their own personality. Peers of the subject are then given the same list, and each pick five or six adjectives that describe the subject. These adjectives are then mapped onto a grid.
- An alternative mechanism for determining an individual's Johor Window is to plot the scores from the Personal Effectiveness Scale (PES). The Scale comprises three factors: Self-Disclosure, Openness to Feedback & Perceptiveness.
- The Self-Disclosure score is to be plotted horizontally, whereas the Openness to Feedback score is to be plotted vertically. The Johor Window formed naturally displays the sizes of the Open, Hidden, Blind Spot & Unknown areas, the Dream Johor Window. The sizes of the areas in the Dream Johor Window may be different from the sizes of the same areas in the current Johor Window. The Dream Johor Window represents what an individual wants his/her personality to be like. The individual having a Dream Johor Window identical to the current Johor Window may have a balanced personality. The Perceptiveness score from the PES indicates how likely it is for the individual to achieve the Dream Johor Window.
- For example, a LOW score on the PES indicates less possibility of transition.



- **Open:** Adjectives that are selected by both the participant and his or her peers are placed into the Open quadrant. This quadrant represents traits of the subjects that both they and their peers are aware of.
- **Hidden:** Adjectives selected only by subjects, but not by any of their peers, are placed into the Hidden quadrant, representing information about them their peers are unaware of. It is then up to the subject to disclose this information or not.
- **Blind Spot:** Adjectives that are not selected by subjects but only by their peers are placed into the Blind Spot quadrant. These represent information that the subject is not aware of, but others are, and they can decide whether and how to inform the individual about these "blind spots".
- **Unknown:** Adjectives that were not selected by either subjects or their peers remain in the Unknown quadrant, representing the participant's behaviors or motives that were not recognized by anyone participating. This may be because they do not apply or because there is collective ignorance of the existence of these traits.
- **Transactional analysis**
- (TA to its adherents), is an integrative approach to the theory of psychology and psychotherapy.
- It is described as integrative because it has elements of Psychoanalytic, humanist and cognitive approaches.
- TA was first developed by Canadian-born US psychiatrist Eric Berne, starting in the late 1950s.

According to the International Transactional Analysis Association, TA 'is a theory of personality and a systematic psychotherapy for personal growth and personal change'.



## Components of Transactional Analysis

### Ego States

Parent ego  
Nurturing parent ego  
Critical parent ego  
Adult ego  
Child ego  
Natural child  
Adaptive child  
Rebellionchild

### Types of Transactions

Complementary  
Non-Complementary transactions

### Gallows transactions

### Life Positions

#### Advantages of Transaction Analysis

1. Interpersonal Effectiveness
2. Organizational Development
3. Conflict Resolution
4. Executive Development

#### Dies-Advantages of Transactional Analysis

1. Difficult to understand
2. Encourage Amateur Psychologising
3. Tool of manipulation

## UNIT-IV

### INDIVIDUAL AND GROUP BEHAVIOR

#### **Meaning and Definition of Group**

A group consists of two or more persons who interact with each other, consciously for the achievement of certain common objectives. The members of the group are independent and are aware that they are part of a group. Groups exist in every organization and they affect the behavior of their members.

**According to Stephen Robbins,** –A group may be defined as two or more individuals, interacting and interdependent, who have come together to achieve particular objectives.

**According to Marvin Shaw,** –A group comprises, of two or more persons who interact with one another in such a manner that each person influences and is influenced by each other person.

