

MANAGEMENT AND ORGANISATIONAL BEHAVIOUR

UNIT-I

INTRODUCTION TO MANAGEMENT

Concept of Management

The term 'management' has been used in different senses. Sometimes it refers to the process of planning, organizing, staffing, directing, coordinating and controlling, at other times it is used to describe it as a function of managing people. It is also referred to as a body of knowledge, a practice and discipline. There are some who describe management as a technique of leadership and decision-making while some others have analyzed management as an economic resource, a factor of production or a system of authority.

Definition:

"Management is an art of knowing what is to be done and seeing that it is done in the best possible manner." **F.W. Taylor** (father of scientific management)

"Management is to forecast, to plan, to organize, to command, to coordinate and control activities of others." **Henri Fayol** (father of modern management)

(1) Management as a Process:

Some authors view management as a process because it involves a number of functions. Management refers to all involves different a manager does. Various functions which are performed by managers to make the efficient use of the available material and human resources so as to achieve the desired objectives are summed up as management. Thus, the functions of planning, organizing, staffing, directing, co-coordinating and controlling fall under the process of management.

(2) Management as a Discipline:

Sometimes the term 'management' is used to connote neither the activity nor the personnel who performs it, but as a body of knowledge, a practice and a discipline. In this sense, management refers to the principles and practices of management as a subject of study. Management is taught as a specialized branch of knowledge in educational institutions. It has drawn heavily from Psychology, Sociology, and Anthropology etc. A person acquiring degree or diploma in management can try for a managerial job.

(3) Art and Science of Decision-Making and Leadership:

Decision-making and guiding others is considered an important element of management. A manager has to take various decisions every day for properly running an enterprise.

(4) An Art of Increasing Productivity:

Some authors are of the view that the science of management is used to increase productivity of the enterprise.

(5) Integration of Efforts:

Management makes use of human and physical resources for the benefit of the enterprise.

(6) Management as a Group of Managers:

The term management is frequently used to denote a Refers to managerial group of managerial personnel. When one says that personnel management of such and such company is efficient, he refers to the group of persons who are looking after the working of the enterprise. These persons individually are called managers. "Management is the body or group of people which performs certain managerial functions for the accomplishment of pre-determined goals."

OBJECTIVES OF MANAGEMENT:

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

Following are the broad objectives of management:

1. Proper Utilization of Resources:

The main objective of management is to use various resources of the enterprise in a most economic way. The proper use of men, materials, machines and money will help a business to earn sufficient profits to satisfy various interests. The proprietors will want more returns on their investments while employees, customers and public will expect a fair deal from the management.

2. Improving Performance:

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

3. Mobilizing Best Talent:

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

4. Planning for Future:

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

SIGNIFICANCE OF MANAGEMENT

1. Encourages Initiative

Management encourages initiative. Initiative means to do the right thing at the right time without being told or influenced by the superior. The employees should be encouraged to make their own plans and also to implement these plans.

2. Encourages Innovation

Management also encourages innovation in the organisation. Innovation brings new ideas, new technology, new methods, new products, new services, etc. This makes the organisation more competitive and efficient.

3. Facilitates growth and expansion

Management makes optimum utilisation of available resources. It reduces wastage and increase efficiency. It encourages team work and motivates employees. It also reduces absenteeism and labour turnover.

4. Improves life of workers

Management shares some of its profits with the workers. It provides the workers with good working environment and conditions. It also gives the workers many financial and non-financial incentives. All this improves the quality of life of the workers.

5. Improves corporate image

If the management is good, then the organisation will produce good quality goods and services. This will improve the goodwill and corporate image of the organisation. A good corporate image brings many added benefits to the organisation.

6. Motivates employees

Management motivates employees by providing financial and non-financial incentives. These incentives increase the willingness and efficiency of the employees. This results in boosting productivity and profitability of the organisation.

7. Optimum use of resources

Management brings together the available resources. It makes optimum (best) use of these resources. This brings best results to the organisation.

8. Reduces wastage

Management reduces the wastage of human, material and financial resources. Wastage is reduced by proper production planning and control. If wastage is reduced then productivity will increase.

9. Increases efficiency

Efficiency is the relationship between returns and cost. Management uses many techniques to increase returns and to reduce costs. Higher efficiency brings many benefits to the organisation.

10. Improves relations

Management improves relations between individuals, groups, departments and between levels of management. Better relations lead to better team work.

11. Reduces absenteeism and labor turnover

Absenteeism means the employee is absent without permission. Labour Turnover means the employee leaves the organisation.

Labour absenteeism and turnover increases the cost and causes many problems in the smooth functioning of the organisation. Management uses different techniques to reduce absenteeism and labour turnover in the organisation.

12. Encourages Team Work

Management encourages employees to work as a team. It develops a team spirit in the organisation. This unity bring success to the organization

13. Reduces Costs - It gets maximum results through minimum input by proper planning and by using minimum input & getting maximum output. Management uses physical, human and financial resources in such a manner which results in best combination. This helps in cost reduction.

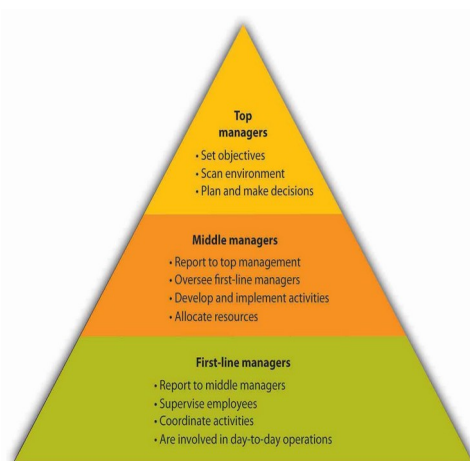
14. Establishes Sound Organization - No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority & responsibility relationship i.e. who is accountable to whom, who can give instructions to whom, who are superiors & who are subordinates.

15. Establishes Equilibrium - It enables the organization to survive in changing environment. It keeps in touch with the changing environment. With the change is external environment, the initial co-ordination of organization must be changed. So it adapts organization to changing demand of market / changing needs of societies. It is responsible for growth and survival of organization.

16. Essentials for Prosperity of Society - Efficient management leads to better economical production which helps in turn to increase the welfare of people. Good management makes a difficult task easier by avoiding wastage of scarce resource.

LEVELS OF MANAGEMENT

The levels of management typically found in an organization are low-level management, middle-level management, and top-level management.



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. While this may be more visible in large organisations there is not normally such a sharp stratification in smaller organisations where the same person may perform strategic, tactical and operational roles.

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

Top management lays down the objectives and broad policies of the enterprise.

- ❖ It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
- ❖ It prepares strategic plans & policies for the enterprise.
- ❖ It appoints the executive for middle level i.e. departmental managers.
- ❖ It controls & coordinates the activities of all the departments.
- ❖ It is also responsible for maintaining a contact with the outside world.
- ❖ It provides guidance and direction.

The top management is also responsible towards the shareholders for the performance of the enterprise

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.

- ❖ They make plans for the sub-units of the organization.
- ❖ They participate in employment & training of lower level management.
- ❖ They interpret and explain policies from top level management to lower level.
- ❖ They are responsible for coordinating the activities within the division or department.
- ❖ It also sends important reports and other important data to top level management.
- ❖ They evaluate performance of junior managers.
- ❖ They are also responsible for inspiring lower level managers towards better performance.

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 –

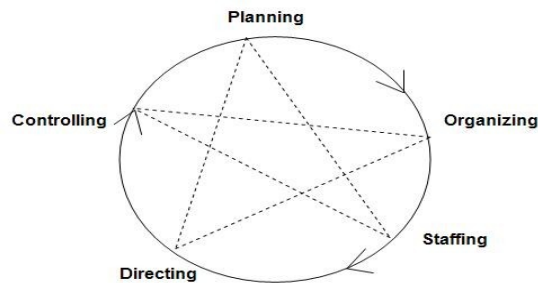
- ❖ Assigning of jobs and tasks to various workers.
- ❖ They guide and instruct workers for day to day activities.
- ❖ They are responsible for the quality as well as quantity of production.
- ❖ They are also entrusted with the responsibility of maintaining good relation in the organization.
- ❖ They communicate workers problems, suggestions, and recommendatory appeals etc. to the higher level and higher level goals and objectives to the workers.
- ❖ They help to solve the grievances of the workers.
- ❖ They supervise & guide the sub-ordinates.
- ❖ They are responsible for providing training to the workers.
- ❖ They arrange necessary materials, machines, tools etc. for getting the things done.
- ❖ They prepare periodical reports about the performance of the workers.
- ❖ They ensure discipline in the enterprise.
- ❖ They motivate workers.

FUNCTIONS OF MANAGEMENT

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status.

Different experts have classified functions of management. According to George & Jerry, “There are four fundamental functions of management i.e. planning, organizing, actuating and controlling”.

According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”. Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.



1. Planning

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, “Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be”. A plan is a future course of actions. It is an exercise in problem solving & decision making. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

2. Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”. To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

3. Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. Staffing involves:

- ❖ Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- ❖ Recruitment, Selection & Placement.
- ❖ Training & Development.
- ❖ Remuneration.
- ❖ Performance Appraisal.
- ❖ Promotions & Transfer.

4. Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of

management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

- ❖ Supervision
- ❖ [Motivation](#)
- ❖ [Leadership](#)
- ❖ [Communication](#)

Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

5. [Controlling](#)

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to Theo Haimann, “Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation”. According to Koontz & O’Donell “Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished”. Therefore controlling has following steps:

- ❖ Establishment of standard performance.
- ❖ Measurement of actual performance.
- ❖ Comparison of actual performance with the standards and finding out deviation if any.
- ❖ Corrective action.

MANAGEMENT AS AN ART, SCIENCE AND PROFESSION

Management involves characteristics of both art and science. While certain aspects of management make it a science, certain others which involve application of skills make it an art. Every discipline of art is always backed by science which is basic knowledge of that art. Similarly, every discipline of science is complete only when it is used in practice for solving various kind of problems. Whereas under "science" one normally learns the "why" of a phenomenon, under "art" one learns the "how" of it. In the words of Robert H. Hillert: "In the area of management, science and art are two sides of the same coin".

In the beginning of development of management knowledge, it was considered as an art. There was a jungle of management knowledge. Any one used it to get things done in his own way. But later by codifying and systemizing the management, it became a science as well as being an art.

Management as an Art

Art implies application of knowledge & skill to trying about desired results. An art may be defined as personalized application of general theoretical principles for achieving best possible results. Art has the following characters -

1. **Practical Knowledge:** Every art requires practical knowledge therefore learning of theory is not sufficient. It is very important to know practical application of theoretical principles. E.g. to become a good painter, the person may not only be knowing different colour and brushes but different designs, dimensions, situations etc to use them appropriately. A manager can never be successful just by obtaining degree or diploma in management; he must have also know how to apply various principles in real situations by functioning in capacity of manager.
2. **Personal Skill:** Although theoretical base may be same for every artist, but each one has his own style and approach towards his job. That is why the level of success and quality of performance differs from one person to another. E.g. there are several qualified painters but M.F. Hussain is recognized for his style. Similarly management as an art is also personalized. Every manager has his own way of managing things based on his knowledge, experience and personality, that is why some managers are known as good managers (like Aditya Birla, Rahul Bajaj) whereas others as bad.
3. **Creativity:** Every artist has an element of creativity in line. That is why he aims at producing something that has never existed before which requires combination of intelligence &

imagination. Management is also creative in nature like any other art. It combines human and non-human resources in useful way so as to achieve desired results. It tries to produce sweet music by combining chords in an efficient manner.

4. **Perfection through practice:** Practice makes a man perfect. Every artist becomes more and more proficient through constant practice. Similarly managers learn through an art of trial and error initially but application of management principles over the years makes them perfect in the job of managing.
5. **Goal-Oriented:** Every art is result oriented as it seeks to achieve concrete results. In the same manner, management is also directed towards accomplishment of pre-determined goals. Managers use various resources like men, money, material, machinery & methods to promote growth of an organization.

Management can be an art in the sense that it also has the following characteristics:

- Just like other arts it has to be practiced and performed. The knowledge should be learned and practiced, just as medical or legal practitioners practice their respective sciences.
- The manager gains experience by continual application of management knowledge and facing new experiences. This helps to develop more skills and abilities for translating knowledge into practice.
- Application calls for innovativeness and creativity.
- The fourth reason is that in many situations, theoretical knowledge of management may not be adequate or relevant for solving the problem. It may be because of complexity or unique nature of the problem.

The art is in knowing how to accomplish the desired results. This implies that there exists a body of knowledge which management uses to accomplish the desired results in organization

Management as a Science

Management as a science has the following characteristics:

- Its principles, generalizations and concepts are systematic. In this case the manager can manage the situation or organization in a systematic and scientific manner.
- Its principles, generalizations and concepts are formulated on the basis of observation, research, analysis and experimentation, as is the case with the principles of other sciences.

- Like other sciences, management principles are also based on relationship of cause and effect. It states that same cause under similar circumstance will produce same effect. Suppose if workers are paid more (cause), they produce more (effect).
- Management principles are codified and systematic
- Management principles are universally applicable to all types of organizations.

There is no tailor - made answer to a question- Is management a science or art? To ascertain the nature of management with respect of science or art, there is a need to know the exact meaning of the words 'science' or 'art' and subsequently, their application to management.

Management as a Profession

Over a large few decades, factors such as growing size of business unit, separation of ownership from management, growing competition etc have led to an increased demand for professionally qualified managers. The task of manager has been quite specialized. As a result of these developments the management has reached a stage where everything is to be managed professionally.

A profession may be defined as an occupation that requires specialized knowledge and intensive academic preparations to which entry is regulated by a representative body. The essentials of a profession are:

1. **Specialized Knowledge** - A profession must have a systematic body of knowledge that can be used for development of professionals. Every professional must make deliberate efforts to acquire expertise in the principles and techniques. Similarly a manager must have devotion and involvement to acquire expertise in the science of management.
2. **Formal Education & Training** - There are no. of institutes and universities to impart education & training for a profession. No one can practice a profession without going through a prescribed course. Many institutes of management have been set up for imparting education and training. For example, a CA cannot audit the A/C's unless he has acquired a degree or diploma for the same but no minimum qualifications and a course of study has been prescribed for managers by law. For example, MBA may be preferred but not necessary.
3. **Social Obligations** - Profession is a source of livelihood but professionals are primarily motivated by the desire to serve the society. Their actions are influenced by social norms and values. Similarly a manager is responsible not only to its owners but also to the society and therefore he is expected to provide quality goods at reasonable prices to the society.

4. **Code of Conduct** - Members of a profession have to abide by a code of conduct which contains certain rules and regulations, norms of honesty, integrity and special ethics. A code of conduct is enforced by a representative association to ensure self discipline among its members. Any member violating the code of conduct can be punished and his membership can be withdrawn.
5. **Representative Association** - For the regulation of profession, existence of a representative body is a must. For example, an institute of Chartered Accountants of India establishes and administers standards of competence for the auditors but the AIMA however does not have any statutory powers to regulate the activities of managers.

From above discussion, it is quite clear that management fulfills several essentials of a profession, even then it is not a full fledged profession because: -

- ❖ It does not restrict the entry in managerial jobs for account of one standard or other.
- ❖ No minimum qualifications have been prescribed for managers.
- ❖ No management association has the authority to grant a certificate of practice to various managers.
- ❖ Competent education and training facilities do not exist.
- ❖ Managers are responsible to many groups such as shareholders, employees and society. A regulatory code may curtail their freedom.
- ❖ Managers are known by their performance and not mere degrees.
- ❖ The ultimate goal of business is to maximize profit and not social welfare. That is why Haymes has rightly remarked, “The slogan for management is becoming - ‘He who serves best, also profits most’.”

The following criteria identify the management as a profession:

- Profession is a body of specialized knowledge.
- Professional knowledge in systemized and codified form can be learned through formal education system.
- A profession emphasizes on having a central body to formulate a code of behavior for its members.
- A profession calls for rendering competent and specialized services to clients.
- A profession maintains the scientific attitude and commitment for discovering new ideas and upgrading in order to improve quality of service and level of efficiency provided to clients.

HENRI FAYOL'S 14 PRINCIPLES OF MANAGEMENT

Henri Fayol suggested the following 14 principles as the general principles management:

1. Division of Work: This is the principle of specialization, which is very well expressed by economists as being a necessary factor for efficiency in the utilization of labor.

– When employees are specialized, output can increase because they become increasingly skilled and efficient.

2. Authority and Responsibility: In this principle, Fayol conceives authority as a combination of official authority deriving from a manager's official position and personal authority, which is compounded of intelligence, experience, moral worth, past services etc.

Managers must have the authority to give orders, but they must also keep in mind that with authority comes responsibility.

3. Discipline: Holding the notion that discipline is 'respect for agreements which are directed as achieving obedience, application, energy and the outward marks of respect', Fayol declares that discipline requires good superiors at all levels, clear and fair agreements and judicious application of penalties.

4. Unit of Command: This is the principle, which states that an employee should receive orders from one superior only. Employees should have only one direct supervisor.

5. Unity of Direction: According to Fayol, the unity of direction principle implies that each group of activities having the same objectives must have one head and one plan. As distinguished from the principle of unity of command, Fayol perceives unity of direction as related to the functioning of personnel.

Teams with the same objective should be working under the direction of one manager, using one plan. This will ensure that action is properly coordinated.

