Management Process and Organizational Behavior

Unit I
Introduction to Management: UNIT–I
Introduction to Management: Concept, Definition and Nature of Management – Evolution of Management thought – Purpose, Functions, Principles, and Levels of Management – Management and Environment– Social and Ethical Responsibilities of Managers – Recent Trends in Management Practices in thewake of Globalization.

INTRODUCTION

Management is to plan, organize, direct and control the resources of the organization for obtaining common objectives or goals.

Management is the process of designing and maintaining an environment in which individuals working together in groups efficiently accomplish selected aims. Management is an important factor for the success of any organized activity. Today management basically concern with changes and challenges, and it is difficult to manage.

Management principles are universal in nature. Management is necessary for all types of organization, such as public sector, private sector, govt. department, hotel, hospital, educational institutes, etc. require management for growth and expansion.

Definitions:

1) According to Taylor:- "Management is the art of knowing what you want to do and then seeing that it is done in the best and cheapest way."

2According to Peter F. Drucker, "Management is a multi-purpose organ that manages a business and manages managers and manages worker and work".

3) According to Henry Fayol: - "To manage is to forecast and to plan, to organize, to co-ordinateand to control."

4) According to Harold Koontz, "Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals could co-operate towards attainment of group goals

NATURE OF MANAGEMENT

- ➢ Management is an activity
- ➢ Management is a purposeful activity.
- ➢ Management is concerned with the efforts of a group.
- ➢ Management applies economic principles.
- ➢ Management involves decision making.
- ➢ Management is getting things done through others.

- ➤ Management is an integrating process.
- ➤ Management co-ordinates all activities and resources.
- ➤ Management is a universal activity.
- ➤ Management is dynamic not rigid.
- ➤ Management is a Social Process:
- ➤ Management is a Continuous Process
- ➤ Management is a Multi-disciplinary
- ➤ Management is an Art as well as a Science
- ➤ Management is a Profession

Characteristics of Management

1. **Goal oriented Process** It is a goal oriented process, which is to achieve already specified and desired objectives by proper utilization of available resources.

2. **Pervasive:** Management is universal in nature. It is used in all types of organizations whether economic, social or political irrespective of its size, nature and location and at each and every level.

3. **Multidimensional**: It is multidimensional as it involves management of work, people and operations.

4. **Continuous**: It consists of a series of function and its functions are being performed by all managers simultaneously. The process of management continues till an organization exists for attaining   its   objectives.

5. **Group Activity**: It is a group activity since it involves managing and coordinating activities of different people as a team to attain the desired objectives of the organization.

6. **Dynamic function**: It is a dynamic function since it has to adapt according to need, time and situation of the changing business environment. For example, McDonalds made major changes in its 'Menu' to survive in the Indian market.

7. **Intangible** Force: It is intangible force as it can't be seen but its effects can be felt in the form of results like whether the objectives are met and whether people are motivated or not and there is orderliness and coordination in the work environment.

<u>Importance of Management</u>

- ➢ **It helps in Achieving Group Goals -** It arranges the factors of production, assembles and organizes the resources, integrates the resources in effective manner to achieve goals. It directs group efforts towards achievement of pre-determined goals. By defining objective of organization clearly there would be no wastage of time, money and effort. Management converts disorganized resources of men, machines, money etc. into useful enterprise. These resources are coordinated, directed and controlled in such a manner that enterprise work towards attainment of goals.

- ➢ **Optimum Utilization of Resources -** Management utilizes all the physical & human resources productively. This leads to efficacy in management. Management provides maximum utilization of scarce resources by selecting its best possible alternate use in industry from out of various uses. It makes use of experts, professional and these services leads to use of their skills, knowledge, and proper utilization and avoids wastage. If employees and machines are producing its maximum there is no under employment of any resources.

- ➢ **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.

- ➢ **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 fulfilment 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. Management fills up various positions with right persons, having right skills, training and qualification. All jobs should be cleared to everyone.

- **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.

- **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. It improves standard of living. It increases the profit which is beneficial to business and society will get maximum output at minimum cost by creating employment opportunities which generate income in hands. Organization comes with new products and researches beneficial for society.

- **Increasing the efficiency:** Management helps in increasing the efficiency of the business by increasing productivity through efficient planning, organising, controlling and directing.

- **Helps in creating a dynamic organisations**: Management helps in providing the required impetus for an organisations to transition from one phase of development to another and also in adjusting to the changing dynamics of the business environment.

- **Management Helps an Organization Run Smoothly:** In any organization, there are a lot of moving parts. People are working in many different departments, all with their own goals. There are also often deadlines to meet and goals to achieve. If everyone worked independently, it would be very difficult to make sure everything ran smoothly. Management is responsible for coordinating the efforts of the different departments and making sure everyone is working towards the same goals.

- **Management Helps Keep Employees Productive and Motivated:** A motivated workforce is an important prerequisite for a successful business. After all, it's the employees who are responsible for the day-to-day tasks that keep the wheels of business turning. So how can management ensure that employees are productive and motivated? One of the most important things managers can do is set clear goals and objectives. Workers need to know what's expected of them and how their performance will be measured. When goals are clearly defined, it's easier for employees to stay focused and motivated. It's also important for managers to create an environment that encourages productivity. That means they provide the resources and support workers need to do

their jobs effectively. It also means they provide open communication so employees can voice their concerns and suggestions

- ➤ Effective utilization of resources (finance, employees, organizational resources)
- ➤ Effective decision-making
- ➤ Effective controlling
- ➤ Effective supervision
- ➤ Environmental adaptability
- ➤ Effective direction
- ➤ Brings coordination
- ➤ Develops Leadership qualities

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 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.

Thus, we can say that management is an art therefore it requires application of certain principles rather it is an art of highest order because it deals with moulding the attitude and behavior of people at work towards desired goals.

Management as a Science

Science is a systematic body of knowledge pertaining to a specific field of study that contains general facts which explains a phenomenon. It establishes cause and effect relationship between two or more variables and underlines the principles governing their relationship. These principles are developed through scientific method of observation and verification through testing.

Science is characterized by following main features:

1. **Universally acceptance principles -** Scientific principles represents basic truth about a particular field of enquiry. These principles may be applied in all situations, at all time & at all places. E.g. - law of gravitation which can be applied in all countries irrespective of the time.

   Management also contains some fundamental principles which can be applied universally like the Principle of Unity of Command i.e. one man, one boss. This principle is applicable to all type of organization - business or non-business.

2. **Experimentation & Observation -** Scientific principles are derived through scientific investigation & researching i.e. they are based on logic. E.g. the principle that earth goes round the sun has been scientifically proved.

   Management principles are also based on scientific enquiry & observation and not only on the opinion of Henry Fayol. They have been developed through experiments &

practical experiences of large no. of managers. E.g. it is observed that fair remuneration to personal helps in creating a satisfied work force.

3. **Cause & Effect Relationship -** Principles of science lay down cause and effect relationship between various variables. E.g. when metals are heated, they are expanded. The cause is heating & result is expansion.

   The same is true for management, therefore it also establishes cause and effect relationship. E.g. lack of parity (balance) between authority & responsibility will lead to ineffectiveness. If you know the cause i.e. lack of balance, the effect can be ascertained easily i.e. in effectiveness. Similarly if workers are given bonuses, fair wages they will work hard but when not treated in fair and just manner, reduces productivity of organization.

4. **Test of Validity & Predictability -** Validity of scientific principles can be tested at any time or any number of times i.e. they stand the test of time. Each time these tests will give same result. Moreover future events can be predicted with reasonable accuracy by using scientific principles. E.g. H_2 & O will always give H_2O.

   Principles of management can also be tested for validity. E.g. principle of unity of command can be tested by comparing two persons - one having single boss and one having 2 bosses. The performance of 1st person will be better than 2nd.

It cannot be denied that management has a systematic body of knowledge but it is not as exact as that of other physical sciences like biology, physics, and chemistry etc. The main reason for the inexactness of science of management is that it deals with human beings and it is very difficult to predict their behaviour accurately. Since it is a social process, therefore it falls in the area of social sciences. It is a flexible science & that is why its theories and principles may produce different results at different times and therefore it is a behaviour science. Ernest Dale has called it as a *Soft Science*.

Management as both Science and Art

Management is both an art and a science. The above mentioned points clearly reveals that management combines features of both science as well as art. It is considered as a science because it has an organized body of knowledge which contains certain universal truth. It is

called an art because managing requires certain skills which are personal possessions of managers. Science provides the knowledge & art deals with the application of knowledge and skills.

A manager to be successful in his profession must acquire the knowledge of science & the art of applying it. Therefore management is a judicious blend of science as well as an art because it proves the principles and the way these principles are applied is a matter of art. Science teaches to 'know' and art teaches to 'do'. E.g. a person cannot become a good singer unless he has knowledge about various ragas & he also applies his personal skill in the art of singing. Same way it is not sufficient for manager to first know the principles but he must also apply them in solving various managerial problems that is why, science and art are not mutually exclusive but they are complementary to each other (like tea and biscuit, bread and butter etc.).

The old saying that "Manager are Born" has been rejected in favor of "Managers are Made". It has been aptly remarked that management is the oldest of art and youngest of science. To conclude, we can say that science is the root and art is the fruit.

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. The AIMA has prescribed a code of conduct for managers but it has no right to take legal action against any manager who violates it.

5. **Representative Association -** For the regulation of profession, existance of a representative body is a must. For example, an institute of Charted Accountants of India establishes and administers standards of competence for the auditors but the AIMA however does not have any statuary 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: -

a. It does not restrict the entry in managerial jobs for account of one standard or other.
b. No minimum qualifications have been prescribed for managers.
c. No management association has the authority to grant a certificate of practice to various managers.
d. All managers are supposed to abide by the code formulated by AIMA,
e. Competent education and training facilities do not exist.
f. Managers are responsible to many groups such as shareholders, employees and society. A regulatory code may curtail their freedom.
g. Managers are known by their performance and not mere degrees.

<u>FUNCTIONS OF MANAGEMENT:</u> Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfilment 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 manger irrespective of his level or status. Different experts have classified functions of management. According to George & Terry, "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. For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.
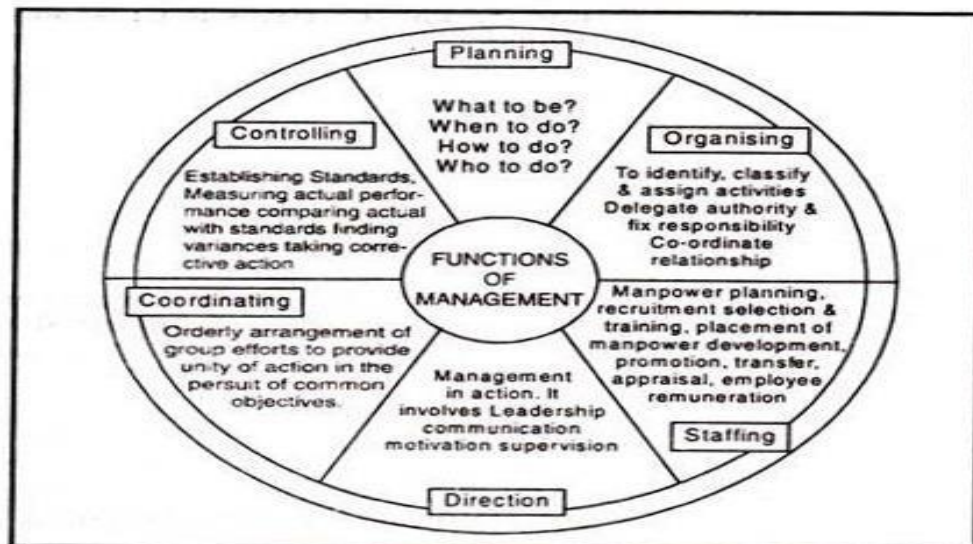
 1. **Planning:** It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, "Planning is deciding in advance – what to do, when to do & how to do. 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. Planning is determination of courses of action to achieve desired goals. 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. It includes forecasting, formation of objectives, policies, programmes, producer and budget. It is a function of determining the methods or path of obtaining there objectives. This is done not only for organization as a whole but also for every division, section and department. Planning is thinking before doing.

 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 o staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed un the structure". 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 subordinate for the achievement of organizational goals.

(a) Leadership:

A manager has to issue orders and instructions and guide and counsel his subordinates in their work with a view to improve their performance and achieve enterprise objectives. Leadership is 'the process by which an executive or manager imaginatively directs/guides and influences the work of others in choosing and attaining specified goals by mediating between the individual and organization in such a manner that both will get maximum satisfaction'.

Leadership is the ability to build up confidence and zeal among people and to create an urge in them, to be led. To be a successful leader, a manager must possess the qualities of foresight, drive, initiative, self-confidence and personal integrity. Different situations may demand different types of leadership, viz., autocratic leadership, democratic leadership and free rein leadership.

(b) Communication:

Communication constitutes a very important function of management. It is said to be the number one problem of management, today. It is an established fact that managers spend 75 to 90 per cent of their working time in communicating with others. Communication is the means by which the behaviour of the subordinate is modified and change is effected in their actions.

The word 'communication' has been derived from the Latin word 'communis' which means 'common'. Thus, communication means sharing of ideas in common. The essence of communication is getting the receiver and the sender tuned together for a particular message. It refers to the exchange of ideas, feelings, emotions and knowledge and information between two or more persons. Nothing happens in management till communication takes place.

Communication is a two-way process as it involves both information and understanding. It may be written, oral, and gestural. Communication is said to be formal when it follows the formal channels provided in the organization structure. It is informal communication, when it does not follow the formal channels. Communication flows downward from a superior to subordinates

and upward from subordinates to a superior. It also flows between two or more persons operating at the same level of authority.

Communication is essential at all levels of management for decision- making and planning. It increases managerial capacity and facilitates control. It has been rightly said that good managers are good communicators and poor managers are poor communicators.

(c) Motivation:

The term motivation is derived from the word 'motive' which means a need, or an emotion that prompts an individual into action. Motivation is the psychological process of creating urge among the subordinates to do certain things or behave in the desired manner. It is a very important function of management. The importance of motivation can be realized from the fact that performance of a worker depends upon his ability and the motivation.

There are many strategies adopted by managers for increasing the motivation of subordinates. According to Michel Jucius, "Motivation means the act of stimulating someone or oneself to get a desired course of action to push the right button to get a desired reaction, a compliment, dollar raise, a smile, a promise of a rise, a new typewriter, a preferred location or a new desk." Thus, a manager has to provide some personal incentive to the subordinates to motivate, persuade and inspire them for contributing their best towards the achievement of enterprise objectives.

The incentives to be proved may be financial, such as increase in wages, or non-financial, like better working conditions, job security, recognition, etc. A sound motivational system must be productive, competitive, comprehensive and flexible, and it must consider the psychological, social, safety, ego and economic needs of the workers.

(d) Supervision: Supervision is another important element of directing function of management. After issuing instructions, the manager or the supervisor has to see that the given instructions are carried out. This is the aim of supervision. Supervision refers to the job of overseeing subordinates at work to ensure maximum utilization of resources, to get the required and directed work done and to correct the subordinates whenever they go wrong. Though supervision is performed at all levels of management, the major responsibility for supervision

lies with the first line of management. Sound organizational set up, effective delegation, human approach, effective communication and management by exception make supervision effective

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'Donnell "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: (i) Establishment of standard performance. (ii) Measurement of actual performance. (iii) Comparison of actual performance with the standards and finding out deviation if any. (iv)Corrective action.

Henri Fayol's Fourteen Principles of Management!

Based on his vast and rich experience as the chief executive of a French mining company in France, Henri Fayol (1949) developed his fourteen principles of management during the same time period as Frederick W. Taylor. The basic difference between Tayor and Fayol's principles of management was that Taylor was concerned with management at the shop level and used the scientific method, Fayol who was a practitioner, was concerned with the activities of all managers. His management thought is known as 'administrative management' and he is considered as the 'father of the administrative management.

14 management principles are;

14 management principles of Henri Fayol	
1	Division of Work or division of labor
2	Balancing Authority and responsibility
3	Discipline
4	Unity of Command
5	Unity of Direction
6	Subordination of individual interests to the general interest
7	Remuneration
8	Centralization
9	Scalar chain
10	Order
11	Equity
12	Stability of tenure of personnel
13	Initiative
14	Esprit de corps

1. Division of Work

Dividing the full work of the organization among individuals and creating departments is called the division of work. Division of work leads to specialization, and specialization helps to increases efficiency and efficiency which results in improvements in the productivity and profitability of the organization.

It refers to dividing the work into different individuals. Fayol recommended that work of all kinds must be divided and allocated as per competence, qualification, and experience of individuals. According to Fayol, "Division of work intends to produce more and better work for the same effort. Specialization is the most efficient way to use human effort."
For example, a bank has several operations, like collection and payment of cash, issue of cheque books, etc. All those activities are divided and allocated to a different person in the bank. This method of doing work also improves their efficiency and makes them experts in their field.

2. Authority and Responsibility

Authority must be equal to Responsibility. According to Henri Fayol, there should be a **balance between Authority (Power) and Responsibility (Duties)**. The right to give orders should not be considered without reference to responsibility. If the authority is more than responsibility then chances are that a manager may misuse it. If responsibility is more than authority then he may feel frustrated.

"Authority is the right to give orders and obtain obedience, and responsibility is the corollary of authority. The two types of authority are official authority, which is the authority to command, and personal authority, which is the authority of the individual manager."
For example, if a foreman is given the responsibility to produce 50 units per day, then he must be given the required authority to achieve this target. If he is not given authority to draw raw material from the stores, then he cannot be blamed.

3. Discipline

Outward mark of respect in accordance with formal or informal agreements between a firm and its employees. Discipline means respect for the rules and regulations of the organization. Discipline may be Self-discipline, or it may be Enforced discipline. No slacking or bending of rules, not allowed in any organization. The works must respect the rules that run the organization. To establish discipline, good supervision and impartial judgment are needed.

According to Fayol, good supervision at all levels, clear and fair rules, and a built-in system of penalties will help to maintain discipline. It is a must for all levels of management.

For example, employees must be disciplined to work effectively and efficiently to meet their promises of bonuses, increments, and promotions. Its smoothness systemizes the functioning of an organization by providing better relations between management and employees.

4. Unity of Command

According to this principle, a subordinate (employee) must have and receive orders from only one superior (boss or manager).To put it another way, a subordinate must report to only one superior. It helps in preventing dual subordination. This decreases the possibilities of "Dual subordination" which creates a problem is a function of managers.

M₁, M₂ → Managers
S₁, S₂, S₃ → Subordinates

If an employee gets orders from two superiors at the same time, then the principle of unity of command is violated, and he will find it very difficult to decide who he has to obey first. So, to avoid confusion, employees should receive an order from one superior.
For example, there is a salesperson who is asked to clinch a deal with a buyer and he is allowed to give a 12% discount by the marketing manager. But the finance department tells him not to offer more than a 6% discount. In this case, there is no unity of command, which will lead to confusion and delay.

5. Unity of Direction

One head and one plan for a group of activities with the same objective. All activities which have the same objective must be directed by one manager, and he must use one plan.This is called the Unity of Direction.For example, all marketing activities such as advertising, sales promotion, pricing policy, etc., must be directed by only one manager.

He must use only one plan for all the marketing activities. **Unity of direction means activities aimed at the same objective should be organized** so that there are one plan and one person in charge.

6. Subordination of Individual Interests to the General Interest

The interest of one individual or one group should not prevail over the general good. The individual interest should be given less importance, while the general interest should be given the most importance. If not, the organization will collapse. The interest of the organizational goal should not be sabotaged by the interest of an individual or on the group.

For example, there is a company that wants maximum output from its employees by providing less salaries. There are employees on the other hand who want to get the maximum salary while working the least. In both situations, the interests of the company will supersede the interest of any one individual. As the interests of the workers and stakeholders are more important than the interests of any one person.

7. Fair Remuneration

Remuneration is the price for services received. Pay should be fair to both the employee and the firm. If an organization wants efficient employees and best performance, then it should have a good remuneration policy. This policy should give maximum satisfaction to both employers and employees. It should include both financial and non-financial incentives. **Compensation should be based on a systematic attempt to reward good performance**.

For example, if an organisation earns higher profits, then it should share some of its parts with the employees in the form of bonus.

8. Effective Centralization

Centralization refers to the concentration of authority at the top level, and decentralization means distribution at all levels of management.

It is always present to a greater or lesser extent, depending on the size of the company and the quality of its managers. **In centralization, the authority is concentrated only in a few hands**.

However, in decentralization, the authority is distributed to all the levels of management. No organization can be completely centralized or decentralized. If there is complete centralization, then the subordinates will have no authority (power) to carry out their responsibility (duties). Similarly, if there is complete decentralization, then the superior will have no authority to control the organization. Therefore, **there should be a balance between centralization and decentralization**.

The **degree to which centralization or decentralization should be adopted depends on the specific organization**, but managers should retain final responsibility but should give subordinates enough authority to do the tasks successfully.

For example, Authority to take vital decisions must be given to the top management, whereas authority related to operational activities must be given to the middle and lower level.

9. Scalar Chain

The chain of command, sometimes called the scalar chain, is the formal line of authority, communication, and responsibility within an organization. The **chain of command is usually depicted on an organizational chart**, which identifies the superior and subordinate relationships in the organizational structure.

Or it is the line of authority from top to bottom of the organization. This chain implements the unity-of-command principle and allows the orderly flow of information.

Under the unity of command principle, the instructions flow downward along the chain of command and accountability flows upward. More clear-cut the chain of command, the **more effective the decision-making process and the greater the efficienc**y.
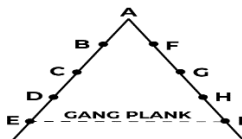
For example, E wants to communicate with I for some important work. The message should orderly move from E to D, then to C, B, A, and then down from A to F then to G, H and finally to I. This will take lots of time so to avoid this delay in work, Fayol suggested the concept of Gang Plank. In this concept 'E' can communicate directly with 'I' on an urgent matter, the gang plank allows two employees of the same level to communicate directly with each but each must enforce to its superior.

10. Order

A place for everything and everything in its place' the right man in the right place. There should be an Order for material/things and people in the organization.

Order for things is called Material Order and order for people is called 'Social Order'. Material Order refers to "a place for everything and everything in its place."

Social Order refers to the selection of the "right man in the right place".

There must be an orderly placement of the resources such as Men and Women, Money, Materials, etc. Human and material resources must be in the right place at the right time. Misplacement will lead to misuse and disorder.

For example, there should be specific place for foremen in a factory so that the work can be done easily.

11. Equity

While dealing with the employees a manager should use kindliness and justice towards employees equally. Equity is a combination of kindness and justice. It creates loyalty and devotion in the employees toward the organization. The equity principle suggests that the managers must be kind as well as equally fair to the subordinates.

According to this principle, there should not be any discrimination amongst employees based on religion, caste, language, or nationality. Equity ensures coordinated relations between superiors and subordinates.

For example, workers doing similar jobs in the same organization should be paid same wages irrespective of their sex, caste, religion and language.

12. Stability of Tenure of Personnel

Although it could take a lot of time, Employees need to be given fair enough time to settle into their jobs. An employee needs time to learn his job and to become efficient.The employees should have job security because instability leads to inefficiency. Successful firms usually had a stable group of employees.

For example, new employees must be given ample time to adapt to new culture and environment of the workplace.

13. Initiative

Without limits of authority and discipline, all levels of staff should be encouraged to show initiative. Management should encourage initiative.

That is, they should encourage the employees to make their own plans and to execute these plans. This is because an initiative gives satisfaction to the employees and brings success to the organization. It allows the subordinates to think out a plan and do what it takes to make it happen.

For example, organizations must have an employee suggestion system so that they have feeling of belongingness.

14. Esprit De Corps

Esprit de Corps means "Team Spirit". Therefore, the management should create unity, co-operation, and team-spirit among the employees. They should avoid dividing and rule policy. Harmony, cohesion among personnel. It's a great source of strength in the organization. It is a quality in every successful business.

For example, a manager should replace 'I' with 'We' in his conversations to bring a team spirit among the employees. This will develop an atmosphere of mutual trust. It will help in achieving group goals, leading to cordial relations between management and workers.

These principles are guidelines for every management function. The manager must act according to the 14 principles of management; in order to reach the goal and create a surplus.

These 14 management principles of Henri Fayol are universally accepted. They work as a guideline for managers to do their job according to their responsibility.

What are Management Skills?

Management skills can be defined as certain attributes or abilities that an executive should possess in order to fulfil specific tasks in an organization.

Good management skills are vital for any organization to succeed and achieve its goals and objectives. A manager who fosters good management skills is able to propel the company's mission and vision or business goals forward with fewer hurdles and objections from internal and external sources.

Management and leadership skills are often used interchangeably as they both involve planning, decision-making, problem-solving, communication, delegation, and time management. Good managers are almost always good leaders as well.

In addition to leading, a critical role of a manager is to also ensure that all parts of the organization are functioning cohesively. Without such integration, several issues can arise and failure is bound to happen. Management skills are crucial for various positions and at different levels of a company, from top leadership to intermediate supervisors to first-level managers.

Types of Management Skills

According to American social and organizational psychologist Robert Katz the three basic types of management skills include:
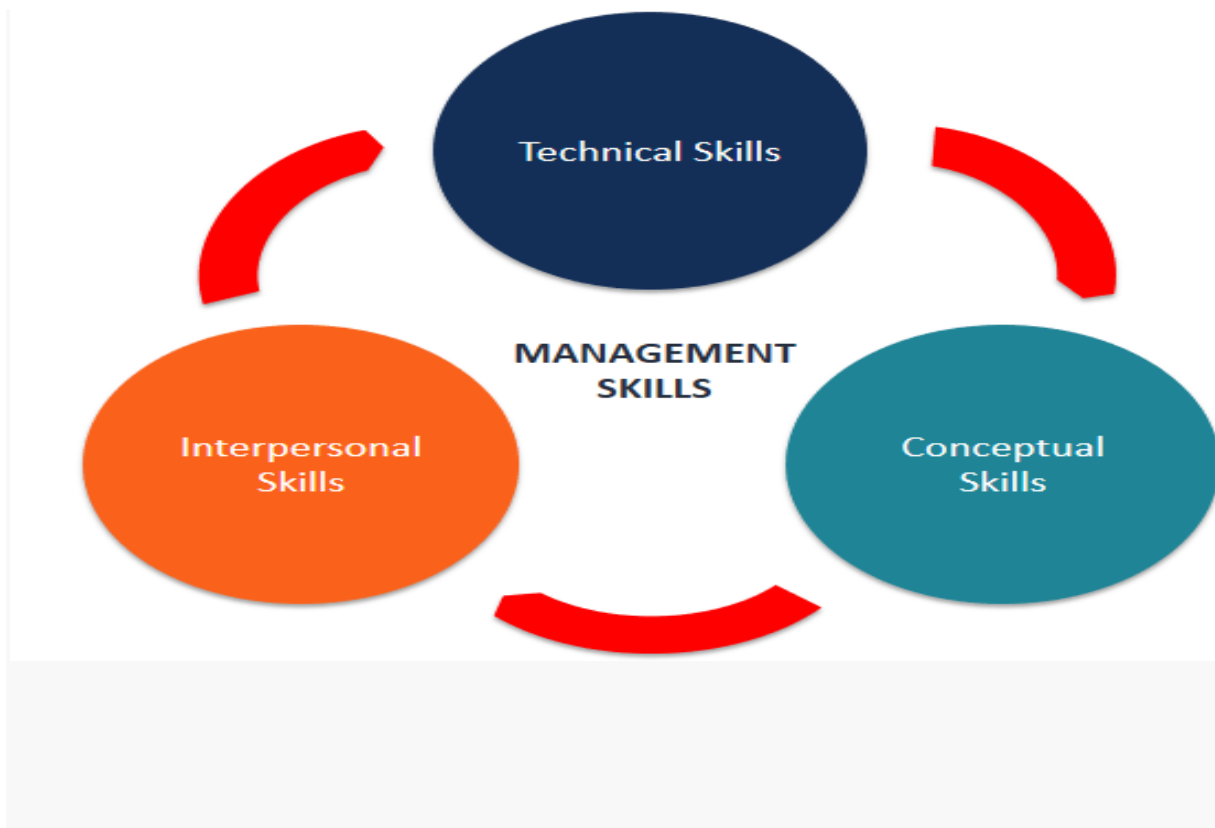
1. Technical Skills

Technical skills involve skills that give the managers the ability and the knowledge to use a variety of techniques to achieve their objectives. These skills not only involve operating machines and software, production tools, and pieces of equipment but also the skills needed to boost sales, design different types of products and services, and market the services and the products.

2. Conceptual Skills

These involve the skills managers present in terms of the knowledge and ability for abstract thinking and formulating ideas. The manager is able to see an entire concept, analyze and diagnose a problem, and find creative solutions. This helps the manager to effectively predict hurdles their department or the business as a whole may face.

3. Human or Interpersonal Skills

The human or the interpersonal skills are the skills that present the managers' ability to interact, work or relate effectively with people. These skills enable the managers to make use of human potential in the company and motivate the employees for better results.

The Importance of Managerial Skills at Different Management Levels

	Conceptual Skills	Human Skills	Technical Skills
Top Management			
Middle Management			
Supervisory Management			

Very Important   Not as Important

1. Top Level of Management

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

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

a. Top management lays down the objectives and broad policies of the enterprise.
b. It issues necessary instructions for preparation of department budgets, procedures, schedules etc.
c. It prepares strategic plans & policies for the enterprise.
d. It appoints the executive for middle level i.e. departmental managers.
e. It controls & coordinates the activities of all the departments.
f. It is also responsible for maintaining a contact with the outside world.
g. It provides guidance and direction.
h. The top management is also responsible towards the shareholders for the performance of the enterprise.