#### **Nature of Group**

- Two or more persons
- Collective Identity
- Interaction
- Shared goal interest

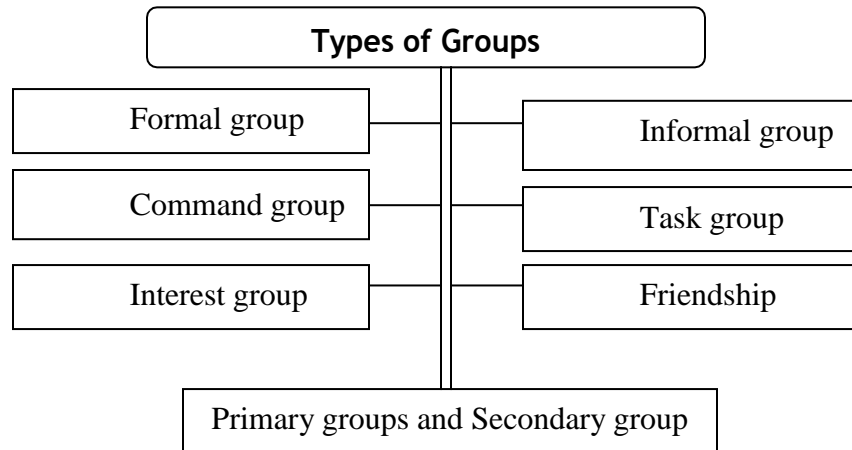
#### **Reasons for Joining Group**

- Personal attraction
- Group activities
- Group goals
- Security and social affiliations
- Status and self-esteem
- Power

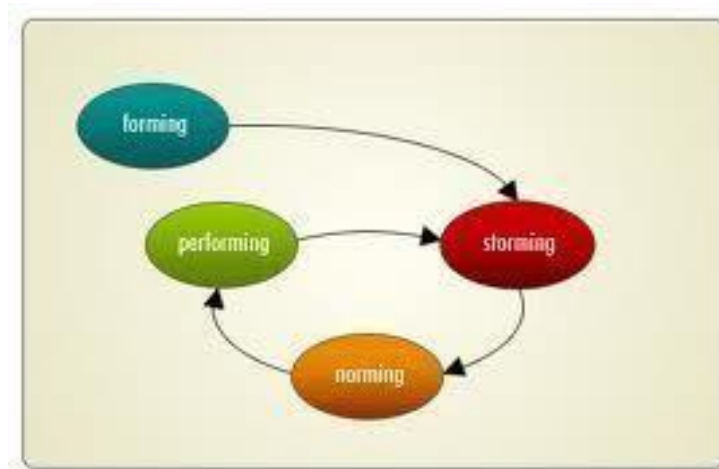
#### **Need or Benefits for Forming a Group**

- Security
- Empowerment through sharing of resources
- Becoming a leader
- Synergy
- Goal achievement
- Status
- Affiliation needs
- Self-esteem

## Types of Groups



## Group formation and Development



## Motivation

- Motivation is derived from the word motive. –A motive is an inner state that energizes, activates or moves and directs or channels behavior towards goals.¶
- –Motivation represents an unsatisfied need which creates a state of tension or disequilibrium, causing the individual to move in a goal directed pattern towards restoring a state of equilibrium by satisfying the need.¶
- Motivation is a process that starts with a physiological or psychological deficiency or need that activates behavior or a drive that is aimed at a goal or ‘incentive.’ Thus, the process of motivation lies in the meaning of and relationship among needs, drives and incentives.



## The basic motivation process

### The three basic phases of motivation

Need	Drive	Goals/ Incentives
[Deficiency]	[Deficiency with direction]	[Reduction of drives and fulfills deficiencies]

1. Effort
2. Persistence
3. Direction

### Nature of motivation

- Motivation is a continuous process
- Motivation is a psychological concept
- The entire individual is motivated
- Frustrated individual fails to motivated
- Goals lead to motivation
- The self concept as a unifying force

### Features of motivation

- Motivation is individual's internal feeling
- Motivation is concerned with the total person
- Motivation = anticipated values x perceived probability
- Motivation is the willingness to exert
- Motivation involves

### Types of motivation

- Positive motivation or pull mechanism
- Negative motivation or push mechanism

### Steps in motivation

- Sizing up
- Preparing a set of motivating tools
- Selecting and applying motivators
- Feedback

**Theories of motivation:** - There are several approaches and theories of motivation. These theories of motivation are broadly classified into content theories, process theories and reinforcement theory. The classification of the theories of motivation is presented in below figure.

**Maslow's theory of hierarchy of needs**

The most popular and important content theories of motivation are the Maslow's theory. According to Maslow, human needs form a hierarchy, starting at the bottom with the physiological needs ascending to the highest need of self- actualization as shown below. He says when one set of needs are satisfied, they no longer work as motivation as a man seeks to satisfy the next higher level.