6. Subordination of Individual Interest to General Interest: In any group, the interest of the group should supersede that of the individual. When the interests differ, it is the function of the management to reconcile them. The interests of one employee should not be allowed to become more important than those of the group. This includes managers.

7. Remuneration of Personnel: Fayol perceives that remuneration and methods of payment should be fair and also should be able to afford the maximum satisfaction to employee and employer.

Employee satisfaction depends on fair remuneration for everyone. This includes financial and non-financial compensation.

8. Centralization: Although Fayol does not use the term, Centralization of Authority, his principle definitely refers to the extent to which authority is concentrated or dispersed in an enterprise. Individual circumstances determine the degree of centralization that gives the best overall yields.

This principle refers to how close employees are to the decision-making process. It is important to aim for an appropriate balance.

9. Scalar Chain: Fayol thinks of the scalar chain as a line of authority, a chain of superiors from the highest to the lowest ranks. Employees should be aware of where they stand in the organization's hierarchy, or chain of command.

10. Order: Breaking this principle into material order and social order, Fayol thinks of it as a simple order for everything. This organization is the principle, which refers to arrangement of things and persons in an organization.

The workplace facilities must be clean, tidy and safe for employees. Everything should have its place.

11. Equity: Fayol perceives this principle as one of eliciting loyalty and devotion from personnel with a combination of kindness and justice in managers while dealing with subordinates.

Managers should be fair to staff at all times, both maintaining discipline as necessary and acting with kindness where appropriate.

12. Stability of Tenure of Personnel: Finding that instability is both the cause and effect of bad management, Fayol points out the dangers and costs of unnecessary turnover.

Managers should strive to minimize employee turnover. Personnel planning should be a priority.

13. Initiative: Initiative is conceived as the process of thinking out and executing a plan. Employees should be given the necessary level of freedom to create and carry out plans.

14. Esprit de corps: This principle implies that union is strength and an extension of the principle of unity of command. Fayol here emphasizes on the need for teamwork and the importance of communication in obtaining it.

– Organizations should strive to promote team spirit and unity.

SCIENTIFIC MANAGEMENT (Contribution of F.W. Taylor)

Frederick Winslow Taylor was first person who gave Scientific Management in 1911. He also called the father of scientific management. Scientific Management was concerned to improving the operational efficiency at the shop-floor level.

According to Taylor, “scientific management means knowing exactly what you want men to do and seeing that they do it in the best and cheapest way.”

Scientific management is based on the analysis, planning and control functions. And job accomplished by analyzing, and works can selected and trained scientifically. In this, management role is to determine the kind of work for which an employee suited and hire and assign workers accordingly. Management is not responsible for execution of work but they are responsible for how the work is done. Co-operation between management and workers can enhance the work and achieve the maximum output.

Taylor called it as “**Mental Revolution**”, because it creates the mutual understanding, trust and confidence between the management and workers for achieving goal (higher production).

Principles of scientific Management

Under scientific management, Taylor developed the following parameters for organization.

- Scientific work study
- [Task planning](#)
- Tools and materials
- Selection and Training
- Standardization
- [Worker](#) management interrelationships
- Differential piece wage system

Objectives of Scientific Management

- Scientific utilization of various resources like human power, material etc.
- To provide trained and efficient [work force](#).
- To provide standardize methods of work.
- To provide a scientific base for selecting material, and equipment.
- To provide extra wages to the worker for higher production.
- Replace old rule of thumbs to new scientific methods.

- To develop a good rapport between management and workers.
- To achieve higher production, with reduce costs and maximum efficiency.
- Less wastage

Contributions of F.W.Taylor

1. **Replacing the rule of thumb** with science:-it requires scientific study and analysis of each element of job in order to replace the old rule of thumb approach. Only through scientific investigation and standardization better way of work can be developed. Scientific selection of employees requires that decisions to make on facts rather than on opinions and beliefs.
2. **Harmony in group activities:-** in the past there was only discord. Taylor has emphasized harmony among employee and employer to attain common goals which could help to contribute to the maximum limit.
3. **Cooperation:-** cooperation between management and labor is the major foundation of scientific management. It creates a sense of mutuality through which maximum prosperity can be guaranteed.
4. **Development of employees:-** personnel management must be backed up by scientific selection of employees along with proper training to them. Efforts should be made to develop each employee to achieve efficiency and prosperity.
5. **Division of responsibility:-** introduction of functional foremanship made division of responsibility. Many foremen should be appointed out of which 4 for planning and 4 for doing. In planning they were route clerk, instruction cord clerk, time and cost clerk and disciplinarian. And for doing they were speed boss, gang boss, repair boss and inspector. This promoted division of work which promoted division of responsibility
6. **Maximum output:-** Taylor was more concerned with continuous increase in production and productivity. It maximum output is derived from optimum utilization of resources than surely it will bring higher profits and better benefits to the employer and employees.

Elements of Scientific Management

1. Scientific Task and Rate-Setting (work study): Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement. Work study includes.

(a) Methods Study: The management should try to ensure that the plant is laid out in the best manner and is equipped with the best tools and machinery. The possibilities of eliminating or combining certain operations may be studied.

(b) Motion Study: It is a study of the movement, of an operator (or even of a machine) in performing an operation with the purpose of eliminating useless motions.

(c) Time Study (work measurement): The basic purpose of time study is to determine the proper time for performing the operation. Such study may be conducted after the motion study. Both time study and motion study help in determining the best method of doing a job and the standard time allowed for it.

(d) Fatigue Study: If, a standard task is set without providing for measures to eliminate fatigue, it may either be beyond the workers or the workers may over strain themselves to attain it. It is necessary, therefore, to regulate the working hours and provide for rest pauses at scientifically determined intervals.

Advantages of scientific management :-

To employees

- a. Better utilization of resources through scientific techniques
- b. Scientific selection and training of employees leads to better workforce which ensures increase in efficiency
- c. Harmonious relationship between the workers and the management
- d. Standardization of tools, materials, techniques , equipments for increasing efficiency
- e. Reduction of production cost

To workers

- a. Opportunity for scientific training and development to increase skills knowledge and competency
- b. Better working conditions
- c. Application of scientific methods and techniques in better working conditions to reduce fatigue
- d. Higher wages to the workers for higher productivity

To society

- a. People get better quality products at lower cost
- b. Increase productivity in the country by utilizing resources properly

- c. Improve standard of living of people through better products
- d. Scientific investigation promotes technological development

Limitations of scientific management: –

- a. It is based upon one best way and is applicable for simple organizations than that for today's dynamic and complex organization
- b. It focuses on individual performance than group efforts and divides the workers into efficient and inefficient categories
- c. It is focused on specialization and repetition of jobs to increase the productivity which reduces innovation and creativity and promotes monotony
- d. It neglects human factor because it motivates workers to work for monetary benefits rather than human resource development and resources
- e. There is no scope for creativity of employees because they are developed by manager which promotes frustration.

SOCIAL RESPONSIBILITY

DEFINITION

Social responsibility is the idea that businesses should balance profit-making activities with activities that benefit society; it involves developing businesses with a positive relationship to the society in which they operate. The **International Organization for Standardization (ISO)**, emphasizes that the relationship to the society and environment in which businesses operate is "a critical factor in their ability to continue to operate effectively. It is also increasingly being used as a measure of their overall performance."

Social responsibility of business

The social responsibility of business means various obligations or responsibilities or duties that a business-organization has towards the society within which it exists and operates from.

Generally, the social responsibility of business comprises of certain duties towards entities, which are depicted and listed below.



1. Shareholders or investors

Social responsibility of business towards its shareholders or investors is most important of all other obligations.

If a business satisfies its funders, they are likely to invest more money in a project. As a result, more funds will flow in and the same can be utilized to modernize, expand and diversify the existing activities on a larger scale. Happy financiers can fulfill the rising demand of funds needed for its growth and expansion.

2. Personnel

Social responsibility of business towards its personnel is important because they are the wheels of an organization. Without their support, the commercial institution simply can't function or operate.

If a business takes care of the needs of its human resource (for e.g. of office staff, employees, workers, etc.) wisely, it will boost the motivation and working spirit within an organization. A happy employee usually gives his best to the organization in terms of quality labor and timely output than an unsatisfied one. A good remuneration policy attracts new talented professionals who can further contribute in its growth and expansion.

Thus, if personnel is satisfied, then they will work together very hard and aid in increasing the production, sales and profit.

3. Consumers or customers

Social responsibility of business towards its consumers or customers matters a lot from sales and profit point of view. Its success is directly depends on their level of satisfaction. Higher their rate of satisfaction greater are the chances to succeed.

If the quality-price ratio is maintained well and consumers get worth for their money spend, this will surely satisfy them. In a long run, customer loyalty and retention will grow, and this will ultimately lead to profitability.

4. Government

Social responsibility of business towards government's regulatory bodies or agencies is quite sensitive from the license's point of view. If permission is not granted or revoked abruptly, it can result in huge losses to an organization. Therefore, compliance in this regard is necessary.

Furthermore, a business must also function within the demarcation of rules and policies as formulated from time to time by the government of state or nation. It should respect laws and abide by all established regulations while performing within the jurisdiction of state.

Some examples of activities a business can do in this regard:

Licensing an organization,

Seeking permissions wherever necessary,

Paying fair taxes on time,

Following labor, environmental and other laws, etc.

If laws are respected and followed, it creates a goodwill of business in eyes of authorities.

5. Local community

Social responsibility of business towards the local community of its established area is significant. This is essential for smooth functioning of its activities without any agitations or hindrances.

A business has a responsibility towards the local community besides which it is established and operates from. Industrial activities carried out in a local-area affect the lives of many people who reside in and around it. So, as a compensation for their hardship, an organization must do something or other to alleviate the intensity of suffering.

1. As a service to the local community, a business can build:
2. A trust-run hospital or health center for local patients,
3. A primary and secondary school for local children,
4. A diploma and degree college for local students,
5. An employment center for recruiting skilled local people, etc.

6. Environment

Social responsibility of business with respect to its surrounding environment can't be sidelined at any cost. It must show a keen interest to safeguard and not harm the vitality of the nature.

A business must take enough care to check that its activities don't create a negative impact on the environment. For example, dumping of industrial wastes without proper treatment must be strictly avoided. Guidelines as stipulated in the environmental laws must be sincerely followed. Lives of all living beings are impacted either positively or negatively depending on how well their surrounding environment is maintained (naturally or artificially).

7. Public

Finally, social responsibility of business in general can also contribute to make the lives of people a little better.

1. Some examples of services towards public include:
2. Building and maintaining devotional or spiritual places and gardens for people,
3. Sponsoring the education of poor meritorious students,
4. Organizing events for a social cause, etc.

Such philanthropic actions create a goodwill or fame for the business-organization in the psyche of general public, which though slowly but ultimately pay off in a due course of time.

UNIT-II

FUNCTIONS OF MANAGEMENT

PLANNING

Planning means looking ahead and chalking out future courses of action to be followed. It is a preparatory step. It is a systematic activity which determines when, how and who is going to perform a specific job. Planning is a detailed programme regarding future courses of action.

1. Establishment of objectives

- a. Planning requires a systematic approach.
- b. Planning starts with the setting of goals and objectives to be achieved.
- c. Moreover objectives focus the attention of managers on the end results to be achieved.
- d. As a matter of fact, objectives provide nucleus to the planning process. Therefore, objectives should be stated in a clear, precise and unambiguous language.
- e. As far as possible, objectives should be stated in quantitative terms. For example, Number of men working, wages given, units produced, etc. But such an objective cannot be stated in quantitative terms like performance of quality control manager, effectiveness of personnel manager.
- f. Such goals should be specified in qualitative terms.
- g. Hence objectives should be practical, acceptable, workable and achievable.

2. Establishment of Planning Premises

- a. Planning premises are the assumptions about the lively shape of events in future.
- b. They serve as a basis of planning.
- c. Establishment of planning premises is concerned with determining where one tends to deviate from the actual plans and causes of such deviations.
- d. It is to find out what obstacles are there in the way of business during the course of operations.
- e. Establishment of planning premises is concerned to take such steps that avoids these obstacles to a great extent.
- f. Planning premises may be internal or external. Internal includes capital investment policy, management labour relations, philosophy of management, etc. Whereas external includes socio-economic, political and economical changes.

g. Internal premises are controllable whereas external are non- controllable.

3. Choice of alternative course of action

- a. When forecast are available and premises are established, a number of alternative course of actions have to be considered.
- b. For this purpose, each and every alternative will be evaluated by weighing its pros and cons in the light of resources available and requirements of the organization.
- c. The merits, demerits as well as the consequences of each alternative must be examined before the choice is being made.
- d. After objective and scientific evaluation, the best alternative is chosen.
- e. The planners should take help of various quantitative techniques to judge the stability of an alternative.

PLANNING PROCESS

The process of planning includes the determination of objectives and outlining the future actions that are needed to achieve these objectives. **Various steps that are followed in the process of planning are:**

(i) Identifying the problem: It involves the identification of the aim for the fulfillment of which the plan is being formulated. If a new plan is require or the modification of an existing plan could help in achieving these aims.

(ii) Gathering information about the activities involve: An effective plan needs complete knowledge of the activities involved and their effect on other external and internal activities.

(iii) Analysis of information: This information is then analysed minutely and the information related with similar subjects is classified so that similar type of data can be kept together.

(iv) Determining alternate plans: There are alternate plans available for the achievement of the objectives and ingenuity and creativeness are required as some plans are also developed at this stage.

(v) Selecting the plan: At this stage the plan which is acceptable to the operating personnel is proposed. The adaptability and the cost of the plan are also taken into consideration.

(vi) Detailed sequence and timing: Detailed like who will perform which activity under the plan and the time within which the plan should be carried out is determining in this step.

(vii) Progress check of the plan: The provisions are made for the follow up of the plan as the success of any plan can be measured by the results only.

TECHNIQUES OF DECISION MAKING

Managers in organizations often need to take decisions based on consensus. They need team members to discuss, debate, and decide on a mutually agreeable conclusion. Though group decision-making is a powerful technique, it has its own disadvantages. It is time consuming; members may be unclear about their roles and if not handled well, there could be some bitter feelings between them. Nevertheless, its advantages outweigh the possible disadvantages. As all the members are involved in the process, it is likely to be accepted easily and members will be more willing to abide by the decision taken. So, how can managers facilitate a productive group decision-making process?

Running a business requires the ability to make good decisions. One wrong choice can affect the entire company. It is crucial for business owners to understand the weight behind each decision they make, and to continually improve their decision-making skills.

The seven basic steps in effective decision-making:

1. Identify the decision to be made
2. Gather relevant information
3. Identify alternatives
4. Weigh evidence
5. Choose among alternatives
6. Take action
7. Review decision and consequences

5 techniques that can assist managers in their efforts towards arranging a meeting for the purpose of group decision-making.

1. Brainstorming: It is a combination of group problem-solving and discussions. It works on the belief that the more the number of ideas, greater the possibility of arriving at a solution to the problem that is acceptable to all. It starts with the group generating ideas which are then analyzed, with action points based on the discussions.

2. Nominal group technique: In a nominal group technique, the team divides itself into smaller groups and generates ideas. Possible options are noted down in writing and the team members further discuss these to narrow down the possible choices they would like to accept. Team members then discuss and vote on the best possible choice. The choice that receives the maximum votes is accepted as the group decision.

Continuing the above example, this group of instructional designers can be further divided into smaller teams. Every member of the team gives their idea and at the end, each member votes for the best one. At the end, the idea that gains the highest votes would be finalized.

3. Multi-voting: It starts with a round of voting where an individual casts his vote for the shortlisted options. Each individual can cast one vote at a time. The options with the maximum number of votes are carried to the next round. This process is repeated until a clear winning option is obtained.

For instance, from the above discussed example, each team would propose their strategy in front of the other teams. And the other teams would vote for the one they prefer best. The strategy that receives the maximum number of votes is considered final.

This is used when multiple people are involved in making a decision. It helps whittle down a large list options to a smaller one to the eventual final decision.

4. Delphi method:In this method of decision-making, the facilitator allows team members to individually brainstorm and submit their ideas “anonymously”. Other team members do not know the owner of the ideas. The facilitator then collects all the inputs and circulates them among others for modifying or improving them. This process continues until a final decision is made. In the above example, you can have a facilitator who collects strategies and passes them on to the others without revealing to whom the strategy belongs. Later, the facilitator collects the improvised strategies and chooses the best one.

5. Electronic meeting: Here, the decision-making process takes place virtually with the help of technology. For instance, we can have a Skype call with the client. Create two or three strategies and discuss them with the client clearly in the Skype call; let the client choose the strategy close to his expectations.

Team decision-making is a time-consuming process and before the team leader ensures the participation of the full team, he/she must make sure he has enough time and resources for the decision-making process and choose a technique that is most appropriate in a given situation, keeping the profile of team members in mind.

ORGANISATION

Organising refers to (arrange systematically) the way in which the work of a group of people is arranged and distributed among group members. The function of organising includes the determination of the activities to be performed; creation of departments, sections and positions to perform those activities; and establishing relationships among the various parts of an organisation. It is a function of management, while organisation refers to a group of persons who have come together to achieve some common objectives. The process of organising refers to identifying and grouping of activities to be performed, delegating authority, and establishing relationships to enable people to work together effectively in accomplishing objectives.