2. Middle Level of Management

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as -

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

Inspiring lower level managers towards better performance

Levels of Management

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3. Lower Level of Management

Lower level is also known as supervisory / operative level of management. It consists of supervisors, foreman, section officers, superintendent etc. According to *R.C. Davis*, "Supervisory management refers to those executives whose work has to be largely with personal oversight and direction of operative employees". In other words, they are concerned with direction and controlling function of management. Their activities include -

a. Assigning of jobs and tasks to various workers.
b. They guide and instruct workers for day to day activities.
c. They are responsible for the quality as well as quantity of production.
d. They are also entrusted with the responsibility of maintaining good relation in the organization.
e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
f. They help to solve the grievances of the workers.
g. They supervise & guide the sub-ordinates.
h. They are responsible for providing training to the workers.

i. They arrange necessary materials, machines, tools etc for getting the things done.

j. They prepare periodical reports about the performance of the workers.

k. They ensure discipline in the enterprise.

l. They motivate workers.

m. They are the image builders of the enterprise because they are in direct contact with the workers.

Social Responsibility of Business/Management

A business should function to earn money in such where that it fulfil the expectation of the society. Every person living in society has some obligation towards it. They have to followed social values and norms of behaviour. A business is permitted by society in order to carry on commercial or industrial activities wit help of that earn profit. But it is obligatory on the side of business that not to do anything, that is undesirable from point of view of society

Social responsibility is to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society." — Howard D. Bowen

Social Responsibility of Business towards Society:

There are various interest groups in the society which may affect the functioning of a business organisation.

Such interest groups may be identified as: 1. Shareholders 2. Customers 3. Employees 4. Government 5. Suppliers, creditors and others 6. Society in general.

1. Responsibility towards Shareholders:

The shareholders take great risk in making investment in a business. Therefore, a business organisation is responsible to safeguard the interest of shareholders who are its owners.

This can be done by:

i. Ensuring a fair return on the investment made by shareholders, which is possible when the enterprise earns adequate profit;

ii. Keeping the shareholders informed about the functioning of the organisation;

iii. Strengthening and consolidating the position of enterprise;

iv. Generating adequate funds and reserves for re-investment and also for declaring reasonal by dividend during a lean period;

v. Building up the company's financial independence;

vi. Keeping up the prices of shares; and

vii. Improving the public image of the company.

2. Responsibility towards Customers:

Customers are the foundation of business. It is they who keep a business organisation in existence. It is basically to meet the wants of consumers that the society entrusts wealth-producing resources to business organisation.

It, therefore, becomes obligatory on the part of a business organisation to create and serve customers through:

i. Supplying goods and services at fair and reasonable prices;

ii. Ensuring good quality of such goods and services;

iii. Ensuring after-sales services;

iv. Ensuring only genuine advertisements, and that too in accordance to public morals and culture;

v. Redressing the grievances of customers, if there are any;

vi. Ensuring adequate research and development to improve quality and reduce cost of production of goods and services; and

vii. Informing about adverse effects, if any, of the goods and services being sold by the organisations.

Responsibility towards customers assumes added significance in case of 'Shortage economies' like India.

3. Responsibility towards Employees:

A business organisations can run effectively only when the morale of its employees is high and their needs are fully met.

Hence, the management owes responsibility towards its employees which it can discharge in the following manner:

i. Fair wages to employees.

ii. Adequate training and development facilities.

iii. Reasonable opportunities for promotion.

iv. Good working and living conditions.

v. Adequate welfare facilities and amenities.

vi. Adequate social security measures.

vii. Worker's participation in management.

viii. Recognition of their personality.

ix. Appreciation for good work and conduct.

x. Progressive and healthy personnel policies and conduct.

Needless to mention that contented labour force is a real asset of an organisation.

4. Responsibility towards Government:

Government provides a number of infrastructure facilities and a conducive environment to business organisations for their proper functioning.

Therefore, the management of a business organisations can also discharge its responsibility towards the government in the following manner:

i. By abiding with all relevant government legislation;

ii. By maintaining fair trade policies and practices;

iii. By paying all duties and taxes due from it;

iv. By avoiding political favors; and

v. By not giving any bribe, etc., to any government official, etc.

5. Suppliers, Creditors and Others:

The functioning of a business enterprise is also affected by the suppliers, creditors and other interest groups with whom the business has to interact. Hence, management owes a responsibility towards such interest groups.

This can be performed in the following manner:

1. Prompt payment to suppliers.

2. Prompt payment of interest to lenders.

3. Furnishing of accurate information to creditors, financial institutions and suppliers.

4. Proper liaison with all interest groups.

Discharging of the responsibility towards suppliers and creditors, etc., boosts the public image of the enterprise.

6. Responsibility towards the Society in General:

A business enterprise exists and functions in the society. It is an integral part of our social system which facilitates its functioning.

Hence, it owes a special responsibility towards the society in general which can be discharged in the following way:

1. By extending general amenities to society;

2. By assisting in improving the standard of living of the people of the community;

3. By avoiding pollution of the environment;

4. By avoiding wasteful expenditure;

5. By establishing socially desirable standards;

6. By keeping in view the social norms, conventions, traditions and customs while forming its policies and programmes; and

7. By adopting some village(s) for its/their social and economic development.

Thus, no business enterprise, specially the big ones, should ignore its social responsibility, if it has to function effectively. The enterprise should be so managed as to make possible everything likely to strengthen the society and lead to its betterment and prosperity.

It is indeed difficult to make a categorical statement on the question whether Indian business managers are discharging their social responsibilities properly. As a matter of fact, the Indian business sector presents a mixed picture in this regard. There are a number of leading business organisations in India which have recognized their social responsibility.

They have set up a large number of dispensaries, health centers, hospitals, libraries, schools and colleges, professional institutions, workers, clubs, temples, research institutes, etc., making them available to the people of adjoining localities and villages, etc. Some of them have taken due care of their employees, customers, shareholders, government rules and regulations, suppliers, creditors, banking institutions and society in general.

Social Responsibility of Business: Importance:

A growing body of evidence has identified a company's role in its community as a factor in increasing profitability, promoting company image, reducing costs, and elevating employee morale and customer loyalty, among other benefits.

Interesting aspect of social responsibility in the modern era is that, being socially responsible is not a matter of choice to a very large extent. It has become a business compulsion. Behaving in a socially responsible manner gives business benefits to organizations. It may involve costs in short run but has proved beneficial in the long run.

For companies operating on a multinational basis, community involvement can be helpful in supporting efforts to enter new markets, attract potential employees, and establish or strengthen the reputation of the company, its brand and products.

Specifically, corporate community involvement can:

1. Increase Employee Morale, Retention, Attendance and Performance:

A company's community involvement activities directly influence employees' feelings about their job. The more an employee knows about the company's programs, the more likely he or she will be loyal and positive about the company.

2. Develop Employee Skills:

Many company programs in the community can help foster employee skills. Volunteering and other forms of employee involvement help developing a variety of competencies, including teamwork, planning and implementation, communication, project management, listening skills and customer focus.

3. Enhance Company Reputation:

Active involvement in community activities builds a positive reputation with stakeholders in the company.

4. Attract Investors:

Companies noted for their corporate citizenship may experience an advantage in attracting investors, business partners, and new employees and in establishing customer preference.

5. Increase Customer Goodwill and Loyalty:

As the price and quality of products and services become increasingly standardized throughout many industries, community involvement may help differentiate a company from its competitors and increase brand loyalty.

6. Improve Relationships with The Community:

Many companies find that community involvement does not require sacrificing profits and, in fact, can open new markets, reduce local regulatory obstacles, provide access to the local political process, generate positive media coverage and increase company or brand awareness within the community. Research has shown that the public expects companies to "give back" more to their communities, and often views negatively the companies that are not perceived as doing their fair share.

Barriers to Social Responsibility: Social responsibility is affected by the following barriers:

1. Managerial Perceptions:

If employees of the organisations want to assume social responsibility, their superiors may not allow them to do so. In such situations, they may be forced to choose between personal growth (and through it, Organisational growth) and social growth. The inevitable choice is personal growth even if it is at the cost of social values.

2. Comparison of Divisional Performance:

Overall performance of the organisation is judged by the performance of its various departments. A department which discharges social responsibility may report lower profits than its counterparts. This may not be acceptable to top managers unless the social programmes are approved by them.

3. Overall Organisational Barriers:

Low profits on account of social responsibility may not be acceptable to owners (shareholders) or employees of the organisation if they lower dividends or wages. Catering to values of one section of society at the cost of another is not justified.

4. International Barriers:

If a multinational corporation is buying supplies from the home industry and domestic companies are selling their supplies at a higher price (because of social costs) vis-a-vis other countries, they may lose sales in the international market. International business may, thus, be a barrier to social responsiveness of business enterprises.

In view of the above discussion, it is advisable for business enterprises to take up social only if their benefits are more than the costs.

Recent Trends in Management Practices in the wake of Globalization

Recent trends in management refer to the latest managerial practices that managers use to effectively manage their employees. As the market situation evolves, the managerial trends also evolve and change. These changes are subject to the market conditions of that time period. The most popular recent trends in management are Total Quality Management, Risk Management, Crisis Management etc.

Total Quality Management

All business management principles unanimously agree on the importance of quality. One can measure the success of an organization from the quality of its goods and services. Due to the importance of this factor, total quality management has gained vast prominence over the years. Managers strive to maintain the highest quality standards to meet their market competition.

Risk Management

The concept of risk management originates from the business of insurance. It has assumed significance over the years as an important function of management. No organization can completely eliminate risks but it is certainly possible to prepare for them. Risk management basically means the identification and mitigation of losses. It is a systematic process by which an organization identifies, analyses, prepares and reduces losses.

Crisis Management

One can never predict when a tragedy may strike. We can plan and try to prevent mishaps but they can still happen. Crisis management in such conditions is one of the most important functions of

managers. They must always be able to rebuild their organization after a crisis occurs. A crisis is basically any mishap, tragedy or ill event that carries negative effects. It causes damage to an organization, its members, its business or customers. It can even affect an organization's reputation and legal or financial position. As the expression suggests, crisis management is simply the act of handling a crisis effectively. It refers to the response of an organization to an incident that can affect it negatively.

Managers and Information Technology

Major impact on managers is the proliferation of data and analytics in information technology. An increasing number of organizations are selling technology, and an increasing number are looking for cutting-edge technology to make and market the products and services they sell. One particularly useful type of technology is dashboard software. Much like the dashboard in a car, dashboard software gives managers a quick look into the relevant information they need to manage their companies. Most large companies are organized in divisions, and often each division relies on a particular type of application or database software. Dashboard software allows employees to access information from software they don't routinely use, for example, from an application used by a different division from their own. More important, however, is the ability of a dashboard to show up-to-the-minute information and to allow employees to see all the information they need—such as financial and performance data—on a single screen.

Managing Multinational Cultures

The increasing globalization of the world market has created a need for managers who have **global management skills**, that is, the ability to operate in diverse cultural environments. With more and more companies choosing to do business in multiple locations around the world, employees are often required to learn the geography, language, and social customs of other cultures. It is expensive to train employees for foreign assignments and pay their relocation costs; therefore, choosing the right person for the job is especially important. Individuals who are open minded, flexible, willing to try new things, and comfortable in a multicultural setting are good candidates for international management positions.

Outsourcing

Outsourcing means getting resources from outside. It is the process of providing some parts of jobs to other organizations to bring quality and get the benefit of specialization.

Knowledge Management

Knowledge management is the helps organizations identify, select, organize, disseminate, and transfer important information and expertise for organizational prosperity. It emphasizes that knowledge can be turned into business ideas and used for the success of the organization.

Time Management

Time management is prioritizing activities for using time effectively. It is used for scheduling time. Time is a unique and most important resource and if it is wasted, it can never be recovered.

Business Process Reengineering (BPR)

Business process reengineering is a new trend in the management field. It purports that the way work is done should be fundamentally and radically changed so that every effort of the firm is driven to achieve customer satisfaction and thereby greater performance and profitability.

Stress Management

Stress refers to the body's psychological, physiological, and emotional response to any demand. Stress occurs when the pressure is greater than the resources. Large workloads, long work hours, fewer resources, and less job security are the major causes of stress for employees.

Stress management is concerned with taking some steps to minimize work stress among working staff. Steps may include changing lifestyle, changing in thinking, and changing in behaviour.

Green Management

One of the new trends in management is green management which focuses on environmental conservation for the sustainable development of business activities. It focuses on promotions of green technology that presents the most viable way of meeting with the new green-related activities.

The Evolution of Management Thought

The evolution of management thought is a long and complex process that has been influenced by social, cultural, economic, and scientific institutions. The concept of management has been around for thousands of years, with some records of business dealings dating back to at least 3000 years before Christ.

Many studies indicated that Management theory evolved with **"scientific" and "bureaucratic" management** that used measurement, procedures and routines as the basis for operations. Firms developed hierarchies to apply standardized rules to the place of work and penalized labour for violating rules. **With the "human relations" movement**, companies emphasized individual workers. **Modern management theories,** including system theory, contingency theory and chaos theory, focus on the whole organization, with employees as a key part of the system.

The evaluation of management can be categorized into different parts:

❖ Pre-Scientific Management Era (before 1880),
❖ Classical management Era (1880-1930),
❖ Neo-classical Management Era (1930-1950),
❖ Modern Management era (1950-on word).

✓ Classical Management includes Scientific Management School, Administration Management School, and Bureaucracy Management.
✓ Neoclassical Management includes Human relation school and Behavioural Management School.
✓ Modern Management includes Social system school, Decision theory school, Quantitative Management School, System Management School, and Contingency Management School.

✓
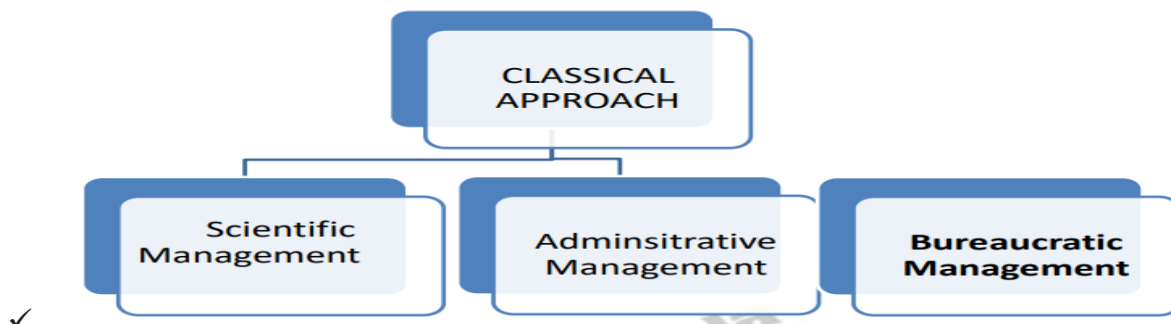
(i)Scientific Management: Scientific management which is also referred to Taylorism or the Taylor system is a theory of management that evaluates and synthesizes workflows, with the aim of improving labour productivity. In other words, conventional rules of thumb are substituted by accurate procedures developed after careful study of an individual at work. Universal approaches to Scientific management are developed for Efficiency of workers, Standardization of job roles/activities and Discipline – the role of managers and the business hierarchy. The scientific management theory had an enormous impact on the business industry at the beginning of the 20th century. Many big and victorious organizations, such as McDonald's hamburger chain or call centres, utilised a modern version of scientific management. Among famous theorist, Taylor's contribution in the area of scientific management is invaluable.

Taylor's Scientific Management: Academic records indicated that F.W. Taylor and his colleagues developed the first systematic study in management. He initiated an

innovative movement in 1910 which is identified as scientific management. Frederick Taylor is known as the father of Scientific Management,

(ii) Administrative Management: Administrative Management emphasizes the manager and the functions of management. The main objective of Administrative management is to describe the management process and philosophy of management. In contradiction of scientific management, which deals mainly with jobs and works at the individual level of scrutiny, administrative management gives a universal theory of management.

Henry Fayol's Administrative Management (1841–1925): Henri fayol is known as the father of Modern Management. He was a popular industrialist and victorious manager. Fayol considered that good management practice falls into certain patterns that can be recognized and analysed. From this basic perspective, he devised a blueprint for a consistent policy of managers one that retains much of its force to this day. His five function of managers was the plan, organize, command, co-ordinate, and control. The principal of administrative management: 1.Division of labour, 2.Authority & responsibility, 3.Discipline, 4.Unity of command, 5.Unity of direction, 6.Subordination of individual interests to the general interest, 7.Remuneration of personnel, 8.Centralization, 9.Scalar chain, 10.Order, 11.Equity, 12.Stability of tenure, 13.Initiative and14 .Esprit de corps (union of strength). These 14 principles of management serve as general guidelines to the management process and management practice.

(iii) Bureaucratic Management:

Bureaucratic management denotes to the perfect type of organization. The principal of Bureaucracy include defined and specialized functions, use of legal authority, hierarchical form, written rules and procedures, technically trained bureaucrats, appointment to positions based on technical expertise, promotions based on competence and defined career paths. The German sociologist, Max Weber recognized as the father of modern Sociology who appraised bureaucracy as the most logical and structure for the big organization. With this observation in the business world, Weber summarized that earlier business firms were unproductively managed, with decisions based on personal relationships and faithfulness. He proposed that a form of organization, called a bureaucracy, characterized by division of labour, hierarchy, formalized rules, impersonality, and the selection and promotion of employees based on ability, would lead to more well-organised management.

Neoclassical Management Approaches

Behavioural Approach: Numerous theorists developed the behavioural approach of management thought as they observed weaknesses in the assumptions of the classical approach. The classical approach emphasized efficiency, process, and principles. Some management scholars considered that this thought ignored important aspects of organizational life, particularly as it related to human behaviour. Therefore the behavioural approach concentrated on the understanding of the factors that affect human behaviour at work. This is an improved and more matured description of human relations approach. The various theorists who have great contribution in developing principles of management in this are Douglas Mc Gregor, Abraham Maslow, Curt Levin, Mary Porker Follelt, Rensis Likert. Behavioural Scientists hold the classical approach as highly mechanistic, which finds to degrade the human spirit. They choose more flexible organization structures and jobs built around the capabilities and talent of average employees. The behavioural approach has based the numerous principles.

Modern Management

The Quantitative Approach of Management Thought

The quantitative approach aimed at enhancing the process of decision-making through the use of quantitative techniques. It is evolved from the principles of scientific management.

Management Science (Operations Research): Management science which is also known as operations research utilized mathematical and statistical approaches to resolve management issues. It was developed during World War II as strategists attempted to apply scientific knowledge and methods to the intricate troubles of war. The industry started to apply management science after the war. The introduction of the computer technology made many management science tools and concepts more practical for industry

Systems Approach of Management Thought

The systems approach deals with the thoroughly understanding the organization as an open system that converts inputs into outputs. The systems approach has a great impact on management thought in the 1960s. During this period, thinking about managing practices allowed managers to relate different specialities and parts of the company to one another, as well as to external environmental factors. The system approach focuses on the organization as a whole, its communication with the environment, and its need to achieve equilibrium.

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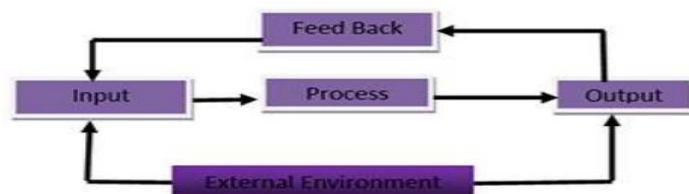
UNIT II

Planning and Organizing:

Planning: Nature, Purpose, Process of Planning, Types of Plans; Decision Making: Concept, Process; Management by Objectives: Concept, Process; Organizing: Nature, Process, Formal and Informal Organizations; Departmentation: Methods; Span of Management: Meaning, Definition, Factors Determining Span of Management - Delegation: Concept, Process; Decentralization: Advantages and Disadvantages.

Nature and Purpose of Planning Nature of Planning

According to Koontz O'Donnell - "Planning is an intellectual process, the conscious determination of courses of action, the basing of decisions on purpose, acts and considered estimates".

According to Alford and Beatt, "Planning is the thinking process, the. organized foresight, the vision based on fact and experience that is required for intelligent action**."**

- **Planning is goal-oriented:** All plans arise from objectives. Objectives provide the basic guidelines for planning activities. Planning has no meaning unless it contributes in some positive manner to the achievcement of predetermined goals.
- **Planning is a primary function:** Planning is the foundation of management. It is a parent exercise in management process. It is a preface to business activities.
- **Planning is all-pervasive:** Planning is a function of all managers. It is needed and practiced at all managerial levels. Planning is inherent in everything a manager does.
- **Planning is a mental exercise:** Planning is a mental process involving imagination, foresight and sound judgment. Planning compels managers to abandon guesswork and wishful thinking. It makes them think in a logical and systematic manner.
- **Planning is a continuous process:** Planning is continuous. It is a never-ending activity. It is an ongoing process of adjustment to change. There is always need for a new plan to be drawn on the basis of new demands and changes in the circumstances.
- **Planning involves choice:** Planning essentially involves choice among various alternative courses of action. If there is one way of doing something, there is no need for planning. The need for planning arises only when alternatives are available.
- **Planning is forward looking:** Planning means looking ahead and preparing for the future. It means peeping into the future, analyzing it and preparing for it. Managers plan today with a view to flourish tomorrow. Without planning, business becomes random in nature and decisions would become meaningless, ad hoc choices.
- **Planning is flexible:** Planning is based on a forecast of future events. Since future is uncertain, plans should be reasonably flexible. When market conditions change, planners have to make necessary changes in the existing plans.
- **Planning is an integrated process:** Plans are structured in a logical way wherein every lower-level plan serves as a means to accomplish higher level plans. They are highly interdependent and mutually supportive.
- **Planning includes efficiency and effectiveness dimensions:** Plans aim at deploying resources economically and efficiently. They also try to accomplish what has been actually targeted. The effectiveness of plans is usually dependent on how much it can contribute to the predetermined objectives.

PURPOSE OF PLANNING As a managerial function planning is important due to the following reasons:-

To manage by objectives: All the activities of an organization are designed to achieve certain specified objectives. However, planning makes the objectives more concrete by focusing attention on them.

To offset uncertainty and change: Future is always full of uncertainties and changes. Planning foresees the future and makes the necessary provisions for it.

To secure economy in operation: Planning involves, the selection of most profitable course of action that would lead to the best result at the minimum costs.

To help in co-ordination: Co-ordination is, indeed, the essence of management, the planning is the base of it. Without planning it is not possible to co-ordinate the different activities of an organization.

To make control effective: The controlling function of management relates to the comparison of the planned performance with the actual performance. In the absence of plans, a management will have no standards for controlling other's performance.

To increase organizational effectiveness: Mere efficiency in the organization is not important; it should also lead to productivity and effectiveness. Planning

Limitations/Criticisms

The limitations of planning can be examined under the following headings:

- **Rigidity:** Plans put the activities of an enterprise in a rigid framework. Everything is spelt out in detail and deviations are not permitted. New opportunities are often ignored or rejected because of the commitment to existing plans. Events may change, but plans may remain fixed. Managers, too, would be reluctant to reorient their plans suitably, because it involves serious mental work to put everything in black and white change the same all over again.
- **Costly and time consuming:** Planning is costly. It is expensive in terms of time spent to formulate the plans, the manpower required to do the planning and resources needed to execute the plan. The collection of information, evaluation of alternatives, selection of a suitable course of action, etc., may consume lot of executive time and organisational resources.
- **Employee resistance:** For any plan to succeed, you need operating people to understand it, embrace it, and make it happen. One of the frequent complaints made against the planning process is that it is done by specialists who are not in touch with operations. As a result, operating people who are not involved in planning tend to resist the planning process. Planning 'imposed from above' often leads to resentment and resistance from those forced to execute.

False sense of security: Elaborate planning may create a false sense of security in the organisation. Managers may begin to feel that everything is well taken care of. They begin to assume that as long as plans are adhered to, there will not be any problems. As a result, they fail to take note of environmental changes and the need to review, res

Types of Plans

Strategic Plans

- ❖ Strategic plans define the framework of the organization's vision and how the organization intends to make its vision a reality.
- ❖ It is the determination of the long-term objectives of an enterprise, the action plan to be adopted and the resources to be mobilized to achieve these goals.
- ❖ Since it is planning the direction of the company's progress, it is done by the top management of an organization.

- ❖ It essentially focuses on planning for the coming years to take the organization from where it stands today to where it intends to be.
- ❖ The strategic plan must be forward looking, effective and flexible, with a focus on accommodating future growth.
- ❖ These plans provide the framework and direction for lower level planning.

Tactical Plans

Tactical plans describe the tactics that the managers plan to adopt to achieve the objectives set in the strategic plan.

- ❖ Tactical plans span a short time frame (usually less than 3 years) and are usually developed by middle level managers.
- ❖ It details specific means or action plans to implement the strategic plan by units within each division.
- ❖ Tactical plans entail detailing resource and work allocation among the subunits within each division.

Operational Plans

- ❖ Operational plans are short-term (less than a year) plans developed to create specific action steps that support the strategic and tactical plans.
- ❖ They are usually developed by the manager to fulfill his or her job responsibilities.
- ❖ They are developed by supervisors, team leaders, and facilitators to support tactical plans.
- ❖ They govern the day-to-day operations of an organization.
- ❖ Operational plans can be −
- ❖ **Standing plans** − Drawn to cover issues that managers face repeatedly, e.g. policies, procedures, rules.
- ❖ **Ongoing plans** − Prepared for single or exceptional situations or problems and are normally discarded or replaced after one use, e.g. programs, projects, and budgets.

PLANNING PROCESS

- ➢ **Being Aware of Perceived Opportunities**

  Knowledge of where we stand in the light of our strengths and weaknesses, an understanding of why we wish to solve uncertainties, and a vision of what we expect to gain. Setting realistic objectives depends on this awareness. Planning requires realistic diagnosis of the opportunity situation.

- ➢ **Establishing Objectives**

  The first step in planning itself is to establish objectives for the entire enterprise and then for each subordinate unit. Objectives specifying the results expected indicate the end points of what is to be done, where the primary emphasis is to be placed, and what is to be accomplished by the network of strategies, policies, procedures, rules, budgets and programs. Enterprise objectives should give direction to the nature of all major plans which, by reflecting these objectives, define the objectives of major departments. Major department objectives, in turn, control the objectives of subordinate departments, and so on down the line. The objectives of lesser departments will be better framed, however, if subdivision managers understand the overall enterprise objectives and the implied derivative goals and if they are given an opportunity to contribute their ideas to them and to the setting of their own goals.

- ➢ **Considering the Planning Premises** Another logical step in planning is to establish, obtain agreement to utilize and disseminate critical planning premises. These are forecast data of a factual nature, applicable basic policies, and existing company plans.

Premises, then, are planning assumptions – in other words, the expected environment of plans in operation. This step leads to one of the major principles of planning. The more individuals charged with planning understand and agree to utilize consistent planning premises, the more coordinated enterprise planning will be. Planning premises include far more than the usual basic forecasts of population, prices, costs, production, markets, and similar matters. Because the future environment of plans is so complex, it would not be profitable or realistic to make assumptions about every detail of the future environment of a plan. Since agreement to utilize a given set of premises is important to coordinate planning, it becomes a major responsibility of managers, starting with those at the top, to make sure that subordinate managers understand the premises upon which they are expected to plan. It is not unusual for chief executives in well- managed companies to force top managers with differing views, through group deliberation, to arrive at a set of major premises that all can accept.

- **Identification of alternatives**

  Once the organizational objectives have been clearly stated and the planning premises have been developed, the manager should list as many available alternatives as possible for reaching those objectives. The focus of this step is to search for and examine alternative courses of action, especially those not immediately apparent. There is seldom a plan for which reasonable alternatives do not exist, and quite often an alternative that is not obvious proves to be the best. The more common problem is not finding alternatives, but reducing the number of alternatives so that the most promising may be analysed. Even with mathematical techniques and the computer, there is a limit to the number of alternatives that may be examined. It is therefore usually necessary for the planner to reduce by preliminary examination the number of alternatives to those promising the most fruitful possibilities or by mathematically eliminating, through the process of approximation, the least promising ones.

- **Evaluation of alternatives**

  Having sought out alternative courses and examined their strong and weak points, the following step is to evaluate them by weighing the various factors in the light of premises and goals. One course may appear to be the most profitable but require a large cash outlay and a slow payback; another may be less profitable but involve less risk; still another may better suit the company in long–range objectives. If the only objective were to examine profits in a certain business immediately, if the future were not uncertain, if cash position and capital availability were not worrisome, and if most factors could be reduced to definite data, this evaluation should be relatively easy. But typical planning is replete with uncertainties, problems of capital shortages, and intangible factors, and so evaluation is usually very difficult, even with relatively simple problems. A company may wish to enter a new product line primarily for purposes of prestige; the forecast of expected results may show a clear financial loss, but the question is still open as to whether the loss is worth the gain.

- **Choice of alternative plans**

  An evaluation of alternatives must include an evaluation of the premises on which the alternatives are based. A manager usually finds that some premises are unreasonable and can therefore be excluded from further consideration. This elimination process helps the manager determine which alternative would best accomplish organizational objectives.