**The need hierarchy**

1. Physiological needs
2. Security/ Safety needs
3. Social needs [Affiliation or acceptance needs]
4. Esteem needs
5. Self- Actualization needs



### **The need hierarchy**

**Physiological needs:** - These are the basic necessities of human life- food, water, warmth, shelter, sleep and sexual satisfaction. Maslow's says that until these needs are satisfied to the required level, man does not aim for the satisfaction of the next highest level needs. As for as work organization is concerned, these needs include basic needs like pay, allowance, incentives and benefits.

**Security/ safety needs:** - These refer to the need to be free of physical danger or the feeling of loss of food, or job or shelter. When the physiological needs sure satisfied, man starts thinking of the way by which he can continue to satisfy these physiological needs. These needs as far as work organization is concerned include: conformity, security plans, membership in unions, severance pay act.

**Social needs [Affiliation or Acceptance needs]:-** When the physiological and security needs are satisfied, these social needs being occupying the mind of a man. This is exactly why he looks for the Association of other human beings and strives hard to be accepted by its group. Social needs at work place include: human relations, formal and informal work group.

**Esteem needs:** - These needs are power, prestige, and status and self- confidence. Every man has a feeling of importance and he wants others to regard him highly. These needs make people

aim high and make them achieve something great. These needs for employees include: status symbols, awards, promotions, titles act.

**Self- Actualization needs:** - This is the highest need in hierarchy. This refers to the desire to become what one is capable of becoming. Man tries to maximize his potential and accomplish something, when this need is activated in him.

### **Douglas McGregor's Theory X&Y**

Douglas McGregor proposed two altogether different views of human beings. One view is basically negative of human beings called X and the other is basically positive of human beings called theory Y.

**Assumptions of theory X:** - Theory X is a traditional set of assumptions about people.

The assumptions held by managers under theory X include

- The typical person dislikes work and will avoid it, if possible
- The typical person lacks personality, has little ambition and seeks security about all and
- Most people must be coerced, controlled and threatened with punishment to get them to work

**Assumptions of Y theory:** - Theory Y implies a more positive, human and supportive approach to managing people. The assumptions of Y includes

- People view work as being as natural as rest or play
- People will exercise self- direction and self- control, if they are committed the organizational objectives
- The average person can learn to accept and/ or seek responsibility
- People are not inherently lazy. They have become that way as a consequence of their experience and
- People have potential. Under proper conditions, they learn to accept and seek responsibility

### **Belzberg's Two- Factor Theory of Motivation**

Maslow's theory has been modified by Herzberg and he called it two- factor theory of motivation. According to him, the first groups of needs are things such as company policies, administration, and supervision.

### **David McClelland's Needs Theory**

**Dave McClelland** developed a theory of motivation that focused particularly on the need for achievement, power, and affiliation. He contends that individuals acquire certain needs from the culture of a society by learning from the events that they experience, particularly in early life.

**Need for Achievements:** - McClelland's defined as -behavior toward competition with a standard of excellence. He and his associates defined four characteristics of individuals with a high need for achievement

- A strong desire to assume personal responsibility for finding solutions to problems or performing a task.
- A tendency to set moderately difficult achievement goals and to take calculated risks.
- A strong desire for concrete performance feedback on tasks, and
- A single-minded preoccupation with task accomplishment.

**Need for Power:** - The need for power defined as the need to control the environment, to influence the behavior of others, and to be responsible for them.

- A desire to direct and control someone else, and
- A concern for maintaining leader-follower relations.

**Need for Affiliation:** - The need for affiliation defined as an -attraction to another organism in order to feel reassured from the other that the self is acceptable.

- A strong desire for approval and reassurance from others.
- A tendency to conform to the wishes and norms of others when pressured by people whose leadership they value.
- A sincere interest in the feelings of others.

### **GROUP ROLE**

A role means a set of expected behavior pattern attached to a position or post in a social unit. In an organization, an employee's role is briefly indicated by a position title and elaborately specified by a job description. As regards group roles, these are designated and assigned in formal groups. These roles are prescribed by the organization with a view to make division among workers and assign them responsibility. But, group roles are usually not explicitly prescribed in informal groups. That is why in

informal groups, one group member may perform several roles or several members may also perform the same role.