Steps in the process of organising

1. Determining the activities to be performed to achieve the objectives of the organisation.
2. Identification of major functions to which these activities relate.
3. Grouping and sub-dividing the activities within each function on the basis of similarity or relatedness.
4. Establishing relationship among individuals and groups.

1. Determining the activities to be performed to achieve the objectives of the organisation:

Business organizations undertake economic activities with a view to earning profit. They may perform manufacturing, trading or service activity. In a manufacturing organisation, production and sales are the two major activities. In a trading organisation, purchases and sales are the two main activities. Service organisations provide services such as transportation to their customers. In carrying out these major activities, business units have to perform a number of other activities such as producing, financing, marketing, accounting, recruiting employees, etc.

2. Identification of major functions to which these activities relate:

The next step is to identify the major functions to which these activities relate. In a manufacturing organisation, production, selling, finance and personnel are the major functions. If the amount of work to be done in connection with each of these functions is large, separate departments may be created for each of these functions. Managerial positions will have to be created to supervise the activities of these departments. At this stage, a list of activities relating to each function must be prepared.

3. Grouping and sub-dividing the work within each function:

In this step, it is decided how best the activities can be grouped on the basis of similarity or relatedness. The activities of a production department, for example, can be divided into a number of workshops where production will actually take place. Besides, separate sections may be created for such production related activities as quality control and repairs. The activities of other departments can similarly be sub-divided. This division and subdivision of activities goes on till individual positions have been created for performing all types of work in an organisation.

The reasons of dividing and sub-dividing functions and activities are as follows—

- (i) The total work may be so large that it cannot be done by a single individual or by a few persons.
- (ii) If the work is divided into smaller units, it becomes easy to assign work to individuals who have the necessary skill and knowledge to perform the work efficiently.

4. Establishing relationship among individuals and groups:

Managers divide activities to increase efficiency and to ensure that work is properly done. The activities which are performed by persons holding different positions must be related. The responsibility, authority and accountability of each person must be well defined. This is necessary to avoid conflict and confusion and to ensure that work is performed as planned. It would be useful at this stage to explain the meaning of responsibility, authority, and accountability.

(i) Responsibility: Responsibility is the obligation of a subordinate to perform the assigned duties. When a subordinate accepts duties, he has to perform those duties in the manner desired by the superior.

(ii) Authority: When a person is given certain duties to perform, he must be given necessary authority also. Otherwise, he will not be able to do the work. A typist, for example, cannot do the typing job if he is not given the right to use facilities such as a place to sit in, a table, a chair, a typewriter, typing and carbon papers. etc.

(iii) Accountability: After assigning duties and granting authority, one more relationship becomes necessary. Accountability means answerability. That is, each person has to report to his superior how the work has been done and how authority has been used. Accountability is always upward. Each subordinate is accountable to his superior who in turn is accountable to his own superior. In this way, every person becomes accountable to top management. A person should be accountable to one superior only.

ORGANISATIONAL STRUCTURE:

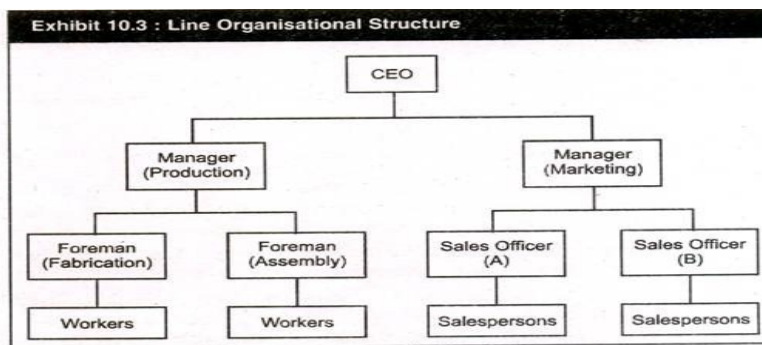
Meaning: Stephen P Robbins has defined organizational structure as “how job tasks are formally divided, grouped & coordinated”. It tells how specialized & non specialized tasks are performed.

TYPES OF ORGANIZATIONAL STRUCTURES

There are several different types of organizational structures that spawn from the centralized/decentralized continuum. These structures all have pluses and minuses depending on the stage your company is in. In broad terms, organizations can be categorized as follows:

1. Line organizational structure

Authority travels downwards from top and accountability upwards from bottom along the chain of command, and each department manager has control over his or her department's affairs and employees.



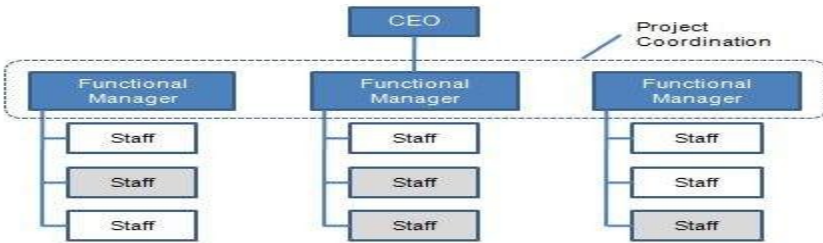
2. Line and Staff Organisational Structure: A "staff function" supports the **organization** with specialized advisory and support functions. For example, human resources, accounting, public relations and the legal department are generally considered to be **staff** functions.



Fig. 6.15. Line & staff relationship.

3. Functional Organisational Structure

The organization is divided into segments based on the functions when managing. This allows the organization to enhance the efficiencies of these functional groups.



4. Divisional Structure

These types of organizations divide the functional areas of the organization to divisions. Each division is equipped with its own resources in order to function independently. There can be many bases to define divisions.

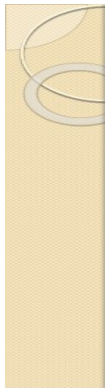
Divisions can be defined based on the geographical basis, products/services basis, or any other measurement.

As an example, take a company such as General Electrics. It can have microwave division, turbine division, etc., and these divisions have their own marketing teams, finance teams, etc. In that sense, each division can be considered as a micro-company with the main organization.

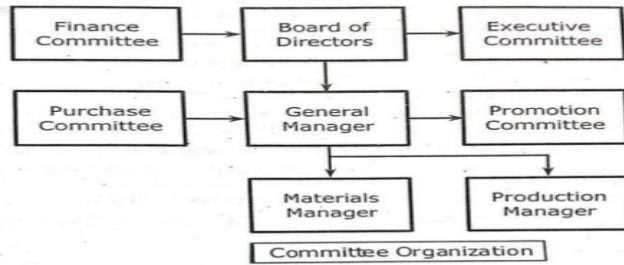


6. Committee organization

A **committee organization** is an association of people set up to arrive at solutions to common problems. ... The **committee organizational structure** is not like line or functional **organization**, but is similar to staff **organization**. Its decisions are implemented, whereas staff decisions are not necessarily implemented.

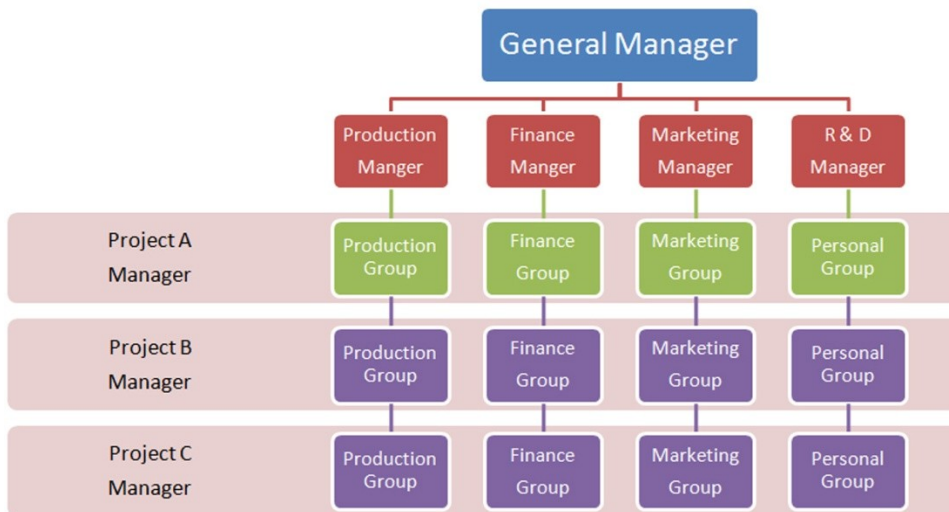


COMMITTEE ORGANISATION STRUCTURE



7. Matrix organizational structure

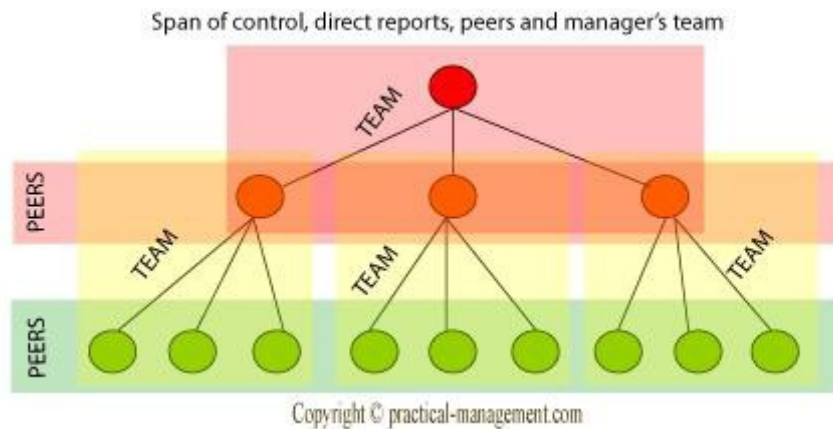
A matrix organizational structure is a company structure in which the **reporting** relationships are set up as a grid, or matrix, rather than in the traditional hierarchy. In other words, employees have dual **reporting** relationships - generally to both a **functional** manager and a product manager.



SPAN OF CONTROL

What is Span of control?

The span of control refers to number of employees that directly report to a single manager. Span of control determines the structure of an organization, a narrow span of control results in hierarchal organization while broad span of control leads to flat structure. Since management represents the activities that do not directly result in productivity, they are rather a overhead, span of control determines the additional operational cost. Quantitatively, companywide overhead can be calculated by dividing the total number of management staff with the size of organization.



Comparison of Narrow and Broad Span of control

Narrow Span of control

- Close supervision & directed Control
- Many levels of management and high cost of management staff.
- Less independence and decision authority for subordinates.
- Large distance between top management & bottom staff.
- Poor executive communication and visibility.

Broad Span of control

- Overloaded supervisors, loss of control.
- Low management overhead,
- better operational cost and profit margins.

- Encourages empowerment
- through delegation of authority and decision making.
- Employees have better
- communication with the top management.

Factors influencing span-of-control

1. **Environmental Stability:** When the external environment is more stable than dynamic, more employees can be supervised by a single manager. Stable environment is less demanding and reduces the need for quick response, thereby provide more flexibility in time and schedules.
2. **Nature of work:** Routine jobs, tasks that require limited skills or are focused, require only occasional management decision and coaching, thus can have wider span of control. On the other hand, the tasks that are inherently complicated; loosely defined and require frequent decision making would require narrow span of control.
3. **Experience level:** When the average job related experience of employees is high, they require little training or direction, the tasks can be easily delegated. Under such situations, span of control of managers can be increased.
4. **Budget Constraints:** When an organization is facing financial hardship or is downsizing, it needs to increase the span of control. On the contrary, when an organization gets more investment, it tends to reduce the span and inflate it's management.

Methods to maximize the span-of-control

1. **Information technology:** Use of efficient communication tools like online wiki's, videos, project management and tracking tools, and other decision support systems can reduce the overall relationship complexity, thereby encouraging managers to supervise more subordinates.
2. **More training:** Investing in training the employees for the current job skills and also future skills makes them more independent. Constantly involving the employees in various trainings not only increases the collective intelligence within the organization but also results in readily available resource pool in-house.
3. **Work design:** If the tasks are designed to be independent, loosely coupled with few interdependencies and probable conflicts, the relationship complexity can be reduced.

LINE AND STAFF ORGANISATION

Line and Staff Organisational Structure: A "staff function" supports the **organization** with specialized advisory and support functions. For example, human resources, accounting, public relations and the legal department are generally considered to be **staff** functions.

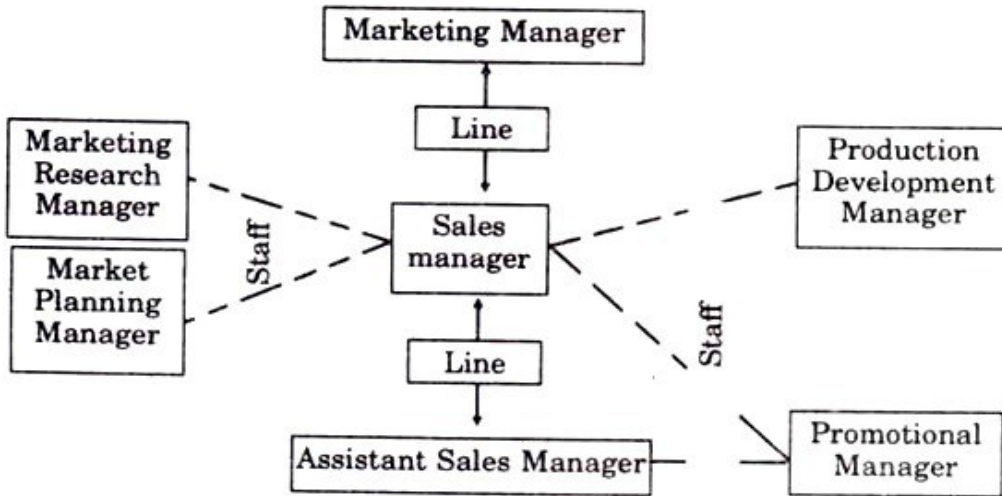


Fig. 6.15. Line & staff relationship.

Advantages of Line and Staff Organisation

- 1. Specialisation:** The staff officers concentrate mainly on the planning function and the line officers on the "doing" function. By this method, specialisation is attained.
- 2. Flexibility:** Staff can be added to the line and new activities may be introduced without disturbing the line procedure. Hence, there is greater flexibility in the organisation.
- 3. Expert Advice:** The staff officers provide expert advice and guidance to line officers and by this, the enterprise as a whole gets benefit.
- 4. Sound Decisions:** In this type, the decisions are made by experts and hence, there is a possibility of making sound managerial decisions.
- 5. Relief to Line Executives:** The Staff officers look after the detailed analysis of each important managerial activity which is a big relief to the line officers.
- 6. Opportunities for Advancement.** In this type, a greater variety of responsible jobs are available and this provides more opportunities for advancement of capable workers.

Disadvantages of Line and Staff Organisation

1. Confusion: If the pattern of authority relationship between line and staff executives is not clearly indicated, there may be considerable confusion throughout the organisation.

2. Advice Ignored: As the staff officers lack authority to put their recommendations into practice, their advice may be ignored by the line executives.

3. Encourages Carelessness: As the staff officer is not concerned with the execution of the plan, he may not take proper precautions and care before he advises the line officer. Thus, this system may encourage carelessness on the part of the staff officer.

4. Expensive: This type requires the appointment of a large number of experts involving heavy expenditure. Hence, it is quite expensive and small and medium-sized concerns cannot afford it.

5. Conflict between Line and Staff: One more important disadvantage is the conflict between the line and staff officers. The viewpoints of both line and staff of this conflict are given below:

DELEGATION

Delegation of Authority

Delegation of authority is a process in which the authority and powers are divided and shared amongst the subordinates. When the work of a manager gets beyond his capacity, there should be some system of sharing the work. This is how delegation of authority becomes an important tool in organization function. Through delegation, a manager, in fact, is multiplying himself by dividing/multiplying his work with the subordinates.

The importance of delegation can be justified by -

1. Through delegation, a manager is able to divide the work and allocate it to the subordinates. This helps in reducing his work load so that he can work on important areas such as - planning, business analysis etc.
2. With the reduction of load on superior, he can concentrate his energy on important and critical issues of concern. This way he is able to bring effectiveness in his work as well in the work unit. This effectivity helps a manager to prove his ability and skills in the best manner.
3. Delegation of authority is the ground on which the superior-subordinate relationship stands. An organization functions as the authority flows from top level to bottom. This in fact shows that

through delegation, the superior-subordinate relationship become meaningful. The flow of authority is from top to bottom which is a way of achieving results.

4. Delegation of authority in a way gives enough room and space to the subordinates to flourish their abilities and skill. Through delegating powers, the subordinates get a feeling of importance. They get motivated to work and this motivation provides appropriate results to a concern
5. Delegation of authority is not only helpful to the subordinates but it also helps the managers to develop their talents and skills. Since the manager get enough time through delegation to concentrate on important issues, their decision-making gets strong and in a way they can flourish the talents which are required in a manager.

Elements of Delegation

1. **Authority** - in context of a business organization, authority can be defined as the power and right of a person to use and allocate the resources efficiently, to take decisions and to give orders so as to achieve the organizational objectives. Authority must be well- defined. All people who have the authority should know what is the scope of their authority is and they shouldn't misutilize it. Authority is the right to give commands, orders and get the things done. The top level management has greatest authority.

Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility. Delegating the authority to someone else doesn't imply escaping from accountability. Accountability still rest with the person having the utmost authority.

2. **Responsibility** - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.