- **Formulating of Supporting Plans** After decisions are made and plans are set, the final step to give them meaning is to rubberize them by converting them to budgets. The overall budgets of an enterprise represent the sum total of income and expenses with resultant profit or surplus and budgets of major balance– sheet items such as cash and

capital expenditures. Each department or program of a business or other enterprise can have its own budgets, usually of expenses and capital expenditures, which tie into the overall budget. If this process is done well, budgets become a means of adding together the various plans and also important standards against which planning progress can be measured.

> **Establishing sequence of activities**
> Once plans that furnish the organization with both long-range and short-range direction have been developed, they must be implemented. Obviously, the organization can not directly benefit

Management by Objectives (MBO)

Management by objectives (MBO) is a strategic management model that aims to improve the performance of an organization by clearly defining objectives that are agreed to by both management and employees. According to the theory, having a say in goal setting and action plans encourages participation and commitment among employees, as well as aligning objectives across the organization. This concept was originated by "Peter F. Drucker" in the year 1954

Management by Objective is a process whereby the superior and the subordinate managers of an enterprise jointly identify its common goals. It is a rational and systematic approach to management wherein measurable goals are set up in consultation with subordinate managers and the contribution of each individual is judged in terms of such goals.

According to Koontz and Weihrich, "Management by Objectives is a comprehensive managerial system that integrates many key managerial activities in a systematic manner and it consciously directed toward the effective and efficient achievement of organizational and individual objectives."

According to George Odiorne "MBO is a process whereby the superior and subordinate managers of an organization jointly identify its [the organization's] common goals, define each individual's major area of responsibility in terms of the results expected of an individual, and use these measures as guides for operating the unit and assessing the contribution of each of its members."

Features/Characteristics/Nature of MBO

Goal-oriented: MBO is goal-oriented rather than work-oriented as it focuses on what must be accomplished rather than on how it is to be accomplished.

Participation of all: It involves the participation of subordinate managers in the goal-setting process. It requires all key personnel to contribute the maximum to achieve the overall objectives.

Focuses on KRAs: MBO focuses on measurable and verifiable goals in the key result areas. It helps to balance the goals of all the key personnel.

Dynamic: MBO is a dynamic system which integrates company's needs to achieve the objective.

Managerial philosophy: Management by Objectives is a managerial philosophy and not just a simple technique or method. Because a philosophy directs and influences every element of management, whereas a technique is only useful in certain areas. MBO is an approach involving different techniques to finest management.

Serve as a criterion: To evaluate the complete performance of the organization, corporate, functional and personal goals under Management by Objectives serve as a criterion. Managers will be able to assess the efficiency of subordinates through the comparison of goals and actual results, and in some ways, the top level can assess the efficiency of other managers too.

Continuous process: MBO is a continuous process of goal setting, periodic appraisals and modification of goals and performance.

Superior and the subordinate managers of an enterprise jointly identify its common goals

A strategic approach to enhance the performance of an organization

Management by Objectives (MBO) is an approach adopted by managers to plan and control their employees

The MBO approach is implemented to ensure that the employees get a clear understanding of their roles and responsibilities.

It is a rational and systematic approach to management wherein measurable goals are set up in consultation with subordinate managers

It is a philosophy of management as well as modern management technique.

Steps in Management by Objectives Process

1. Define organization goals

Setting objectives is not only critical to the success of any company, but it also serves a variety of purposes. It needs to include several different types of managers in setting goals. The objectives set by the supervisors are provisional, based on an interpretation and evaluation of what the company can and should achieve within a specified time.

2. Define employee objectives

Once the employees are briefed about the general objectives, plan, and the strategies to follow, the managers can start working with their subordinates on establishing their personal objectives. This will be a one-on-one discussion where the subordinates will let the managers know about their targets and which goals they can accomplish within a specific time and with what resources. They can then share some tentative thoughts about which goals the organization or department can find feasible.

3**. Continuous monitoring performance and progress**

Though the management by objectives approach is necessary for increasing the effectiveness of managers, it is equally essential for monitoring the performance and progress of each employee in the organization.

4. Performance evaluation

Within the MBO framework, the performance review is achieved by the participation of the managers concerned.

5. Providing feedback

In the management by objectives approach, the most essential step is the continuous feedback on the results and objectives, as it enables the employees to track and make corrections to their actions. The ongoing feedback is complemented by frequent formal evaluation meetings in which superiors and subordinates may discuss progress towards objectives, leading to more feedback.

6. Performance appraisal

Performance reviews are a routine review of the success of employees within MBO organizations.

Advantages and Disadvantages of Management by Objectives (MBO)

Advantages	Disadvantages
• More Clarity towards Objectives	• Goal-Setting Problem
• Better Management	• Time-Consuming
• Enhanced Individual Commitment	• More focus on Short-term Objectives
• Establishing Controls	• Incapable to provide Guidelines to Goal Setters
• Improved Communication	• Inflexibility
• Motivation and Morale	• Increased Paperwork

✓ Management by objectives helps employees **appreciate their on-the-job roles and responsibilities.**
✓ **The Key Result Areas** (KRA's) planned are specific to each employee, depending on their interest, educational qualification, and specialization.
✓ **Increased team productivity**: When team members have personal objectives, they have more clarity about why their work matters. As a result, their motivation and productivity increases.
✓ **Improved team communication**: The MBO model can improve team communication and create a more open work environment because team members understand the objectives of the company and know that their personal goals align with those objectives.
✓ **Personalized team member objectives**: Because the MBO system personalizes team member objectives and makes it a priority for team members to reach their highest potential, everyone in the company understands how their work makes an

Limitations/De-Merits

❖ Management by objectives often ignores the organization's existing ethos and working conditions.
❖ More emphasis is given on goals and targets. The managers put constant pressure on the employees to accomplish their goals and forget about the use of MBO for involvement, willingness to contribute, and growth of management.
❖ The managers sometimes over-emphasize the target setting, as compared to operational issues, as a generator of success.
❖ The MBO approach does not emphasize the significance of the context wherein the goals are set. The context encompasses everything from resource availability and efficiency to relative buy-in from the leadership and stake holders.
❖ Finally, there is a tendency for many managers to see management by objectives as a total system that can handle all management issues once installed. The overdependence may impose problems on the MBO system that it is not prepared to tackle, and that frustrates any potentially positive effects on the issues it is supposed to deal with.

Decision-Making

Decision-making skills show your ability to select the best possible option from the alternatives available. The ability to maintain good decisions helps contribute to the company's goal. The process involves using the information to assess the risk and opportunity associated with each choice. Good decision-makers are those that overcome biases that might affect their choice

Decision-making requires choosing a course of action from two or three potential options to find a solution to a given problem.

Decision-making process

The decision making process is the method of gathering information, assessing alternatives, and, ultimately, making a final choice.

Step 1: Identify the decision that needs to be made

When you're identifying the decision, ask yourself a few questions:

What is the problem that needs to be solved?

What is the goal you plan to achieve by implementing this decision?

How will you measure success?

These questions are all common goal setting techniques that will ultimately help you come up with possible solutions. When the problem is clearly defined, you then have more information to come up with the best decision to solve the problem.

Step 2: Gather relevant information

Gathering information related to the decision being made is an important step to making an informed decision. Does your team have any historical data as it relates to this issue? Has anybody attempted to solve this problem before?

It's also important to look for information outside of your team or company. Effective decision making requires information from many different sources. Find external resources, whether it's doing market research, working with a consultant, or talking with colleagues at a different company who have relevant experience. Gathering information helps your team identify different solutions to your problem.

Step 3: Identify alternative solutions

This step requires you to look for many different solutions for the problem at hand. Finding more than one possible alternative is important when it comes to business decision-making, because different stakeholders may have different needs depending on their role. For example, if a company is looking for a work management tool, the design team may have different needs than a development team. Choosing only one solution right off the bat might not be the right course of action.

Step 4: Weigh the evidence

This is when you take all of the different solutions you've come up with and analyse how they would address your initial problem. Your team begins identifying the pros and cons of each option, and eliminating alternatives from those choices.

There are a few common ways your team can analyse and weigh the evidence of options:

Pros and cons list

SWOT analysis

Decision matrix

Step 5: Choose among the alternatives

The next step is to make your final decision. Consider all of the information you've collected and how this decision may affect each stakeholder.

Sometimes the right decision is not one of the alternatives, but a blend of a few different alternatives. Effective decision-making involves creative problem solving and thinking out of the box, so don't limit you or your teams to clear-cut options.

One of the key values at Asana is to reject false trade-offs. Choosing just one decision can mean losing benefits in others. If you can, try and find options that go beyond just the alternatives presented.

Step 6: Take action

Once the final decision maker gives the green light, it's time to put the solution into action. Take the time to create an implementation plan so that your team is on the same page for next steps. Then it's time to put your plan into action and monitor progress to determine whether or not this decision was a good one.

Step 7: Review your decision and its impact (both good and bad)

Once you've made a decision, you can monitor the success metrics you outlined in step 1. This is how you determine whether or not this solution meets your team's criteria of success.

Here are a few questions to consider when reviewing your decision:

Did it solve the problem your team identified in step 1?

Did this decision impact your team in a positive or negative way?

Which stakeholders benefited from this decision? Which stakeholders were impacted negatively?

If this solution was not the best alternative, your team might benefit from using an iterative form of project management. This enables your team to quickly adapt to changes, and make the best decisions with the resources they have.

ORGANIZING

DEFINITION

According to Koontz and O'Donnell, "Organization involves the grouping of activities necessary to accomplish goals and plans, the assignment of these activities to appropriate departments and the provision of authority, delegation and co-ordination."

Organization involves division of work among people whose efforts must be co-ordinated to achieve specific objectives and to implement pre-determined strategies.

Louis A. Allen:

"Organisation is the process of identifying and grouping the works to be performed, defining and delegating responsibility and authority and establishing relationship for the purpose of enabling people to work more effectively together in accomplishing objectives."

Nature of Organisation:
- Process:
- Structure:
- Dividing and Grouping the Activities
- Accomplishment of Goals or Objectives
- Authority-Responsibility Relationship
- Human and Material Aspects:

Benefits of Sound Organisation:
- Benefits of Specialization
- Clarity in a Working Relationship
- Efficient Administration
- Prompt Accomplishment
- Growth and Diversification
- Optimum Use of Advanced Technology
- Stimulating Creativity
- Adaption to Change
- Development of Personnel
- Coordination:
- Sound Communication Possible

Difference between Formal and Informal Organization

Formal and informal organizations differ in several key aspects. Formal organizations have defined structures, established hierarchies and clear lines of authority, while informal organizations rely on social connections, personal relationships and unofficial networks. Formal organizations adhere to specific rules and regulations, while informal organizations operate based on shared norms and mutual trust. The level of flexibility, communication patterns, decision-making processes and accountability also vary significantly between the two. Here are the 10 key differences between formal and informal organization.

Formal organisation
In every organisation, employees are guided by rules, policies, and procedures, and the structure of jobs and positions of employees are clearly defined for achieving smooth functioning of the organisation. Such a structure is known as Formal Organisation. In a formal organisation, the position, responsibility, authority and accountability of each and every employee is defined for achieving organisational goals. It is stable, rigid and coordinates the effort of every department.

Informal Organisation
Interaction amongst employees at the workplace gives rise to networks of informal communication and employees cut the official channels and form their own social groups, which are known as Informal Organisations. Such informal organisations emerge from within the formal organisation. It arises out of frequent contact of people with each other based on common interests. It has no definite structure as it comprises a network of social relationships. It has no specific direction for the flow of information and is flexible. It is helpful in faster communication and fulfils the social needs of employees at the workplace.

Difference between Formal and Informal Organisation:

Basis	Formal Organisation	Informal Organisation
Meaning	The structure of jobs and positions, which is created by management is known as Formal Organisation.	The network of social relationships arising out of interaction among employees is known as Informal Organisation.
Formation	It is formed deliberately as a part of the organisation's rules and policies.	It is not formed deliberately and is a result of social interaction.
Authority	Authority arises by virtue of position in management.	Authority arises out of personal qualities.
Behaviour	Behaviour is prescribed by the managers.	There is no set pattern for behaviour.

Basis	Formal Organisation	Informal Organisation
Flow of Communication	Communication takes place through formal channels only.	Communication takes place through informal channels having no fixed path.
Nature	It is rigid in nature.	It is flexible in nature.
Leadership	Person with maximum authority is the leader.	Person who has greater acceptance by the group is the leader.
Flow of Authority	Authority flows from top to bottom.	Authority can flow in all the direction.
Stability	It is more stable as it exists till the survival of the organisation.	It is relatively less stable as employees can change their social group based on their desire.
Roles and Responsibilities	Clearly defined roles and responsibilities	Roles evolve based on relationships
Purpose	It is created to work systematically and achieve organisational goals.	It is created to provide social satisfaction to employees.
Communication	Formal, written communication	Casual, often verbal communication
Rules and Procedures	Established rules and procedures	No fixed rules, flexibility
Agreement	Based on official contracts and agreements	Based on personal relationships and common interests
Focus	Goal-oriented	Relationship-focused

Basis	Formal Organisation	Informal Organisation
Stability	Stable and predictable	Dynamic and evolving
Working hours	Operates within specific working hours	Can operate anytime
Decision making	Decision making is typically top-down	Decision making is often consensus-based
Encouragement	Encourages competition	Encourages cooperation

ORGANIZATION STRUCTURE

An organization structure is a framework that allots a particular space for a particular department or an individual and shows its relationship to the other. An organization structure shows the authority and responsibility relationships between the various positions in the organization by showing who reports to whom. It is an established pattern of relationship among the components of the organization.

March and Simon have stated that-"Organization structure consists simply of those aspects of Pattern of behaviour in the organization that are relatively stable and change only slowly." The Structure of an organization is generally shown on an organization chart. It shows the authority and responsibility relationships between various positions in the organization while designing the organization structure, due attention should be given to the principles of sound organization. Significance of Organization Structure

✓ Properly designed organization can help improve teamwork and productivity by providing a framework within which the people can work together most effectively.
✓ Organization structure determines the location of decision-making in the organization.
✓ Sound organization structure stimulates creative thinking and initiative among organizational members by providing well defined patterns of authority.
✓ A sound organization structure facilitates growth of enterprise by increasing its capacity to handle increased level of authority.
✓ Organization structure provides the pattern of communication and coordination.
✓ The organization structure helps a member to know what his role is and how it relates to other roles.

PRINCIPLES OF ORGANIZATION STRUCTURE

Modern organizational structures have evolved from several organizational theories, which have identified certain principles as basic to any organization structure.

a) Line and Staff Relationships:

Line authority refers to the scalar chain, or to the superior-subordinate linkages, that extend throughout the hierarchy (Koontz, O'Donnell and Weihrich). Line employees are responsible for achieving the basic or strategic objectives of the organization, while staff plays a supporting

role to line employees and provides services. The relationship between line and staff is crucial in organizational structure, design and efficiency. It is also an important aid to information processing and coordination.

b) Departmentalization:

Departmentalization is a process of horizontal clustering of different types of functions and activities on any one level of the hierarchy. Departmentalization is conventionally based on purpose, product, process, function, personal things and place.

c) Span of Control:

This refers to the number of specialized activities or individuals supervised by one person. Deciding the span of control is important for coordinating different types of activities effectively.

d) De-centralization and Centralization:

De-centralization refers to decision making at lower levels in the hierarchy of authority. In contrast, decision making in a centralized type of organizational structure is at higher levels. The degree of centralization and de-centralization depends on the number of levels of hierarchy, degree of coordination, specialization and span of control. Every organizational structure contains both centralization and de-centralization, but to varying degrees. The extent of this can be determined by identifying how much of the decision making is concentrated at the top and how much is delegated to lower levels. Modern organizational structures show a strong tendency towards de-centralization.

Span of Management

Definition: The Span of Management refers to the number of subordinates who can be managed efficiently by a superior. Simply, the manager having the group of subordinates who report him directly is called as the span of management.

The span of management is related to the horizontal levels of the organization structure. There is a wide and a narrow span of management. With the wider span, there will be less hierarchical levels, and thus, the organizational structure would be flatter. Whereas, with the narrow span, the hierarchical levels increases, hence the organizational structure would be tall.

Factors Determining Span of Management

1. **Capacity of Superior:** Here the capacity means the ability of a superior to comprehend the problems quickly and gel up with the staff such that he gets respect from all. Also, the communication skills, decision-making ability, controlling power, leadership skills are important determinants of supervisory capacity. Thus, a superior possessing such capacity can manage more subordinates as compared to an individual who lack these abilities.

2. **Capacity of Subordinate:** If the subordinate is trained and efficient in discharging his functions without much help from the superior, the organization can have a wide span. This means a superior can manage a large number of subordinates as he will be required just to give the broad guidelines and devote less time on each.

3. **Nature of Work:** If the subordinates are required to do a routine job, with which they are well versed, then the manager can have a wider span. But, if the work is complex and the manager is required to give directions, then the span has to be narrower.Also, the change in the policies affects the span of management. If the policies change frequently, then the manager needs to devote more time and hence the span would be narrow whereas if the policies remain stable, then a manager can focus on a large number of subordinates. Likewise, policies technology also plays a crucial role in determining the span.

4. **Degree of Decentralization:** If the manager delegates authority to the subordinates then he is required to give less attention to them. Thus, higher the degree of decentralization, the wider is the span of management. But in case, subordinates do not have enough authority, then the manager is frequently consulted for the clarifications, and as a result superior spends a lot of time in this.

5. **Planning:** If the subordinates are well informed about their job roles, then they will do their work without consulting the manager again and again. This is possible only because of the standing plans that they follow in their repetitive decisions. Through a proper plan, the burden of a manager reduces manifold and can have a wider span of management.

6. **Staff Assistance:** The use of staff assistance can help the manager in reducing his workload by performing certain managerial tasks such as collecting information, processing communications and issuing orders, on his behalf. By doing so, the managers can save their time and the degree of span can be increased

7. **Supervision from Others:** The classical approach to the span of management, i.e., each person should have a single supervisor is changing these days. Now the subordinates are being supervised by other managers in the organization such as staff personnel. This has helped the manager to have a large number of subordinates under him.

8. **Communication Techniques:** The mode of communication also determines the span of management. If in the manager is required to do a face to face communication with each subordinate, then more time will be consumed. As a result, the manager cannot have a wider span. But in case, the communication is in writing and is collected through a staff personnel; the manager can save a lot of time and can have many subordinates under him.

Departmentation

Departmentation involves organizing and dividing the organization's workload into smaller, manageable units, allowing employees to focus on their specific areas of expertise. As a result, departmentation streamlines the functioning of an organization and helps in achieving its objectives more efficiently.

Departmentation refers to the grouping of operating duties into jobs, the combining of jobs and mixing of companies into divisions called 'Departments'. It refers to the horizontal differentiation in an organization. It is a technique of arranging activities and personnel to facilitate the accomplishment of usual objectives.

Need of Departmentation

The control of a corporation is made extra powerful through departmentation. It could be a completely complicated venture for the control without dividing the company into gadgets and subunits. It is necessary on account of the following reasons −

Specialization − Departmentation permits the agency to avail the blessings of specialization. The teams are split into one-of-a-kind departments. When each branch appears after one principal function, it ends in a growth in operational performance of the organization.

Administrative control − Grouping of activities into attainable devices enables administrative control. The requirements of overall performance of every branch may be exactly determined, in opposition to which real overall performance may be measured and corrective measures may be taken.

Fixation of responsibility − each character is aware of the particular undertaking that they've to carry out with inside the organization. The duty of the employees can, therefore, be exactly constant and the character may be made chargeable for his performance.

Expansion − One supervisor can efficiently supervise a confined wide variety of subordinates. Departmentation makes it feasible for the organization to develop and expand. In the absence of departmentation, the dimensions of the company may be confined to the supervisor's span of control.

Appraisal − When the responsibilities allocated to people are surely specified, appraisal of managerial overall performance is simplified. The capabilities and competence required for managerial choices may be without problems identified.

Managerial development − It affords possibilities for the education and improvement of the executives. They can work out initiative and make unbiased decisions. The managers can enhance their skills, main to their improvement with inside the organization.
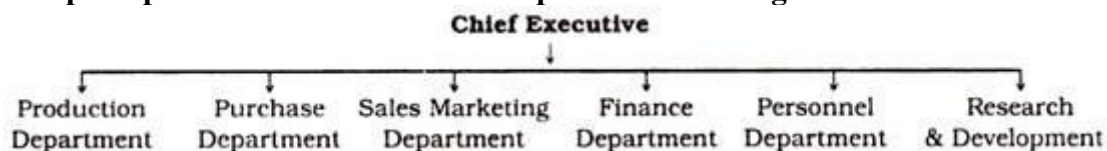
Autonomy − Departmentation outcomes with inside the department of enterprise into small gadgets. Every supervisor is given the ok freedom to run those gadgets or departments. The feeling of autonomy offers process pleasure and motivation main to better performance in operations.

Methods of Departmentation:

Functional Departmentation:

It refers to grouping the activities of an enterprise on the basis of functions such as production, sales, purchase, finance, personnel, etc. The actual number of departments in which an enterprise can be divided depends upon the size of establishment and its nature. To begin with, we may have three or four main departments. With the growth in the size of the business, more departments and sub-departments may be created.

A simple representation of functional departmentation is given below:

Chief Executive
Production Department | Purchase Department | Sales Marketing Department | Finance Department | Personnel Department | Research & Development

Advantages:
The important advantages of functional departmentation are:
I. It is a very simple, natural and logical way of grouping activities.
II. It promotes specialisation and expertise in various functional areas and experts can be employed.
III. It facilitates co-ordination both within the function and at the inter-departmental level.
IV. It generates a high degree of centralisation at the level of chief executive.
Disadvantages:

Functional departmentation suffers from the following drawbacks:

(i) It may lead to internal frictions among the various departmental heads as one department may ignore the interest of the other,

(ii) In functional departmentation, men are experts of these areas of function only. This hinders the development of all-round managers.

(iii) It leads to excessive centralisation and delay in decision making.

(iv) It is unsuitable where emphasis lies on products more than the functions.

2. Product Wise Departmentation:

The grouping of activities on the basis of products is very popular with large organisations having distinct type of products. Under this method, all activities related to one type of product are put together under one department under the direction of a production manager. An electronic company, for instance, may have different departments dealing in television sets, radios and transistors, computers, agro-dairy instruments, etc.

A simple representation of product wise departmentation is given as follows:
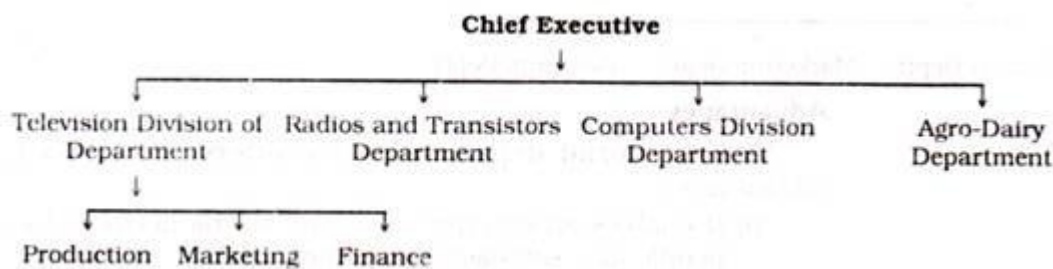
Product wise departmentation is also known as multifunctional product departmentation, because each product department handles all the functions concerning it.

Advantages:

The following are the main advantages of product wise departmentation:

(i) It ensures better customer service.

(ii) Unprofitable product lines can be easily determined. (iii) It solves the co-ordination problem of functional departments.

(iv) It makes control effective.

(v) It assists in the development of all-round managerial talent.

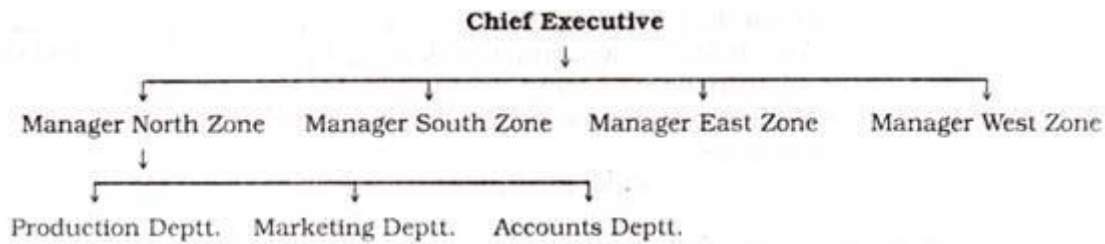(vi) It is flexible as a new product division can be easily added.

Disadvantages:

Product wise departmentation suffers from the following drawbacks:

(i) It is expensive because of duplication of service functions in various product divisions.

(u) It may not be linked by customers and dealers who have to deal with different salesmen of the same enterprise for different products.

(iii) It may cause difficulty in apportioning general expenses incurred by the enterprise as a whole.

3. Territorial or Geographical Departmentation:

When several activities of an enterprise are geographically dispersed in different locations, territorial or geographical departmentation may be adopted. All activities relating to a particular area or zone may be grouped together under one zonal manager or head.

There may be further sub-division of activities under one zonal manager as illustrated here:

Chief Executive

Manager North Zone   Manager South Zone   Manager East Zone   Manager West Zone

Production Deptt.   Marketing Deptt.   Accounts Deptt.

Advantages:
The territorial departmentation offers the following advantages:
 (i) It enables an enterprise to cater to the needs of local people in a satisfactory manner.
(ii) It enables a concern to make use of locational advantages.
(iii) It facilitates effective control.
(iv) It facilitates effective co-ordination of activities within an area.
(v) It assists in the development of all-round managerial talent.
Disadvantages:
 (i) It is an expensive method of creating departments and over head costs are also increased,
(ii) It leads to duplication of activities which creates confusion and involves costs,
(iii) Co-ordination among various territorial divisions may become difficult.

4. Customer Wise Departmentation:
A business house may be divided into a number of departments on the basis of customers it serves, viz., large and small customers; industries and ultimate buyers; government and other customers. The peculiar advantage of customer wise departmentation is that it ensures full attention to different types of customer and their different needs, tastes and requirements can be read effectively. However, it may not be possible to group all activities of an enterprise on the basis of customers. In fact, the activities may be classified or grouped on such basis. But there may be problems of co-ordination with other departments. There may not be enough work, at times, in case of certain types of Customers. This may lead to idle capacity.
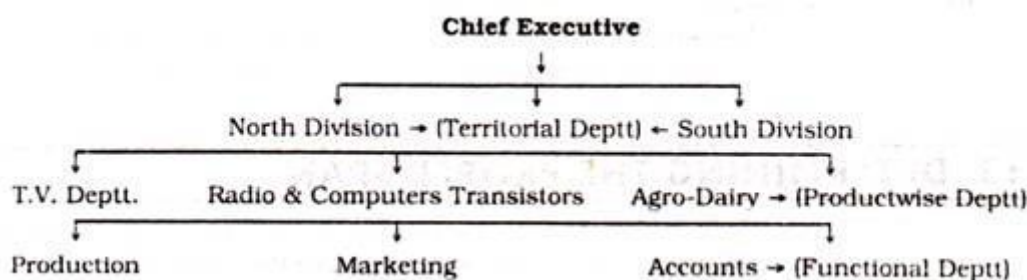
5. Process or Equipment Wise Departmentation:
An enterprise where production is carried through different processes may adopt process wise departmentation to enable continuous flow of production. Similarly, where work is carried on machines which are common, departments may be created on the basis of equipments, such as milling departments, grinding departments, lathe department etc. The main advantage of this method is that it avoids duplication of equipment in various activities. Moreover, specialised people can be engaged to work on specialised equipment's and departments.

6. Combined or Composite Method of Departmentation:
In practice, it may not be advisable to create departments on the basis of any one of the above mentioned methods. An enterprise may have to combine two or more of the methods of departmentation to make best use of all of them. Such a method is known as combined or composite method of departmentation.
This can be illustrated as follows:

Chief Executive

North Division → (Territorial Deptt) ← South Division

T.V. Deptt.   Radio & Computers Transistors   Agro-Dairy → (Productwise Deptt)

Production   Marketing   Accounts → (Functional Deptt)

Delegation

Delegation is the process of distributing and entrusting work to another person. In management or leadership within an organisation, it involves a manager aiming to efficiently distribute work, decision-making and responsibility to subordinate workers in an organization.

Delegation is the process of assigning authority, responsibility, and tasks to individuals or teams within an organization. It involves transferring decision-making authority from managers to their subordinates, empowering them to make decisions and take action within their assigned roles. By delegating tasks, managers can focus on higher-level responsibilities and strategic decision-making while their subordinates handle operational or specialized tasks.

Delegation includes elements, such as authority, responsibility, accountability, and effective communication. It brings several benefits, including increased productivity, skill development, empowerment, improved decision-making, and succession planning. Effective delegation requires considering factors, like employee competence, workload capacity, and task complexity, along with providing adequate support and feedback for successful task completion.

It is "the assignment of part of a manager's work to others along with both the responsibility and the authority necessary to achieve expected results." — Martin and Bartol

L.A. Allen has defined delegation as the entrustment of a part of the work, or responsibility and authority to another and the creation of accountability for performance.

Feature/Nature of Delegation
No manager can delegate his total authority to a subordinate. He can pass on only a portion of his authority to the subordinate.

The idea behind delegation of authority is that of representation of the superior by the subordinate i.e.