### **Types of Group Roles**

In practice, the group members may be expected to perform a variety of different roles. A complete listing of these group roles would be very lengthy. However, the three most relevant group roles are discussed as follows:

(i) **Work Roles:** These roles relate to task-oriented activities involved in accomplishing the group tasks or group goals. Developing a strategy for accomplishing the task, assigning jobs, evaluating work progress and clarifying the group goals are the examples of work roles related to task-oriented activities.

(ii) **Maintenance Role:** These roles relate to social-emotional activities of group members that help maintain their involvement and commitment to group. Examples of these roles may be encouraging other fellow members to participate, praising and rewarding other members for their excellent contribution and similar other activities designed to maintain a friendly group atmosphere.

(iii) **Blocking Roles:** These are the activities that disrupt or destroy the group. These activities may include such things as dominating the discussion, attacking other group members, disagreeing unreasonably with other group members and distracting group by unnecessary humor.

### **GROUP NORMS**

A norm is accepted by group members. It is a rule of conduct that has been established by group members. They are standardized generalizations concerning expected behavior in matters that are of some importance of the group. A rule dictates what must be done by another whereas norm refers to what should be done. Group norm is a standard of behavior. In other words, group norm is a rule that tells the individual how to behave in a particular group. Thus, group norms identify the standards against which behavior of group members will be evaluated and help the group members know what they should not do. Norms could be formal or could be informal.

A group can be defined as two or more interacting and interdependent individuals who come together to achieve particular objectives. A group behavior can be stated as a course of action a group takes as a family.

For example: Strike.

Types of Groups

There are two types of groups an individual forms.

- Formal groups and
- Informal groups.

Let us know about these two groups.

### **Formal Groups**

These are the type of work groups created by the organization and have designated work assignments and rooted tasks. The behavior of such groups is directed toward achieving organizational goals.

These can be further classified into two sub-groups –

- **Command group** – It is a group consisting of individuals who report directly to the manager.
- **Interest group** – It is a group formed by individuals working together to achieve a specific objective.
- **Example** – A group of workers working on a project and reporting to the same manager is considered as a command group. A group of friends chilling out together is considered as interest group or say members of a club.

Informal Groups

These groups are formed with friendships and common interests. These can be further classified into two sub-groups –

- **Task group** – those working together to finish a job or task is known as task group.
- **Friendship group** – those brought together because of their shared interests or common characteristics is known as friendship group.

### **Why Do People Join Groups**

There is no particular reason answering why individuals join groups. Group helps individual to feel stronger, have fewer self-doubts, and be more contrary to threats.

The following points help us understand the need of joining a group by individuals –

- **Security mirrors strength in numbers.** Status pinpoints a prestige that comes from belonging to a specific group. Inclusion in a group is considered as important because it provides recognition and status.
- **Self-esteem transmits people's feelings of self-worth.** Membership can sometimes raise feelings of self-esteem like being accepted into a highly valued group.
- **Affiliation with groups can meet one's social needs.** Work groups significantly contribute to meet the need for friendships and social relations.
- **Groups represent power.** What mostly cannot be achieved individually becomes possible with group effort. Power might be aimed to protect themselves from unreasonable demands. Informal groups provide options for individuals to practice power.
- **People may join a group for goal achievement.** Sometimes it takes more than one person to accomplish a particular task.

### **Group Roles**

The concept of roles is applicable to all employees within an organization as well as to their life outside the organization. A role is a set of expected behavior patterns attributed to the one who occupies the position demanded by the social unit.

Individuals play multiple roles at the same time. Employees attempt to understand what kind of behavior is expected from them. An individual when presented by divergent role expectations experiences role conflict. Group roles are divided into three types –

- Task-oriented Roles
- Relationship-oriented Roles
- Individual Roles

### **Task-oriented Roles**

Roles allotted to individuals according to their work and eligibility is known as task-oriented roles. Task-oriented roles can broadly divide individuals into six categories initiator, informer, clarifier, summarizer, reality tester and information seekers or providers respectively.