3. **Accountability** - means giving explanations for any variance in the actual performance from the expectations set. Accountability can not be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'. The top level management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job. Accountability, in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

Delegation of authority is the base of superior-subordinate relationship, it involves following steps:-

1. **Assignment of Duties** - The delegator first tries to define the task and duties to the subordinate. He also has to define the result expected from the subordinates. Clarity of duty as well as result expected has to be the first step in delegation.
2. **Granting of authority** - Subdivision of authority takes place when a superior divides and shares his authority with the subordinate. It is for this reason, every subordinate should be given enough independence to carry the task given to him by his superiors. The managers at all levels delegate authority and power which is attached to their job positions. The subdivision of powers is very important to get effective results.
3. **Creating Responsibility and Accountability** - The delegation process does not end once powers are granted to the subordinates. They at the same time have to be obligatory towards the duties assigned to them. Responsibility is said to be the factor or obligation of an individual to carry out his duties in best of his ability as per the directions of superior. Responsibility is very important. Therefore, it is that which gives effectiveness to authority. At the same time, responsibility is absolute and cannot be shifted. Accountability, on the others hand, is the obligation of the individual to carry out his duties as per the standards of performance. Therefore, it is said that authority is delegated, responsibility is created and accountability is imposed. Accountability arises out of responsibility and responsibility arises out of authority. Therefore, it becomes important that with every authority position an equal and opposite responsibility should be attached.

Principles of delegation of authority

1. **Principle of parity of authority and responsibility**– parity of authority and responsibility is one of the important principles of delegation of authority. There is equality in assigned task and

power to do the work. Authority to the subordinates is given by the superior on the basis of assigned task. So Authority to the subordinates is given neither more or less than the task otherwise there can be improper utilization of authority and mismanagement of task.

2. Principle of absoluteness of responsibility– according to it, responsibility can't be delegated. Only authority can be delegated. The person who delegates authority is himself responsible for his seniors.

3. Principle of unity of command– according to it, subordinates must be commanded by one superior, they should take their task from one superior and should be accountable for their responsibility toward the superior level of operation

4. Principle of functional definition of authority and responsibility– as per this principle. Duties and task assigned by the superior and the authority given to fulfill the task should be clearly explained and decided. But this subordinates can know about the limit of one's right, duties and responsibility.

5. The scalar chain– according to it, authority flows from top to bottom. So that scalar chain is the basis of relationship between the superior and subordinates. It emphasizes the relation between superior and subordinates by which delegation will be easier.

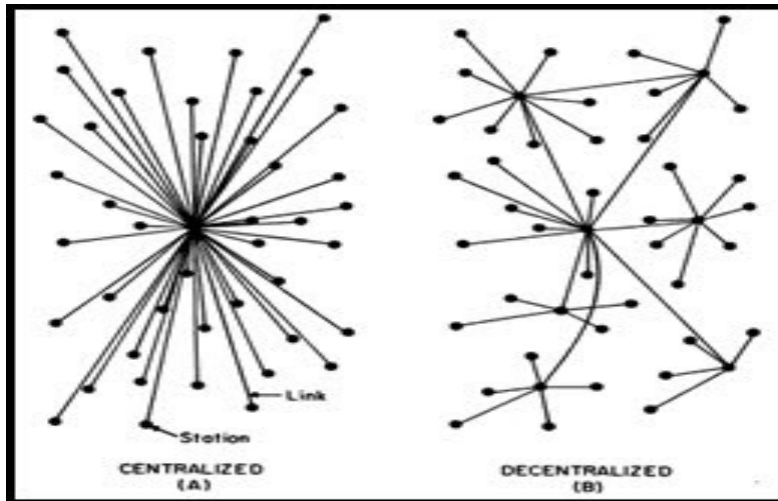
Merits of Delegation:

1. Relief to managers
2. Develops managers
3. Develops subordinates
4. Better decisions
5. Faster decisions
6. Specialisation
7. Job satisfaction
8. Promotes inter-personal relationships

CENTRALIZATION AND DECENTRALIZATION

Centralization is said to be a process where the concentration of decision making is in a few hands. All the important decision and actions at the lower level, all subjects and actions at the lower level are subject to the approval of top management. According to Allen, “Centralization” is the systematic and consistent reservation of authority at central points in the organization. The implication of centralization can be:-

1. Reservation of decision making power at top level.
2. Reservation of operating authority with the middle level managers.
3. Reservation of operation at lower level at the directions of the top level.



Under centralization, the important and key decisions are taken by the top management and the other levels are into implementations as per the directions of top level. For example, in a business concern, the father & son being the owners decide about the important matters and all the rest of functions like product, finance, marketing, personnel, are carried out by the department heads and they have to act as per instruction and orders of the two people. Therefore in this case, decision making power remain in the hands of father & son.

Advantages of Centralization

1. **Specialization management:** The higher the specialization of jobs, the greater the need for centralization. Tall hierarchical organizations with functional departments are best managed through centralization.

2. **Complexity management:** Specialization of jobs creates complexity. Narrow spans of management also create complexity. Centralization provides advantage to manage complexity. Uniform policies and practices are fostered. Specialists can be used.
3. **Significant decision making:** Non-programmed significant decisions require centralized decision making by top management. Decentralization is not suitable for making such decisions. Moreover, management philosophy may also favor centralization in such decision.
4. **Environmental stability:** Centralization is the most suitable model for making decisions in stable environment.
5. **Improved capacity at lower levels:** Subordinates may lack capacity or be unwilling and inexperienced to exercise decentralized authority. Such situations give advantage to centralization.

Disadvantages of Centralization

1. **Poor environmental adaptation:** Organizational environment tends to be dynamic, complex and uncertain. Centralization cannot quickly adapt to the changing environment.
2. **Poor diversification management:** Modern organizations tend to be highly diversified. They are also geographically dispersed. Centralization is not suitable to manage diversified and dispersed organizations.
3. **Unsuitable for programmed decisions:** Programmed decisions are routine-type decisions. They are relatively minor decisions. Such decisions are not suitable for centralization. They burden top managers.
4. **Poor management development:** Centralization blocks the management development of subordinates. Their skills and talents remain unutilized because of lack of participation and involvement in decision making.
5. **Delayed decisions:** Centralization creates multiple layers for decision making purposes. The files move through the hierarchy from subordinates to bosses. This delays decision making.

DECENTRALIZATION

On the other hand, **Decentralization** is a systematic delegation of authority at all [levels of management](#) and in all of the organization. In a decentralization concern, authority is retained by the top management for taking major decisions and framing policies concerning the whole

concern. Rest of the authority may be delegated to the middle level and lower level of management.

Advantages of Decentralization

1. Quicker and better decisions: it disperses decision making authority close to unit managers who execute decisions. It reduces problems of communication and red tape. This leads to quicker and better decision making
2. Diversification: decentralization facilitates diversification of products, activities and markets. Profit centers can be established with independence in decision making.
3. Competitive organizational climate: Decentralization promotes competitive climate for improving performance among divisions and profit centers.
4. Management development: decentralization encourages managers to exercise freedom and independence in decision making. They learn to make decisions and exercise judgment. This develops managerial competency.
5. Environmental adaptation: Decentralization helps organizations to adapt to fast-changing environment.
6. Relieves burden of top management: Top managers are relieved from making routine decisions. They can concentrate on important issues of strategic relevance.
7. Higher motivation and morale: Decentralization provides power, prestige and status to subordinates. This increases motivation and morale of subordinates.

Disadvantages of Decentralization

1. Problem of coordination and control: Decentralization provides freedom and independence in decision making. This can lead to inconsistencies in policies, programs and procedures. This can create the problem of poor coordination and control.
2. High cost: Decentralization can result in duplication of efforts and waste of resources. Human resources need to be trained. This results in increased costs. It is also time consuming.
3. Unsuitable for specialized services: Decentralization is not suitable in tackling emergency situations. Adjustment to fast changing situation may be difficult.
4. Lack of managerial capacity: Decentralization requires competent and skilled subordinates. It may be difficult to find them.

CONTROLLING AND ITS TECHNIQUES

Control:

Control, or 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.

Control and its Techniques

1. 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. The supervisor gets first hand information, and he has better understanding with the workers. This technique is most suitable for a small-sized business.

2. Financial Statements

All business organisations 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 organisation at the end of the specified period. Financial statements are used to control the organisation. The figures of the current year can be compared with the previous year's figures. Ratio analysis can be used to find out and analyse the financial statements. Ratio analysis helps to understand the profitability, liquidity and solvency position of the business.

3. Budget 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.

4. 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.

5. 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.

6. Management Audit

Management Audit is an evaluation of the management as a whole. It critically examines the full management process, i.e. planning, organising, directing, and controlling. It finds out the efficiency of the management. To check the efficiency of the management, the company's plans, objectives, policies, procedures, personnel relations and systems of control are examined very carefully. Management auditing is conducted by a team of experts. They collect data from past records, members of management, clients and employees. The data is analysed and conclusions are drawn about managerial performance and efficiency.

7. PERT and CPM Techniques

Programme 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.

Importance is given to identifying the critical activities. Critical activities are those which have to be completed on time otherwise the full project will be delayed. So, in these techniques, the job is divided into various activities / sub-activities. From these activities, the critical activities are identified. More importance is given to completion of these critical activities. So, by controlling the time of the critical activities, the total time and cost of the job are minimised.

8. 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.

The subordinates must be encouraged to use self-control because it is not good for the superior to control each and everything. However, self-control does not mean no control by the superiors. The superiors must control the important activities of the subordinates.

Unit 3

ORGANISATIONAL BEHAVIOUR

Definition of organisational behaviour

According to Keith Davis “organizational behaviour is the study and application of knowledge about how people act within organizations. It is human tool for the human benefit. It applies broadly to behaviour of people in all type of organization such as business, government, schools, etc. it helps people, structure, technology, and the external environment blend together in to an effective operative system”.

Stephen Robins defines as a “field of study that investigates the impact that individuals, groups, and structure have an organization for the purpose of applying such knowledge improving an organization’s effectiveness”.

There are many definitions about organisational behaviour; every definition must include three important features, (1) organisational behaviour is the study of human behaviour, (2) study about behaviour in organisations and (3) knowledge about human behaviour would be useful in improving an organisation’s effectiveness.

Organisational behaviour is the study of what an individual thinks feels or does in and around an organisation, both individual and in group. It investigates people’s emotions and behaviour, behaviour & performances in a team, systems & structures of organisations. It helps to explore and provide an understanding of all the factors that are necessary to create an effective organisation.

NATURE OF ORGANIZATIONAL BEHAVIOUR

Organizational behaviour has emerged as a separate field of study. The nature it has acquired is identified as follows :

1. A Separate Field of Study and not a Discipline Only

By definition, a discipline is an accepted science that is based on a theoretical foundation. But, O.B. has a multi-interdisciplinary orientation and is, thus, not based on a specific theoretical background. Therefore, it is better reasonable to call O.B. a separate field of study rather than a discipline only.

2. An Interdisciplinary Approach

Organizational behaviour is essentially an interdisciplinary approach to study human behaviour at work. It tries to integrate the relevant knowledge drawn from related disciplines like psychology, sociology and anthropology to make them applicable for studying and analysing organizational behaviour.

3. An Applied Science

The very nature of O.B. is applied. What O.B. basically does is the application of various researches to solve the organizational problems related to human behaviour. The basic line of difference between pure science and O.B. is that while the former concentrates on fundamental researches, the latter concentrates on applied researches. O.B. involves both applied research and its application in organizational analysis. Hence, O.B. can be called both science as well as art.

4. A Normative Science

Organizational Behaviour is a normative science also. While the positive science discusses only cause effect relationship, O.B. prescribes how the findings of applied researches can be applied to socially accepted organizational goals. Thus, O.B. deals with what is accepted by individuals and society engaged in an organization. Yes, it is not that O.B. is not normative at all. In fact, O.B. is normative as well that is well underscored by the proliferation of management theories.

5. A Humanistic and Optimistic Approach

Organizational Behaviour applies humanistic approach towards people working in the organization. It, deals with the thinking and feeling of human beings. O.B. is based on the belief that people have an innate desire to be independent, creative and productive. It also realizes that people working in the organization can and will actualize these potentials if they are given proper conditions and environment. Environment affects performance of workers working in an organization.

6. A Total System Approach

The system approach is one that integrates all the variables, affecting organizational functioning. The systems approach has been developed by the behavioural scientists to analyse human behaviour in view of his/her socio-psychological framework.

SCOPE OF ORGANIZATIONAL BEHAVIOUR

The three internal organizational elements viz., people, technology and structure and the fourth element, i.e., external social systems may be taken as the scope of O.B.

1. People

The people constitute the internal social system of the organization. They consist of individuals and groups. Groups may be large or small, formal or informal, official or unofficial. They are dynamic. They form, change and disband. Human organization changes everyday. Today, it is not the same as it was yesterday. It may change further in the coming days. People are living, thinking and feeling being who created the organization and try to achieve the objectives and goals. Thus, organizations exist to serve the people and not the people exist to serve the organization.

2. Structure

Structure defines the sole relationship of people in an organization. Different people in an organization are given different roles and they have certain relationship with others. It leads to division of labour so that people can perform their duties or work to accomplish the organizational goal. Thus, everybody cannot be an accountant or a clerk. Work is complex and different duties are to be performed by different people. Some may be accountant, others may be managers, clerks, peons or workers. All are so related to each other to accomplish the goal in a co-ordinated manner. Thus, structure relates to power and duties. One has the authority and others have a duty to obey him.

3. Technology

Technology imparts the physical and economic conditions within which people work. With their bare hands people can do nothing so they are given assistance of buildings, machines, tools, processes and resources. The nature of technology depends very much on the nature of the organization and influences the work or working conditions. Thus, technology brings effectiveness and at the same restricts people in various ways.

4. Social System

Social system provides external environment which the organization operates. A single organization cannot exist also. It is a part of the whole. One organization cannot give everything

and therefore, there are many other organizations. All these organizations influence each other. It influences the attitudes of people, their working conditions and above all provides competition for resources and power.

O.B. is the study of human behaviour at work in organizations. Accordingly, the scope of O.B. includes the study of individuals, groups and organization/structure. Let us briefly reflect on what aspects each of these three cover.

Individuals

Organizations are the associations of individuals. Individuals differ in many respects. The study of individuals, therefore, includes aspects such as personality, perception, attitudes, values, job satisfaction, learning and motivation.

Groups of Individuals

Groups include aspects such as group dynamics, group conflicts, communication, leadership, power and politics and the like.

PERCEPTION

Perception (from the Latin perceptio) is the organization, identification, and interpretation of sensory information in order to represent and understand the presented information, or the environment.

Perception is our sensory experience of the world around us and involves both the recognition of environmental stimuli and action in response to these stimuli. Through the perceptual process, we gain information about properties and elements of the environment that are critical to our survival.

A number of factors operate to shape and sometimes distort perception. These factors can reside:

- i) In the perceiver
- ii) In the Object or target being perceived or
- iii) In the context of the situation in which the perception is made.

1. Characteristics of the Perceiver: Several characteristics of the perceiver can affect perception. When an individual looks at a target and attempts to interpret what he or she stands for, that interpretation is heavily influenced by personal characteristics of the individual perceiver. The major characteristics of the perceiver influencing perception are:

a) **Attitudes:** The perciver's attitudes affect perception. For example, Mr. X is interviewing candidates for a very important position in his organization - a position that requires negotiating contracts with suppliers, most of whom are male. Mr. X may feel that women are not capable of holding their own in tough negotiations. This attitude with doubtless affect his perceptions of the female candidates he interviews.

b) **Moods:** Moods can have a strong influence on the way we perceive someone. We think differently when we are happy than we do when we are depressed. In addition, we remember information that is consistent with our mood state better than information that is inconsistent with our mood state. When in a positive mood, we form more positive impressions of other. When in a negative mood, we tend to evaluate others unfavourably.

c) **Motives:** Unsatisfied needs or motives stimulate individuals and may exert a strong influence on their perceptions. For example, in an organizational context, a boss who is insecure perceives a subordinate's efforts to do an outstanding job as a threat to his or her own position. Personal insecurity can be translated into the perception that others are out to "get my job", regardless of the intention of the subordinates.

d) **Self - Concept:** Another factor that can affect social perception is the perceiver's self-concept. An individual with a positive self-concept tends to notice positive attributes in another person. In contrast, a negative self-concept can lead a perceiver to pick out negative traits in another person. Greater understanding of self allows us to have more accurate perceptions of others.

e) **Interest:** The focus of our attention appears to be influenced by our interests. Because our individual interests differ considerably, what one person notices in a situation can differ from what others perceive. For example, the supervisor who has just been reprimanded by his boss for coming late is more likely to notice his colleagues coming late tomorrow than he did last week.

f) **Cognitive structure:** Cognitive structure, an individual's pattern of thinking, also affects perception. Some people have a tendency to perceive physical traits, such as height, weight, and appearance, more readily. Cognitive complexity allows a person to perceive multiple characteristics of another person rather than attending to just a few traits.

g) **Expectations:** Finally, expectations can distort your perceptions in that you will see what you expect to see. The research findings of the study conducted by Sheldon S. Zalkin and Timothy W. Costello on some specific characteristics of the perceiver reveal

i) Knowing oneself makes it easier to see others accurately.

ii) One's own characteristics affect the characteristics one is likely to see in others.

iii) People who accept themselves are more likely to be able to see favourable aspects of other people.

iv) Accuracy in perceiving others is not a single skill. These four characteristics greatly influence how a person perceives others in the environmental situation.