Delegation of authority is made by a superior to a subordinate, only for organisational purposes

Delegation of authority does not imply a reduction in the power of the superior.

Delegation as the basic process for creating an organizational structure

Delegation as the personal art of a manager

It involves transferring decision-making authority from managers to their subordinates, empowering them to make decisions and take action within their assigned roles

Importance of Delegation
Lightens the workload of the manager. The manager can delegate routine work and focus on important tasks that require his expertise and experience

Results in quicker decisions and faster turnaround. This is because we assign authority to the subordinates which allows them to take independent decisions without interference.

Delegation also helps motivate the subordinates. The responsibilities given to them provides them motivation.

It also increases the bond and understanding between the manager and his team.

Delegation allows the lower level managers to gain experience and knowledge.

Process of Delegation

The process of delegation involves the following steps:
1. Determination of Results Expected: Managers begin by clearly defining the desired outcomes and objectives that need to be achieved through delegation. This step involves

setting specific and measurable targets aligned with the organization's goals. It provides a clear focus for the delegation process and ensures everyone understands the expected results.

2. Assignment of Duties: Once the results are determined, managers identify specific tasks and responsibilities to be delegated. It is important to match the duties with the skills, capabilities, and interests of the individuals or teams involved. Clear instructions and guidelines should be provided to ensure a shared understanding of the assigned duties and expectations.

3. Granting of Authority: Delegation goes beyond task assignment; it also involves granting the necessary authority to carry out the assigned tasks effectively. This includes decision-making power, access to resources, and the ability to take necessary actions within defined limits. Granting authority empowers individuals or teams to make decisions and exercise discretion in fulfilling their responsibilities.

4. Creating Accountability for Performance: To ensure accountability, managers establish clear lines of responsibility and hold individuals or teams accountable for the proper performance of their delegated duties. This includes setting performance standards and metrics, regularly monitoring progress, providing feedback and guidance, and evaluating outcomes. Accountability fosters a sense of ownership and motivates individuals to perform at their best.

Obstacles on the part of the Delegator

The obstacles to delegation on the part of the delegator (manager) can be summarized as follows:

Desire for Authority: Some managers may have a strong inclination towards maintaining authority and control. They may exhibit autocratic tendencies and prefer to have full control over decision-making processes, limiting the empowerment of their subordinates.

Perceived Indispensability: Certain managers may believe that they possess unique skills and expertise, making them feel irreplaceable in handling certain tasks. Consequently, they may hesitate to delegate authority, fearing that others won't be able to perform as well as they can or provide fresh perspectives.

Incompetence and Fear of Exposure: Managers who lack competence in certain areas may be hesitant to delegate authority. They may have flawed work methods and procedures and fear that delegating tasks could expose their limitations or result in negative feedback.

Risk Aversion: Some managers may be risk-averse and reluctant to delegate authority due to concerns about potential mistakes or wrong decisions made by their subordinates. They may prefer to take all decisions themselves, avoiding any perceived risks associated with delegation.

Lack of Confidence in Subordinates: Managers may have reservations about the capabilities and reliability of their subordinates, which can hinder effective delegation. Doubts about subordinates' skills and trustworthiness may lead to hesitancy in assigning them significant responsibilities.

Inadequate Direction and Guidance: Managers who struggle to provide clear directions and guidance to their subordinates may find it challenging to delegate authority effectively. This could indicate a lack of understanding of the principles and best practices of delegation.

Insufficient Controls and Monitoring: Effective delegation requires appropriate controls and monitoring mechanisms to ensure that delegated authority is being used appropriately. Managers may be hesitant to delegate authority if they lack the means to monitor and evaluate the proper use of authority by their subordinates.

Obstacles on the part of the Delegatee

Sometimes, subordinates may hesitate to accept delegated authority for various reasons. These are some common factors that contribute to this reluctance and find ways to address them:

Lack of Self-Confidence: Subordinates may doubt their abilities and feel unsure about taking on delegated tasks. They worry about making mistakes or not performing well enough. It's important to provide support and encouragement to boost their confidence and help them realize their potential.

Dependency on the Boss: Some subordinates prefer to rely on their boss for decision-making. They feel more comfortable being guided and spoon-fed by their superiors instead of taking independent action. To encourage delegation, it's crucial to promote autonomy and empower subordinates to make their own decisions.

Fear of Criticism: Subordinates may be afraid of facing criticism or negative feedback from their boss. This fear can hold them back from accepting delegated authority. Creating a safe and supportive environment where mistakes are seen as opportunities for growth can help alleviate their concerns.

Heavy Workload: When subordinates are already overwhelmed with their current workload, they may be hesitant to take on additional responsibilities through delegation. It's essential to ensure a fair distribution of tasks and provide adequate support to prevent burnout and promote a healthy work-life balance.

Lack of Support and Resources: Subordinates may feel reluctant to accept delegation if they don't have the necessary support, resources, or tools to fulfil their responsibilities effectively. It's important to provide them with the required training, guidance, and access to resources to set them up for success.

Lack of Incentives: Subordinates may be more motivated to accept delegation if they see tangible incentives or rewards associated with it. Recognizing and appreciating their efforts, providing opportunities for growth and advancement, and creating a culture that values and acknowledges their contributions can encourage their active

Decentralisation

Decentralization refers to a specific form of organizational structure where the top management delegates decision-making responsibilities and daily operations to middle and lower subordinates. The top management can thus concentrate on making major decisions.

Decentralization can be defined as the transfer of authority, responsibility and resources from central government to local governments, has a decisive role in central government-local government relations.

"Decentralisation means the division of a group of functions and activities into relatively autonomous units with overall authority and responsibility for their operation delegate to time of cacti unit.'—Earl. P. Strong

"Decentralisation refers to systematic effort to delegate to the lowest levels all authority except that which can only be exercised at central points." —Louis A. Allen

Importance of Decentralisation
- ❖ Better and quick decision making
- ❖ Administrative development
- ❖ Development of executive
- ❖ Promotes growth
- ❖ Reduces the burden of top executives
- ❖ Facilitates diversification
- ❖ Executive skill Development
- ❖ It promotes motivation
- ❖ Better control and supervision
- ❖ Effective communication
- ❖ Decentralization increases transparency and accountability of the works.
- ❖ Develops participative and Democratic management.

Disadvantages of Decentralisation
- ❖ Uniform policies not followed
- ❖ Problem of Co-Ordination
- ❖ There could arise a huge communication gap between the different hierarchical levels of the organization.
- ❖ The process of effective control, monitoring, and evaluation of each departmental performance may be impossible.
- ❖ Due to the difficulty in the effective control, the cost of control could increase considerably.
- ❖ The independence and power of decision making given to the middle and lower levels could be taken advantage of and not put to best use.
- ❖ Decentralization can often cause inter-departmental and organizational level conflicts.
- ❖ When it comes to any unforeseen contingencies or emergency situations, the process of decentralization is not the best.
- ❖ Unskilled and incapable subordinate level managers may take wrong decision,

Factors Determining Decentralization
- ✓ **Size of Organization and its Complexity**
  If the organization is large and complex, then it has a greater need for decentralization.
- ✓ **Operations dispersed?**
  Let's say that an organization has its production and sales units geographically scattered across multiple locations. In such cases, keeping centralized control over all the processes is very difficult.
- ✓ **Degree of Diversification**
  In the case of companies having multiple diverse product lines, decentralization is necessary as well as beneficial. On the other hand, if the organization desires high standards of standardization, then it needs centralization.
- ✓ **Top Management's Outlook**
  If the top management is conservative and believes in control in the hands of a limited number of people, then it is likely to centralize authority.
  On the other hand, if it believes in individual freedom and is comfortable with the authority not being confined to a limited few, then the organization will have a high degree of centralization.
- ✓ **Nature of Functions**
  Usually, some basic functions in an organization like sales, production, etc. have a higher degree of decentralization.
  In comparison, staff functions like personnel, research and development, finance, etc. are less decentralized or even majorly centralized.

- ✓ **Communication System in the Organization**
  If an organization decides to decentralize authority, then it must ensure that an effective communication system exists. This is necessary for coordinating and controlling the activities of the operational units.
  On the other hand, if an organization has an ineffective communications system, then it should opt for centralization.
  Further, computerized management information systems have enabled centralized decision-making.
- ✓ **Planning and Control Procedures in the Organization?**

If an organization is clear about its objectives and policies, then seniors are more willing to allow their subordinates to make independent decisions.

Remember, decentralization is successful only when there is a good control system in the organization.

This is because the top management can use this system to assess the effectiveness of the decisions that the subordinates make.

- ✓ **Environmental Factors**

  The environmental factors play a major role in determining the degree of decentralization in an organization.

  To give an example, if the business environment of an organization is highly uncertain, the organization might not give a high degree of freedom to operating units.

  This is because, in uncertain conditions, this might endanger the existence of the organization itself.

III UNIT MPOB

Staffing, Directing and Controlling

Staffing: Nature and Importance of Staffing, Elements of Staffing; **Directing:** Meaning, Elements, **Motivation:** Significance, Maslow Need Hierarchic Theory, Herzberg Two Factor Theory and McGregor's X-Y Theory; **Communication:** Importance, Process, **Leadership** Styles; **Controlling:** Nature, Process, and Requirements of an adequate Control System.

_____

Staffing is defined as the process of hiring and developing the required human resources to fill in various positions in the organization. It signifies placing the right person at the right job. This function of management is concerned with shaping the manpower requirements, selection, placement, training, and compensation of employees of an enterprise. It helps in filling and maintaining the filled positions in the organization structure. It is a continuous process because new jobs are created every time, as employees may leave the organization off and on and also because of growth and diversification in an organization.

Definition: Staffing can be defined as one of the most important functions of management. It involves the process of filling the vacant position of the right personnel at the right job, at right time. Hence, everything will occur in the right manner.

According to Koontz and O'Donnell: "The managerial function of staffing involves managing the organizational structure through proper and effective selection, appraisal and development of personnel to fill the roles designed into the structure."

Theo Haimann defines staffing as "Staffing pertains to recruitment, selection, development and compensation of subordinate.

According to McFarland, "Staffing is the function by which managers build an organization through the recruitment, selection, and development of individuals as capable employees".

Nature of Staffing Function
- ✓ Staffing is an important managerial function
- ✓ Staffing is a pervasive activity
- ✓ As staffing function is carried out all mangers and in all types of concerns where business activities are carried out.
- ✓ Staffing is a continuous activity
- ✓ The basis of staffing function is efficient management of personnel
- ✓ Humanresources can be efficiently managed by a system or proper procedure that is recruitment, selection, placement, training and development, providing remuneration, etc.
- ✓ Staffing ensures right men at the right job and at right time.
- ✓ Staffing is performed by all managers

Importance of Staffing
Proper staffing is an organization has the following benefits:
- ➤ It helps in finding out the required Staffing helps in finding out and obtaining the required competent workforce for various job roles.

- Placing the right people at the right positions and at right time that makes the performance better.
- Identification of workforce requirements and filling positions accordingly.
- It avoids disruptions by showing the exact shortages of personnel in advance.
- Helps in improving the level of job satisfaction among the employees through objective assessment and fair reward for their contribution.
- 1It helps to improve the quantity and quality of the output by putting the right person on the right job.
- It helps to improve job satisfaction of employees.
- It facilitates higher productive performance
- It reduces the cost of personnel by avoiding wastage of human resources.
- It facilitates growth and diversification of business.
- It provides continuous survival and growth of the business through development of employees
- It ensures that the right people are chosen for the right job, which contributes to the organizations overall efficiency and performance.
- Staffing aids in manpower planning and proper manpower utilization.
- Through staffing the right kind of people are selected for the job, whose selection is based on merit. These people are put to work after the required background checks and provision of proper training. Hence the right people at the right job will be able to work more efficiently, and the overall harmony in the organisation will be kept intact as well.
- In this the people or the resources are motivated and made acquainted with the goals and objectives of the organization.
- It is considered as a generic function of the organization
- The success in achieving the goals and objectives of the organization is also dependent on the level of motivation, determination and competence of the
-

Important Components or Elements in the process of Staffing

Manpower Planning.
Human resource planning is the first step in the staffing process. Manpower planning is the process of forecasting manpower needs and developing necessary policies and programs to fulfil the needs. It ensures that the management has the right number and the right people at the right place and at the right time to perform activities.
Estimating Manpower Requirements: The basic process involves the planning of manpower needed to fill various positions in the organization and perform the tasks as per the objectives of the organization. In this step; Job Analysis, Job Description and Job specification are important sub elements.

Recruitment: A positive process with an aim to attract a larger number of people with desirable profiles to apply for positions vacant in the organisation. There are namely two sources of recruitment, external and internal. In this step, the following steps are done, the job descriptions are created, and Medium of advertising is decided. The advertisement may be displayed on the factory gate or may be published through print media or may be shared through electronic media. This involves locating and determination of potential candidates. In this both external and internal sources of recruitment are explored.

Selection: This process involves the finding of or choosing the most appropriate candidate for the job amongst the pool of applicants. This process involves a series of events like tests and interviews. It also ensures, that the organization gets the best among all those who applied. The self-esteem and prestige of the selected ones are enhanced.

Placement and Orientation: In this process the employee selected is given an introduction about the work environment, he/she is made to see the workplace, and is introduced to colleagues, subordinates and seniors. He/she is made to familiarise with the rules and regulations and policies of the organization. Placement involves placing the selected employee at the position he is selected for. It is the process of assigning jobs to the selected candidate or putting him/her in the job for which he is selected. It involves the assignment of the right jobs to the right candidates.

Training and Development: In this dynamic world it has become very important for people to keep themselves upgraded as per the requirement and technologically advanced. This process of upgrading oneself requires training, the organization may have in-house training centres or may have tie-ups with other organizations to train their employees. Through these training programs employees get trained and it also serves as a benefit to the organization in turn. These programmes motivate the employees and also their competencies are strengthened. This also helps in retention of the employees and also attracts talents.

Performance Appraisal: Performance appraisal means to analyse the performance of the employees against set benchmarks or based on previous performances. Basically, this is a way to provide feedback on the performance of the employees of an organization. Performance appraisal is the assessment of an individual's performance in a systematic way in terms of the requirements of the job. It is a systematic way of evaluating a worker's performance and his potential for development.

Promotion, Transfer, and Career Planning: Promotion means to upgrade the profile or position of a person. This acts as a major push factor in the career objectives of people. Promotions motivate people to work better. Promotion to a higher position means serving greater responsibilities which in turn brings greater pay and job satisfaction. A transfer involves the shifting of an employee from one job to another job of the same level which may change his duties and responsibilities. It is done on the basis of the situation and requirements of the office. It does not affect the basic salary scale but may affect other financial incentives.

Compensation: Compensation is the payment or reward given to employees of an organization by the way of salary and wages. This may be in various forms like salaries, incentives, commissions, bonuses and indirect payment like medical facilities, etc.

The process of instructing, guiding, counselling, motivating, and leading people in an organisation to achieve the organisational goals is known as **Directing**.

Directing Function of Management

Directing not only includes order and instructions by a superior to the subordinates but also includes guiding and inspiring them. It encompassed many elements like motivation, leadership, supervision, besides communication. It is a managerial function which is performed throughout the life of an organisation.

In the words of Ernest Dale," Direction is telling people what to do and seeing that they do it to the best of their ability".
*In the words of Theo Haimann," Directing consists of the process and techniques utilised in issuing instructions and making certain that operations are carried on as originally planned".*

- **Directing initiate's action:** The other functions of management, i.e., planning, organising, staffing, etc., create conditions for managers to take appropriate actions, whereas directing function initiates actions in an organisation. It converts plans into action. It is the key managerial function performed by the managers.
- **Directing is pervasive:** It is pervasive as it takes place at every level of management. It takes place wherever superior-subordinate relations exist. Every manager has a subordinate who works under him and is responsible for getting things done.
- **Directing is a continuous process:** Directing is an ongoing activity. It takes place throughout the life of an organisation, irrespective of the people in the organisation. Managers give orders to their subordinates, motivate them, and guide them on a continuous basis.
- **Directing flows from top to bottom:** It flows from top to bottom through the organisational hierarchy. In directing, every manager directs his subordinates and takes instructions from his immediate boss. It is a function of a superior, i.e., the superior motivates, guides, and supervises his subordinates to achieve the organisational goals.
- **Directing deals with people:** It is concerned with the direction of human efforts towards organisational goals. It can be said that directing is a delicate function, as it deals with people, and human behaviour is complex and highly unpredictable.

Elements of Direction
The process of directing involves guiding, coaching, instructing, motivating, leading the people in an organisation to achieve organisational objectives. There are broadly four elements of directing. These are:
- ✓ **Supervision**
- ✓ **Motivation**
- ✓ **Leadership**
- ✓ **Communication**
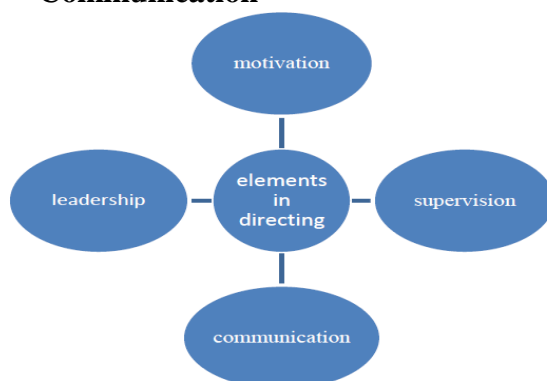
Principles of Direction

1) Principle of Harmony of objectives:

Direction should bring harmony between the individual and organizational objectives. Directing is regarded as essential in personnel management as it helps all the members to satisfy their personal goals through organizational goals.

2) Principle of efficiency:

Direction should bring efficiency to the operations. Leaders should try to motivate sub-ordinates to increase performance & attain objectives at minimum cost by avoiding wastages.

3) Principle of unity of command:

Command must come from only one executive or one superior. Workers must come to know from only one executive as to what to achieve & how to achieve. If there is no unity of command there will be duplication of work leading to confusion and chaos.

4) Principle of direct supervision:

The superior should directly supervise his subordinates. It boosts the morale of the subordinates. This also makes the atmosphere trustworthy in the organization.

5) Principle of communication:

A good system of communication between executives & sub-ordinates ensures success. Effective communication serves as an instrument of direction, supervision & advice. Leader should maintain an effective system of communication within the organization. It also helps clear misunderstandings.

6) Principle of leadership:

Good leadership ensures cooperation, co-ordination & confidence in the work force. Direction should provide leadership for guiding employees in their work and also timely solution to the problems faced by them
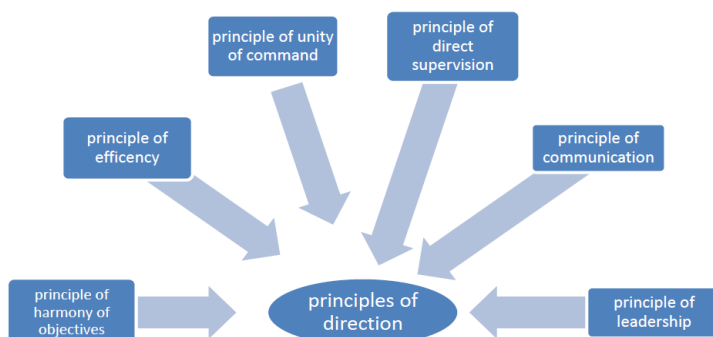
Motivation

The word Motivation derives from the Latin word "Movere". The Latin word "Movere" means "To move", "To drive" or "To drive forward" etc. Motivation can be defined as stimulating, inspiring and inducing the employees to perform to their best capacity. Motivation is a psychological term which means it cannot be forced on employees. It comes automatically from inside the employees as it is the willingness to do the work.

Motivation is an important concept in management. It denotes the inspiration, desire and willingness to satisfy individual needs and achieve objectives. For example, managers may offer financial incentives to recognize employee achievements and motivate high performance standards from others. Another example is when management provides positive feedback in appreciation of an employee's efforts.

Joe Kelly defined Motivation as "Motivation is a process whereby needs instigate behaviour directed towards the goals that can satisfy those needs."

According to W. G. Scot, "Motivation means a process of stimulating people to action to accomplish the desired goals."

- Motivation can be defined as a willingness to work to expend energy to achieve a goal or reward – **Dale S Beach**

Process of Motivation

1.	**Unsatisfied need**. Motivation process begins when there is an unsatisfied need in a human being.
2.	**Tension**. The presence of unsatisfied need gives him tension.
3.	**Drive**. This tension creates an urge of drive in the human being an he starts looking for various alternatives to satisfy the drive.
4.	**Search Behaviour.** After searching for alternatives the human being starts behaving according to chosen option.
5.	**Satisfied need.** After behaving in a particular manner for a long time then he evaluates that whether the need is satisfied or not.
6.	**Reduction of tension**. After fulfilling the need the human being gets satisfied and his tension gets reduced.

Features of Motivation

- ✓ **Motivation is a psychological phenomenon**. Motivation is an internal feeling which means it cannot be forced on employees. The internal feelings such as need, desire, aspirations etc. influence human behaviour to behave in a particular manner. For example, desire to have a new house, respect and recognition etc.
- ✓ **Motivation produces goal directed behaviour**. Motivation induces people to behave in such a manner so that they can achieve their goal. Motivated person need no supervision or direction. He will always work in desired manner. For example of a person has a motive to get promotion so he will work efficiently to get promotion.
- ✓ **Motivators can be positive as well as negative**. To motivate employees managers use various motivators. Some motivators are positive and some are negative few examples of positive motivators are promotion, increment, bonus, respect, recognition etc. if employee does not improve his performance with positive motivators then manager uses negative motivators such as warning, issue o memo, demotion, stopping increments etc. sometimes fear of negative motivators also induces person to behave in a desired manner.
- ✓ **Motivation is a complex process**. Motivation is a complex and difficult task. In order to motivate people a manager must understand various types of human need. Human needs are mental feelings which can be measured accurately. If manager measures them accurately then also every person uses different approaches to satisfy his need.
- ✓ **Motivation is a dynamic and continuous process**. Human beings are ever-changing. Human needs are unlimited and go on changing continuously. Satisfaction of one need gives rise to another so managers have to continuously perform the function of motivation.

Importance of Motivation

- ➢ Motivation **helps to change from negative attitude to positive attitude**. Without motivation the employees try to perform minimum activities in the organization. But the motivation fills in the desire to perform to their maximum level. All the resources of the organization are of no use unless and until the employees use these resources. The motivated employees make best use of the resources.
- ➢ Motivation Improves **performance level of employees**.
- ➢ The motivation improves the **efficiency level of employees** which means the employees start performing the job to the best of their ability with minimum wastage of time and resources because motivated employees always go for **best utilization of resources**.
- ➢ The motivation **bridges the gap between the ability to work and willingness** always improves efficiency.
- ➢ **Help in achieving the organisational goals**. The motivated employees always try to achieve the organizational goal and contribute their best efforts for the realization of organizational goal as they know with the achievement of organizational goal only they can achieve their personal goal. All the employees contribute their efforts in one direction of accomplishment of goal.
- ➢ **Motivation creates supportive environment**. In motivation the **relations between superior** and subordinates are always improved. When the employees get their need satisfied or get the recognition and respect in the organization then they always offer a supportive hand to superiors. There is more co-operation and co-ordination in the organization and all the **employees work with the team spirit**.

- **Motivation helps the managers to introduce changes**. The motivated employees show **less resistance in accepting changes** because they know if the changes are not implements in the organization, not only the organization will lose by this but the employees also will find it **reduction in employee turnover**.
- The motivation **creates confidence in the employees to get their need satisfied** in the organization itself. They always select the alternative to remain in the organization and increase their earning rather than leaving the organization and increasing their earnings. With motivation employee turnovers are less because the satisfied employees never leave the job.
- **Increase in the efficiency and productivity** of employees. Motivation ensures a high level performance of employees.
- **Better co-operation from employees** and cordial labour-management relations.
- **Reduction in the rate of labour absenteeism and turnover**.
- **Reduction in the wastage's and industrial accidents.**
- **Improvement in the morale of employees.**
- **Quick achievement of business/corporate objectives** and favourable corporate image.
- **Employees get various monetary and non-monetary facilities**/benefits which provide better life and welfare to them.
- Security of employment and other **benefits due to cordial relations with the management**.
- **Job attraction and job satisfaction**.
- **Higher status and opportunities of participation in management.**
- **Positive approach and outlook of employees towards company, management and superiors.**
- **Reduction in the rate of labour turnover which is harmful to employees and management**.
- **Better scope for improvement in knowledge and skills of employees.**

Motivation Theories

Maslow's Theory of Hierarchical Needs
Assumptions of the Theory

- According to Maslow, individuals are motivated by unsatisfied needs. As each of these needs is significantly satisfied, it drives and forces the next need to emerge.
- Abraham Maslow postulated that a person will be motivated when all his needs are fulfilled.
- He demonstrated this by creating a pyramid to show how people are motivated and mentioned that **one cannot ascend to the next level unless lower-level needs are fulfilled.**
- The lowest level needs in the pyramid are basic needs and unless these lower-level needs are satisfied people do not look at working toward satisfying the upper-level needs.

The hierarchy of needs:

- ✓ **Physiological needs:** are basic needs for survival such as air, sleep, food, water, clothing, sex, and shelter. The physiological needs are regarded as the most basic of the needs that humans have. These are needs that are very crucial for our survival. The examples of physiological needs are food, shelter, warmth, health, homeostasis and water, etc. In addition to all the above needs, Abraham Maslow also included sexual reproduction as one of the most common needs as it is essential for the survival of the species.
- ✓ **Safety needs:** Protection from threats, deprivation, and other dangers (e.g., health, secure employment, and property) Safety Requirements: Safety needs refer to the needs that make individuals feel secure and protected. Protection from deprivation, employment security, health, property and other factors are included in safety requirements.
- ✓ **Social (belongingness and love) needs:** The need for association, affiliation, friendship, and so on. Co-workers to accept them, seek to make friendships at work or join groups to feel a sense of belonging. A workplace may fulfil this need by creating opportunities for employees to bond by hosting employee lunches and team-building activities.
- ✓ **Self-esteem needs:** The need for respect and recognition. Employees often reach this level by receiving recognition, which can help them feel confident in their work and increase their self-esteem. Recognizing their achievements and providing positive feedback are two methods you can use to help build an employee's self-esteem.
- ✓ **Self-actualization needs:** The opportunity for personal development, learning, and fun/creative/challenging work. Self-actualization is the highest-level need to which a human being can aspire. Employees may seek to achieve complex, long-term or personal goals. Self-actualized employees may also feel motivated to complete workplace goals effectively.

- ✓ As far as the physiological needs are concerned, the managers should give employees appropriate salaries to purchase the basic necessities of life. Breaks and eating opportunities should be given to employees.
- ✓ As far as the safety needs are concerned, the managers should provide the employees job security, safe and hygienic work environment, and retirement benefits so as to retain them.
- ✓ As far as social needs are concerned, the management should encourage teamwork and organize social events.

✔ As far as esteem needs are concerned, the managers can appreciate and reward employees on accomplishing and exceeding their targets. The management can give the deserved employee higher job rank/position in the organization.

✔ As far as self-actualization needs are concerned, the managers can give the employees challenging jobs in which the employees' skills and competencies are fully utilized. Moreover, growth opportunities can be given to them so that they can reach the peak.

Advantages of Maslow Theory of Motivation

1. **Provides a clear hierarchy of needs**: Maslow's theory provides a clear and logical structure for understanding human motivation. It divides needs into five basic categories, with the most basic needs (such as physiological needs) at the bottom and the more complex needs (such as self-actualization) at the top.
2. **Emphasizes the importance of fulfilling basic needs**: Maslow's theory highlights the importance of fulfilling basic needs before addressing higher-level needs. This is important for understanding why people may not be motivated to achieve more advanced goals until their basic needs are met.
3. **Recognizes the role of self-esteem and self-actualization**: Maslow's theory acknowledges that people have a desire for self-esteem and self-actualization, which are important for overall well-being and satisfaction.
4. **Provides a framework for understanding human behaviour**: Maslow's theory provides a framework for understanding why people behave in certain ways and what factors may be motivating them.
5. **Provides a useful guide for managers and leaders**: Maslow's theory can be used as a guide for managers and leaders to understand the needs of their employees and how to create a workplace environment that will foster motivation and productivity.

Disadvantages of Maslow Theory of Motivation

There are several disadvantages of Maslow's theory of motivation:

1. The theory is criticized for being overly simplistic and not taking into account the complexity of human motivation.
2. The theory is based on the assumption that people are motivated by a linear progression of needs, which may not be the case in all situations.
3. The theory has been criticized for being culturally biased, as it is based on the values and needs of Western societies.
4. The theory does not explain how people's needs change over time and does not account for the fact that people may have different priorities at different stages of their lives.
5. The theory does not take into account the impact of external factors, such as economic conditions, on motivation.
6. The theory does not have strong empirical support, thus it is hard to prove or disprove the theory through scientific methods.

Herzberg's Motivation Hygiene Theory:

The psychologist Frederick Herzberg extended the work of Maslow and proposed a new motivation theory popularly known as Herzberg's Motivation Hygiene (Two-Factor) Theory.

Herzberg conducted a widely reported motivational study on 200 accountants and engineers employed by firms in and around Western Pennsylvania.

He asked these people to describe two important incidents at their jobs:

(1) When did you feel particularly good about your job, and

When did you feel exceptionally bad about your job? He used the critical incident method of obtaining data.