- **Initiator** – the one who proposes, suggests, defines.
- **Informer** – the one who offers facts, expresses feelings, gives opinions.
- **Clarifier** – the one who interprets, defines, clarifies everything.
- **Summarizer** – the one who links, restates, concludes, summarizes.



- **Reality Tester** – the one who provides critical analysis.
- **Information seekers or providers** – the one who gives information and data.

These roles present the work performed by different individuals according to their marked designation.

### **Relationship-oriented Roles**

Roles that group individuals according to their efforts made to maintain healthy relationship in the group and achieve the goals are known as relationship-oriented roles. There are five categories of individuals in this category namely: harmonizer, gatekeeper, consensus tester, encourager, and compromiser.

- **Harmonizers** – the one who limits tension and reconciles disagreements.
- **Gatekeeper** – the one who ensures participation by all.
- **Consensus Tester** – the one who analyzes the decision-making process.
- **Encourager** – the one who is warm, responsive, active, shows acceptance.
- **Compromiser** – the one who admits error, limits conflict.

These roles depict the various roles an individual plays to maintain healthy self as well as group relationships.

### **Individual Roles**

Roles that classify a person according to the measure of individual effort put in the project aimed is known as individual roles. Five types of individuals fall into these roles: aggressor, blocker, dominator, cavalier, and avoidance.

- **Aggressor** – the one who devalues others, attacks ideas.
- **Blocker** – the one who disagrees and rebels beyond reason.
- **Dominator** – the one who insists superiority to manipulate.
- **Cavalier** – the one who takes part in a group non-productively.
- **Avoidance** – the one who shows special interest to avoid

task. These are the various roles a person plays in an organization.

### **Well-Functioning Groups**

We know what a group is, why it is important to form a group, and what the group-oriented roles are. Now we need to know how to mark a group as a well-functioning group, what features are necessary for a group to mark it as efficient.

A group is considered effective when it has the following characteristics.

- Relaxed, comfortable, friendly atmosphere.

- Task to be executed are well understood and accepted.
- Members listen well and actively participate in given assignments.
- Assignments are made clear and are accepted.
- Group is acquainted of its operation and function.
- People express their feelings and ideas openly.
- Consensus decision-making process is followed.
- Conflict and disagreement center regarding ideas or method.

## UNIT-V

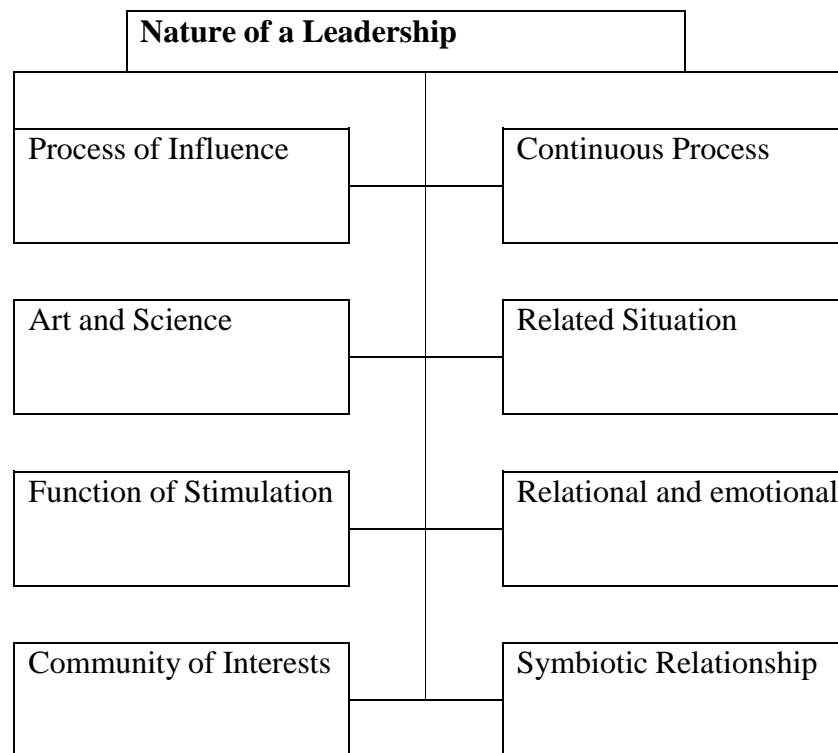
### LEADERSHIP, MOTIVATION AND ORGANIZATIONAL STRUCTURE