2) **Characteristics of the Target :** Characteristics in the target that is being observed can affect what is perceived. Physical appearance plays a big role in our perception of others. Extremely

attractive or unattractive individuals are more likely to be noticed in a group than ordinary looking individuals. Motions, sound, size and other attributes of a target shape the way we see it. Verbal Communication from targets also affects our perception of them. Nonverbal communication conveys a great deal of information about the target. The perceiver deciphers eye contact, facial expressions, body movements, and posture all in an attempt to form an impression of the target.

3) **Characteristics of the Situation:** The situation in which the interaction between the perceiver and the target takes place, has an influence on the perceiver's impression of the target. The strength of the situational cues also affects social perception. Some situations provide strong cues as to appropriate behaviour. In this situation, we assume that + i.e individual's behaviours can be accounted for by the situation, and that it may not reflect the individual's disposition.

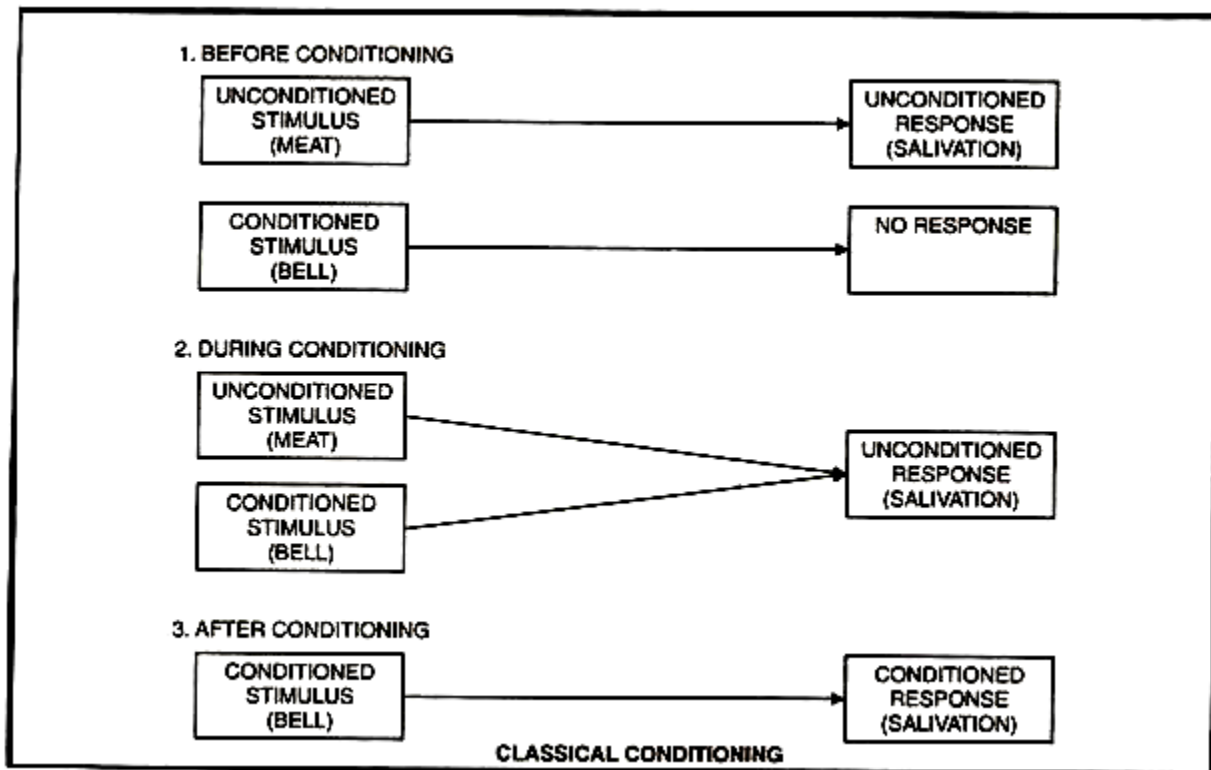
LEARNING

Learning can be defined as the permanent change in behaviour due to direct or indirect experience. It means change in behaviour, attitude due to education and training, practice and experience. It is completed by acquisition of knowledge and skills which are relatively permanent.

THEORIES OF LEARNING

1. Classical Conditioning:

Classical conditioning is the association of one event with another desired event resulting in a behaviour. The most well known experiments on classical conditioning were conducted by Ivan Pavlov, the Russian psychologist, who won the Nobel Prize for his experiments on this subject. Pavlov conducted an experiment on dogs and tried to establish a Stimulus-Response (S-R) connection. He tried to relate the dog's salivation and the ringing of the bell. In his experiments, he put some meat in front of dogs.



The dogs responded to this stimulus by salivating. This response was instinctive or unconditioned. Pavlov next began to ring a bell at the same time as the meat was presented.

Ringling the bell in itself, without the presentation of meat, was not connected to any responses. But by ringling the bell at the same time as presentation of meat, Pavlov established a relationship between the two stimuli-the bell and the meat- in the mind of the dogs. By continuing this process, the ringling of bell alone was sufficient stimulus to elicit a response of salivating, even when no meat was presented. Thus, the bell became a conditioned stimulus, resulting in conditioned or learned response.

The above diagram explains that the meat was an unconditioned stimulus. It caused the dog to react in a certain way i.e. noticeable increase in salivation. This reaction is called the unconditioned response. The bell was an artificial stimulus or conditioned stimulus. But when the bell was paired with the meat (an unconditioned stimulus), it eventually produced a response. After conditioning, the dog started salivating in response to the ringling of the bell alone. Thus, conditioned stimulus led to conditioned response.

In an organisational setting we can see classical conditioning operating. For example, at one manufacturing plant, every time the top executive from the head office would make a visit, the plant management would clean up the administrative offices and wash the windows. This went on for years.

Eventually, employees would turn on their best behaviour and look prim and proper whenever the windows were cleaned even on those occasions when the cleaning was not paired with the visit from the top brass. People had learnt to associate the cleaning of the windows with the visit from the head office.

Classical conditioning represents only a very small part of total human learning. So it has a limited value in the study of organisational behaviour. Classical conditioning plays only a passive role. We will react in a particular way only if something happens. But in reality, the behaviour of people in organisations is voluntary rather than being reflexive. Their behaviour is not elicited in response to a specific, identifiable event but it is generally emitted. The learning of complex behaviour can be better understood by looking at operant conditioning.

2. Operant Conditioning:

Operant is defined as behaviour that produces effect. Operant conditioning is based on the work of B.F. Skinner who advocated that individuals emit responses that are rewarded and

will not emit responses that are either not rewarded or are punished. Operant conditioning argues that behaviour is a function of its consequences. Behaviour is likely to be repeated if the consequences are favourable. Behaviour is not likely to be repeated if the consequences are unfavorable. Thus the relationship between behaviour and consequences is the essence of the operant conditioning.

Based upon this direct relationship between the consequences and the behaviour, the management can study and identify this relationship and try to modify and control behaviour. Hence, certain types of consequences can be used to increase the occurrence of a desired behaviour and other types of consequences can be used to decrease the occurrence of undesired behaviour.

One can see examples of operant conditioning in the organisations. For instance, working hard and getting the promotion will probably cause the person to keep working hard in the future. On the other hand, if a boss assures his subordinate that he would be suitably compensated in the next performance appraisal, provided the employee works over time.

However, when the evaluation time comes, the boss does not fulfill his assurance to his subordinate, even though the latter had worked overtime. Next time, the subordinate coolly declines to work overtime when the boss requests him to do so. Thus, it can be concluded that the behaviour consequences that are rewarding increase the rate of response, while the aversive consequences decrease the rate of response. Operant conditioning techniques are extensively used in clinical and educational research, control of alcoholism and control of deviant children in a class room.

3. Social Learning:

Individuals can also learn by observing what happens to other people and just by being told about something, as well as by direct experiences. Much of what we have learned comes from observing and imitating models-parents, teachers, peers, superiors, film stars etc. This view that we can learn through both observation and direct experience has called social learning theory.

This theory assumes that learning is not a case of environmental determinism (classical and operant views) or of individual determinism (The cognitive view). Rather it is a blending of

both. Thus, social learning theory emphasizes the interactive nature of cognitive, behavioural and environmental determinants. The influence of model is central to the social learning view point. Four processes have been found to determine the influence that a model will have on an individual.

a. Attention Process:

People learn from a model only when they recognize and pay attention to its critical features. We tend to be most influenced by models that are attractive, repeatedly available, important to us or similar to use in our estimation.

b. Retention Processes:

A model's influence will depend upon how well the individual remembers the model's action after the model is not longer readily available.

c. Motor Reproduction Processes:

After a person has seen a new behaviour by observing the model, the watching must be converted to doing. This process then demonstrates that the individual can perform the modelled activities.

d. Reinforcement Processes:

Individuals will be motivated to exhibit the modeled behaviour if positive incentives or rewards are provided. Behaviours that are positively reinforced will be given more attention, learned better and performed more often.

PERSONALITY

Definition of personality

Personality means how a person affects others and how he understands and views himself as well as the pattern of inner and outer measurable traits and the person-situation interactions (Fred Luthans). According to Stephen P. Robbins, personality is the sum total ways in which an individual reacts and interacts with others. It may be defined as those inner psychological characteristics that both determine and reflect how a person responds to his environment.

Personality can be defined as those inner psychological characteristics that both determine and reflect how a person responds to the environment.

Determinants

1. **Heredity**: Human behaviour is partly affected by heredity. The parent's qualities are passed on to the children through the molecular structure of genes located in the chromosomes. In our day to day life, so many times we use the term "Like father like son" as "Like Mother like daughter".

2. **Environment** : All personality traits are not determined by heredity. Environment also plays a very important role in the development of personality of a person. Environment comprises of culture, family, social and situational factors.

(a) **Culture** : Culture is sum total of learned believes, values and customs. Cultural factors determine now a person acts whether independently or dependently. Culture establishes norms, attitudes and values that are passed along from generation to generation.

(b) **Family**: Families influence the behaviour of a person especially in the early stages. The nature of such influence will depend upon the following factors:

- (i) Socio-economic level of the family
- (ii) Family size
- (iii) Birth order
- (iv) Race
- (v) Religion

(vi) Parent's educational level and Geographic location.

(c) **Social:** Socialization is a process by which an infant acquires customary and acceptable behaviour. Social life has a considerable impact on the individual's behaviour. A man is known by the company he keeps. Social groups influence the behaviour of the individuals.

(d) **Situational:** Situational factors also play a very important role in determining the personality of a person. Life is a collection of experiences. Some of the events and experiences can serve as important determinants of his personality.

Theories of Personality

A theory is a simple model of reality that helps us understand, explain, predict and deal with reality. We have some theories that explain an individual's personality.

1. Sigmund Freud's Psychoanalytic Theory

This theory is based on the belief that man is encouraged more by unforeseen forces than the conscious and logical thought. Freud believed that most of the things in life are not present at the conscious level but they are present at an unconscious level.

The features of Freud's theory include three attributes – Id, Ego, and Superego.

- **Id** – It defines the innate component of personality. It is the impulsive and unconscious part of mind that seeks immediate satisfaction. **Example** – A hungry baby cries till he/she is fed.
- **Ego** – It is derived from Id and assists in dealing with the external world. It also helps in translating the inner needs into expressions. It deals with practical and rational thinking process. **Example** – We have a fight with our friend and expect the friend to talk first, even though both of us want to talk.
- **Superego** – It is different from ego and is partially unconscious. It includes the traditional values of society as interpreted by our parents. It also helps in the integral vision of punishment. **Example** – Ram came late today so he is grounded for a week.

2. Erikson's Theory

This theory states that personality is groomed throughout lifetime. He presents eight distinct stages each with two possible outcomes. Successful completion of each stage leads to a healthy personality. These stages are –

- **Infancy** – It is the period between 0-1 years of age. In this stage, children learn the ability to trust others depending on their caregivers. Unsuccessful completion in this stage results in anxiety and insecurity. **Example** – Children of this age are more comfortable with those faces they see more often and not with strangers.
- **Early Childhood** – It is the period between 1-3 years of age. In this stage, children learn to be independent. If given support, they become more confident else they become dependent over others. **Example** – Children in this age are taught how to walk, how to talk etc.
- **Play Age** – It is the period between 3-6 years of age. In this stage, children assert themselves frequently. The failure leads to development of a sense of guilt among them. **Example** – Children in this age group, need to be taught how to behave and should be taught to be focused.
- **School Age** – It is the period between 6 years of age till puberty. In this stage, children become more innovative. They feel confident and want to achieve their goals. If not encouraged they may feel inferior. **Example** – Teenagers should be protected and parents need to understand them and should handle them patiently.
- **Adolescence** – This stage is a transformation from childhood to adulthood. Here children find their own identity and should be guided and supported in order to help them choose the right direction. **Example** – Decision such as which stream to choose science or commerce etc. happens during this stage.
- **Young Childhood** – This stage is also known as young adulthood. Here, they begin to open up and become more intimate with others. **Example** – Making close friends.
- **Adulthood** – In this stage, they focus on establishing career and settling down with relationships that are important. **Example** – Applying for jobs.
- **Mature Adulthood** – In this stage, a person is old and thus in this stage the productivity slows down. **Example** – Taking care of the family.

Unit 4

Leadership

Leadership is the ability of an individual or a group of individuals to influence and guide followers or other members of an organization.

Leadership involves making sound -- and sometimes difficult -- decisions, creating and articulating a clear vision, establishing achievable goals and providing followers with the knowledge and tools necessary to achieve those goals.

Definitions

“The individuals who are the leaders in an organization, regarded collectively”

“The activity of leading a group of people or an organization or the ability to do this”

“The act of inspiring sub ordinants to perform and engage in achieving a goal”

Leadership involves:

- establishing a clear vision,
- sharing that vision with others so that they will follow willingly,
- providing the information, knowledge and methods to realize that vision, and
- Coordinating and balancing the conflicting interests of all members and stakeholders.

Trait Theory of Leadership

Trait Theory of Leadership. The trait model of leadership is based on the characteristics of many leaders - both successful and unsuccessful - and is used to predict leadership effectiveness. The resulting lists of traits are then compared to those of potential leaders to assess their likelihood of success or failure.

Scholars taking the trait approach attempted to identify physiological (appearance, height, and weight), demographic (age, education and socioeconomic background), personality, self-confidence, and aggressiveness), intellective (intelligence, decisiveness, judgment, and knowledge), task-related (achievement drive, initiative, and persistence), and social characteristics (sociability and cooperativeness) with leader emergence and leader effectiveness.

Successful leaders definitely have interests, abilities, and personality traits that are different from those of the less effective leaders. Through many researches conducted in the

last three decades of the 20th century, a set of core traits of successful leaders have been identified. These traits are not responsible solely to identify whether a person will be a successful leader or not, but they are essentially seen as preconditions that endow people with leadership potential.

Among the core traits identified are:

- *Achievement drive*: High level of effort, high levels of ambition, energy and initiative
- *Leadership motivation*: an intense desire to lead others to reach shared goals
- *Honesty and integrity*: trustworthy, reliable, and open
- *Self-confidence*: Belief in one's self, ideas, and ability
- *Cognitive ability*: Capable of exercising good judgment, strong analytical abilities, and conceptually skilled
- *Knowledge of business*: Knowledge of industry and other technical matters
- *Emotional Maturity*: well adjusted, does not suffer from severe psychological disorders.
- *Others*: charisma, creativity and flexibility

Strengths/Advantages of Trait Theory

- It is naturally pleasing theory.
- It is valid as lot of research has validated the foundation and basis of the theory.
- It serves as a yardstick against which the leadership traits of an individual can be assessed.
- It gives a detailed knowledge and understanding of the leader element in the leadership process.

Limitations of The Trait Theory

- There is bound to be some subjective judgment in determining who is regarded as a 'good' or 'successful' leader
- The list of possible traits tends to be very long. More than 100 different traits of successful leaders in various leadership positions have been identified. These descriptions are simply generalities.
- There is also a disagreement over which traits are the most important for an effective leader

Leadership Styles - Important Leadership Styles

Some of the important leadership styles are as follows:

1. Democratic Leadership

Democratic leadership is exactly what it sounds like -- the leader makes decisions based on the input of each team member. Although he or she makes the final call, each employee has an equal say on a project's direction.

Democratic leadership is one of the most effective leadership styles because it allows lower-level employees to exercise authority they'll need to use wisely in future positions they might hold. It also resembles how decisions can be made in company board meetings.

2. Autocratic Leadership

Autocratic leadership is the inverse of democratic leadership. In this leadership style, the leader makes decisions without taking input from anyone who reports to them. Employees are neither considered nor consulted prior to a direction, and are expected to adhere to the decision at a time and pace stipulated by the leader.

3. Laissez-Faire Leadership

If you remember your high-school French, you'll accurately assume that laissez-faire leadership is the least intrusive form of leadership. The French term "laissez faire" literally translates to "let them do," and leaders who embrace it afford nearly all authority to their employees.

4. Strategic Leadership

Strategic leaders sit at the intersection between a company's main operations and its growth opportunities. He or she accepts the burden of executive interests while ensuring that current working conditions remain stable for everyone else.

This is a desirable leadership style in many companies because strategic thinking supports multiple types of employees at once. However, leaders who operate this way can set a dangerous precedent with respect to how many people they can support at once, and what the best direction for the company really is if everyone is getting their way at all times.