The responses when analysed were found quite interesting and fairly consistent. The replies respondents gave when they felt good about their jobs were significantly different from the replies given when they felt bad. Reported good feelings were generally associated with job satisfaction, whereas bad feeling with job dissatisfaction. Herzberg labelled the job satisfiers motivators, and he called job dissatisfies hygiene or maintenance factors. Taken together, the motivators and hygiene factors have become known as Herzberg's two-factor theory of motivation

According to Herzberg, the opposite of satisfaction is not dissatisfaction. The underlying reason, he says, is that removal of dissatisfying characteristics from a job does not necessarily make the job satisfying. He believes in the existence of a dual continuum. The opposite of 'satisfaction' is 'no satisfaction' and the opposite of 'dis satisfaction' is 'no dis satisfaction'.

According to Herzberg, today's motivators are tomorrow's hygiene because the latter stop influencing the behaviour of persons when they get them. Accordingly, one's hygiene may be the motivator of another.

Table 17.1: Herzberg's Motivational and Hygiene Factors

Hygiene: Job Dissatisfaction	Motivators: Job Satisfaction
	Achievement
	Recognition
	Work itself
	Responsibility
	Advancement
	Growth
Company Policy and Administration	
Supervision	
Interpersonal Relations	
Working Conditions	
Salary*	
Status	
Security	

Maslow's Theory	Herzberg's Theory
Focuses on basic needs and self-actualization	Focuses on job satisfaction and dissatisfaction
Hierarchy of needs (physiological, safety, belonging, esteem, self-actualization)	Two-factor theory (motivators and hygiene factors)
Satisfying lower needs is necessary for higher needs to be met	Satisfying hygiene factors is necessary to prevent dissatisfaction, but alone do not lead to satisfaction
Emphasizes internal motivation	Emphasizes external factors in the work environment
Emphasizes self-actualization as the ultimate goal	Emphasizes job satisfaction as the ultimate goal

Advantages of Herzberg Theory of Motivation

1. **Distinguishes between motivators and hygiene factors**: Herzberg's theory emphasizes the importance of differentiating between factors that can motivate employees (such as recognition and opportunities for growth) and those that are necessary to avoid dissatisfaction (such as fair pay and good working conditions).
2. **Recognizes the role of internal factors in motivation**: Herzberg's theory focuses on internal factors, such as achievement, recognition, and responsibility, as key motivators for employees, rather than external factors such as pay and benefits.
3. **Emphasizes the importance of job design**: Herzberg's theory highlights the importance of designing jobs that allow employees to experience feelings of achievement and personal growth, which can be key motivators.
4. **Provides a framework for understanding job satisfaction and dissatisfaction**: Herzberg's theory provides a framework for understanding why employees may be satisfied or dissatisfied with their jobs, which can help managers and leaders take appropriate actions to improve motivation and engagement.
5. **Can be used as a guide for employee engagement and retention**: The theory can be applied in practice to improve employee engagement and retention by addressing the hygiene factors and providing opportunities for the motivators.

Disadvantages of Herzberg Theory of Motivation

6. The Herzberg theory of motivation, also known as the two-factor theory, has several disadvantages. One is that it can be difficult to separate the effects of hygiene factors and motivators. Another is that the theory does not account for individual differences in what people find motivating or demotivating. Additionally, the theory is based on a study of employees in a specific industry and may not be generalizable to all types of work or all cultures. Finally, the theory does not provide specific guidance on how to increase motivation in the workplace.

Theory X and Theory Y

In the 1960s, social psychologist Douglas McGregor developed two contrasting theories that explained how managers' beliefs about what motivates their people can affect their management style. He labelled these Theory X and Theory Y. These theories continue to be important even today.

Theory X

Theory X managers tend to take a pessimistic view of their people, and assume that they are naturally unmotivated and dislike work.

Work in organizations that are managed like this can be repetitive, and people are often motivated with a "carrot and stick" approach.

This style of management assumes that workers:

- ✓ An average employee intrinsically does not like work and tries to escape it whenever possible.
- ✓ Employees resist change.
- ✓ Avoid responsibility and need constant direction.
- ✓ Have to be controlled, forced and threatened to deliver work.
- ✓ Need to be supervised at every step.
- ✓ Have no incentive to work or ambition, and therefore need to be enticed by rewards to achieve goals.
- ✓ Authority is rarely delegated
- ✓ control remains firmly centralized
- ✓ motivation style is negative

According to McGregor, organizations with a Theory X approach tend to have several tiers of managers and supervisors to oversee and direct worker

Theory Y managers have an optimistic opinion of their people, and they use a decentralized, participative management style. This encourages a more <u>collaborative</u>, <u>trust-based</u> relationship between managers and their team members.

Assumptions of Theory Y

- ✓ Employees can perceive their job as relaxing and normal. They exercise their physical and mental efforts in an inherent manner in their jobs.
- ✓ Employees may not require only threat, external control and coercion to work, but they can use self-direction and self-control.
- ✓ They are dedicated and sincere to achieve the organizational goals.
- ✓ the job is rewarding and satisfying employees
- ✓ Employees are loyalty and commitment to organization.
- ✓ An average employee can learn to admit and recognize the responsibility.
- ✓ The employees have skills and capabilities.
- ✓ Their logical capabilities should be fully utilized.
- ✓ The creativity, resourcefulness and innovative potentiality of the employees can be utilized to solve organizational problems.
- ✓ Happy to work on their own initiative.
- ✓ More involved in decision making.
- ✓ Self-motivated to complete their tasks.
- ✓ Enjoy taking ownership of their work.
- ✓ Seek and accept responsibility, and need little direction.
- ✓ View work as fulfilling and challenging.
- ✓ Solve problems creatively and imaginatively.

Implications of Theory X and Theory Y

➢ Quite a few organizations use Theory X today. Theory X encourages use of tight control and supervision. It implies that employees are reluctant to organizational changes. Thus, it does not encourage innovation.

➢ Many organizations are using Theory Y techniques. Theory Y implies that the managers should create and encourage a work environment which provides opportunities to employees to take initiative and self-direction. Employees should be given opportunities to contribute to organizational well-being.

  o Theory Y encourages decentralization of authority, teamwork and participative decision making in an organization.

  o Theory Y searches and discovers the ways in which an employee can make significant contributions in an organization. It harmonizes and matches employees' needs and aspirations with organizational needs and aspirations.

BASIS FOR COMPARISON	THEORY X	THEORY Y
Meaning	Theory X is a motivational theory, which involves high supervision and control over the subordinates, and greater degree of centralization.	Theory Y, is an advanced theory, wherein it is assumed that the workers are self-directed and self-motivated, for growth and development and takes active part in decision making.
Work	Dislikes work	Work is natural
Ambition	Little to no ambition	Highly ambitious
Responsibility	Avoids responsibility.	Accept and seek responsibility.
Leadership style	Autocratic	Democratic
Direction	Constant direction is required.	Little to no direction is required.
Control	Tight	Lenient
Authority	Centralized	Decentralized
Self-motivation	Absent	Present
Focuses on	Psychological needs and Security needs	Social needs, esteem needs and self-actualization needs.

Communication: Importance and Process

Communication is fundamental to the existence and survival of humans as well as to an organization. It is a process of creating and sharing ideas, information, views, facts and feelings from one person or group to another. Communication is the key to the Directing function of management.

The term 'communication' is derived from the Latin word '*communis*', which means common. Therefore, communication is defined as an exchange of facts, ideas, opinions, or emotions to create mutual understanding. It is the sum of all things one person does in order to create understanding in the minds of others.

"Communication is a process by which people create and share information with one another in order to reach common understanding". – **Rogers**

"Communication is transfer of information from the sender to the receiver with the information being understood by the receiver". – **Koontz and Weihrich**

Features/Nature of Communication

- ✓ The features of communication are as follows:
- ✓ Communication is a *social process* as two or more people are involved in it and they exchange ideas, information and knowledge.
- ✓ Communication is a *pervasive* function. Communication is required in all functions of management. It is required in planning for the communication of information. Organising requires communication to transfer information about tasks, authority and responsibility. Selection, training, appraisal, etc., require the interchange of facts and ideas with the employees. Thus, communication is a universal element in the management process.
- ✓ Communication is a *continuous* process. Organisations cannot exist without communication. It is like the circulation of blood in organisations, as they need to exchange ideas, facts, information, etc.
- ✓ The main aim of communication is to *create understanding* between sender and receiver.
- ✓ Communication is a *two-way process* as the sender sends the information and the receiver receives it. The receiver understands the information and gives feedback.

The importance of communication

Acts as a basis of coordination: An organisation has many departments, divisions, sub-divisions, etc., and in order to coordinate the activities of all the departments, communication is essential. Communication helps in the coordination of various activities and provides for the exchange of information, ideas, facts, etc.

Helps in smooth working of an enterprise: Communication is the basis of the existence of an organisation from its birth. Communication is necessary for the smooth working of an organisation. Any new change in the organisation can also be introduced easily with the help of communication. All the organisational interactions are dependent on communication and if communication stops, all the organised actions will come to an end.

Acts as a basis of decision making: Communication provides the managers with information and ideas for sound planning and decision making. It enables a manager to analyse the problems and gather information for making sound decisions. Through communication, decisions can be passed to those who are involved in executing them.

Increases managerial efficiency: For quick and effective performance of managerial functions, communication is essential. Managers convey goals, instructions, allocate jobs and responsibilities and evaluate performances with the help of communication. Thus, because of communication entire organisation is lubricated and works with full efficiency.

Promotes cooperation and industrial peace: Cooperation and industrial peace are promoted because of communication by developing understanding between superiors and subordinates. Any misunderstanding or misconception can be easily removed with communication. As communication is a two-way process, an atmosphere of trust and understanding is maintained in the organisation.

Establishes effective leadership: Effective communication is needed for guiding, inspiring and motivating employees in an organisation. Leaders need to communicate their ideas, thoughts, suggestions, etc., and this can be possible only when there is an effective communication system in an organisation. Communication is also needed to know the feelings, responses, problems, grievances and suggestions of the followers.

Boosts morale and provides motivation: Motivation and morale of the employees largely depend on the effectiveness of the communication system. Communication helps in keeping the employees informed about plans, policies, procedures, etc., and with such information, employees get a sense of belongingness. Good communication develops the confidence and trust of workers and enables leaders to motivate, influence and satisfy their subordinates.

Helps in training and development: Communication plays a vital role in the training and development of employees at every level of management. The degree of learning in a training depends not only on the contents of the training and development programme but also on how the knowledge and skills are being transmitted.

Helps to maintain public relations: An organisation has to deal with both the internal and external world, which includes customers, investors, trade unions, government, etc. Organisations are required to maintain healthy and cordial relations with everyone. It must always strive to convince the public that its actions are in interests of society.

<u>The communication process consists of the following elements</u>:

(i) Sender: The person who conveys the message is known as the sender or communicator. He may be a speaker, a writer or an actor.

(ii) Message: It is the subject matter of communication. It may consist of facts, information, ideas, opinions, etc. It exists in the mind of the sender.

(iii) Encoding: The sender translates the message into words, gestures or other symbols, which he feels will make the receiver understand the message.

(iv) Channel or media: The encoded message is transmitted through some medium, which is known as the communication channel.
E.g.: Speaking, writing, phone call, internet, etc.

(v) Decoding: It means the process of conversion of symbols into the message by the receiver.

(vi) Receiver: The person, who receives the message, is called the receiver. The receiver may be a listener, reader or viewer.

(vii) Feedback: The receiver sends his response to the sender of the message. Such a response is known as feedback.

(viii) Noise: It means an obstruction or hindrance in the communication process
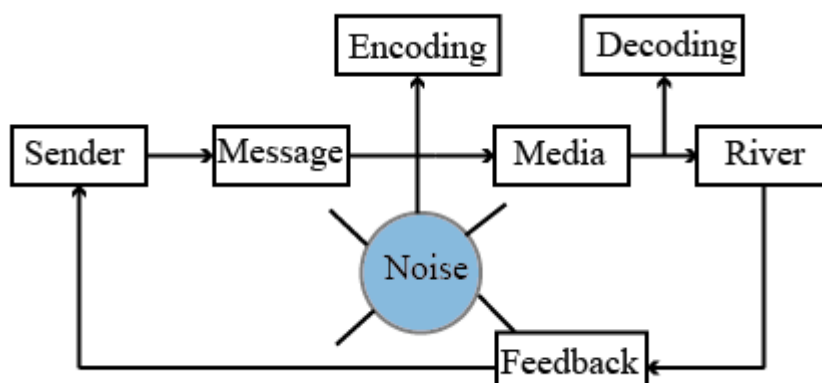
LEADERSHIP

Leaders and their leadership skills play an important role in the growth of any organization. Leadership refers to the process of influencing the behaviour of people in a manner that they strive willingly and enthusiastically towards the achievement of group objectives.

Leadership is a process by which an executive can direct, guide and influence the behaviour and work of others towards accomplishment of specific goals in a given situation.
Leadership is the ability of a manager to induce the subordinates to work with confidence and zeal.
Leadership is the potential to influence behaviour of others. It is also defined as the capacity to influence a group towards the realization of a goal. Leaders are required to develop future visions, and to motivate the organizational members to want to achieve the visions.

According to Keith Davis, "Leadership is the ability to persuade others to seek defined objectives enthusiastically. It is the human factor which binds a group together and motivates it towards goals."

Characteristics of Leadership
- ✓ It is a inter-personal process in which a manager is into influencing and guiding workers towards attainment of goals.
- ✓ It denotes a few qualities to be present in a person which includes intelligence, maturity and personality.
- ✓ It is a group process. It involves two or more people interacting with each other.
- ✓ A leader is involved in shaping and moulding the behaviour of the group towards accomplishment of organizational goals.
- ✓ Leadership is situation bound. There is no best style of leadership. It all depends upon tackling with the situations.

Importance of Leadership:

- Initiating Action: Leadership starts from the very beginning, even before the work actually starts. A leader is a person who communicates the policies and plans to the subordinates to start the work.

- Providing Motivation: A leader motivates the employees by giving them financial and non-financial incentives and gets the work done efficiently. Motivation is the driving force in an individual's life.

- Providing guidance: A leader not only supervises the employees but also guides them in their work. He instructs the subordinates on how to perform their work effectively so that their efforts don't get wasted.

- Creating confidence: A leader acknowledges the efforts of the employees, explains to them their role clearly and guides them to achieve their goals. He also resolves the complaints and problems of the employees, thereby building confidence in them regarding the organization.

- Building work environment: A good leader should maintain personal contacts with the employees and should hear their problems and solve them. He always listens to the point

of view of the employees and in case of disagreement persuades them to agree with him by giving suitable clarifications. In case of conflicts, he handles them carefully and does not allow it to adversely affect the entity. A positive and efficient work environment helps in stable growth of the organization.

- Co-ordination: A leader reconciles the personal interests of the employees with the organizational goals and achieves co-ordination in the entity.

- Creating Successors: A leader trains his subordinates in such a manner that they can succeed him in future easily in his absence. He creates more leaders.

- Induces change: A leader persuades, clarifies and inspires employees to accept any change in the organization without much resistance and discontentment. He makes sure that employees don't feel insecure about the changes.

Qualities of a Leader

- Personality: A pleasing personality always attracts people. A leader should also friendly and yet authoritative so that he inspires people to work hard like him.

- Knowledge: A subordinate looks up to his leader for any suggestion that he needs. A good leader should thus possess adequate knowledge and competence in order to influence the subordinates.

- Integrity: A leader needs to possess a high level of integrity and honesty. He should have a fair outlook and should base his judgment on the facts and logic. He should be objective and not biased.

- Initiative: A good leader takes initiative to grab the opportunities and not wait for them and use them to the advantage of the organization.

- Communication skills: A leader needs to be a good communicator so that he can explain his ideas, policies, and procedures clearly to the people. He not only needs to be a good speaker but also a good listener, counsellor, and persuader.

- Motivation skills: A leader needs to be an effective motivator who understands the needs of the people and motivates them by satisfying those needs.

- Self-confidence and Will Power: A leader needs to have a high level of self-confidence and immense will-power and should not lose it even in the worst situations, else employees will not believe in him.

- Intelligence: A leader needs to be intelligent enough to analyze the pros and cons of a situation and take a decision accordingly. He also needs to have a vision and fore-sightedness so that he can predict the future impact of the decisions taken by him.

- Decisiveness: A leader has to be decisive in managing his work and should be firm on the decisions are taken by him.

- Social skills: A leader should possess empathy towards others. He should also be a humanist who also helps the people with their personal problems. He also needs to possess a sense of responsibility and accountability because with great authority comes great responsibility.

Leadership Styles

✓ Authoritarian/Autocratic Leadership Style

In this type of leadership, leader takes decision without considering the viewpoints of other member. Here group members are not the part of decision making and they just have to follow the steps to accomplish the target. Here leader is completely responsible for the good or bad result obtained. This type of leadership is rarely seen in any organisation.

Leaders who use this style provide their groups with clear expectations of the task, its completion date and how to do the task properly. They are focused on results and efficiency. The leader is in complete control, and the group follows. Authoritarian leaders seldom ask for input from team members and make almost all decisions by themselves.

Authoritarian leaders are confident, self-motivated, follow the rules, give clear instructions and value highly structured work environments. Military commanders come to mind for this leadership style.

Pros/ Advantages:
- ➤ This leadership style is the most useful where a company relies on strict guidelines or needs to follow rigid compliance regulations.
- ➤ It's also helpful when a leader needs to make a rapid decision or take decisive action. Authoritarian leadership is also useful when dealing with a group of employees who may be new on the job or need strict supervision.
- ➤ Since only leader takes the decision, hence no communication gap.
- ➤ In this type less time is required to take decision.
- ➤ Any sudden crisis or difficult situation can be handled more effectively.
- ➤ Task oriented

Cons/ Disadvantages:
- ➤ Authoritarian leaders stifle creativity.
- ➤ They are seldom flexible and not open to the ideas of others.
- ➤ Employees often view authoritarian leaders as bossy and dictatorial, which can create a great deal of tension in the workplace.
- ➤ This type of leadership is rarely effective.
- ➤ Since group member are not the part of decision making, this may leads to decrease in employee morale.
- ➤ Chances of lack of trust between leader and group can be more.
- ➤ Negative motivation style

✓ Participative/Democratic Leadership Style

In this style of leadership, group member are also considered as the part of decision making. Ideas are exchanged freely and at last discussion is done to make the final decision. Whole team member is guided by the leader. This type of leadership can be applied to any organisation. This style of leadership is highly flexible. Leader has the authority to take the final decision. The most effective leadership style. Creativity is encouraged. Democratic leaders work hard to make each team member feel like an essential member of the group, encouraging team unity. They're flexible and good at mediation.

Pros/ Advantages:
- ➤ Democratic leader makes team members feel valued and empowered.
- ➤ A good democratic leader promotes morale and tends to have a high employee retention rate.

- ➢ Participative leadership is an excellent style for an established company that wants to move in new, creative directions.
- ➢ Different ideas are shared easily among one another.
- ➢ This type of leadership is highly effective and productive.
- ➢ Positive motivation style
- ➢ Promote collaboration

Cons/ Disadvantages:
- ➢ Employees who don't do well in group settings won't prosper under this leadership style.
- ➢ This style can be inefficient and costly.
- ➢ It also takes time because the leader considers the opinion of every member of the team before they make a decision.
- ➢ Difficult to maintain the co-ordination among the group.
- ➢ Agree and disagree on particular topic may leads to communication gap.
- ➢ Chances of getting poor ideas from unskilled member.

✓ **Laissez-Faire/Delegative Leadership/Free rein style**

Laissez-Faire is a French term which means "Let them do". So in this type of leadership members are allowed to take their own decisions. This type of leadership increases the employee morale but sometimes may leads a inappropriate result. Laissez-faire leaders provide their teams with almost no guidance. Decision-making is left to team members. It's a good style when working with a group of highly qualified experts who need little direction and have a deep understanding of the situation. However, laissez-faire leadership leads to poorly defined roles within the team and a lack of motivation.

 Pros/ Advantages:
- ➢ This is a good style for a startups, where the leader doesn't make any rules about work hours, office conduct or place of work.
- ➢ A laissez-faire leader trusts the employees to get the job done and focuses on other aspects of running the company.
- ➢ Members of the group feel free to explore themselves.
- ➢ Good co-ordination and interaction is maintained between the members.

Cons/ Disadvantages:
- ➢ Laissez-faire as the least effective and the least productive style.
- ➢ This leadership style limits employees' development and misses critical opportunities for the company to grow.
- ➢ It's a bad choice for new employees who need guidance and training.
- ➢ It often creates a lack of structure and confusion about who is in charge
- ➢ Leaving employees feeling unsupported.
- ➢ If the member of the group is not capable, probability of getting inappropriate result increases.

✓ **Bureaucratic Leadership Style**

It is very similar to Autocratic leadership. The main difference is that, in this type of leadership, leaders might consult the group regarding any topic but the whole authority to take the final decision is in the hands of leader. Sometimes it is highly effective and productive.

- ➢ Advantages: Duties of every employee is centralised and the jobs are highly secured. Every step are well structured and organised.

> Disadvantages: It is inflexible due to structured pattern. This type of leadership does not offer creativity to the employee. Organisations following this type of leadership barely adopt any changes.

✓ <u>Transformational Leadership Style</u>

It is a type of leadership in which leaders always try to explore their employees in terms of attitude and social changes. Transformational leader prepare their employees to face sudden changes in the target, crisis and any kind of difficult situation. This type of leader does not highly depend previous stats. Transformational leadership is characterized by a leader who inspires and motivates group members to achieve high levels of performance. This style can be highly effective in achieving goals and bringing about change. However, it can also be demanding and challenging, and may not be suitable for all situations.

> **Advantages:** Leader encourages their group towards the target and makes them interactive and more communicative.
> **Disadvantages:** Risk taken can leads to bad result. Leaders have to ignore certain protocols of the organisation.

✓ <u>Transactional Leadership Style</u>

Transactional leadership is basically a supervision type. In this leader gives reward to the employee for good job. They may also give punishment for the bad result. The main difference between this and Transformational leadership is that leaders belonging to the above category motivate and energise towards the target. In this type, leaders always make the target visible by making employees understand each and every step to follow. They also give orders and instructions of what to be done next.

> **Advantages:** In this type, leaders makes employee more productive. They eliminates each and every doubts of the employee regarding any task.
> **Disadvantages:** Leaders sometimes become insensitive towards their employees. They focus more on target rather on employee's creativity and encouragement.

<u>Controlling: Nature, Process, and Requirements of an adequate Control System</u>

Controlling is an important function of management. It is the process that measures current performance and guides it towards some predetermined objectives. The modern concept of control envisages a system that not only provides a historical record of what has happened to the business as a whole but also pinpoints the reasons why it has happened and provides data that enable the manager to take corrective steps, if he finds he is on the wrong track

Control is the process of bringing about conformity of performance with planned action.

'Managerial Control implies the measurement of accomplishment against the standard and the correction of deviations to assure attainment of objectives according to plans.'

– Koontz and O' Donnell

According to George R Terry - "Controlling is determining what is being accomplished i.e., evaluating the performance and if necessary, applying corrective measures so that the performance takes place according to plans."

Nature of Controlling

- ✓ **Controlling is a goal-oriented** function of management. It aims at ensuring that the resources of the organisation are used effectively and efficiently for the achievement of pre-determined organisational goals.
- ✓ **Controlling is a continuous process**. It means that once the actual performance and standard performance of a business are compared and corrective actions are taken, the controlling process does not end. Instead, the firms have to continuously review the performance and revise the standards.
- ✓ **Controlling is all-pervasive.** It means that the controlling function is exercised by the firms at all levels of management. The extent of control and nature of the function may vary at every level. Also, a controlling process is required in both non-business and business organisations.
- ✓ **Controlling process is both a forward-looking and backward-looking** function. As a forward-looking function, it aims at improving the future performance of an organisation on the basis of its past experiences. However, as a backward-looking function, it measures and compares the actual performance and planned performance (fixed in past) of the organisation.
- ✓ **Control is a Dynamic Process**
- ✓ **Control Aims at Future**
- ✓ **Control is a Universal Function of Management**
- ✓ **Control is closely linked with Planning**

Process of Control: Following are the steps involved into the process of control:

1. Establish the Standards: Within an organization's overall strategic plan, managers define goals for organizational departments in specific, precise, operational terms that include standards of performance to compare with organizational activities. However, for some of the activities the standards cannot be specific and precise. Standards, against which actual performance will be compared, may be derived from past experience, statistical methods and benchmarking (based upon best industry practices). As far as possible, the standards are developed bilaterally rather than top management deciding unilaterally, keeping in view the organization's goals. Standards may be tangible (clear, concrete, specific, and generally measurable) – numerical standards, monetary, physical, and time standards; and intangible (relating to human characteristics) – desirable attitudes, high morale, ethics, and cooperation.

2. Measure Actual Performance: Most organizations prepare formal reports of performance measurements both quantitative and qualitative (where quantification is not possible) that the managers review regularly. These measurements should be related to the standards set in the first step of the control process. For example, if sales growth is a target, the organization should have a means of gathering and reporting sales data. Data can be collected through personal observation (through management by walking around the place where things are happening), statistical reports (made possible by computers), oral reporting (through conferencing, one-to-one meeting, or telephone calls), written reporting (comprehensive and concise, accounting information – normally a combination of all. To be of use, the information flow should be regular and timely.

3. Compare Performance with the Standards: This step compares actual activities to performance standards. When managers read computer reports or walk through their plants, they identify whether actual performance meets, exceeds, or falls short of standards. Typically, performance reports simplify such comparison by placing the performance standards for the reporting period alongside the actual performance for the same period and by computing the variance— that is, the difference between each actual amount and the associated standard. The manager must know of the standard permitted variation (both positive and negative). Management by exception is most appropriate and practical to keep insignificant deviations away. Timetable for the comparison depends upon many factors including importance and complexity attached with importance and complexity.

4. Take Corrective Action and Reinforcement of Successes: When performance deviates from standards, managers must determine what changes, if any, are necessary and how to apply them. In the productivity and quality-centered environment, workers and managers are often empowered to evaluate their own work. After the evaluator determines the cause or causes of deviation, he or she can take the fourth step— corrective action. The corrective action may be to maintain status quo (reinforcing successes), correcting the deviation, or changing standards. The most effective course may be prescribed by policies or may be best left up to employees' judgment and initiative. The corrective action may be immediate or basic (modifying the standards themselves)
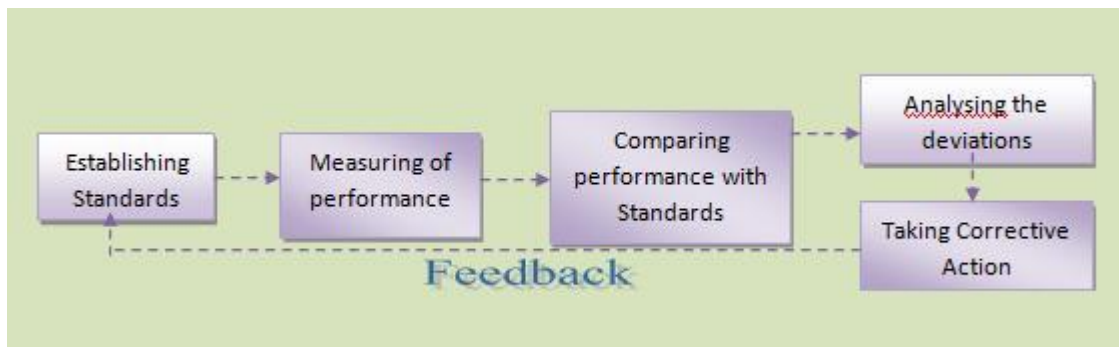
Importance/ Significance
- ✓ Accomplishing Organisational Goals
- ✓ Improving Employee Motivation
- ✓ Ensuring Order and Discipline
- ✓ Facilitating Coordination in Action
- ✓ Facilitates optimum utilization of resources.
- ✓ It evaluates the accuracy of the standard.
- ✓ Ensures future planning by revising standards.
- ✓ Improves overall performance of an organization.
- ✓ It also minimises errors.

Requirements of an adequate Control System

1. **Suitable:** A good control system should be suitable for the needs and nature of the organisation.
2. **Simple:** A good controlling system should be easy to operate and understand.

3. **Economical:** The cost of setting, implementing, and maintaining a control system should not be more than the benefits gained from it.
4. **Flexible:** A good control system should have the ability to adjust according to the changing business environment and internal conditions.
5. **Forward Looking:** A good control system should move in a forward direction so that the managers can easily determine the deviations before they actually happen in the organisation.
6. **Objective:** The standards of the organisation, its measurement of performance, and corrective actions should be impersonal and objective.
7. **Management by exception:** A good control system should focus its attention on the significant deviations which are crucial for the organisation, instead of looking for the deviation which does not have much impact on the business.
8. **Acceptable to Organisation Members:** The system should be acceptable to organisation members. When standards are set unilaterally by upper level managers, there is a danger that employees will regard those standards as unreasonable or unrealistic.
9. **Motivate People to High Performance:** A control system is most effective when it motivates people to high performance.
10. **Corrective Action:** Merely pointing of deviations is not sufficient in a good control system. It must lead to corrective action to be taken to check deviations from standard through appropriate planning, organizing and directing.
11. **Reflection of Organisation Pattern**: Organization is not merely a structure of duties and function, it is also an important vehicle of control. In enforcing control the efficiency and the effectiveness of the organisation must be clearly brought out.
12. **Human Factor:** A good system of control should find the persons accountable for results, whenever large deviations take place. They must be guided and directed if necessary.
13. **Direct Control:** Any control system should be designed to maintain direct contact between the controllers and controlled. Even when there are a number of control systems provided by staff specialists, the foreman at the first level is still important because he has direct knowledge of performance.