Leadership is defined as –the process whereby one individual influences other group members towards the attainment of defined group or organizational goals. |

**According to Hollander,** –Leadership is a process of influence between a leader and those who are followers |.

**According to Hemphill and Coons,** –Leadership is the behavior of an individual when he is directing the activities of a group toward a share goall.

#### **Nature of a Leadership**



#### **Qualities of a Leader**

- Intelligence
- Sound Physique
- Responsibility
- Trustworthy
- Spirit of Enthusiasm
- Confidence

- Must do Things in Systematic manner
- Significant Level of Tolerance
- Focused
- Committed to Excellence

### **Effectiveness of leaders**

- Task achievement
- Development of individuals
- Building the team
- Make the vision tangible

### **Leader's power**

- Reward power
- Coercive power
- Legitimate power
- Expert power
- Referent power

**Leadership styles:** - leadership is practiced by its styles which may be positive or negative. The style used by the military officers and traditional managers are mostly negatives whereas those of the modern and high technology organizations are positive.

- Autocratic/ Dictator Leadership style
- Democratic/ Participative leadership style
- Bureaucratic leadership style
- Diplomatic leadership style
- Laicize- fair leadership style

### **Theories of a Leadership**

#### **Traditional theory**

- Trait theory
- Group and exchange theory

#### **Behavioral theory**

- Continuous theory
- Liker's four systems
- Managerial grid

- Leader- participation model

### **Contingency/ situation theories**

- Fielder's contingency theory
- Path- goal theory
- Hersey and Blanchard's life- cycle/ Situational approach

### **Modern theories**

- Charismatic leadership
- Transformational leadership theory

### **Trait theory**

Trait theories of leadership sought personality, social, physical or intellectual traits those differentiated leaders from non-leaders. Trait theorists refer the people like Mahatma Gandhi, India Gandhi, Nelson Mandela, and describe them in terms of charismatic, enthusiastic and courageous.

Trait theories assume that leaders are born not made. The research studies focus on personal traits or characteristics that distinguish the leaders from the followers and a successful leader from an unsuccessful leader. A number of research studies were conducted during the last

50 years. The cumulative findings of these studies conclude that some traits increase the likelihood of success as a leader, but more of the traits guarantee success.

### **Stodgily classified these theist into five categories**

- Intelligence and scholarship.
- Physical traits like age, height, weight, strength act.
- Personality characterized by self-confidence, honesty, integrity, creativity and imitation.
- Social status and experience.
- Task-orientation.

### **Managerial Grid Theory**

Industrial psychologists Blake and Mouton developed the managerial grid basing on the Ohio State study. The managerial grid identifies a range of management behavior based on the Different ways how production/service-oriented and employee-oriented styles interact with each other.

### **Transactional vs. transformational Leadership**

Transformational leadership theory conceptualizes such developments two types of

political leadership viz., transactional and transformational are identified. Transactional leadership involves an exchange relationship between leaders and followers. Whereas transformational leadership is based on leaders shifting the values, beliefs and needs of the followers.

**The characteristics of transformational leaders include:**

- ✓ Identify themselves as change agents
- ✓ Courageous
- ✓ Believe in people
- ✓ Value-driven
- ✓ Lifelong learners
- ✓ Have the ability to deal with complexity, ambiguity and uncertainty.
- ✓ Visionaries.

**Change Management**

Change is the law of nature. It is a necessary way of life in most organizations for their survival and growth. Though there may be some discontentment during the early days of the change, persons learn to meet the change and adopt themselves to the changing situation; hence, resistance to change would be a short- term phenomenon.

The term ‘\_Organizational change’ implies the creation of imbalance in the existent pattern or situation. Adjustment among people, technology and structural set up is established when an organization operates for a long time.