5. Transformational Leadership

Transformational leadership is always "transforming" and improving upon the company's conventions. Employees might have a basic set of tasks and goals that they complete every week or month, but the leader is constantly pushing them outside of their comfort zone.

This is a highly encouraged form of leadership among growth-minded companies because it motivates employees to see what they're capable of. But transformational leaders can risk losing sight of everyone's individual learning curves if direct reports don't receive the right coaching to guide them through new responsibilities.

6. Transactional Leadership

Transactional leaders are fairly common today. These managers reward their employees for precisely the work they do. A marketing team that receives a scheduled bonus for helping generate a certain number of leads by the end of the quarter is a common example of transactional leadership.

Transactional leadership helps establish roles and responsibilities for each employee, but it can also encourage bare-minimum work if employees know how much their effort is worth all the time. This leadership style can use incentive programs to motivate employees, but they should be consistent with the company's goals and used in addition to unscheduled gestures of appreciation.

7. Bureaucratic Leadership

Bureaucratic leaders go by the books. This style of leadership might listen and consider the input of employees -- unlike autocratic leadership -- but the leader tends to reject an employee's input if it conflicts with company policy or past practices.

Employees under this leadership style might not feel as controlled as they would under autocratic leadership, but there is still a lack of freedom in how much people are able to do in their roles. This can quickly shut down innovation, and is definitely not encouraged for companies who are chasing ambitious goals and quick growth.

Managerial Grid Model of Leadership

Developed by R. R. Blake and J. S. Mouton, the Managerial Grid Model helps Managers to analyze their own leadership styles through a technique known as grid training. Also, Managers can identify how they with respect to their concern for production and people with Managerial Grid Model.

They identified five basic leadership styles of practicing managers representing various combinations of the aforesaid two dimensions as shown in the following figure;

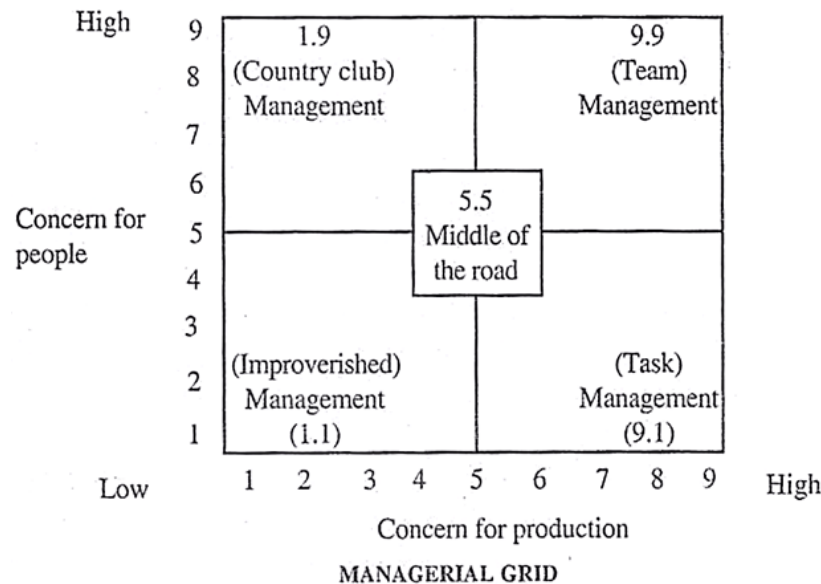
Managerial Grid Model is based on two behavioral dimensions:

Concern for people: This is the degree to which a leader considers the needs of team members, their interests, and areas of personal development when deciding how best to accomplish a task.

Concern for production: This is the degree to which a leader emphasizes concrete objectives, organizational efficiency, and high productivity when deciding how best to accomplish a task.

As shown in the figure, the model is represented as a grid with concern for production as the X - axis and concern for people as the Y - axis; each axis ranges from 1 (Low) to 9 (high).

The five resulting leadership styles are as follows:



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(1,9) Country Club Style Leadership High People and Low Production

(1,9) Country Club Style Leadership style of leader is most concerned about the needs and the feelings of members of his or her team. In this environment, the relationship-oriented manager has a high concern for people but a low concern for production.

The (1,9) boss mainly uses reward power to preserve discipline and to support his subordinates in accomplishing their goals.

(9,1) Produce or Perish Leadership- High Production and Low People

(9,1) Produce or Perish Leadership management style is characterized by a concern for production as the only goal. Employees are viewed as obstacles to performance results unless obedience to the manager's wishes is explicitly granted.

In this style, manager is authoritarian or compliance. A task-oriented manager, he has a high concern for production and a low concern for people.

(1,1) Impoverished Leadership-Low Production and Low People:

(1,1) Impoverished Leadership is a delegate-and-disappear management style and basically a lazy approach. The manager shows a low concern for both people and production.

He or she avoids getting into trouble. His main concern is not to be held responsible for any mistakes. Managers use this style to preserve job and job seniority, protecting themselves by avoiding getting into trouble.

(5,5) Middle-Of-The-Road Leadership-Medium Production and Medium People

(5,5) Middle-Of-The-Road Leadership is a kind of realistic medium without ambition. It is a balanced and compromised style. The manager tries to balance between the competing goals of the company and the needs of the workers.

The manager gives some concern to both people and production, hoping to achieve acceptable performance. He believes this is the most anyone can do. Consequently, compromises occur where neither the production nor the people needs are fully met.

(9,9) Team Leadership-High Production and High People

At (9,9) Team Leadership, the manager pays high concern to both people and production. Motivation is high. This soft style is based on the propositions of Theory Y of Douglas McGregor. The manager encourages teamwork and commitment among employees.

This style emphasizes making employees feel part of the company-family and involving them in understanding the organizational purpose and determining production needs. This method relies heavily on making employees feel they are constructive parts of the company.

Transactional VS Transformational Leadership

Leadership is a trait of influencing the behavior of individuals, in order to fulfill organizational objectives.

Transactional Leadership or otherwise known as management leadership, refers, to a leadership style which lays emphasis on the transaction between leader and its subordinates.

Transformational Leadership is a type which becomes are reasons for the transformation (change) in the subordinates. In this style, the leader works with the subordinates to ascertain the desired change in the organization.

Basis for comparison	Transactional leadership	Transformational leadership
Meaning	A leadership style that employs rewards and punishments for motivating followers is Transactional Leadership.	A leadership style in which the leader employs charisma and enthusiasm to inspire his followers is Transformational Leadership.
Concept	Leader lays emphasis on his relation with followers.	Leader lays emphasis on the values, ideals, morals and needs of the followers.
Nature	Reactive	Proactive
Best suited for	Settled Environment	Turbulent Environment

Basis for comparison	Transactional leadership	Transformational leadership
Works for	Developing the existing organizational culture.	Changing the existing organizational culture.
Style	Bureaucratic	Charismatic
How many leaders are there in a group?	Only one	More than One
Focused on	Planning and Execution	Innovation
Motivational tool	Attracting followers by putting their own self interest in the first place.	Stimulating followers by setting group interest as a priority.

The following are the major differences between transactional and transformational leadership:

1. Transactional Leadership is a type of leadership whereby rewards and punishment are used as a basis for initiating the followers. Transformational Leadership is a leadership style in which the leader uses his charisma and enthusiasm to influence his followers.
2. In transactional leadership leader, is lays stress on his relationship with followers. Conversely, in transformational leadership leader lays stress on the values, beliefs and needs of his followers.
3. Transactional Leadership is reactive whereas Transformational Leadership is proactive.

4. Transactional Leadership is best for a settled environment, but Transformation is good for the turbulent environment.
5. Transactional Leadership works for improving the present conditions of the organisation. On the other hand, Transformational Leadership works for changing the present conditions of the organisation.
6. Transactional Leadership is bureaucratic while Transformational Leadership is charismatic.
7. In Transactional Leadership, there is only one leader in a group. In contrast to transformational leadership, in which there can be more than one leader in a group.
8. Transactional Leadership is focussed towards planning and execution as compared to transformational leadership which promoted innovation.

Motivation

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within the individuals. It is the process of stimulating people to actions to accomplish the goals. In the work goal context the psychological factors stimulating the people's behaviour

Definition

Internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal.

MASLOW'S NEED THEORY



One of the earliest and best-known content theories is needs hierarchy theory. Psychologist Abraham Maslow (1954) focused on motivating forces in individuals and established a "hierarchy of needs." According to Maslow, individuals would move to satisfy their needs in a hierarchical manner. Once a need is satisfied, it no longer has the ability to motivate. At the bottom of the hierarchy are physiological needs such as food, shelter, and sexual gratification. These were followed by safety needs (protection from environmental dangers), social needs (love and belonging), and esteem (self-respect and the approval of others). The highest need is the need for self-fulfillment, which involves deriving a sense of value and satisfaction from one's work

Physiological Needs: Physiological needs are those required to sustain life, such as *air, water, nourishment and sleep*. According to Maslow's theory, if such needs are not satisfied then one's motivation will arise from the quest to satisfy them. Higher needs such as social needs and esteem are not felt until one has met the needs basic to one's bodily functioning.

Safety Needs: Once physiological needs are met, one's attention turns to safety and security in order to be free from the threat of physical and emotional harm. Such needs might be fulfilled by *living in a safe area, medical insurance, job security and financial reserves*. According to Maslow's hierarchy, if a person feels that he or she is in harm's way, higher needs will not receive much attention.

Social Needs: Once a person has met the lower level physiological and safety needs, higher level needs become important, the first of which are social needs. Social needs are those related to interaction with other people and may include

need for friends, need for belonging, need to give and receive love.

Esteem Needs: Once a person feels a sense of "belonging", the need to feel important arises. Esteem needs may be classified as internal or external. Internal esteem needs are those related to self-esteem such as self respect and achievement. External esteem needs are those such as social status and recognition. Some esteem needs are *self-respect, achievement, attention, recognition, reputation*. Maslow later refined his model to include a level between esteem needs and self-actualization: the need for knowledge and aesthetics.

Self-Actualization: Self-actualization is the summit of Maslow's hierarchy of needs. It is the quest of reaching one's full potential as a person. Unlike lower level needs, this need is never fully satisfied; as one grows psychologically there are always new opportunities to continue to grow. Self-actualized people tend to have needs such as *truth, justice, wisdom, and meaning*. Self-actualized persons have frequent occurrences of peak experiences, which are energized moments of profound happiness and harmony. According to Maslow, only a small percentage of the population reaches the level of self-actualization.

IMPLICATIONS FOR MANAGEMENT

If Maslow's theory holds, there are some important implications for management. There are opportunities to motivate employees through management style, job design, company events, and compensation packages, some examples of which follow:

Physiological needs: Provide lunch breaks, rest breaks, and wages that are sufficient to purchase the essentials of life.

Safety Needs: Provide a safe working environment, retirement benefits, and job security.

Social Needs: Create a sense of community via team-based projects and social events.

Esteem Needs: Recognize achievements to make employees feel appreciated and valued. Offer job titles that convey the importance of the position.

Self-Actualization: Provide employees a challenge and the opportunity to reach their full career potential.

To motivate an employee, the manager must be able to recognize the needs level at which the employee is operating, and use those needs as levers of motivation.

Herzberg's Motivation Theory

Herzberg's Motivation Theory model, or Two Factor Theory, argues that there are two factors that an organization can adjust to influence motivation in the workplace.

The two factors identified by Herzberg are motivators and hygiene factors.

1. Motivating Factors

The presence of motivators causes employees to work harder. They are found within the actual job itself.

2. Hygiene Factors

The absence of hygiene factors will cause employees to work less hard. Hygiene factors are not present in the actual job itself but surround the job.

Motivating factors include:

- **Achievement:** A job must give an employee a sense of achievement. This will provide a proud feeling of having done something difficult but worthwhile.
- **Recognition:** A job must provide an employee with praise and recognition of their successes. This recognition should come from both their superiors and their peers.

- **The work itself:** The job itself must be interesting, varied, and provide enough of a challenge to keep employees motivated.
- **Responsibility:** Employees should “own” their work. They should hold themselves responsible for this completion and not feel as though they are being micromanaged.
- **Advancement:** Promotion opportunities should exist for the employee.
- **Growth:** The job should give employees the opportunity to learn new skills. This can happen either on the job or through more formal training.

Hygiene factors include:

- **Company policies:** These should be fair and clear to every employee. They must also be equivalent to those of competitors.
- **Supervision:** Supervision must be fair and appropriate. The employee should be given as much autonomy as is reasonable.
- **Relationships:** There should be no tolerance for bullying or cliques. A healthy, amiable, and appropriate relationship should exist between peers, superiors, and subordinates.
- **Work conditions:** Equipment and the working environment should be safe, fit for purpose, and hygienic.
- **Salary:** The pay structure should be fair and reasonable. It should also be competitive with other organizations in the same industry.
- **Status:** The organization should maintain the status of all employees within the organization. Performing meaningful work can provide a sense of status.
- **Security:** It is important that employees feel that their job is secure and they are not under the constant threat of being laid-off.

McGregor’s Theory X and Theory Y

McGregor proposed two theories by which managers perceive and address employee motivation. He referred to these opposing motivational methods as Theory X and Theory Y management.

Each assumes that the manager's role is to organize resources, including people, to best benefit the company.

Theory X

According to McGregor, Theory X management assumes the following:

Theory X assumptions are negative;

- Employees inherently dislike work and, whenever possible, will attempt to avoid it.
- Since employees dislike work, they must be coerced, controlled, or threatened with punishment.
- Employees will avoid responsibilities and seek formal direction whenever possible.
- Most workers place security above all other factors and will display little ambition.
- Managers who accept theory-X assumptions have a tendency to structure, control and closely supervise their employees. These managers think that external control is clearly appropriate for dealing with unreliable, irresponsible and immature people.
- Drawing heavily on Maslow's hierarchy of needs, McGregor concluded that theory-X assumptions about the nature of man are generally inaccurate and the management practices that develop from these assumptions will often fail to motivate individuals to work toward organizational goals.
- Management by direction and control may not succeed as it is a questionable way of motivating people whose physiological and safety needs are reasonably satisfied and whose social, esteem and self-actualization needs are becoming predominant.

In view of the drawbacks of theory-X, McGregor developed an alternative theory of human behavior called Theory-Y.

Theory Y

Theory Y assumptions are positive;

- Employees can view work as being as natural as rest or play.
- People will exercise self-direction and self-control if they are committed to the objectives.
- The average person can learn to accept, even seek, responsibility.
- The ability to make innovative decisions is widely dispersed throughout the population.

Managers who accept theory-Y assumptions about nature of man do not attempt to structure, control or closely supervise the employees.

Instead, these managers help their employees mature by subjecting them to progressively less external control and allowing them to assume more and more self-control.

Employees derive the satisfaction of social, esteem and self-actualization needs within this kind of environment.

Thus theory-Y aims at the establishment of an environment in which employees can best achieve their personal goals by consulting, participating and communicating themselves to the objectives of the organization. In this process, employees are expected to exercise a large degree of internal motivation.

Theory X assumes that lower-order needs dominate individuals. Theory Y assumes that higher-order needs dominate individuals. McGregor himself held to the belief that Theory Y assumptions were more valid than Theory X.

There is no evidence to confirm that either set of assumptions is valid. Either Theory X or Theory Y assumptions may be appropriate in a particular situation.

Theory Z

William Ouchi developed Theory Z after making a comparative study of Japanese and American management practices. Theory Z is an integrated model of motivation. Theory Z suggests that large complex organisations are human systems and their effectiveness depends on the quality of humanism used. A type Z organisation has three major features—trust, subtlety and intimacy.

The distinguishing features of Theory Z are as follows:

1. Mutual Trust:

According to Ouchi, trust, integrity and openness are essential ingredients of an effective organisation. When trust and openness exist between employees, work groups, union and management, conflict is reduced to the minimum and employees cooperate fully to achieve the organisation's objectives.

2. Strong Bond between Organisation and Employees:

Several methods can be used to establish a strong bond between the enterprise and its employees. Employees may be granted lifetime employment which leads to loyalty towards the enterprise.

During adverse business conditions shareholders may forgo dividends to avoid retrenchment of workers. Promotions may be slowed down.

As against vertical movement of employees greater emphasis should be placed on horizontal movement which reduces stagnation. A career planning for employees should be done so that every employee is properly placed. This would result in a more stable and conducive work environment.

3. Employee Involvement:

Theory Z suggests that involvement of employees in related matters improves their commitment and performance. Involvement implies meaningful participation of employees in the decision-making process, particularly in matters directly affecting them. Such participation generates a sense of responsibility and increases enthusiasm in the implementation of decisions, Top managers serve as facilitators rather than decision-makers.

4. Integrated Organisation:

Under Theory Z, focus is on sharing of information and ‘ resources rather than on chart, divisions or any formal structure. An integrated organisation puts emphasis on job rotation which improves understanding about interdependence of tasks. Such understanding leads to group spirit.

5. Coordination:

The leader’s role should be to coordinate the efforts of human beings. In order to develop common culture and class feeling in the organisation, the leader must use the processes of communication, debate and analysis.

6. Informal Control System:

Organisational control system should be made informal. For this purpose emphasis should be on mutual trust and cooperation rather than on superior-subordinate relationships.

7. Human Resource Development:

Managers should develop new skills among employees. Under Theory’ Z, potential of every person is recognized and attempts are made to develop and utilise it through job enlargement, career planning, training, etc.

Thus, Theory Z is a hybrid system which incorporates the strengths of American management (individual freedom, risk taking, quick decision-making, etc.) and Japanese management (job security, group decision-making, social cohesion, holistic concern for employees, etc.) systems.