14. **Focus on Strategic Points:** A good system of control not only points out the deviations or exceptions but also pinpoints them where they are important or strategic to his operations.

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UNIT IV: UNDERSTANDING ORGANISATION BEHAVIOUR

NATURE AND SCOPE OF OB

Introduction to Organizational Behavior
Organizational Behavior: Meaning, nature and scope – Key elements in O.B; Contributing disciplines to O.B; Perception: Nature, Process; Personality: Nature, Traits and Determinants of personality; learning: Characteristics of Learning.
_____

Everything you need to know about organisational behaviour. The field of organisational behaviour deals with human behaviour in organisation.

It is the multidisciplinary field that seeks knowledge of behaviour in organisational settings by objective based on studying individual, group and organisational processes.

Organizational Behaviour is concerned with the **understanding, prediction and control of human Behaviour in organizations.** It focuses on the **individuals, the groups and the organization and also on their interactional relationships**. It is the study and application of knowledge about how people act with organizations.

It is a human tool for human benefit. It applies broadly to the Behaviour of people in all types of organizations. Wherever organizations are, there is a need to understand organizational Behaviour.

***According to L. M. Prasad**, "Organisational behaviour can be defined as the study and application of knowledge about human behaviour related to other elements of an organisations such as structure, technology and social systems."*

In the words of Stephen **P. Robbins,** "OB is a field of study that investigates the impact that individuals, groups and structures have on behaviour within organisations for the purpose of applying such knowledge towards improving an organisation's effectiveness."

According to **Fred Luthans**, "Behaviour is directly concerned with the understanding, prediction and control of human behaviour in organisations."

OB is the study of individual behaviour in isolation, when in group and as a part of an organisation. The study of individual behaviour only, would be incomplete because behaviour is affected by the people surrounding us as well as by the organisation, in which we work. Studying only individuals or only organisations would be of no use. It is essential to study both simultaneously.

Features (Characteristics) of OB

- ✓ OB is a part of general management and not the whole of management. It represents behavioural approach to management.

- ✓ OB contains a body of theory, research and application associated with a growing concern for people at the work place. It helps in understanding human behaviour in work organizations.

- ✓ OB is a human tool for human benefit. It helps in predicting the behaviour of individuals.

- ✓ OB is inter-disciplinary field of study. It tries to synthesize knowledge drawn from various behavioural and social sciences such as Psychology, Sociology, Anthropology, Political-science, Economics, etc. In fact, OB is an applied behavioural sciences.

- ✓ OB involves three levels of analysis of behaviour-individual behaviour, group behaviour and behaviour of the organization itself.

- ✓ OB is an action-oriented and goal-directed discipline. It provides a rational thinking about people and their behaviour

- ✓ OB is both a science and an art. The systematic knowledge about human behaviour is a science. The application of behvioural knowledge and skills clearly leans towards being an art.

- ✓ OB seeks to fulfil both employees' needs and organizational objectives

- ✓ **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 of 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.

- ✓ **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 acceptable 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.

- ✓ **A Humanistic and Optimistic**: 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 actualise these potentials if they are given proper conditions and environment. Environment affects performance or workers working in an organization.

- ✓ **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. Man's socio- psychological framework makes man a complex one and the systems approach tries to study his/her complexity and find solution to it.

- ✓ Organisational behaviour **is a rational thinking**, not an emotional feeling about people. The major goals of organisational behaviour are to explain and predict human behavioural in organisations. It is action-oriented and goal-directed.

- ✓ Organisational behavioural seeks to balanced human and technical values at work. It seeks to achieve productivity by building and maintaining employee's dignity, growth and satisfaction, rather than at the expense of these values.

- ✓ Organisational behaviour integrates behavioural sciences. Many of its core concepts are borrowed from others fields and discipline like social psychology, sociology, and anthropology, etc.

- ✓ Organisational behaviour is both a **science and an art**, the knowledge about human behaviour in organisations leans towards being science. Modern organisational behaviour is, at once, empirical, interpretative, and critical. It is an interpretative science in the pursuit of knowledge and meaning.

- ✓ The basic purpose is to make meaningful the facts of organisational life. Modern OB is an optic perspective; a process for looking at events, a way of life. It has empirical facts, and interesting interpretations and powerful paradigms.

- ✓ it is an inaccurate science to provide specific answers to specific organisational problems. As such very little can be prescribed to consistently predict relationships between a variable on broad scale. The skills in applying the knowledge clearly lean towards being art.

- ✓ Organisational behaviour exists at multiple like levels. Behaviour occurs at the individual, the group, and the organisational systems levels. Behaviour that is attributable to each of these levels can be both identified and isolated but at the same time these three levels interact with each other and OB-being affected by the behaviour of individuals, group level behaviour is affected by the organisational level phenomena and so on.

- ✓ Organisational behaviour does not exist in vacuum. Organisations are made up of both social and technical components and therefore characteri

- ✓ The nature of OB includes: Sociology, Psychology, Social Psychology, Anthropology, Economics and Political science

✓ Scope of OB

The scope of OB may be summed up in the words of S.P.Robbins as follows:

"OB is a field of study that investigates the impact that individuals, groups, and structure have on behaviour within organizations, for the purpose of applying such knowledge towards improving an organization's effectiveness".

The scope of OB involves three levels of behaviour in organizations: individuals, groups and structure.

1. **Individual Behaviour**
   (i) **Personality:** It may be defined as those inner psychological characteristics that both determine and reflect how a person responds to his environment.

   (ii) **Perception:** the cognitive process through which individuals select, organize, interpret, and give meaning to their work environment. Perception is the process of identification, organization and interpretation of sensory information in order to represent and understand the environment.

   (iii) **Values and Attitudes**: Attitudes means mental status, feelings, thoughts, way of thinking about something, a certain state of mind at a time. Values provide the basic foundation for understanding a person's attitudes, perception and personality.

   (iv) **Learning:** Learning can be defined as the permanent change in behavior due to direct and indirect experience. It means change in behavior, attitude due to education and training, practice and experience.

   (v) **Motivation:** Motivation is essentially the underlying drive of individuals to accomplish tasks and goals.

2. **Group Behaviour**
   (i) **Work groups and group dynamics**: Group dynamics studies the nature, formation and reasons for forming the groups. It studies how groups affect the behaviour and attitude of members and the organisation.

   (ii) **Dynamics of conflict**: Conflicts may be thought of as having three dimensions: perception, feeling and action. Conflict involves the perception that one person's interests, needs or values are incompatible with those of another person. Conflict also involves feelings, such as anger, fear or sadness.

(iii) **Communication:** Communication is vital to organizations—it's how we coordinate actions and achieve goals. It is defined as a process by which information is exchanged between individuals through a common system of symbols, signs, or behavior.

(iv) **Leadership:** Leadership plays a crucial role in shaping organizational behavior. It sets the vision and goals, models of behavior, communicates effectively, engages employees, makes decisions, resolves conflicts, manages change, evaluates performance, influences organizational culture, and promotes continuous learning and development.

(v) **Morale:** Morale refers to the collective attitude, overall satisfaction, and emotional outlook of a group, be it a team, community, or an entire organization. It includes factors such as collective spirit, enthusiasm, and the level of dedication members feel towards their group's goals or objectives.

3. <u>**Organization: Structure, Process and Application**</u>

(i) **Organizational Climate:** The culture of an organization breeds an organizational climate, which represents how members of an organization experience that organization's culture.

(ii) **Organizational Culture:** Organizational culture is generally understood as all of a company's beliefs, values and attitudes, and how these influence the behaviour of its employees.

(iii) **Organizational Change:** Organizational change occurs when an organisations transforms its structure, strategies, methods, culture and other elements to reorganize and restructure the organisations for the productive purpose.

(iv) **Organizational Effectiveness**: Creating a successful organization means achieving organizational effectiveness. Improving your company's ability to reach its goals is critical to delivering shareholder value. It means your business will thrive long term.

(v) **Organizational Development**: Organization development (OD) is an effort that focuses on improving an organization's capability through the alignment of strategy, structure, people, rewards, metrics, and management processes.

Importance/Role of Organizational Behaviour

The Role of organizational behaviour is multifaceted and crucial for the success of any organization. Here are some key points highlighting its importance:

- Understand Organization and Employee
- Improved Communication
- Motivate Employee
- Effective Utilization of Human Resources
- Prediction and Control of Human Behaviour
- Teamwork and Collaboration
- Managing Diversity and Inclusion
- Performance Improvement
- Employee Satisfaction
- Leadership Development
- Conflict Resolution
- Change Management
- Organizational Culture
- Team Dynamics
- Decision-Making
- Innovation Encouragement
- **Develops Goodwill of organization**
- **Optimum or Better Utilization of Resources**

1. **Performance Improvement:** Organizational Behaviour helps in identifying ways to increase productivity and efficiency, leading to better performance outcomes for both individuals and the organization.
2. **Employee Satisfaction:** By understanding the needs and motivations of employees, Organizational Behaviour contributes to creating a work environment that enhances job satisfaction and employee retention.
3. **Leadership Development:** Organizational Behaviour provides insights into effective leadership styles and practices, enabling the development of leaders who can inspire and guide their teams.
4. **Change Management:** It equips organizations with the tools to manage and adapt to change, ensuring resilience and flexibility in a dynamic business landscape.
5. **Conflict Resolution:** OB offers strategies for resolving interpersonal and group conflicts, fostering a harmonious workplace.
6. **Organizational Culture:** It plays a significant role in shaping and maintaining a positive organizational culture, which is essential for long-term success.
7. **Team Dynamics:** Organizational Behaviour studies how teams work and interact, which is vital for building strong, collaborative teams that can achieve collective goals.
8. **Communication Enhancement:** It improves communication within an organization, ensuring that information flows effectively between different levels and departments.
9. **Decision-Making:** OB aids in the decision-making process by providing a better understanding of human behaviour and organizational dynamics.

    Innovation Encouragement: It encourages innovation by creating an environment where new ideas are valued and employees feel empowered to share their creativity.

Key Elements in OB

The key elements in organizational behaviour are people, structure technology and the environment in which the organizations operates. When people join together in an

organisations to accomplish an objective, some kind of structure is required. People also use technology to help get the job done, so there is an interaction of people, structure and the technology as shown in fig.1. In addition, these elements are influenced by the external environment, and they influence it.
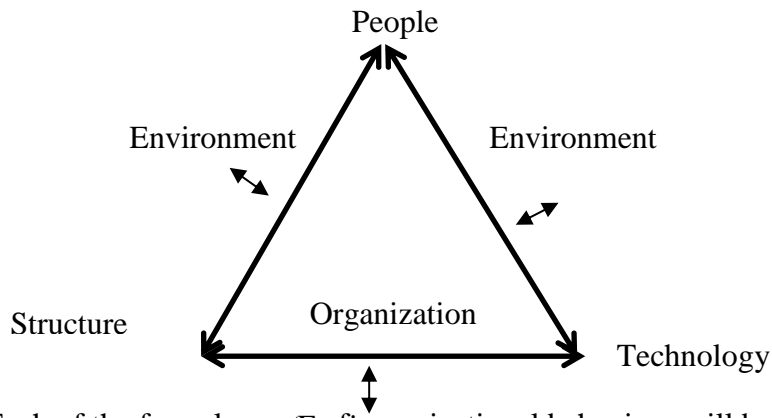
People

Environment   Environment

Fig. 1:Key elements in organizational behaviour

Structure   Organization   Technology

Environment

Each of the four elements of organizational behaviour will be considered briefly.

People: People make up the **internal social system of the organisations**. They consist of **individuals and groups**. There are formal and informal groups. Groups are dynamic. **They form, change and disband**. Organizations exist to serve people, rather than people existing to serve organizations.

Structure: Structure defines the **formal relationships of people in organisations**. Different jobs are required to accomplish all of an organization's activities. There are managers and employees, accountants and assemblers. These people have to be related in some structural way so that their work can be **effectively coordinated**. These relationships **create complex problems of co-operation**, **negotiation and decision-making.**

Technology: Technology provides the resources with which people work and affects the tasks that they perform. The technology used has a **significant influence in working relationships**. The great benefit of technology is that it allows people **to do more and better work**, but it also restricts people in various ways. It has costs as well as benefits.

Environment: All organizations operate within an external environment A single organisations does not exist alone. It is part of a larger system that contains many other elements such as **Govt., the family, and other organizations**.
All of these **mutually influence each other** in a complex system that creates a context for a group of people. Individual organizations, such as factory or a school, cannot escape being influenced by this external environment. It influences the **attitudes of people, affects working conditions, and provides competition for resources and power**. It must be considered in the study of human behaviour in organizations.

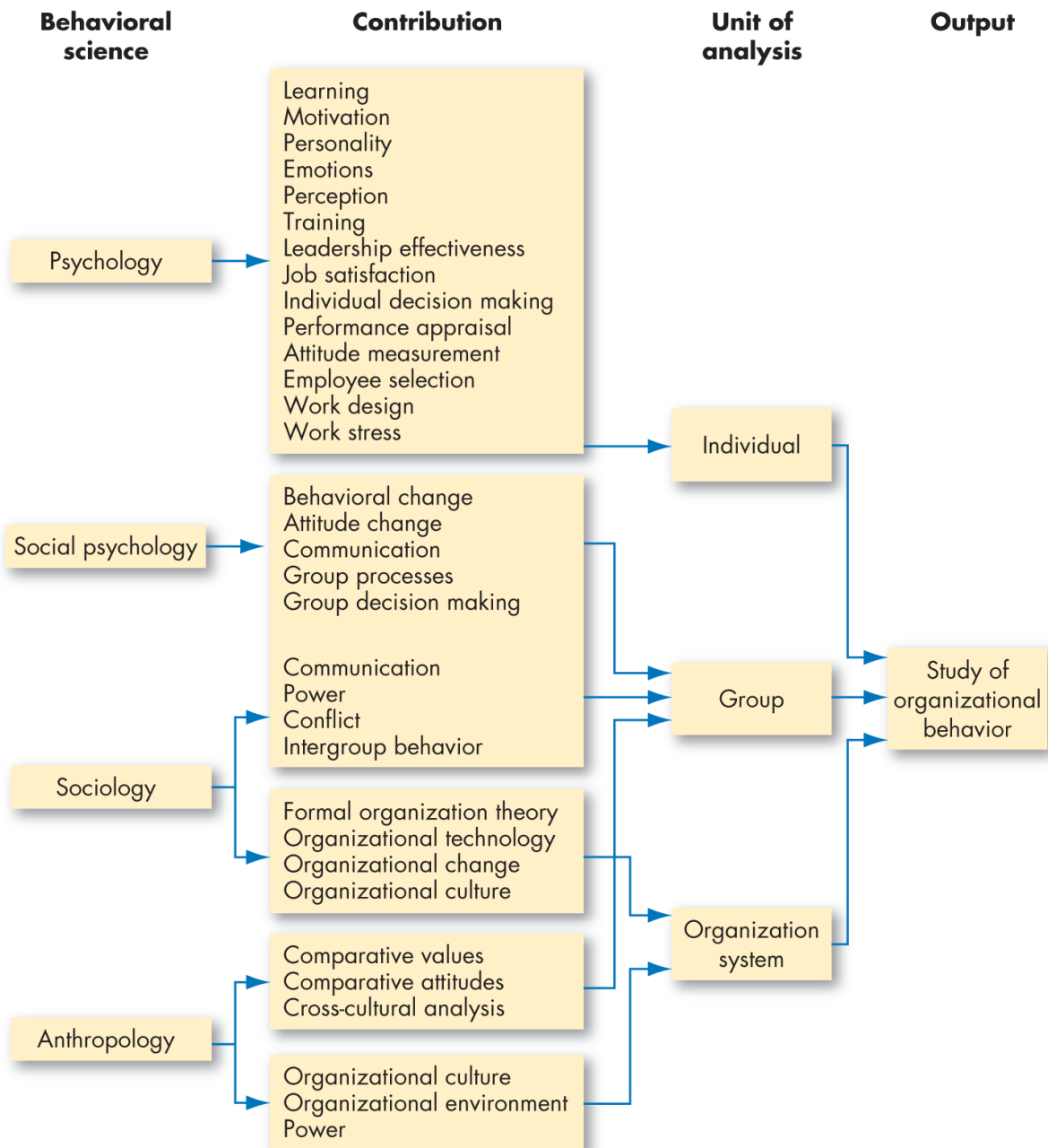## Contributing disciplines to O.B

Organisational Behaviour (OB) is an interdisciplinary field that studies human behaviour within organisations. It seeks to understand, predict, and manage human behaviour in the workplace to improve Organisational effectiveness. Various disciplines contribute to the OB field to provide insights into how individuals, groups, and organisations function and interact.

Disciplines Contributing to Organisational Behaviour (OB)

	Psychology	Social Psychology	Sociology	Anthropology	Economics	Political Science
Behavioural Science						
Contribution	• Motivation • Perception • Decision-Making • Stress Management	• Group Dynamics • Social Influence • Leadership • Team Dynamics • Communication • Conflict Resolution	• Organisational Structure • Organisational Structure • Culture • Social Norms and Values	• Cultural Diversity • Developing Cross- Cultural Communication Strategies • Adapting to Global Markets	• Incentives • Compensation Systems • Incentive Plans	• Government • Politics • Society

Behavioral science	Contribution	Unit of analysis	Output
Psychology	Learning Motivation Personality Emotions Perception Training Leadership effectiveness Job satisfaction Individual decision making Performance appraisal Attitude measurement Employee selection Work design Work stress	Individual	
Social psychology	Behavioral change Attitude change Communication Group processes Group decision making		Study of organizational behavior
Sociology	Communication Power Conflict Intergroup behavior	Group	
	Formal organization theory Organizational technology Organizational change Organizational culture		
Anthropology	Comparative values Comparative attitudes Cross-cultural analysis	Organization system	
	Organizational culture Organizational environment Power		

OB is an applied behavioral science built on contributions from a number of behavioral disciplines, mainly psychology and social psychology, sociology, and anthropology.

Psychology's contributions have been principally at the individual or micro level of analysis, while the other disciplines have contributed to our understanding of macro concepts such as group processes and organization.
(Fig.2 is an overview of the major contributions to the study of organizational behavior).

Psychology

Psychology has perhaps the first influence on the field of organizational behavior because it is a science of behavior. A psychologist studies almost all aspects of behavior.
Psychology deals with studying human behavior that seeks to explain and sometimes change the behavior of humans and other animals. Psychologists are primarily interested in predicting the behavior of individuals to a great extent by observing the dynamics of personal factors.
Psychology has contributed many important concepts to OB, such as:
- ✓ Motivation
- ✓ Learning
- ✓ Perception
- ✓ Personality
- ✓ Emotion
- ✓ Training
- ✓ Employee Selection
- ✓ Attitude
- ✓ Work Design
- ✓ Job Stress, etc.

Sociology

The major focus of sociologists is on studying the social systems in which individuals fill their roles. The focus is on group dynamics.
They have made their greatest contribution to OB through their study of group behavior in organizations, particularly formal and sophisticated organizations.
Sociological concepts, theories, models, and techniques help significantly to understand better group dynamics, organizational culture, formal organization theory and structure, corporate technology, bureaucracy, communications, power, conflict, and intergroup behavior.
The main contributions of sociology to the field of OB are as follows:
- ✓ Group dynamics
- ✓ Communication
- ✓ Power
- ✓ Conflict
- ✓ Inter group behaviour
- ✓ Formal organizational theory
- ✓ Organizational technology
- ✓ Organizational change
- ✓ Organizational culture

Social Psychology

It has been defined as the scientific investigation of how individuals' thoughts, feelings, and behavior are influenced by the actual, imagined, or implied presence of others.
It deals with how people are affected by other individuals who are physically present or who are imagined to be present, or even whose presence is implied.
Social Psychology deals with many of the same phenomena but seeks to explain whole individual human interaction and human cognition influences culture and is influenced by culture. The unit of analysis is the individual within the group. In reality, some forms of sociology are closely related to social psychology.

Major contributions of social psychology to OB are as follows:
- ✓ Behaviour change
- ✓ Attitude change
- ✓ Communication
- ✓ Group process
- ✓ Group decision-making

Anthropology

The main aim of anthropology is to better understand the relationship between human beings and the environment.

Adaptations to surroundings constitute culture. The manner in which people view their surroundings is a part of the culture.

Culture includes those ideas shared by groups of individuals and languages by which these ideas are communicated. In essence, culture is a system of learned behavior.

Their work on culture and environment has helped us to understand differences in fundamental values, attitudes, and behavior among people in different countries and within different organizations.

The major contributions of Anthropology in the field of OB are as follows:
- ✓ Comparative values
- ✓ Comparative attitudes
- ✓ Cross-culture analysis
- ✓ Organization environment
- ✓ Organization culture

Political Sciences

The contributions of political scientists are significant to understanding behavior in organizations. Political scientists study the behavior of individuals and groups within a political environment.

They contribute to understanding the dynamics of power centers, structuring of conflict and conflict resolution tactics, allocation of power, and how people manipulate power for individual self-interest. In the business field, organizations want to attain supremacy in their field and indulge in politicking activities to gain maximum advantages

The main contribution of political science in the field of OB have been concerned with:
- ✓ Conflict
- ✓ Intra-organizational policies
- ✓ Power

Economics

Economics contributes to organizational behavior to a great extent in designing the organizational structure. Transaction cost economics influence the organization and its structure.

Transaction costs economics implies cost components to make an exchange on the market.

This transaction cost economics examines the extent to which the organization structure and size of an organization vary in response to attempts to avoid market failures by minimizing production and transaction costs within the constraints of human and environmental factors.

Medicine

Medicine is the branch of health science that deals with the identification and treatment of diseases to improve the health of people. It treats both physical and psychological diseases of people. While treating people it observes their behaviour of people and tries to find out the causes. Some causes are related to the body and some are mental.

Engineering

This discipline, too, has influenced OB. Industrial engineering, in particular, has long been concerned with work measurement, productivity, workflow analysis and design, and labor relations. Obviously, all these are important for OB.

Perception

Perception is an intellectual process of transforming sensory stimuli to meaningful information. It is the process of interpreting something that we see or hear in our mind and use it later to judge and give a verdict on a situation, person, group etc.

Perception is the process of selecting, organization, identification, and interpretation of sensory information in order to represent and understand the environment.

According to Joseph Reitz; "Perception includes all those processes by which an individual receives information about his environment — seeing, hearing, feeling, tasting and smelling."

According to S. P. Robbins, perception can be defined as "the process by which individuals organize and interpret their sensory impressions in order to give meaning to their environments."

Perception includes the 5 senses; touch, sight, taste smell and sound. It also includes what is known as perception, a set of senses involving the ability to detect changes in body positions and movements. It also involves the- cognitive processes required to process information, such as recognizing the face of a friend or detecting a familiar perfume.

The study of these perpetual processes shows that their functioning is affected by three classes of variables—the objects or events being perceived, the environment in which perception occurs and the individual doing the perceiving. In simple words, we can say that perception is the act of seeing what is there to be seen. But what is seen is influenced by the perceiver, the object and its environment. The meaning of perception emphasizes all these three points.

Meaning of Perception:

Different individuals have different thinking styles, beliefs, feelings and objectives etc. and almost every individual behaves accordingly. Just because of these factors different people take different meaning for the same things. For some, a particular thing is right where as for some it is totally wrong. It is all because how you take things, what is your point of view, how you look at things. This is perception.

Features

✓ Intellectual process through which a person selects the data from the environment, organizes it and obtains meaning from it.
✓ Basic cognitive or psychological process. People's emotions, thoughts or feelings are triggered by the perception of their surroundings.
✓ A subjective process.

Perceptual Process

Perceptual process are the different stages of perception we go through. The different stages are

- ✓ **Receiving**
- ✓ **Selecting**
- ✓ **Organizing**
- ✓ **Interpreting**

❖ **Receiving**

Receiving is the first and most important stage in the process of perception. It is the initial stage in which a person collects all information and receives the information through the sense organs.

❖ **Selecting**

Selecting is the second stage in the process. Here a person doesn't receive the data randomly but selectively. A person selects some information out of all in accordance with his/her interest or needs. The selection of data is dominated by various external and internal factors.

External factors − The factors that influence the perception of an individual externally are intensity, size, contrast, movement, repetition, familiarity, and novelty.

Internal factors − The factors that influence the perception of an individual internally are psychological requirements, learning, background, experience, self-acceptance, attitude, motives, experiences, interests and expectations.

❖ **Organizing**

Keeping things in order or say in a synchronized way is organizing. In order to make sense of the data received, it is important to organize them.

We can organize the data by −

Grouping them on the basis of their similarity, proximity, closure, continuity.

Establishing a figure ground is the basic process in perception. Here by figure we mean what is kept as main focus and by ground we mean background stimuli, which are not given attention.

Perceptual constancy that is the tendency to stabilize perception so that contextual changes don't affect them.

❖ **Interpreting**

Finally, we have the process of interpreting which means forming an idea about a particular object depending upon the need or interest. Interpretation means that the information we have sensed and organized, is finally given a meaning by turning it into something that can be categorized. It includes stereotyping, halo effect etc.

Process of Perception
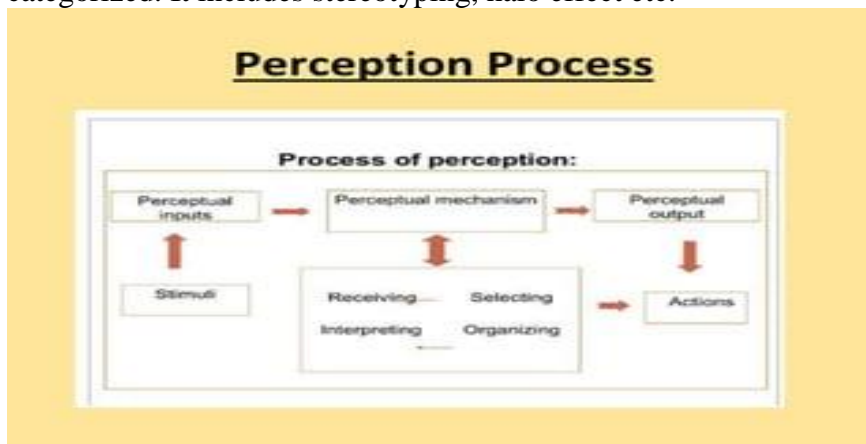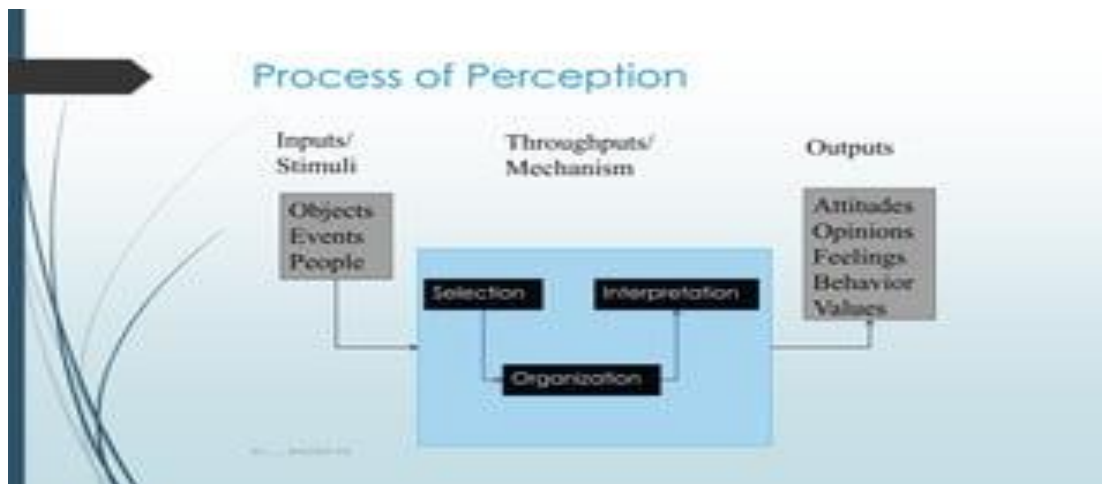
Factors Influencing Perception:
(Internal Factors): These are the personal characteristics of the individuals:
Needs & Motives: Individuals perception is basically determined by their inner needs and motives. They take things differently according to their different needs and motives. Different needs results in different stimuli, similarly people select different items to satisfy their needs. According to Freud, "Wishful thinking is the means by which the Id, a part of personality, attempts to achieve tension reduction." In such cases, people will perceive only those items which suit their wishful thinking.
Self-Concept: How actually a person views other or the rest of the world will clearly decide that how he thinks about himself, or what his self-concept is. It is largely based upon individual's complex psychological make-up. Self-understanding helps understanding others.
Beliefs: A person's belief has direct impact on his perception. It is very difficult for an individual to think beyond his personal beliefs because most of the times people go as per their beliefs and they perceive in the same manner.   According to Daniel Katz: a. An individual self-censor his intake of communications so as to shield his beliefs and practices from attack. b. An individual seeks out communication which support his beliefs and practices c. The latter is particularly true when the beliefs and practices in question have undergone attack.
Past Experience: People's perception is greatly influenced by their past experiences. A person, having good experience in past will perceive accordingly and vice versa.
Current Psychological State: Current psychological or emotional state of people plays an important role in perception. Present position of the person defines how a person will perceive thing. Like, a person in a good mood will perceive in a different manner as compared to a person who is not in a good moo

There are a set of factors in the target that affect our perception. Let's look at each of them
Novelty − the quality of being innovative and different is a pivotal point in any target that affects its perception by someone. Suppose in a set of children a child is very outspoken; the teacher will perceive him to be the best among the group.
Motion − the motion of a particular target helps an individual perceives it differently.
Sounds − the sound of a particular place, thing, or person affects the perception of them by different people a lot. A loud person is perceived as a more confident fellow than a slow-spoken person, who is perceived to be under confident.
Size − the size of a particular target also has a lot to do with how different people perceive it.