Human resource is an important factor in the adjustments among individuals as well as between the organization and environment, as an organization is mostly composed of people. Individual members can resist either individually or in a group.

Change could be both reactive and proactive. A proactive change has necessarily to be planned to attempt to prepare for anticipated future challenges. A reactive change may be an automatic response or a planned response to change taking place in the environment.

**Reasons for resistance:** - Some of the important reasons for resistance to change are as follows.

**Economic reasons**

- Fear of reduction in employment
- Fear to demotion
- Fear of work load

### **Personal reasons**

- Need for training
- Boredom and monotony
- No participation in change

### **Social reasons**

- Need for new social adjustment
- Taking change as imposed from outside
- Other considerations

### **Principles of change**

- Estimating the reasons for the possible resistance to change and preparing to allay their fears.
- Mindful of channels of authority.
- Preparedness for all questions and criticism.
- Creating interest in them, convincing them and preparing them.
- Keeping in touch with the process of change.

### **Approaches to organizational change**

- Participation of employees
- Planning for change
- Protecting employees interests
- Group dynamics
- Cautions and slow introduction
- Positive motion
- Sharing the benefits of change
- Training and development
- Career planning and development
- Organization development

### **Change Management:**

Organizational Change Management is the practice of managing enterprise changes such as mergers & acquisitions, restructuring, process changes and culture transitions. It's often focused on the people side of change socializing change to reduce resistance and gain acceptance. In many cases, organizational change management is an executive management function or is a

program run by the human resources department. Its primary objective is to convert resistance into positive outcomes such as improved strategies and plans. Its goal is to establish a culture that embraces change. Departments and teams that are faced with an environment of constant change often develop their own change management practices. The focus of departmental change management may be to improve the success rate of changes and prioritize change to match available budget and resource constraints.

### **McClelland's Human Motivation Theory**

McClelland's theory of needs is one such theory that explains this process of motivation by breaking down what and how needs are and how they have to be approached. David McClelland was an American Psychologist who developed his theory of needs or Achievement Theory of Motivation which revolves around three important aspects, namely, Achievement, Power and Affiliation. This theory was developed in the 1960's and McClelland's points out that regardless of our age, sex, race or culture, all of us possess one of these needs and are driven by it. This theory is also known as the Acquired Needs as McClelland put forth that the specific needs of an individual are acquired and shaped over time through the experiences he has had in life. Psychologist David McClelland advocated Need theory, also popular as Three Needs Theory. This motivational theory states that the needs for achievement, power, and affiliation significantly influence the behavior of an individual, which is useful to understand from a managerial context.

### **Need for Achievement**

The need for achievement as the name itself suggests is the urge to achieve something in what you do. If you are a lawyer it is the need to win cases and be recognized, if you are a painter it is the need to paint a famous painting. It is the need that drives a person to work and even struggle for the objective that he wants to achieve. People who possess high achievement needs are people who always work to excel by particularly avoiding low reward low risk situations and difficult to achieve high risk situations.

Such people avoid low risk situations because of the lack of a real challenge and their understanding that such achievement is not genuine. They also avoid high risk situations because they perceive and understand it to be more about luck and chance and not about one's own effort. The more the achievements they make the higher their performance because of higher levels of motivation. These people find innovative clever ways to achieve goals and consider their



achievement a better reward than financial ones. They take calculated decision and always appreciate feedback and usually works alone.

The individuals motivated by needs for achievement usually have a strong desire of setting up difficult objectives and accomplishing them. Their preference is to work in the result oriented work environment and always appreciate any feedback on their work. Achievement based individuals take calculated risks to reach their goals and may circumvent both high-risk and low-risk situations. They often prefer working alone. This personality type believes in a hierarchical structure derived primarily by work based achievements.

### **Need for power**

The need for power is the desire within a person to hold control and authority over another person and influence and change their decision in accordance with his own needs or desires. The need to enhance their self esteem and reputation drives these people and they desire their views and ideas to be accepted and implemented over the views and ideas over others. These people are strong leaders and can be best suited to leading positions. They either belong to Personal or Institutional power motivator groups. If they are a personal power motivator they would have the need to control others and a institutional power motivator seeks to lead and coordinate a team towards an end.