Japanese companies operating in the United State have successfully used Theory Z. After collaboration between Japanese and Indian companies, some experts have suggested application of this theory in India, in Maruti Udyog, which has collaboration with Suzuki motors of Japan an attempt has been made to apply Theory Z.

The workplace has been designed on the Japanese pattern, which involves open offices. The same uniform has been introduced for all employees irrespective of their designation. Similarly, there is a common canteen for all. These practices are expected to avoid status differentials and class feeling among employees and thereby facilitate teamwork in the company.

Unit 5

Group Dynamics

What is Group Dynamics?

Organizational dynamics is another word for organizational behavior, **a cross-discipline field that deals with how people behave in an organized group setting, such as a place of business.**

Group dynamics deals with the attitudes and behavioral patterns of a group. Group dynamics concern how groups are formed, what is their structure and which processes are followed in their functioning. Thus, it is concerned with the interactions and forces operating between groups.

Group dynamics is relevant to groups of all kinds – both formal and informal. In an organizational setting, the term groups are a very common and the study of groups and group dynamics is an important area of study.

What is A Group?

Every organization is a group unto itself. A group refers to two or more people who share a common meaning and evaluation of themselves and come together to achieve common goals. In other words, a group is a collection of people who interact with one another; accept rights and obligations as members and who share a common identity.

Process/Stages of Group Development/Evolution:

Group Development is a dynamic process. How do groups evolve? There is a process of five stages through which groups pass through. The process includes the five stages: forming, storming, forming, performing, and adjourning.

Forming:

The first stage in the life of a group is concerned with forming a group. This stage is characterized by members seeking either a work assignment (in a formal group) or other benefit, like status, affiliation, power, etc. (in an informal group).

Storming:

The next stage in this group is marked by the formation of dyads and triads. Members seek out familiar or similar individuals and begin a deeper sharing of self. Continued attention to the subgroup creates a differentiation in the group and tensions across the dyads / triads may appear. Pairing is a common phenomenon. There will be conflict about controlling the group.

Norming:

The third stage of group development is marked by a more serious concern about task performance. The dyads/triads begin to open up and seek out other members in the group. Efforts are made to establish various norms for task performance.

Performing:

This is a stage of a fully functional group where members see themselves as a group and get involved in the task. Each person makes a contribution and the authority figure is also seen as a part of the group. Group norms are followed and collective pressure is exerted to ensure the Process of Group effectiveness of the group.

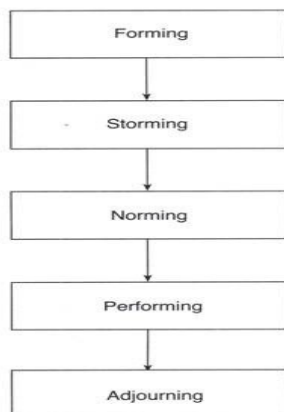


Figure 12.1 : Process of Group Development

Adjourning:

In the case of temporary groups, like project team, task force, or any other such group, which have a limited task at hand, also have a fifth stage, This is known as adjourning.

The group decides to disband. Some members may feel happy over the performance, and some may be unhappy over the stoppage of meeting with group members.

Types of Groups:

One way to classify the groups is by way of formality – formal and informal. While formal groups are established by an organization to achieve its goals, informal groups merge spontaneously. Formal groups may take the form of command groups, task groups, and functional groups.

1. Command Groups:

Command groups are specified by the organizational chart and often consist of a supervisor and the subordinates that report to that supervisor. An example of a command group is a market research firm CEO and the research associates under him.

2. Task Groups:

Task groups consist of people who work together to achieve a common task. Members are brought together to accomplish a narrow range of goals within a specified time period. Task groups are also commonly referred to as task forces. The organization appoints members and assigns the goals and tasks to be accomplished.

3. Functional Groups:

A functional group is created by the organization to accomplish specific goals within an unspecified time frame. Functional groups remain in existence after achievement of current goals and objectives. Examples of functional groups would be a marketing department, a customer service department, or an accounting department.

i. Interest Group:

Interest groups usually continue over time and may last longer than general informal groups. Members of interest groups may not be part of the same organizational department but they are bound together by some other common interest.

ii. Friendship Groups:

Friendship groups are formed by members who enjoy similar social activities, political beliefs, religious values, or other common bonds. Members enjoy each other's company and often meet after work to participate in these activities. For example, a group of employees who form a friendship group may have a yoga group, a Rajasthani association in Delhi, or a kitty party lunch once a month.

iii. Reference Groups:

A reference group is a type of group that people use to evaluate themselves. The main objectives of reference groups are to seek social validation and social comparison. Social validation allows individuals to justify their attitudes and values while social comparison helps individuals evaluate their own actions by comparing themselves to others.

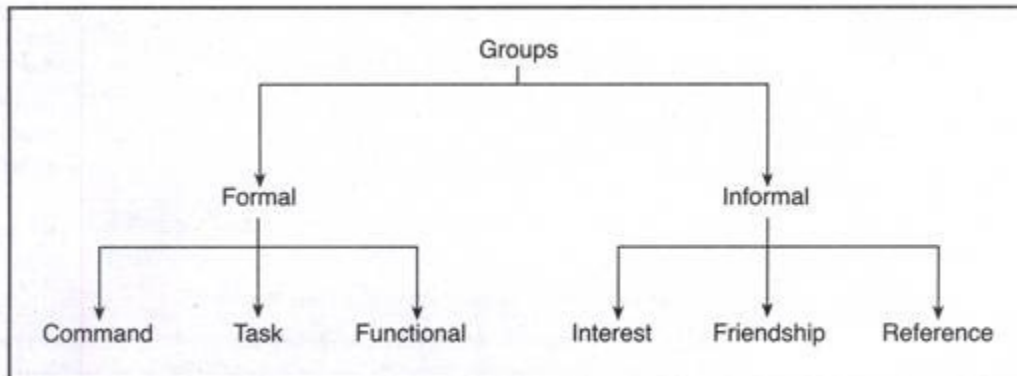


Figure 12.2 : Types of Groups

Factors Affecting Group Behaviour:

The success or failure of a group depends upon so many factors. Group member resources, structure (group size, group roles, group norms, and group cohesiveness), group processes (the communication, group decision making processes, power dynamics, conflicting interactions, etc.) and group tasks (complexity and interdependence).

1. Group Member Resources:

The members' knowledge, abilities, skills; and personality characteristics (sociability, self-reliance, and independence) are the resources the group members bring in with them. The success depends upon these resources as useful to the task.

2. Group Structure:

Group Size:

Group size can vary from 2 people to a very large number of people. Small groups of two to ten are thought to be more effective because each member has ample opportunity to take part and engage actively in the group. Large groups may waste time by deciding on processes and trying to decide who should participate next.

Group Roles:

In formal groups, roles are always predetermined and assigned to members. Each role shall have specific responsibilities and duties. There are, however, emergent roles that develop naturally to meet the needs of the groups.

Group Norms:

Norms define the acceptable standard or boundaries of acceptable and unacceptable behaviour, shared by group members. They are typically created in order to facilitate group survival, make behaviour more predictable, avoid embarrassing situations, and express the values of the group.

Group Cohesiveness:

Cohesiveness refers to the bonding of group members or unity, feelings of attraction for each other and desire to remain part of the group. Many factors influence the amount of group cohesiveness – agreement on group goals, frequency of interaction, personal attractiveness, inter-group competition, favourable evaluation, etc.

3. Group Processes:

Decision-making by a group is superior, because group generates more information and knowledge, generates diverse alternatives, increases acceptance of a solution, and increases legitimacy. But it is also true, that decision making is like ‘munde munde matirbhinna’.

TRANSACTIONAL ANALYSIS

Transactional Analysis was created by psychotherapist Dr. Eric Berne (1910 – 1970) from studies he conducted in the 1950's. It made complex interpersonal transactions understandable when he recognized that people can interact from one of three “ego-states”: 1. Parent, 2. Adult, 3. Child.

Each one of the ego states is a system of communication with its own language and function. The Parent's is a language of values, the Adult's is a language of logic and rationality, and the Child's is a language of emotions.

First, let's remind ourselves of a couple of key facts about this model:

- ❖ We possess all three Ego States in our consciousness. Your personality is a result of your cumulative life experiences. Who you are as a Parent, Adult, or Child is a function of these experiences, no matter how you may wish to depart from them. We will not be dealing with any psychoanalytic perspectives here and that is one of the values of the TA model. You, and whoever you are communicating with, are who you are.
- ❖ Although we can learn new behaviors and skills, often what we intend in a transaction is not how the receiver interprets it.
- ❖ All Ego States are okay in our business dealings, but you need to be sure you are using each as you intend!

Ego States and Transactions

People's interactions are made up of transactions. Any one transaction has two parts: the stimulus and the response. Individual transactions are usually part of a larger set. Some of these transactional sets or sequences can be direct, productive and healthy or they can be devious, wasteful and unhealthy.

When people interact they do so in one of three different ego states. An ego state is a specific way of thinking, feeling and behaving and each ego state has its origin in specific regions of the brain. People can behave from their Parent Ego State, Adult Ego State, or Child Ego State. At any one time our actions come from one of these three ego states.

1. **The Parent:** The Parent is like a tape recorder. It is a collection of pre-recorded, pre-judged, prejudiced codes for living. When a person is in the Parent ego state, she thinks, feels and

behaves like one of her parents or someone who took their place. The Parent decides, without reasoning, how to react to situations, what is good or bad, and how people should live. The Parent judges for or against and can be controlling or supportive. When the Parent is critical it is called the Critical Parent. When it is supportive it is called the Nurturing Parent.

2. **The Adult:** When in the Adult ego state the person functions as a human computer. It operates on data it collects and stores or uses to make decisions according to a logic-based program. When in the Adult ego state the person uses logical thinking to solve problems making sure that Child or Parent emotions do not contaminate the process.
3. **The Child:** When we are in the Child ego state we act like the child we once were. We aren't just putting on an act; we think, feel, see, hear and react as a three or five or eight year old child. The ego states are fully experienced states of being, not just roles. When the Child is hateful or loving, impulsive, spontaneous or playful it is called the Natural Child. When it is thoughtful, creative or imaginative it is called the Little Professor. When it is fearful, guilty or ashamed it is called the Adapted Child. The Child has all the feelings; fear, love, anger, joy, sadness, shame and so on. The Child is often blamed for being the source of people's troubles because it is self-centered, emotional, powerful and resists the suppression that comes with growing up.

Complementary and Cross Transactions

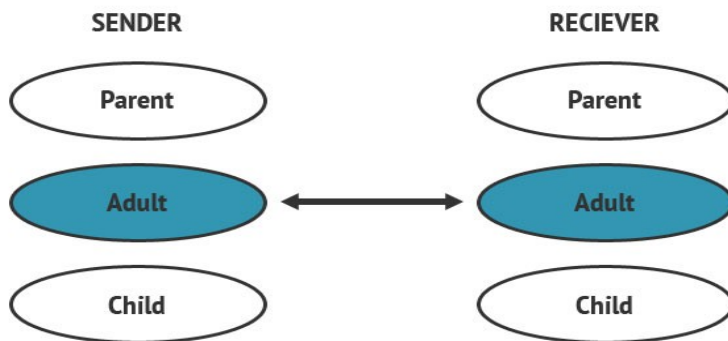
Transactions occur when any person relates to any other person. Each transaction is made up of a stimulus and a response and transactions can proceed from the Parent, Adult or Child of one person to the Parent, Adult or Child of another person.

A complimentary transaction involves the same ego state in each person. In a crossed transaction the transactional response is addressed to an ego state different from the one which started the stimulus.

Communication can continue between two people as long as transactions are complimentary: crossed transactions are important because they disrupt communication.

In this model, the "sender" is always the one who initiates the "transaction" or the communication interaction. There is always a "receiver" of the communication and the overall reaction is either complementary or crossed. Let's examine each:

Complementary Transactions

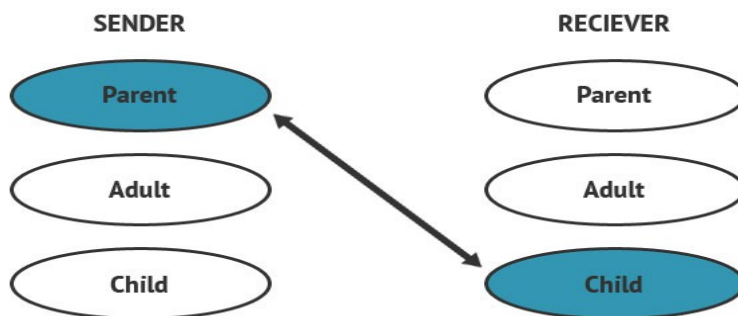


Since the Adult Ego State is all about logic and rationality, we would ideally like to ensure that all communications in the workplace are Adult – Adult.

After all, we are all supposed to act like adults and that should be the basis for the vast majority of our communications in the workplace.

In reality, it often doesn't work that way so let's examine crossed transactions.

Crossed Transactions



In a crossed transaction, the most frequently problematic issue is the Parent – Child communication.

Sender as Parent:

- ❖ You have had to follow-up several times about a deliverable so you are frustrated with your staff member's performance. You are impatient and your disappointment is clear in your voice and body language.
- ❖ You are anxious about getting a big assignment done and need the input of your staff. They may or may not be aware of the pressure you are under, but your tension comes across.

- ❖ You are very good at details and often have valuable insights so you review things in detail and almost always have suggestions for everything your team does.

Receiver as Child:

- ❖ I'm trying here and I feel I have disappointed Mom or Dad.
- ❖ My boss sounds like my Dad or Mom when I was a teenager and came home after curfew.
- ❖ They feel like you may not trust them to perform adequately, even when they have been doing the work for some time.

The key here is to heighten your awareness of how your communication is being received. If you get into the Parent – Child mode too often with a subordinate, it can be very frustrating. Examine:

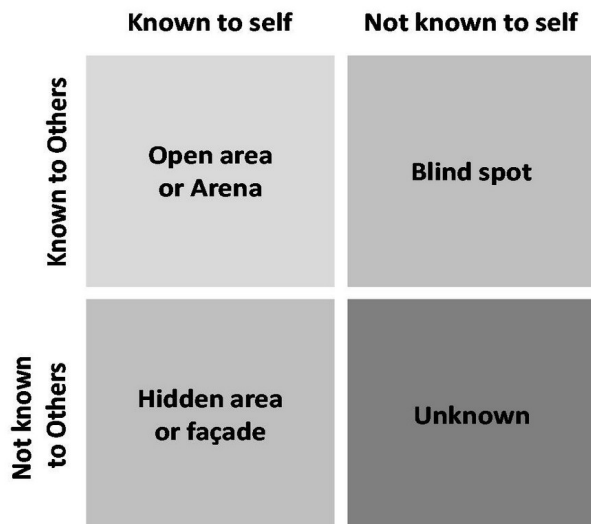
- ❖ The relationship you have established with them. Do they fit the team and are they responsive to your style? Have you invested enough time to have them understand your expectations?
- ❖ Do they have the skills and training they need to succeed? Can they do what you are asking?

Ulterior Transactions

Ulterior, or hidden, transactions occur when the words seem to be coming from one ego state, but in reality the words or behaviors are coming from another. For example, after a training program, one of the participants came up to a consultant asking advice on an adult ego state. When the consultant gave advice, the participant twice had quick responses as to why the advice would not work (child rather than adult behavior). The consultant realized that what the participant actually wanted was sympathetic understanding for his situation, not advice. The consultant stopped making suggestions and listened actively, using reflective responses. The consultant changed from the adult to the sympathetic parent ego state in order to have a complimentary transaction.

JOHARI WINDOW

It is necessary to improve self-awareness and personal development among individuals when they are in a group. The 'Johari' window model is a convenient method used to achieve this task of understanding and enhancing communication between the members in a group. American psychologists Joseph Luft and Harry Ingham developed this model in 1955. The idea was derived as the upshot of the group dynamics in University of California and was later improved by Joseph Luft. The name 'Johari' came from joining their first two names. This model is also denoted as feedback/disclosure model of self-awareness.



The Johari Window Model

The Johari window model is used to enhance the individual's perception on others. This model is based on two ideas- trust can be acquired by revealing information about you to others and learning yourselves from their feedbacks. Each person is represented by the Johari model through four quadrants or window pane. Each four window panes signifies personal information,

feelings, motivation and whether that information is known or unknown to oneself or others in four viewpoints.

The method of conveying and accepting feedback is interpreted in this model. A Johari is represented as a common window with four panes. Two of these panes represent self and the other two represent the part unknown to self but to others. The information transfers from one pane to the other as the result of mutual trust which can be achieved through socializing and the feedback got from other members of the group.

1. Open/self-area or arena –

Johari region 1 is also known as the 'area of free activity'. This is the information about the person - behaviour, attitude, feelings, emotion, knowledge, experience, skills, views, etc - known by the person ('the self') and known by the group ('others').

The aim in any group should always be to develop the 'open area' for every person, because when we work in this area with others we are at our most effective and productive, and the group is at its most productive too. The open free area, or 'the arena', can be seen as the space where good communications and cooperation occur, free from distractions, mistrust, confusion, conflict and misunderstanding.

2. Blind self or blind spot – Information about yourselves that others know in a group but you will be unaware of it. Others may interpret yourselves differently than you expect. The blind spot is reduced for an efficient communication through seeking feedback from others.