Background − suppose we see an ornament in a lavish gold shop. We will perceive it to be luxurious and lucrative, but if we see the same ornament on the road, our perception will change. So background matters a lot when making perceptions about anything or anyone.

Proximity − the closeness or similarity of a particular target with the perceived object has a lot of influence on the perception. For example, if we are Indian, we will surely emphasize Indian music more than a foreigner.

Similarity − the similarity of a particular person or thing with the target affects the perception on a wide scale.

Sometimes the situation of a particular target affects its perception

Time − the time it takes for a particular situation to happen affects its perception. If it's a sunny day, then we perceive a child's drink to be the most lovable thing to have, but if it's a chilly winter day, we perceive coffee to be the most lovable thing to have.

Work setting − the setting of work at different organizations affects their perception by their employees. Suppose there is an office with hectic work schedules and tedious, tiring work days. Employees of this organization may be reluctant to work there, but if there is a similar organization with fun activities and lots of incentives, employees of this organization may love where they work.

Social setting − the people around us affect the perception of us by different people. For example, many people perceive Bihari to be low, but at the same time, a Bihari can be the most wonderful person on earth.

Importance of Perception

- Perception is very important in **understanding the human behaviour**
- If people behave on the basis of their perception, **we can predict their behaviour in the changed circumstances** by understanding their present perception of the environment
- With the help of perception, **the needs of various people can be determined**, because people's perception is influenced by their needs.
- Perception is very important for the manager who wants **to avoid making errors** when dealing with people and events in the work setting.
- By managing perceptions effectively, **businesses can enhance their credibility** an
- Helps create a favourable perception that aligns with organizational objectives and **trustworthiness among stakeholders**.
- Perception management also enables organizations to differentiate themselves from competitors and **gain a competitive edge**.
- In addition to enhancing credibility and differentiation, successful perception management can also help businesses navigate challenging situations effectively.

Personality

Personality can be described as a rich tapestry of inner psychological characteristics. These inner traits encompass a diverse array of qualities, attributes, traits, factors, and mannerisms that set one person apart from another.

The term **"personality"** traces its origins to the Greek word "persona", meaning "to speak through." Personality represents the amalgamation of characteristics and qualities that constitute a person's distinctive identity.

Every person possesses a unique, personal character that serves as a primary driver of their behaviour, defining their personality.

Personality can be defined as those inner psychological characteristics that both determine and reflect how a person think and act in an environment.

Personality is a pattern of stable states and characteristics of a person that influences his or her behaviour toward goal achievement.

Personality is the fundamental and foremost determinant of individual behaviour. It seeks to integrate the physiological and psychological facets of an individual to put them into action. Personality consists of an individual's characteristics and distinctive ways of behaviour.

"The dynamic organisations within the individual of those psychophysical systems that determine his unique adjustments to his environment."
'Gordon Allport'

"Personality is how people affect others and how they understand and view themselves, as well as their pattern of inner and outer measurable traits and the person situation interaction"   **Fred Luthans**
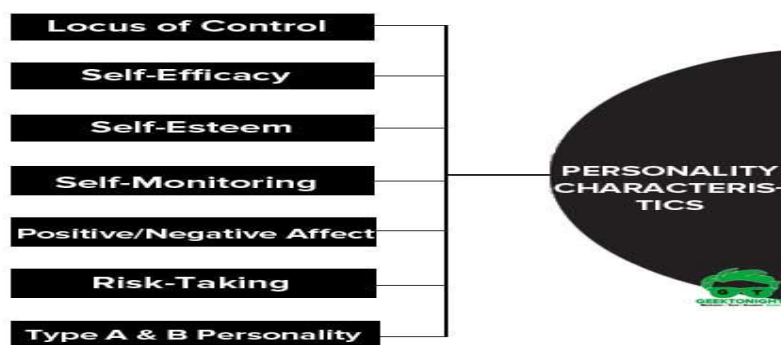
Locus of Control
The degree to which individuals perceive control over a situation being internal or external is called locus of control.
Locus of control refers to the range of beliefs that individuals hold in terms of being controlled by self (internal locus) or controlled by others or the situation (external locus).

Self-Efficacy
Generalized self-efficacy refers to a belief about one's own ability to deal with events and challenges.

High self-efficacy results in greater confidence in one's job-related abilities to function effectively on the job. Success in previous situations leads to increased self-efficacy for present and future challenges.

Self-Esteem

An individual's self-worth is referred to as self-esteem. Individuals with high self-esteem have positive feelings about themselves.

Low self-esteem individuals are strongly affected by what others think of them, and view themselves negatively.

Self-Monitoring

The extent to which people base their behaviour on cues from other people and situations is self-monitoring.

Individuals high in self-monitoring pay attention to what behaviour is appropriate in certain situations by watching others and behaving accordingly.

Low self-monitoring individuals prefer that their behaviour reflects their attitudes, and are not as flexible in adapting their behavior to situational cues.

Positive/Negative Affect

Individuals exhibit attitudes about situations in a positive or negative fashion.

An individual's tendency to accentuate the positive aspects of situations is referred to as positive affect, while those accentuating less optimistic views are referred to as having negative affect.

Employees with positive affect are absent from work less often. Negative affect individuals report higher levels of job stress.

Risk-Taking

People differ in their willingness to take chances. High-risk-taking managers made more rapid decisions and used less information in making their choices than low risk-taking managers.

Type A and Type B Personality

Type A personality individual is aggressively involved in a chronic, struggle to achieve more and more in less and less time, and if required to do so, against the opposing efforts of other things or other persons.

Type B personalities are rarely harried by the desire to obtain a wildly increasing number of things or participate in an endless growing series of events in an ever decreasing amount of time.

<u>Nature of personality</u>

- ➢ **<u>Omnibus:</u>** This personality view is the aggregate of recognizable pattern of properties-of qualities.

- ➢ **<u>Integration and configuration:</u>** Under this view of personality, the organisation of personal attributes is stressed.

- ➢ **<u>Hierarchical:</u>** This aspect mainly deals with adaptation, survival and evolution of the person to the environment.

- ➢ **<u>Distinctiveness:</u>** the definition of this category speaks the uniqueness of each personality.

- ➢ **<u>Self-Conscious</u>**: There is a vast difference between human being and other species. The special feature of his nature is 'self-consciousness', which makes him aware of his surroundings and self-identity.

- **Adaptability to Environment:** Personality, off and on, does make adjustments according to the changes desired. Resistance to change, means a conflict with tension and unpleasantness. Normally, people adapt to the changed situations and challenges. Adaptation to new situations often follows a modification in behavioural pattern leading to a smooth working condition and a conducive environment.
- **Goal Oriented:** Persons strive for achievement of goal. Individuals do have the drive to achieve goals. Wants and needs lead to motive. The desire of an individual directs the behaviour for the fulfilment of the same. Both the physiological and social motives make behavioural changes.
- **Personality is a dynamic whole:** The definition of Personality given by Allport reveals that the personality is the dynamic whole. The constituents of Personality are organised into units which are not static but active.
- **Personality measures behaviour:** Personality of an individual is more or less stable. It can be predicted by ones behaviour.
- **Outcome interaction of heredity and environment:** Most of the psychologists review that Personality is the net result of the interaction of heredity characters and environment factors. The growth and the development of physical, social, emotional and moral are affected by environmental factors.
- **Motive Force:** There are many theories of motivation which contributes to the understanding of the dynamics of personality. Behaviour is affected overall by motives, ego involvement, incentives, etc.

Traits of personality

Extraverted Vs. Introverted: Extraverted people are social, friendly and self-confident whereas, **introverted people** are more shy and calm.

Sensing Vs. Intuitive: Sensing personalities are very practical and prefer to follow routine and orders. On the other hand, **intuitive types** of people are not practical and usually rely on unconscious processes.

Thinking Vs. Feeling: Feeling types of people generally take decisions based on their personal values and emotions. **Thinking types of people** are generally more logical and rational.

Judging Vs. Perceiving: Judging types want control and prefer their world to be ordered and structured. **Perceiving types** are more flexible and spontaneous.

Higher and lower score in each of these dimensions help in classifying the individuals into 16 different categories of personality. For example: Introverted/Intuitive/Thinking/Judging (INTJ) type of people are independent, determined, great creative thinkers and have strong drives for their own ideas. Extraverted/Sensing/Thinking/Judging (ESTJs) are logical, rational, analytical good organizers and decision makers.

The Big Five Personality Model

The Big Five Personality Model is a framework which provides **five basic dimensions of personality** viz. Extraversion, Agreeableness, Emotional stability, Conscientiousness and Openness to experience. These five traits are so important and

describe most of the significant variations of personality that they are named as 'The Big Five Model of Personality'.

These traits are discussed as follows:

● **Extraversion:** This dimension of personality describes the comfort level of an individual in terms of their relationships with others. Extroverts are more talkative, social, gregarious, friendly and confident. In opposite to this introverts are reserved, less social and calm.

● **Agreeableness**: This trait refers to an individual's ability to get along with others. Highly agreeable personalities are cooperative and caring. Whereas, people who score low on this dimension tend to be uncooperative, disagreeable and self-centered.

● **Emotional Stability (Neuroticism):** This trait reflects a person's ability to withstand stress. People who are highly emotionally stable tend to be calm, secure and self-confident. On the other hand, people who are emotionally weak tend to be depressed, nervous and insecure.

● **Conscientiousness:** This dimension assesses the reliability score of an individual. Highly conscientious people are more dependable, reliable, systematic and well organized. Whereas, people who have low conscientiousness are irresponsible, less dependable, negligent and unorganized.

● **Openness to Experience**: This dimension measures a person's interests and creativity. Extremely open people are highly creative and are always open to new ideas. Whereas, people who score low on this dimension are less interested or don't respond to new ideas. They generally stick to the conventional ways of doing things.

Researchers and psychologists suggest that most personality tests have recurring themes/dimensions known as "**The Big Five**." **The Big Five** personality dimensions by Robert McCrae and Paul Costa were built upon Lewis Goldberg's five primary personality factors. In their research, they classified traits into five broad dimensions: openness, conscientiousness, extraversion, agreeableness, and neuroticism. You can remember them by using the acronyms **OCEAN.**

Determinants of Personality

The determinants of personality are the various factors and influences that shape an individual's unique pattern of thoughts, emotions, and behaviors. These determinants help explain why individuals differ in their personalities and why they respond differently to various situations. The key determinants of personality include Hereditary factors, Environmental factors, Situational factors, Cultural factors, Social factors, etc.

I. Hereditary Factors

Heredity, also known as genetics, refers to the influence of genetic factors and biological inheritance on an individual's personality. It involves the transmission of traits and characteristics from parents to their offspring. Various aspects are considered regarding heredity when it comes to the study of personality, some of them are:

Genetic Inheritance: The genetic makeup of an individual is a critical determinant of their personality. Specific genes and combinations of genes can predispose individuals to certain traits and behaviours. For example, genes may contribute to temperament, intelligence, and susceptibility to mental health conditions.

Twin and Family Studies: Research on identical and fraternal twins, as well as family studies, has provided substantial evidence for the hereditary basis of personality. These

studies have demonstrated that certain personality traits, such as introversion-extroversion and neuroticism, tend to have a genetic component.

3. Gene-Environment Interplay: It is important to note that genetics interact with environmental factors. Genes can influence how individuals respond to their surroundings and the experiences they encounter. This interaction is known as gene-environment interplay and plays a crucial role in shaping personality.

II. Environmental Factors

Environmental factors encompass the external influences and experiences that individuals encounter throughout their lives. These factors can significantly shape and mould an individual's personality. Here are key aspects of environmental determinants:

1. Family Environment: The family is often the primary socialising agent in a person's life. The way parents raise their children, including their parenting style and family dynamics, can profoundly influence personality development. For example, a nurturing and supportive family environment can foster self-confidence and a positive self-concept.

2. Cultural and Societal Influences: Cultural norms, values, and societal expectations impact how individuals perceive themselves and others. Cultural factors, including cultural values and social norms, shape personality traits and behaviours. For instance, collectivist cultures may emphasize conformity and interdependence, while individualist cultures may promote autonomy and self-expression.

3. Peer Groups and Socialisation: Peer groups, friends, and social interactions outside the family environment play a pivotal role in personality development. Peer influence can shape attitudes, values, and behaviours, particularly during adolescence when peer acceptance is highly valued.

III. Situational Factors

Situational factors refer to the immediate context or circumstances an individual encounters. While personality is generally considered relatively stable, situations can temporarily influence behaviour and expression.

1. Stress and Coping Mechanisms: High-stress situations, such as academic exams, job interviews, or personal crises, can evoke different aspects of an individual's personality. People may exhibit resilience, adaptability, or anxiety depending on the situation and their coping mechanisms.

2. Role and Context: The roles individuals assume in various situations can lead to role-specific behaviors. For example, someone may exhibit assertiveness and leadership traits in a work environment but be more passive in social settings.

3. Mood and Emotional State: An individual's mood and emotional state at a given moment can affect their behaviour and expression. For instance, someone in a cheerful mood may exhibit extroverted traits, while someone feeling anxious may display introverted tendencies.

IV. Cultural Factors

Cultural factors encompass the societal and cultural environment in which an individual is immersed. These factors shape an individual's values, beliefs, and behaviours. Key aspects of cultural factors include:

1. Cultural Values: Each culture has its unique set of values and beliefs that influence an individual's worldview. These values can encompass concepts like collectivism versus individualism, egalitarianism, and the importance of tradition.

2. Social Norms: Cultural norms dictate acceptable behaviour within a specific society or community. These norms impact an individual's choices and actions in various social contexts, including family, work, and social interactions.

V. Social Factors

Social factors encompass the broader societal context and interpersonal relationships that an individual experiences throughout their life. These factors include:

1. Peer Influence: The influence of friends and peer groups can significantly shape an individual's personality, values, and behaviours. Peer pressure, social acceptance, and the desire for social belonging can impact decision-making.

2. Social Support: The quality and nature of an individual's social relationships, including friendships and support networks, have a profound effect on emotional well-being and can influence personality traits like resilience and self-esteem.
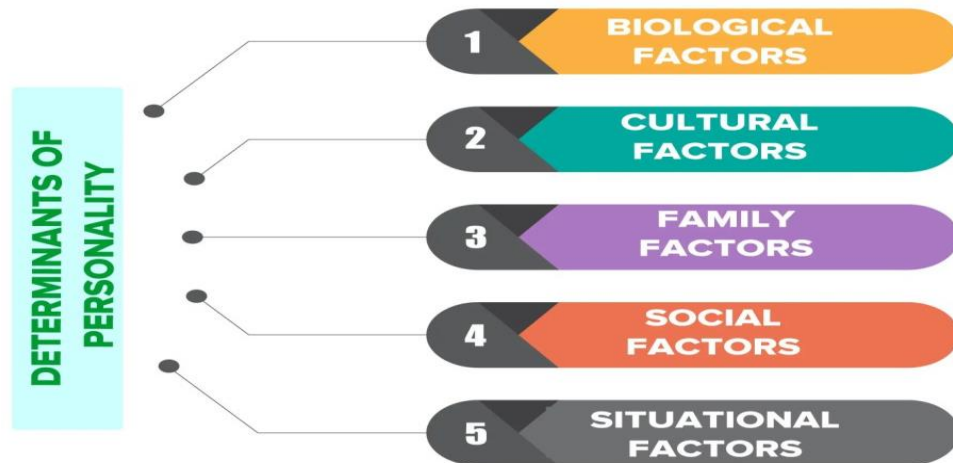
Significance Personality Development
- ❖ Confidence:
- ❖ Credibility:
- ❖ Interaction:
- ❖ Leading and Motivating:
- ❖ Curiosity:
- ❖ Communication skills
- ❖ Interpersonal skills
- ❖ Decision making skills
- ❖ Emotional stability
- ❖ Good etiquettes

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Learning
(Organizational Behavior – Learning)

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

"Learning is a relatively permanent change in behaviour that occurs as a result of prior experience."
"Learning has taken place if an individual behaves, reacts, and responds as a result of experience in a manner different from the way he/she formerly behaved."
"Learning can be defined as relatively permanent change in behaviour potentiality that results from reinforced practice or experience."
"Learning *is any relatively permanent change in behaviour that occurs as a result of experience."*
Stephen P. Robbins

The Nature of Learning/ Characteristics of Learning are:

❖ Learning involves change, although the change can be favorable or unfavorable from organizations' point of view.
❖ Not at all changes can be referred to learning. Learning is the relatively permanent change in the behaviour of an individual. Any temporary change cannot be regarded as learning.
❖ Learning should be reflected in the individual's behaviour. Any change in the beliefs, attitudes or perception of an individual which is not accompanied by the appropriate behaviour is not learning.
❖ Change should occur as the result of some experience, practice or training. This also means that any biological change in the human behaviour due to some disease or physical damage is not learning.
❖ Practice or experience must be reinforced for the learning to take place. If the desired behaviour is not reinforced, it will not be repeated and eventually disappear.
❖ Learning is Purposeful
❖ Learning is a Result of Experience
❖ Learning is Multifaceted
❖ Learning is an Active Process

❖ **Learning is Purposeful**
   Each student sees a learning situation from a different viewpoint. Each student is a unique individual whose past experiences affect readiness to learn and understanding of the requirements involved.
❖ **Learning is a Result of Experience**
   Since learning is an individual process, the instructor cannot do it for the student. The student can learn only from personal experiences; therefore, learning and knowledge cannot exist apart from a person.
❖ **Learning is Multifaceted**
   Learning is multifaceted in still another way. While learning the subject at hand, students may be learn other things as well. They may be developing attitudes about aviation-good or bad-depending on what they experience.
❖ **Learning is an Active Process**
   Students do not soak up knowledge like a sponge absorbs water. The instructor cannot assume that students remember something just because they were in the classroom, shop, or airoplane when the instructor presented the material.

Factors Affecting Learning

Learning is based upon some key factors that decide what changes will be caused by this experience. The key elements or the major factors that affect learning are motivation, practice, environment, and mental group.

Coming back to these factors let us have a look on these factors −

Motivation: The encouragement, the support one gets to complete a task, to achieve a goal is known as motivation. It is a very important aspect of learning as it acts gives us a positive energy to complete a task. Example − The coach motivated the players to win the match.

Practice: We all know that "Practice makes us perfect". In order to be a perfectionist or at least complete the task, it is very important to practice what we have learnt. Example − We can be a programmer only when we execute the codes we have written.

Environment: We learn from our surroundings, we learn from the people around us. They are of two types of environment – internal and external. Example − A child when at home learns from the family which is an internal environment, but when sent to school it is an external environment.

Mental group: It describes our thinking by the group of people we chose to hang out with. In simple words, we make a group of those people with whom we connect. It can be for a social cause where people with the same mentality work in the same direction. Example − A group of readers, travelers, etc.
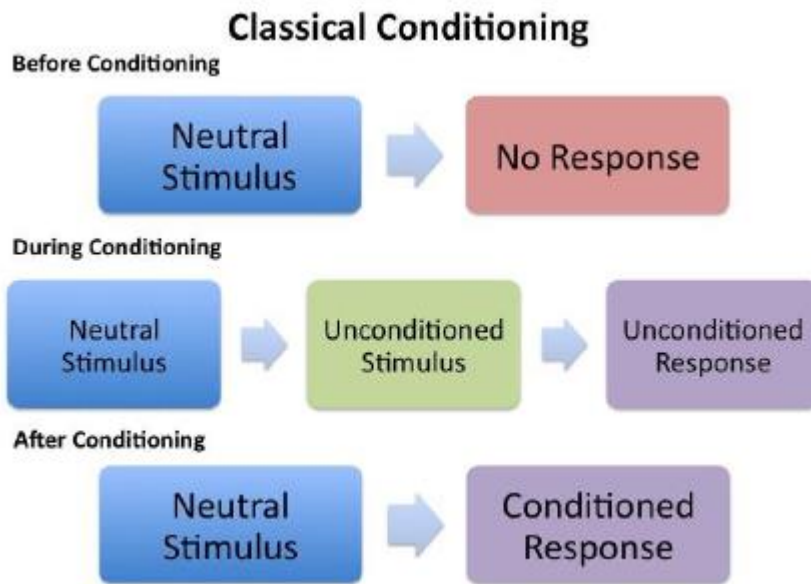
Learning Theories

Learning can be understood clearly with the help of some theories that will explain our behaviour. Some of the remarkable theories are −

- ➢ **Classical Conditioning Theory**
- ➢ **Operant Conditioning Theory**
- ➢ **Social Learning Theory**
- ➢ **Cognitive Learning Theory**

- ✓ **Classical Conditioning Theory**

The classical conditioning occurs when a conditioned stimulus is coupled with an unconditioned stimulus. Usually, the conditioned stimulus (CS) is an impartial stimulus like the sound of a tuning fork, the unconditioned stimulus (US) is biologically effective like the taste of food and the unconditioned response (UR) to the unconditioned stimulus is an unlearned reflex response like salivation or sweating.

After this coupling process is repeated (for example, some learning may already occur after a single coupling), an individual shows a conditioned response (CR) to the conditioned stimulus, when the conditioned stimulus is presented alone. The conditioned response is mostly similar to the unconditioned response, but unlike the unconditioned response, it must be acquired through experience and is nearly impermanent.

Classical Conditioning

Before Conditioning

Neutral Stimulus → No Response

During Conditioning

Neutral Stimulus → Unconditioned Stimulus → Unconditioned Response

After Conditioning

Neutral Stimulus → Conditioned Response

Classical conditioning theory of learning

Classical conditioning is defined as association of one event with another desired event resulting in a behaviour. The most popular experiment on the classical conditioning was conducted by a famous Russian psychologist Ivan Pavlov. Pavlov conducted an experiment on dogs and tried to establish a stimulus-response connection amongst them. Pavlov was honored with a Nobel Prize for his experiment on this subject. In his experiment on dogs, Pavlov made an attempt to relate salivation of dogs with ringing of bell. The amount of saliva secretions were measured with the help of a surgical procedure. In the first stage of experiment, Pavlov presented a piece of meat in front of the dog. The dog secreted increased amount of saliva in response to the meat. This response was unconditional. Then, he withheld the presentation of meat and rang a bell in front of dog at the same time when meat was presented to him. The dog did not exhibit any salivation or we can say that there was no response

In the next stage of the experiment, he started ringing the bell at the same time when meat was presented to him. By doing so he linked meat with ringing of the bell. Thus an association between two stimuli viz. the bell and meat was established. He continued with this process for some time. After some time, he found that the ringing of bell alone elicited the saliva of dog even without presentation of meat. Hence, the bell became conditioned stimulus resulting into conditioned or learned response. The experiment is shown in the following exhibit:

Operant Conditioning Theory

Theory of operant conditioning argues that behaviour is the function of its consequences. B. F. Skinner who practiced the theory of operant conditioning advocated that individuals emit the behaviour which are rewarded and do not emit the behaviour which are not rewarded or punished. In the simple words, it can be said that behaviour is likely to be repeated when the consequences are favorable and is not likely to be repeated when the consequences are not favorable. Therefore, the essence of operant conditioning is the relationship between behaviour and its consequences

Operant conditioning theory is also known as instrumental conditioning. This theory is a learning process in which behaviour is sensitive to, or controlled by its outcomes.

Let's take an example of a child. A child may learn to open a box to get the candy inside, or learn to avoid touching a hot stove. In comparison, the classical conditioning develops a relationship between a stimulus and a behaviour. The example can be further elaborated as the child may learn to salivate at the sight of candy, or to tremble at the sight of an angry parent.

In the 20th century, the study of animal learning was commanded by the analysis of these two sorts of learning, and they are still at the core of behaviour analysis.

Operant Conditioning

	Reinforcement Increase Behavior	Punishment Decrease Behavior
Positive Stimulus (something added)	**Positive Reinforcement** Add something to increase behavior	**Positive Punishment** Add something to decrease behavior
Negative Stimulus (something removed)	**Negative Reinforcement** Remove something to increase behavior	**Negative Punishment** Remove something to decrease behavior

Social Learning Theory

The most popular social learning theory is Bandura's Modelling theory. **This theory emphasizes on the importance of observing and modelling the attitudes, behaviour and emotional reactions of others.** The theory explains that much of what we learn is the result of observing and imitating our role models such as parents, teachers, peers or celebrities. The theory assumes that learning is not only the result of environmental determinism (classical and operant conditioning view) or individualism determinism (cognitive theory) but, it is combination of both. In observational learning, the influence of the role model is the center of learning. According to this theory, the influence of role model on the individual is determined by four processes:

Cognitive Learning Theory

Cognitive theory of learning refers to an individual's knowledge, thoughts and understandings about himself and his environment. This theory assumes that individuals learn the meaning of various objects and events and also the learned responses on the basis of meaning assigned to the stimuli. A cognitive structure is formed in the memory of an individual which preserves and organizes the information about various events that occurred in a learning process.

Cognition defines a person's ideas, thoughts, knowledge, interpretation, understanding about himself and environment.

This theory considers learning as the outcome of deliberate thinking on a problem or situation based upon known facts and responding in an objective and more oriented manner. It perceives that a person learns the meaning of various objects and events and also learns the response depending upon the meaning assigned to the stimuli.

Significance of Learning in OB

- Helps to understand and predict human behavior at work
- Helps to manage diversity
- Helps to maintain TQM
- Helps to adapt changing technology
- Facilities organizational change and development

Group dynamics

Group dynamics: Concept, Nature, types of groups, group formation; Organizational Change: Concept, Need for change, resistance to change; Organizational Development: Nature and Process of Organizational Development.

Group dynamics refers to the attitudinal and behavioral characteristics of a group. Group dynamics concern how groups form, their structure and process, and how they function. Group dynamics are relevant in both formal and informal groups of all types.

Group is basically a collectivity of two or more persons. **Dynamics** comes from Greek word meaning FORCE. Thus, "Group dynamics is concerned with the interactions of forces among group members in a social situation."

Group Dynamics Includes • Group itself • Type of Groups • Stages of Group • Group Structure • Group Sentiments • Changes within the Group • Group Conflicts • Group Norms • Group Unity • Group Action • Group Decision • Group Culture • Group Cohesiveness • Group Communication

Group dynamics deals with the attitudes and behavioral patterns of a group. It can be used as a means for problem-solving, teamwork, and to become more innovative and productive as an organization. The concept of group dynamics will also provide you with the strengths, success factors and measures along with other professional tools.

A group is defined as two or more individuals interacting and interdependent, who have come together to achieve particular objectives.

A group means "two or more people who interact with one another, are psychologically aware of one another, perceive themselves to be members of the group, and work towards a common goal."

Group dynamics studies the nature, formation and reasons for forming the groups. It studies how groups affect the behaviour and attitude of members and the organisation. It is a process by which people interact with each other. If groups are effectively managed, they contribute a lot to organisational goals.

Importance of Group Dynamism
- ❖ Firstly, a group can influence the way the members think. The members are always influenced by the interactions of other members in the group. A group with a good leader performs better as compared to a group with a weak leader.
- ❖ The group can give the effect of synergy, that is, if the group consists of positive thinkers then its output is more than double every time.
- ❖ Group dynamism can furthermore give job satisfaction to the members.
- ❖ The group can also infuse the team spirit among the members.
- ❖ Even the attitude, insights & ideas of members depend on group dynamism. For example, negative thinkers convert to positive thinkers with the help of the facilitator.
- ❖ Also, if the group works as a cohesive group, the cooperation and convergence can result in maximization of productivity
- ❖ Furthermore, group dynamism can reduce labor unrest. Lastly, it reduces labor turnover due to emotional attachment among the group members.

Features of Group

1. It consists of two or more persons who interact with each other.
2. Group members have reciprocal influence on each other. Each member influences and is influenced by others in the group.
3. People develop mutual perceptions and emotions. They perceive and recognise each other as members of the group.
4. Every group has
   - formal leader elected by group members, and
   - Informal leader "who engages in leadership activities but whose right to do so has not been formally recognised by the organisation or group."
5. Each individual performs specific role which influences expectations of group members from each other. Role structure is "the set of defined roles and inter-relationships among those roles that the group or team members define and accept."
6. Every group has group norms. "Norm is a standard of behaviour that the group accepts and expects of its members. It represents standards of work to promote group activity."
7. It maintains stability through group cohesiveness. Members
   - develop liking for each other,
   - develop sense of identification with each other, and remain attached to each other.
8. Members work for common interests and goals.

Why Do People Join Groups?

Security: Joining groups reduces insecurity of "standing alone"
Status: Inclusion in a group viewed important by others provides recognition and status to its members Self-esteem: Groups can provide people with feelings of self worth.
Affiliation: Groups fulfill social needs through regular interaction.
Power: Group actions enable in achieving what one can't individually.
Goal Achievement: Pooling talent, knowledge and power is needed to accomplish particular tasks.