The individuals motivated by needs for power have a desire to control and influence others. Competition motivates them and they enjoy winning arguments. Status and recognition is something they aspire for and do not like being on the losing side. They are self-disciplined and expect the same from their peers and teams. They do not mind playing a zero-sum game, where, for one person to win, another must lose and collaboration is not an option. This motivational type is accompanied by needs for personal prestige, and a better personal status.

### **Need for Affiliation**

The need for affiliation is urging of a person to have interpersonal and social relationships with others or a particular set of people. They seek to work in groups by creating friendly and lasting relationships and have the urge to be liked by others. They tend to like collaborating with others to competing with them and usually avoid high risk situations and uncertainty

The individuals motivated by needs for affiliation prefer being part of a group. They like spending their time socializing and maintaining relationships and possess strong desire to be loved and accepted. These individuals stick to basics and play by the books without feeling a

need to change things, primarily due to a fear of being rejected. People in this group tend to adhere to the norms of the culture in that workplace and typically do not change the norms of the workplace for fear of rejection. Collaboration is the way to work for them competition remains secondary. They are not risk seekers and are more cautious in their approach. These individuals work effectively in roles based on social interactions, for instance, client service and other customer interaction positions.

### **Expectancy Theory of Motivation**

The expectancy theory was proposed by Victor Vroom of Yale School of Management in 1964. Vroom stresses and focuses on outcomes, and not on needs unlike Maslow and Herzberg. The theory states that the intensity of a tendency to perform in a particular manner is dependent on the intensity of an expectation that the performance will be followed by a definite outcome and on the appeal of the outcome to the individual.

The Expectancy theory states that employee's motivation is an outcome of how much an individual wants a reward (Valence), the assessment that the likelihood that the effort will lead to expected performance (Expectancy) and the belief that the performance will lead to reward (Instrumentality). In short, Valence is the significance associated by an individual about the expected outcome. It is an expected and not the actual satisfaction that an employee expects to receive after achieving the goals. Expectancy is the faith that better efforts will result in better performance. Expectancy is influenced by factors such as possession of appropriate skills for performing the job, availability of right resources, availability of crucial information and getting the required support for completing the job.

Instrumentality is the faith that if you perform well, then a valid outcome will be there. Instrumentality is affected by factors such as believe in the people who decide who receives what outcome, the simplicity of the process deciding who gets what outcome, and clarity of relationship between performance and outcomes.

Thus, the expectancy theory concentrates on the following three relationships:

- Effort-performance relationship: What is the likelihood that the individual's effort be recognized in his performance appraisal?
- Performance-reward relationship: It talks about the extent to which the employee believes that getting a good performance appraisal leads to organizational rewards.

- Rewards-personal goals relationship: It is all about the attractiveness or appeal of the potential reward to the individual.

Vroom was of view that employees consciously decide whether to perform or not at the job. This decision solely depended on the employee's motivation level which in turn depends on three factors of expectancy, valence and instrumentality.

#### **Advantages of the Expectancy Theory**

- It is based on self-interest individual who want to achieve maximum satisfaction and who wants to minimize dissatisfaction.
- This theory stresses upon the expectations and perception; what is real and actual is immaterial.
- It emphasizes on rewards or pay-offs.
- It focuses on psychological extravagance where final objective of individual is to attain maximum pleasure and least pain.

#### **Limitations of the Expectancy Theory**

- The expectancy theory seems to be idealistic because quite a few individuals perceive high degree correlation between performance and rewards.
- The application of this theory is limited as reward is not directly correlated with performance in many organizations. It is related to other parameters also such as position, effort, responsibility, education, etc.

#### **Implications of the Expectancy Theory**

1. The managers can correlate the preferred outcomes to the aimed performance levels.
2. The managers must ensure that the employees can achieve the aimed performance levels.
3. The deserving employees must be rewarded for their exceptional performance.
4. The reward system must be fair and just in an organization.
5. Organizations must design interesting, dynamic and challenging jobs.
6. The employee's motivation level should be continually assessed through various techniques such as questionnaire, personal interviews, etc.

**THANK YOU**