Group members and managers can take some responsibility for helping an individual to reduce their blind area - in turn increasing the open area - by giving sensitive feedback and encouraging disclosure. Managers should promote a climate of non-judgemental feedback, and group response to individual disclosure, which reduces fear and therefore encourages both processes to happen. The extent to which an individual seeks feedback, and the issues on which feedback is sought, must always be at the individual's own discretion. Some people are more resilient than others - care needs to be taken to avoid causing emotional upset. The process of soliciting serious and deep feedback relates to the process of 'self-actualization' described in Maslow's Hierarchy of Needs development and motivation model.

3. Hidden area or façade – Information that is known to you but will be kept unknown from others. This can be any personal information which you feel reluctant to reveal. This includes feelings, past experiences, fears, secrets etc. we keep some of our feelings and information as private as it affects the relationships and thus the hidden area must be reduced by moving the information to the open areas.

Relevant hidden information and feelings, etc, should be moved into the open area through the process of 'disclosure'. The aim should be to disclose and expose relevant information and feelings - hence the Johari Window terminology 'self-disclosure' and 'exposure process', thereby increasing the open area. By telling others how we feel and other information about ourselves we reduce the hidden area, and increase the open area, which enables better understanding, cooperation, trust, team-working effectiveness and productivity. Reducing hidden areas also reduces the potential for confusion, misunderstanding, poor communication, etc, which all distract from and undermine team effectiveness.

4. Unknown area – The Information which are unaware to yourselves as well as others. This includes the information, feelings, capabilities, talents etc. This can be due to traumatic past experiences or events which can be unknown for a lifetime. The person will be unaware till he discovers his hidden qualities and capabilities or through observation of others. Open communication is also an effective way to decrease the unknown area and thus to communicate effectively.

Examples of unknown factors are as follows, and the first example is particularly relevant and common, especially in typical organizations and teams:

- an ability that is under-estimated or un-tried through lack of opportunity, encouragement, confidence or training
- a natural ability or aptitude that a person doesn't realise they possess
- a fear or aversion that a person does not know they have
- an unknown illness
- repressed or subconscious feelings
- conditioned behaviour or attitudes from childhood

ORGANISATIONAL CHANGE AND DEVELOPMENT

FACTORS AFFECTING ORGANIZATIONAL CHANGE

Change is inevitable in the life of an organisation. In today's business world, most of the organisations are facing a dynamic and changing business environment. They should either change or die, there is no third alternative. Organizations that learn and cope with change will thrive and flourish and others who fail to do so will be wiped out. The major forces which make the changes not only desirable but inevitable are technological, economic, political, social, legal, international and labour market environments.

In very simple words, we can say that change means the alteration of status quo or making things different. "The term change refers to any alterations which occurs in the overall work environment of an organisation."

There are a number of factors both internal and external which affect organizational functioning. Any change in these factors necessitates changes in an organisation. The more important factors are as follows:

External Forces

Every organization exists in some context; no organization is an island in itself. Each must continually interact with other organizations and individuals- the consumers, suppliers, unions, shareholders, government and many more. Each organization has goals and responsibilities related to each other in the environment. The present day environment is dynamic and will continue to be dynamic. Changes in social, political, economic, technology, and legal environment force organizations to change themselves.

Technology: When there is a change in technology in the organizational environment and other organizations adopt the new technology, the organizations under focus become less cost effective

and its competitive position weakens. Therefore, it has to adopt new technology, its work structure is affected and a new equilibrium has to be established.

- **Marketing conditions:** Since every organization exports its outputs to the environment, an organization has to face competition in the market. There may be two types of forces which may affect the competitive position of an organization –other organizations supplying the same products and, buyers who are not buying the product. Any changes in these forces may require suitable changes in the in the organization.
- **Social changes:** Social changes reflect in terms of people’s aspirations, the needs, and their ways of working. Social changes have taken place because of the several forces like level of education, urbanization, feeling of autonomy, and international impact due to new information sources.
- **Political and legal changes:** Political and legal factors broadly define the activities which an organisation can undertake and the methods which will be followed by it in accomplishing those activities. Any changes in these political and legal factors may affect the organization operation.

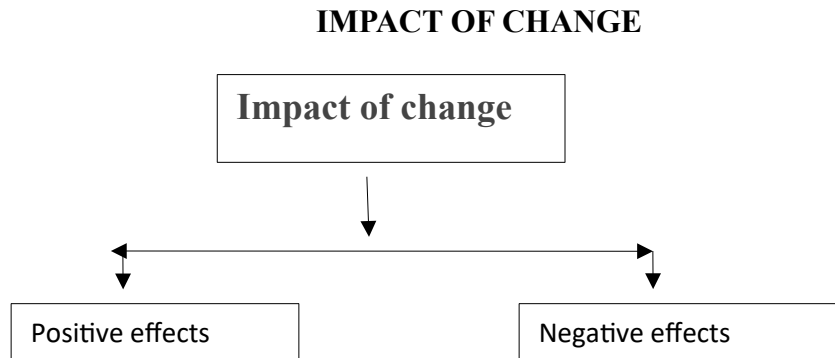
Internal Forces

It is not only the changes in external factors, which may necessitate organizational changes; any change in organization’s internal factors may also necessitate changes. Such a change is required because of two reasons: changes in managerial personnel and deficiency in existing organizational practices.

- **Changes in the managerial personnel:** Besides environmental changes there is a change in managerial personnel. Old managers are replaced by new managers, which necessitated because of retirement, promotion, transfer or dismissal. Each new manager brings his own ideas and way of working in the organization.
- **Deficiency in Existing organization:** Sometimes, changes are necessary because of deficiency in the present organizational arrangement and process. These deficiencies may be in the form of unmanageable span of management, large number of managerial levels, lack in co-ordination between various departments, obstacles in communication, multiplicity of committees, lack of uniformity in policy decisions, lack of cooperation between the line and staff, and so on.
- **Nature of the work force:** The nature of work force has changed over a passage of time. Different work values have been expressed by different generations. Workers who are in the age

group of 50 plus value loyalty to their employers. Workers in their mid thirties to forties are loyal to themselves only. The youngest generation of workers is loyal to their career.

- **To avoid developing inertia:** In many cases, organizational changes take place just to avoid developing inertia or inflexibility. Conscious manager take into account this view of organization that organization should be dynamic because any single method is not the best tool of management every time.



Positive Effects of Change

Change management is the process of effecting smooth transitions within your organization. While change can cause confusion and fear, there are several positive effects it can have on your employees and business if you handle it properly.

Employee Confidence

When you successfully complete a significant change in your organization, and the employees see that none of the fears they held regarding change are realized, you are paving the way for smoother change in the future. One of the positive effects of efficient change management is that it instills confidence in your staff regarding the management's ability to lead the company and make good business decisions.

Competitive Advantage

The ability for your organization to change helps maintain your competitive advantage in the marketplace. For example, if your competition has implemented a new order-entry system that makes the process of doing business easier on the customers, then your ability to adapt to that change and institute your own order-entry changes helps keep you competitive.

Growth

The company must experience change to experience growth. Company's infrastructure needs to change to accommodate a growing customer base and industry changes. New manufacturing processes, new marketing concepts and improved ways of reaching your target market all require changes within your organization. Your company's ability to facilitate change enables it to grow.

Dynamic

A corporate culture that embraces change is one that tends to remain dynamic in the marketplace. Because employees are confident that the company can manage change, new ideas flow more freely. Employees do not feel bound by the current organizational structure because they know the company can adapt to meet the challenges of the future. A dynamic atmosphere with an openness to change is a productive and forward-thinking workplace.

Negative Impact of Organizational Change on Employees

- Mental Stress
- Loss of Loyalty
- Increased Time Away From Work
- Life Changes

THEORIES OF PLANNED CHANGE

Planned change or developmental change is undertaken to improve the current way of operating. It is a calculated change, initiated to achieve a certain desirable output/performance and to make the organization more responsive to internal and external demands.

- Enhancing employees' communication skills
- technical expertise
- building teams
- restructuring the organization
- introducing new technologies
- introducing new products and services
- challenging the incentive system
- improving employee welfare measures and the like fall into this category.

Theories of planned change:

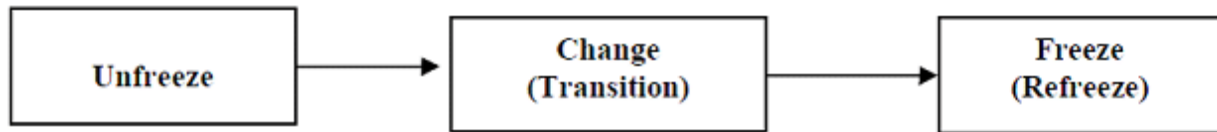
- **Lewin's change model**
- **Action research model**

1. Kurt Lewin's Change Management Model: The Planned Approach to Organizational Change

Kurt Lewin's Three Stages model or the Planned Approach to Organizational is one of the cornerstone models which is relevant in the present scenario even. Lewin, a social scientist and a physicist, during early 1950s propounded a simple framework for understanding the process of organizational change known as the Three-Stage Theory which he referred as Unfreeze, Change (Transition) and Freeze (Refreeze).

According to Lewin, Change for any individual or an organization is a complicated journey which may not be very simple and mostly involves several stages of transitions or misunderstandings before attaining the stage of equilibrium or stability.

For explaining the process of organizational change, he used the analogy of how an ice block changes its shape to transform into a cone of ice through the process of unfreezing.



Lewin's Change Model

Stage 1 - Unfreezing: This is the first stage of transition and one of the most critical stages in the entire process of change management. It involves improving the readiness as well as the willingness of people to change by fostering a realization for moving from the existing comfort zone to a transformed situation. It involves making people aware of the need for change and improving their motivation for accepting the new ways of working for better results. During this stage, effective communication plays a vital role in getting the desired support and involvement of the people in the change process.

Stage 2 - Change: This stage can also be regarded as the stage of Transition or the stage of actual implementation of change. It involves the acceptance of the new ways of doing things. This is the stage in which the people are unfrozen, and the actual change is implemented. During this stage, careful planning, effective communication and encouraging the involvement of individuals for endorsing the change is necessary. It is believed that this stage of transition is not that easy due to the uncertainties or people are fearful of the consequences of adopting a change process.

Stage 3 - Freeze (Refreezing): During this stage, the people move from the stage of transition (change) to a much more stable state which we can regard as the state of equilibrium. The stage of Refreezing is the ultimate stage in which people accept or internalize the new ways of working or change, accept it as a part of their life and establish new relationships. For strengthening and reinforcing the new behaviour or changes in the way of working, the employees should be rewarded, recognized and provided positive reinforcements, supporting policies or structures can help in reinforcing the transformed ways of working.

1. Action Research Model

Action research model is traditionally aimed both at helping specific organizations implement planned change and at developing more general knowledge that can be applied to other settings. It places heavy emphasis on data gathering and diagnosis prior to action planning and implementation, as well as careful evaluation of results after the action, is taken.

The Action Research Model involves eight steps for planned change management.



Action Research Model

Problem Identification

This stage usually begins when an executive, senses that the organization has one or more problems that might be solved with the help of an OD practitioner.

Consultation with a Behavioral Science Expert

During the initial contact, the OD practitioner and the client carefully assess each other.

Data Gathering and Preliminary Diagnosis

This step is usually completed by the OD practitioner, often in conjunction with organization members. It involves gathering appropriate information and analyzing it to determine the underlying causes of organizational problems.

Feedback to a Key Client or Group

Because action research is a collaborative activity, the diagnostic data are fed back to the client, usually in a group or work team meeting.

The feedback step, in which members are given the information gathered by the OD practitioner, helps them determine the strengths and weaknesses of the organization or unit under study.

Joint Diagnosis of the Problem

At this point, members discuss the feedback and explore with the OD practitioner whether they want to work on identified problems.

A close interrelationship exists among data gathering, feedback, and diagnosis because the consultant summarizes the basic data from the client members and presents the data to them for validation and further diagnosis.

Joint Action Planning

Next, the OD practitioner and the client members jointly agree on further actions to be taken. At this stage, the specific action to be taken depends on the culture, technology, and environment of the organization; the diagnosis of the problem; and the time and expense of the intervention.

Action

This stage involves the actual change from one organizational state to another. It may include installing new methods and procedures, reorganizing structures and work designs, and reinforcing new behaviours.

Such actions typically cannot be implemented immediately but require a transition period as the organization moves from the present to a desired future state.

Data Gathering After Action

Because action research is a cyclical process, data must also be gathered after the action has been taken to measure and determine the effects of the action and to feed the results back to the organization. This, in turn, may lead to re-diagnosis and new action.

MANAGEMENT OF ORGANISATIONAL CONFLICT

Conflict management is **the process of limiting the negative aspects of conflict while increasing the positive aspects of conflict**. The aim of conflict management is to enhance learning and group outcomes, including effectiveness or performance in an organizational setting.

Conflict can be defined as a mental struggle resulting from incompatible or opposing needs, drives, wishes, and external or internal demands. Where there are people, there is conflict.

Classification of Conflict

When we think of the different types of conflict, we might instantly think of the ones referred to in literature, especially in fiction. They can be applied to real life, of course. However, in contemporary times, types of conflict which are easily identifiable are classified into four different types –

- Intrapersonal
- Intragroup
- Interpersonal
- Intergroup

Intrapersonal Conflict

Intrapersonal conflict takes place within an individual. The person experiences it in his own mind. Thus, it is a type of conflict that is psychological involving the individual's thoughts, values, principles and emotions.

Intragroup Conflict

Intragroup conflict occurs among individuals within a team. The incompatibilities and misunderstandings between team members lead to intragroup conflict. It starts from interpersonal

disagreements like team members have different personalities which may lead to tension or differences in views and ideas.

Interpersonal Conflict

Interpersonal conflict means a conflict between two individuals. Basically, this occurs because of some differences in people. We have varied personalities which usually lead to incompatible choices and opinions.

Intergroup Conflict

Intergroup conflict occurs when a misunderstanding arises among different teams within an organization. For example, the marketing department of an organization can come in conflict with the customer support department. This is because of the varied sets of goals and interests of these different groups.

Conflict Resolution

Conflict resolution is a method by which two or more parties find a peaceful solution to a disagreement among them. The disagreement can be personal, financial, political, or emotional. When a disagreement arises, often the best course of action is negotiation to resolve the disagreement.

Conflict Management Techniques

We get into a conflict when the person opposite to us has a different mindset. It is very common in a workplace to get into differences of opinion. Sometimes there is a conflict between two or more employees, sometimes employees have a conflict with their managers and so on. Now the question is, how can we manage disagreements in ways that build personal and collegial relationships?

Here are five strategies from conflict management theory for managing stressful situations. None of them is a "one-size-fits-all" answer. Which one is the best in a given situation depends on variety of factors, including an appraisal of the levels of conflict.

- **Collaborating** – win/win
- **Compromising** – win some/lose some
- **Accommodating** – lose/win

- **Competing** – win/lose
- **Avoiding** – no winners/no losers

Collaborating

This technique follows the rule "I win, you win". Collaborating means working together by integrating ideas set out by multiple people. The objective here is to find a creative solution acceptable to everyone. It calls for a significant time commitment but is not appropriate for all conflicts.

This technique is used in situations where –

- There is a high level of trust
- We don't want to take complete responsibility
- We want others to also have "ownership" of solutions

However, this process takes a lot of time and energy and some may take advantage of other people's trust and openness.

Example – A businessman should work collaboratively with the manager to establish policies, but collaborative decision-making regarding office supplies wastes time better spent on other activities.

Compromising

This technique follows the rule "You bend, I bend". Compromising means adjusting with each other's opinions and ideas, and thinking of a solution where some points of both the parties can be entertained. Similarly, both the parties need to give up on some of their ideas and should agree with the other.

This technique can be used in situations where –

- People of equal levels are equally committed to goals
- Time can be saved by reaching intermediate settlements on individual parts of complex matters
- Goals are moderately important

Important values and long-term objectives can be derailed using this technique. This process may not work if initial demands are high and mainly if there's no commitment to honor the compromise solutions.

Example – Two friends had a fight and they decide to compromise with each other through mutual understanding.

Accommodating

This technique follows the rule "I lose, you win". Accommodating means giving up of ideas and thoughts so that the other party wins and the conflict ends. This technique can be used when –

- An issue is not that important to us as it is to the other person
- We realize we are wrong
- We know we cannot win

However, using this technique, one's own ideas don't get attention and credibility, and influence can be lost.

Example – When we fight with someone we love we choose to let them win.

Competing

This technique follows the rule "I win, you lose". Competing means when there is a dispute a person or a group is not willing to collaborate or adjust but it simply wants the opposite party to lose. This technique can be used when –

- We know you are right.
- Time is short and a quick decision is to be made.
- A strong personality is trying to steamroll us and we don't want to be taken advantage of.
- We need to stand up for our rights.

This technique can further escalate conflict or losers may retaliate.

Example – When in a debate the party with more facts wins.

Avoiding

This technique follows the rule "No winners, no losers". Avoiding means the ideas suggested by both the parties are rejected and a third person is involved who takes a decision without favoring any of the parties. This te

.+0 chnique can be used when –

- The conflict is small and relationships are at stake
- We are counting to ten to cool off

Using this technique may lead to postponing the conflict, that may make matters worse.

Example – Rahul and Rohit had a fight, their mother came and punished both of them.