FORMAL GROUP INFORMAL GROUP A designated work group defined by the organization's structure.
INFORMAL GROUP A group that is neither formally structured nor organizationally determined; It appears in response to the need for social contact.

FORMAL GROUPS In formal groups, the behavior that team members should engage in are stipulated by and directed toward organizational goals. The major purpose of formal groups is to perform specific tasks and achieve specific objectives defined by the organization. The most common type of formal work group consists of individuals cooperating under the direction of a leader. **Examples of formal groups are departments, divisions, taskforce, project groups, quality circles, committees, and boards of directors.**
Characteristics of Formal Groups: They are approved from some authority.
There is fixed division of labour Individuals are assigned specific responsibilities.
There are personal interactions between the group members.
Group members are rewarded.
Formal groups can be further classified into: Command Groups Task Groups
Command Groups A group composed of the individuals who report directly to a given manager. It is determined by the organization chart. Membership in the group arises from each employee's position on the organizational chart. Examples of a command group are: an

academic department chairman and the faculty members in that department, Manufacturing Unit, Marketing Unit

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. A task group's boundaries are not limited to its immediate hierarchical superior, it can cross command relationships. Task groups are also commonly referred to as **task forces**. The organization appoints members and assigns the goals and tasks to be accomplished. All command groups are also task groups, but reverse need not be true. Examples of assigned tasks are the development of a new product, the improvement of a production process, or the proposal of a motivational contest. **Other common task groups are ad hoc committees, project groups, and standing committees.**

Informal Groups

Meaning: These groups are not created by managers but spontaneously grow out of interaction amongst members of formal groups. They are created by choice for promoting the group goals. Members even subordinate individual goals to group goals. These groups may oppose or support the formal objectives. They are informal committees not shown on the organisation chart. They form out of common thinking of people. They are temporary and assist top executives on specific matters.

Types of Informal Groups: These are also called 'overlays'. They are classified into five categories by *Pfiffner* and *Sherwood.*

(*i*) **Social overlays:** These groups form because of social needs of people, that is, need to interact.

(*ii*) **Functional overlays:** People of one department assist people of other departments. Workers of production department can go to supervisors of sales department for help. groups formed through inter-departmental interactions are called functional overlays.

(*iii*) **Decision overlays:** Some people excel in decision-making because of their ability to judge, analyse and scan the information. People often approach them from different departments for consultation. This forms decision overlays.

(*iv*)**Power overlays:** Power is different from authority. While authority is *authority of position, power is the authority of individual.* Managers can acquire power through experience, education, and factors like religion, politics, nationality etc. Interaction based on such factors forms power overlays.

(*v*) **Communication overlays:** People using common equipments and machines, recreational halls, canteens, club facilities etc. interact informally and form communication overlays.

Stages in Group Development/Formation

The model of group development was first proposed by *Bruce Tuckman* in 1965. He presented a model of five stages of group development: Forming, Storming, Norming, Performing and Adjourning.

All these phases are necessary and inevitable for the team to grow, face challenges, find solutions, plan work, and deliver results.

A team cannot be expected to perform right when it is formed. Forming a team is just like maintaining a relationship. It takes time, patience, support and efforts to go through recognisable stages as members move from collection of strangers to a united group with common goals.

These stages are explained below:

1. Forming Stage (Orientation)

The first stage of group development is the forming stage. At this stage,the group just starts to come together and is described with anxiety and uncertainty.

A **person's behaviour is driven by his desire to be accepted by other members of the group. Conflict, controversy, misunderstanding and personal opinions are avoided even though members have just begun to form impressions of each other** and understand what the group will do together.

At the forming stage, **members understand group purpose**, determine how the team is going to be organised and who will be responsible for what. **They discuss major phases of group goal** that include rough project schedule, outlining general group rules regarding when they will meet and discover what resources will be available for the group to use.

At this stage, **group members learn what to do, how the group will operate, what is expected, and what is acceptable.**

2. Storming Stage (Power Struggle)

The second stage of group development is the storming stage. At this stage, **disputes and competition are high because members have understand the work and a general feel of belongingness towards the group prevails.**

The **dominating group members emerge**, while less confrontational members stay in their comfort zone.

Issues like leadership, authority, rules, policies, norms, responsibilities, structure, evaluation criteria and reward systems arise during this stage. They help the group move to the next stage.

3. Norming Stage (Cooperation and Integration)

At this stage, it becomes enjoyable for the members to work together. **Group interaction becomes easier, cooperative and productive. There is mutual give and take, open communication, bonding, and mutual respect.**

Disputes or conflicts are comparatively easy to be resolved and the group gets back on track. Though group leadership is important, the facilitator usually steps back a little and lets the group members take initiative to move forward together.

4. Performing Stage (Synergy)

Now the group is clear about its needs. It moves forward to work for the goals for which it is formed. The group becomes really united to perform.

At this stage, the morale of group members is high as they actively acknowledge the talent, skills and experience that each member brings to the group. A sense of belongingness prevails and group remains focused on its purpose and goal.

Members are flexible, interdependent, and trust each other. Leadership is distributive and members willingly adapt to needs of the group.

5. Adjourning Stage (Closure)

This stage of group is usually reached when the task has been successfully completed. The project is close to end and team members look forward to move in different directions.

This stage looks at the well-being of the team rather than handling the team through the original four stages of team growth.

❖ Forming	✓ Little Agreement ✓ Unclear Purpose ✓ Guidance & Direction
❖ Storming	✓ Conflict ✓ Increased clarity of Purpose ✓ Power Struggles
❖ Norming	✓ Agreement & Consensus ✓ Clear Roles and Responsibility ✓ Facilitation

❖ Performing	✓ Clear Vision and Purpose ✓ Focus on Goal Achievement ✓ Delegation
❖ Adjourning	✓ Task Completion ✓ Good feeling about Achievement ✓ Recognition

Organizational change

Organisational change is an essential process that drives meaningful transformations within a company or institution. It involves making significant modifications to various aspects of the organisation, including its structure, culture, processes, systems, strategies, and personnel. The goal is to enhance performance, effectiveness, and adaptability, ensuring the organisation remains competitive in a dynamic business environment.

Organizational change can take many forms. It may involve a change in a company's structure, strategy, policies, procedures, technology, or culture. The change may be planned years in advance or may be forced upon an organization because of a shift in the environment.
Organisational change can be triggered by internal or external factors and is guided by the need to foster growth and success. It encompasses diverse areas such as restructuring, cultural evolution, process optimization, technological advancements, strategic realignment, and people-centric initiatives. Implementing successful Organisational change requires meticulous planning, inspiring leadership, and active engagement from stakeholders.
(Care full)

Concept of Change

- Organisation change may be defined as the adoption of a new idea or a behavior.

- It is the process of altering the existing with new for the betterment.

- Change is generally refer to the innovation. So all innovation involve change but all change do not involve innovation

A process in which a large company or organization changes its working methods or aims, for example in order to develop and deal with new situations or markets." **–Cambridge Dictionary**

The term Change refers to any alternation which occurs in the overall work environment of an organisation. Keith Davis

Nature of Organisational Change
The nature of organisational change is inherently dynamic and multifaceted. It encompasses several key characteristics that define its nature and impact on an organisation some of them are:

1. **Continuous:** Organisational change is an ongoing process rather than a one-time event. It recognises that organisations must continually adapt, evolve, and improve to remain relevant and competitive in a rapidly changing business environment.

2. **Complex:** Organisational change is complex due to the interplay of various factors, such as organisational structure, culture, processes, technology, and human dynamics. It involves multiple stakeholders, intricate relationships, and interconnected elements that require careful consideration and management.

3. **Multidimensional:** Organisational change affects various dimensions of an organisation simultaneously. It can impact the <u>organisational structure</u>, culture, strategy, processes, systems, technology, and even individual roles and responsibilities. Change initiatives often require a holistic approach that considers the interdependencies among these dimensions.

4. **Disruptive:** Change disrupts the status quo within an organisation. It challenges existing routines, practices, and mind-sets. It can create uncertainty, resistance, and discomfort among employees, requiring effective change management strategies to minimise negative impacts and facilitate a smooth transition.

5. **Contextual:** The nature of organisational change is shaped by the unique context of each organisation. Factors such as industry dynamics, market conditions, regulatory requirements, and internal capabilities influence the nature and scope of change initiatives. What works for one organisation may not necessarily work for another.

6. **Strategic:** Organisational change is often driven by strategic considerations. It aligns with the organisation's vision, goals, and long-term objectives. Change initiatives are typically designed to improve performance, enhance competitiveness, foster innovation, capitalise on opportunities, or address challenges that impact the organisation's strategic position.

7. It results from outside and inside forces.

8. A change in any one part of organisation effects the whole organization.

9. It effects all the parts in the organisation but at varying degree of significance and at varying speed.

10. It may effects people, structure, technology, working process, work environment, organisation policy and other elements of organisation.

11. Change is inevitable.

Causes of Organisational Change
Organisational change can be triggered by various factors, both internal and external, some common causes of organisational change are:

1. **External influences:** Changes in the external environment, such as market dynamics, technological advancements, industry regulations, or shifts in customer preferences, can prompt organisations to adapt and change in order to stay competitive.

2. **Competitive pressures:** Intense competition within the industry or the emergence of new market players can drive organisations to implement changes in their strategies, processes, or products to gain a competitive advantage.

3. **Organisational growth or decline:** Significant growth or decline within an organisation can necessitate changes to accommodate the increased scale or to restructure and optimise operations during periods of decline.
4. **Technological advancements:** Rapid advancements in technology can trigger organisational change as organisations adopt new technologies, upgrade systems, or automate processes to improve efficiency, productivity, and competitiveness.
5. **Mergers and acquisitions:** When organisations undergo mergers, acquisitions, or partnerships, changes are often required to integrate operations, align cultures, streamline processes, and realise synergies.
6. **Internal inefficiencies or performance gaps:** Identifying internal inefficiencies, performance gaps, or areas for improvement can drive organisations to implement changes in processes, systems, or structures to enhance performance, productivity, and operational effectiveness.
7. **Leadership and strategic shifts:** Changes in leadership, new strategic directions, or shifts in organisational priorities can lead to changes as organisations align with the new vision, goals, or strategic objectives.

The Change Process

Unfreezing	Moving	Refreezing
1. Identifying the need for change 2. Increase the driving forces 3. Reduce the resisting forces	1. Individual Components 2. Group Components 3. Task Components 4. Structural Components 5. Structural Components	1. Reinforce the new behaviour 2. Find 'fits' between organisational components 2. Maintain 'fits' between the Components
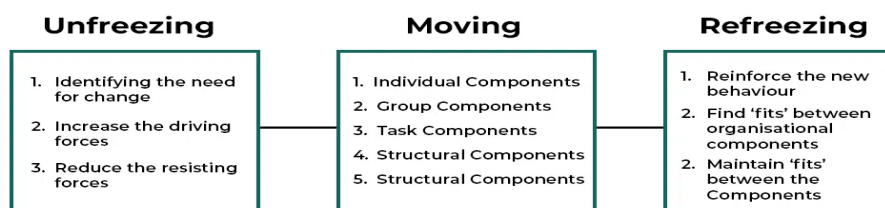
Organisational change is a structured process that involves several stages to successfully implement and manage change initiatives. While the specific process may vary across organisations, the following steps provide a general framework:

1. **Recognising the need for change:** The first step is to identify the necessity for change by closely examining internal assessments, employee feedback, market trends, and shifts in the business environment. It is crucial to gain a clear understanding of the drivers and reasons behind the change.
2. **Planning:** This stage focuses on creating a well-thought-out change plan. It involves setting clear goals and objectives, defining the scope and scale of the change, and developing a roadmap that outlines the activities, timeline and required resources.
3. **Communicating and engaging stakeholders:** Effective communication is essential to gain support and create buy-in for the change. Stakeholders, including employees, leaders, customers, and external partners, should be informed about the change, its purpose, and the potential benefits. Engaging stakeholders in the change process fosters collaboration, addresses concerns, and cultivates a sense of shared ownership.
4. **Assessing and managing risks:** A comprehensive assessment of potential risks and challenges associated with the change is crucial. This involves identifying obstacles, potential resistance, and unintended consequences. Risk mitigation strategies and contingency plans should be developed to address these challenges and minimise disruptions.
5. **Implementing the change:** This stage focuses on putting the change plan into action. Activities outlined in the plan, such as process restructuring, technology adoption, or

organisational adjustments, are executed with careful project management, resource allocation, and coordination.

6. **Monitoring and evaluating progress:** Regular monitoring and evaluation are vital to track progress, identify any deviations or obstacles, and make necessary adjustments. <u>Key performance indicators (KPIs)</u> and metrics are established to assess the effectiveness and impact of the change. Gathering feedback from employees and stakeholders helps inform ongoing improvements.

7. **Reinforcing and sustaining the change:** Once the change has been implemented, efforts are made to reinforce and embed the new practices, behaviours, and processes into the organisational culture. This may involve providing training, support, and recognition to ensure that the change becomes deeply rooted. Continuous reinforcement and a focus on learning contribute to long-term sustainability.

The Change Process: Kurt Lewin's Model

Kurt Lewin's model of planned change outlines three stages that organisations go through when implementing change. Stages are explained below:

1. Unfreezing

The first stage is known as "*unfreezing*," which involves breaking away from established practices and preparing individuals to embrace new alternatives. During this stage, outdated beliefs, processes, and behaviours are discarded in favour of more suitable approaches for the current situation. The goal is to help organisational members understand that the status quo is no longer viable given the evolving demands of the environment.

Unfreezing involves several steps:

1. **Recognising the Driving Forces:** Managers must develop a keen awareness of major environmental changes and internal issues that necessitate change. By understanding the pressures for change, they can effectively identify the need for transformation.

2. **Increasing the Driving Forces:** Once the need for change is recognised, it is essential to communicate this need to the people involved. By explaining the reasons behind the change, individuals are more likely to embrace it willingly.

3. **Managing the Resisting Forces:** Resistance to change often arises when individuals perceive potential harm or negative impact on their interests. It is crucial to address these concerns and fears by highlighting the benefits of the proposed changes and alleviating any misconceptions.

To achieve unfreezing, various techniques can be employed, such as:

- **Education:** Providing information and knowledge regarding the need for change and its advantages.

- **Communication:** Engaging in open discussions to clarify the rationale behind the change and address any uncertainties.

- **Participation in decision-making:** Involving employees in the change process by encouraging their input and ideas.

- **Negotiation through the exchange of rewards:** Offering incentives or rewards to motivate acceptance of the change.

- **Persuasion:** Shaping perceptions and attitudes through effective communication and influence strategies.

- **Encouragement and Support:** Providing the necessary resources and assistance to facilitate the transition.

These techniques aim to either strengthen the driving forces that propel behaviour away from the status quo or weaken the restraining forces that hinder progress. By unfreezing existing mindsets and behaviours, organisations can create a receptive environment for change and lay the foundation for subsequent stages of the change process.

2. Changing or Moving

Once individuals embrace the need for change, the proposed changes are introduced systematically, fostering new learning and the adoption of new <u>behaviours</u>. This moving phase encompasses key elements that facilitate a successful transition:

- **Encouraging Compliance:** In some cases, change may be enforced through incentives or consequences. However, true transformation requires more than compliance; it requires internalisation and identification.
- **Internalisation:** Change becomes meaningful when individuals experience situations that call for new behaviours. Through first-hand encounters, they begin to understand the importance of change and gradually internalise new ways of behaving.
- **Identification:** Individuals also identify suitable behavioural models within their environment. They recognise role models whose actions align with the desired change and choose to emulate them.

During the implementation of change, unexpected challenges may arise, requiring effective problem-solving. This period is marked by experimentation, ambiguity, and the need for careful guidance.

To navigate this phase successfully, we should consider the following approaches:

1. **Transparent Communication:** Communicate the purpose, benefits, and expected outcomes of the change to all members. This ensures a shared understanding and aligns efforts toward a common goal.
2. **Supportive Training and Resources:** Provide comprehensive training programs and resources to help individuals acquire the skills and competencies needed for new behaviours. Offer guidance and assistance to address any challenges that emerge along the way.
3. **Continuous Feedback and Improvement:** Establish feedback channels to gather insights and suggestions from employees. This enables ongoing refinement of the change implementation strategy based on real-time input, fostering a sense of ownership and engagement.
4. **Foster Adaptability:** Cultivate a culture of adaptability and openness to change. Encourage individuals to embrace new alternatives and behaviours, creating an environment that supports growth and development.
5. **Leadership Guidance:** Effective leadership plays a vital role in guiding organisational members through the change process. Leaders should provide clear direction, and support, and serve as role models for the desired behaviours, inspiring others to embrace the change.

By providing careful guidance and support, organisations can navigate the implementation of change effectively. This enables individuals to successfully transition and adopt the new behaviours and alternatives introduced, ultimately driving positive outcomes for the organisation.

3. Refreezing

The final phase of the change process is refreezing, where the changes implemented during the moving phase become ingrained as a permanent part of the organisation's culture. During this phase, members of the organisation internalise the new beliefs, attitudes, and behaviours they have learned. It is the responsibility of the manager, acting as the change agent, to ensure the effective integration of these new behaviours with existing patterns. Without proper internalisation, there is a risk of individuals reverting to old ways of doing things.

We should consider the following approaches during the refreezing phase:

1. **Integration and Alignment:** Ensure that the new behaviours, beliefs, and attitudes align with the overall organisational goals and values. Seamlessly integrate them into existing systems and processes to foster consistency and coherence.

2. **Ongoing Support:** Provide continuous support and resources to reinforce newly acquired behaviours. This may include training, coaching, and mentoring to assist individuals in adapting to the changes. Supportive leadership and a positive organisational climate are critical in maintaining the desired behaviours.
3. **Celebrate Success:** Recognise and celebrate accomplishments related to the change implementation. This helps reinforce positive outcomes and motivates individuals to continue embracing new behaviours.
4. **Feedback and Evaluation:** Establish feedback mechanisms to monitor the effectiveness of the change and gather insights for improvement. Regular evaluation ensures the sustained adoption of desired behaviours and allows for further refinement, if necessary.
5. **Foster an Organisational Culture:** Cultivate a culture that values and supports the desired behaviours. This involves aligning performance management systems, rewards, and recognition programs to reinforce the change and encourage its continuation.

By prioritising internalisation and maintaining a supportive environment, organisations can successfully solidify the changes and embed them within the organisation's core. This provides a strong foundation for long-term success and enables the organisation to adapt effectively to future challenges and opportunities.
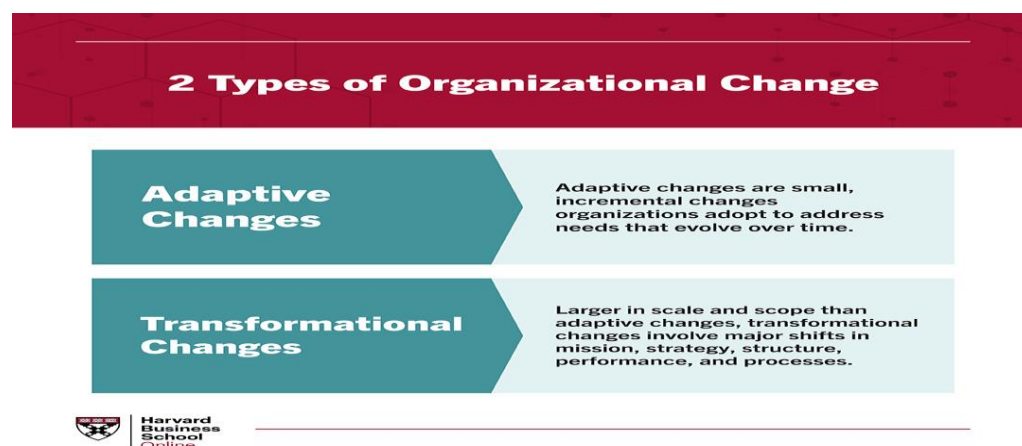
Levels of Change

Individual Level Change: For example, change in job assignment, physical move to different location, change in attitude and personality of person. Significant changes at individual level have its repercussions on the group to which individual belongs and further to the organisation.

Group -Level Change: For example, change in work flow, work design, communication pattern. Group has powerful influence on Individual. Informal group and formal group may resist for change. Effective implementation of change at the group level can overcome resistance at the individual level.

Organisation-Level Change: For example Change in goals and strategies, entry to new business, change in management, Joint venture, merger. These big changes in the organisation are required to adapt to environmental changes.

Types of Organizational Change

Different types of organizational change require different strategies. Everything from implementation to communication must be tailored to the type of change to be made.

01	STRATEGIC CHANGE	Includes changes to the business's policies, structure, or processes
02	PEOPLE-CENTRIC CHANGE	Includes instituting new parental leave policies or bringing in new hires
03	STRUCTURAL CHANGE	Includes shifts in management hierarchy, teams, responsibilities of different departments, chain of command, job structure.
04	TECHNOLOGICAL CHANGE	Involves introducing new software or system to improve business processes
05	UNPLANNED CHANGE	A necessary action following unexpected events
06	REMEDIAL CHANGE	Occurs when a problem is identified, and a solution needs to be implemented

whatfix

Here are some benefits of organisational change for employees:
- ❖ More opportunity for skill growth
- ❖ Diversification of demographics and tasks
- ❖ Improved communication
- ❖ Increased opportunity for employee input and participation
- ❖ More scope for innovation
- ❖ Opportunities for new roles and promotions

Here are some benefits of organisational change for a company:
- ❖ New business opportunities
- ❖ Improved employee efficiency
- ❖ Better management styles
- ❖ Enhanced market relevance
- ❖ Better staff morale
- ❖ More cohesive vision and values
- ❖ Higher functioning teams
- ❖ Improved processes

Resistance to change

Resistance to change is the reluctance of people to adapt to change. Employees can be overt or covert about their unwillingness to adapt to organizational changes. This opposition can range from expressing their resistance publicly to unknowingly resisting change through micro-resistance, language, or general actions.

- People generally find it convenient to continue doing something as they have always been doing. Making them learn something new is difficult.

- Changes always bring about alterations in a person's duties, powers, and influence. Hence, the people to whom such changes will affect negatively will always resist.

- People who are adamant on maintaining customs instead of taking risks and doing new things will always resist changes. This can happen either due to their insecurities or lack of creativity and will.

Common Reasons for Organizational Change Resistance

- ❖ **Mistrust and lack of confidence**
- ❖ **Emotional responses**
- ❖ **Lack of training and help resources**
- ❖ **Fear of failure**
- ❖ **Poor change communication**
- ❖ **Unrealistic timelines**
- ❖ **Existing organizational culture and norms**

Types of Resistance to Change

Resistance to change may be of the following three types:

a) Logical resistance: This kind of resistance basically arises from the time people genuinely take to adapt and adjust to changes. For example, when computers became common, accountants had to shift from accounting on paper to digital accounting. This naturally takes time to adapt to.

b) Psychological resistance: Under this category, the resistance occurs purely due to mental and psychological factors. Individuals often resist changes for reasons like fear of the unknown, less tolerance to change, dislike towards the management, etc.

c) Sociological resistance: This resistance relates not to individuals but rather to the common values and customs of groups. Individuals may be willing to change but will not due to peer pressure from the group they are members of. For example, if a workers' union protests against new management policies, all workers face pressure to protest together.

Overcoming Resistance

While change will almost always face resistance, it is certainly possible to overcome it. Managers must strive to help their employees adjust to changes and facilitate new variations in functioning.

Firstly, managers must be able to convince workers that the changes they are proposing are necessary. They should show how the workers and the organization itself will benefit from these changes.

Secondly, the management can keep the following considerations in mind to implement changes smoothly:

- ✓ Changes should not happen in one go because it is easier to implement them in stages.
- ✓ Changes should never cause security problems for the workers.
- ✓ Managers must consider the opinions of all employees on whom the proposed change will have an effect.
- ✓ If managers portray leadership by first adapting to the changes themselves, employees are less likely to resist.
- ✓ Sufficient prior training of employees can help them accept changes with confidence.

Organization development

Organization development involves an ongoing, systematic, long-range process of driving organizational effectiveness, solving problems, and improving organizational performance. It is also one of the capabilities identified in the Talent Development Capability Model.

Organization development (OD) is an effort that focuses on improving an organization's capability through the alignment of strategy, structure, people, rewards, metrics, and management processes. It is a science-backed, interdisciplinary field rooted in psychology, culture, innovation, social sciences, adult education, human resource management, change management, organization behavior, and research analysis and design, among others. Organizational development is a planned, it differs from everyday operations and workflow improvements in that it follows a specific protocol that management communicates clearly to all employees.

Importance of OD

Ongoing improvement. Changing company culture to view new strategies as a positive growth opportunity allows for ongoing improvement and encourages employees to become more open to change and new ideas. New strategies are introduced systematically through planning, implementation, evaluation, improvement, and monitoring.

Better or increased communication. Organizational development that leads to increased feedback and interaction in the organization aligns employees with the company's vision. Employees feel that they have more ownership in the company's mission and may be more motivated as a result.

Employee development. In today's business world, employees must constantly adapt to changing products, platforms, and environments. Employee development comprises training and work process improvements that help everyone keep up with shifting demands.

Product and service improvement. Organizational development leads to innovation, which can help improve products and services. This innovation often comes as the result of intensive market research and analysis.

Increased profit. Organizational development helps increase profits by optimizing communication, employee processes, and products or services. Each serves to increase a company's bottom line.

Features of Organisation Development

Organizational Development (OD) is a management practice that helps organizations improve their performance and adapt to changes in their environment. Some of the key features of OD include:

Collaborative approach: It involves working together with employees, managers, and other stakeholders to identify problems, develop solutions, and implement changes. This ensures that everyone has a voice in the change process and is committed to making it a success.

Focus on people and processes: OD recognizes that organizations are made up of people and that processes and systems should support and empower them. This means that management practices should be designed to support employees, rather than the other way around.

Systemic perspective: It takes a systemic perspective that views organizations as complex systems. Changes in one area can have far-reaching effects throughout the organization. So, it is essential to consider the broader impacts of changes before implementing them.

Continuous improvement: OD emphasizes that change is an ongoing process, rather than a one-time event. Organizations should continually assess and improve their processes, systems, and practices to stay ahead of the curve.

Data-driven: Its interventions are based on objective data and analysis, rather than assumptions or personal biases. This ensures that changes are evidence-based and have a higher likelihood of success.

Participatory: OD encourages everyone in the organization to take an active role in the change process. By involving all stakeholders, there is greater ownership and commitment to making change happen.

Empowering: It empowers employees and builds their capacity to take on new challenges and opportunities. This means that management practices should enable employees to take more responsibility and make decisions that benefit the organization.

Objectives of Organisation Development

The objectives of Organisational Development (OD) are focused on improving the overall effectiveness of an organisation. These are some of the key objectives of OD:

Enhancing organizational performance: It interventions aim to improve the performance of an organization by enhancing productivity, quality, and efficiency. This can help organizations achieve their goals more effectively and efficiently.

Encouraging collaboration: OD interventions encourage teamwork and collaboration among employees, managers, and stakeholders. This can lead to better communication, problem-solving, and decision-making, which can improve the organization's overall effectiveness.

Developing leadership capabilities: It interventions can help develop the leadership capabilities of managers and leaders within the organization. By improving their leadership skills, managers and leaders can better motivate, engage, and lead their teams to achieve organizational goals.

Improving organizational culture: OD interventions aim to improve the organizational culture by creating a more positive work environment that fosters innovation, creativity, and continuous learning. This can enhance employee engagement, job satisfaction, and retention.

Building change management capabilities: OD interventions can help organizations build their change management capabilities so that they can adapt quickly to changing circumstances. This can help organizations stay ahead of the curve and respond effectively to market trends and customer needs.

Enhancing employee development and growth: OD interventions can help employees develop new skills, knowledge, and abilities that enhance their performance and career growth within the organization. This can lead to greater employee satisfaction, engagement, and retention.

The Process of Organizational Development

The organizational development process is a systematic, research-based series of steps. Common implementation steps include the following:

Identifying an area of improvement. Organizational change begins with identifying a need that aligns with business goals. Companies often know that need right away, but they may consider a data-driven approach to identify problems through formal surveys and feedback. This approach allows for a more thorough understanding of the area for improvement. Companies should ask themselves what they want to change, and why that change is necessary.

Investigating the problem. Once the area for improvement is identified, companies conduct an investigation to learn why the problem exists, what the barriers to improvement are, and what solutions have previously been attempted. This step can also include surveys or focus groups and individual consultations.

Creating an action plan. The company then creates a plan with allocated resources and clearly defined employee roles. This plan will include specific support for individuals involved and identify a measurable goal. During this step, companies should think about how they'll communicate changes to staff and manage feedback.

Creating motivation and a vision. Once the company has clearly defined and communicated a plan, its leaders must motivate their employees to share in a vision. This step involves leaders acting as enthusiastic role models while helping employees understand the plan's big-picture goals and desired impact.

Implementing. While stability is necessary during implementation, supporting employees during the transition with mentoring, training, and coaching is equally important. When thinking about such support, management should consider what new skills employees will need and what delivery methods will be most effective. Ongoing feedback and communication can help make the change process easier.

Evaluating initial results. Once the company has implemented a plan, its leaders may create space for shared reflection, asking themselves and their employees if the change effectively met the business goals. They'll also evaluate the change management process and consider what could be done differently. This step can't be overlooked; if the company doesn't evaluate the changes, it won't know whether interventions have been effective.

Adapting or continuing. Depending on the evaluation of the initial results, the company may choose to adapt its plan. If the results show success, it may continue with the current plan to keep improving.

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