

**LECTURE NOTES**  
**ON**  
**MANAGEMENT AND ORGANIZATIONAL  
BEHAVIOUR**  
**MBA I YEAR I SEMESTER**  
**(JNTUA-R15)**

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**(14E00101) MANAGEMENT & ORGANIZATIONAL BEHAVIOUR**

Objective of the course is to give a basic perspective of Management theories and Practices. This will form foundation to study other functional areas of management and to Provide the students with the conceptual framework and the theories underlying Organizational Behavior.

**1. Role of Management** – Concept – Significance – Functions – principles of Management - Patterns of Management: Scientific – Behavioral – Systems – Contingency

**2. Decision Making & Controlling** – Process – Techniques. Planning – Process – Problems — Making It Effective. Controlling - System of Controlling – Controlling Techniques – Making Controlling Effective

**3. Organizational Behavior** – Introduction to OB – Organizing Process – Departmentation Types – Making Organizing Effective - Understanding Individual Behavior – Perception – Learning – Personality Types – Johor window- Transactional Analysis

**4. Group Dynamics & Motivation** – Benefits of Groups – Types of Groups – Group Formation and Development, Motivation – Concept of Motivation - Motivational Theories of Maslow, Herzberg, David Mc Clelland, and Porter and Lawler

**5. Leadership and Organizational Culture and Climate: Leadership** – Traits Theory – Managerial Grid – Transactional Vs Transformational Leadership – Qualities of good Leader,

Change Management – Conflict Management

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# UNIT-I

## MANAGEMENT AND ORGANISATIONAL BEHAVIOUR

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

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

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

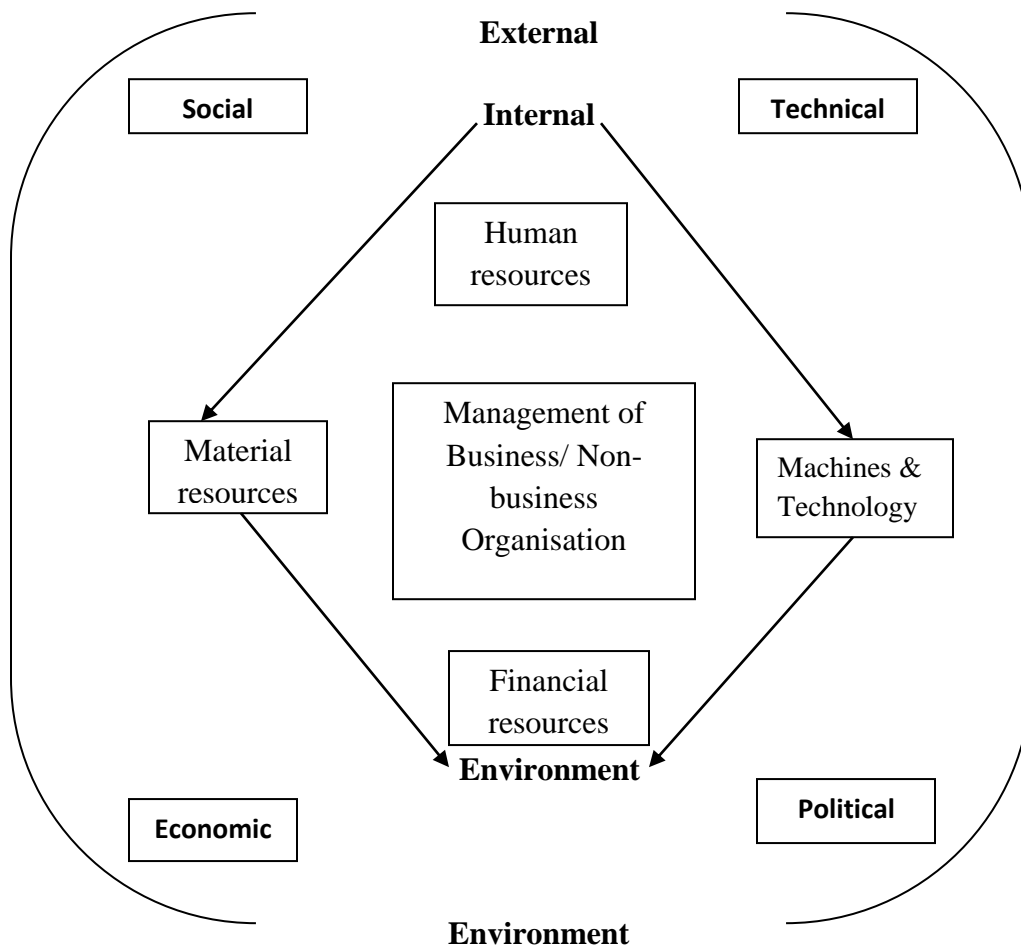
**John A. Pearce and Richard B. Robinson** included all kinds of resources in their definition on management. According to them, “Management is the process of optimizing human, material and financial contribution for the achievement of organizational goals.”

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

- The purpose of management is to formulate effective (right) organizational strategies and to achieve them efficiently (productively) based on the missions objectives and goals.
- Management deals with both internal and external environment.
- Management is concerned with all kinds of resources viz., human, financial, material machines, technology and technical know- how.
- Management functions include: planning, organizing, directing and controlling.
- Managers should possess varied skills in order to play a variety of roles.
- It applies to managers at all levels in an organization.

- Management is applicable to all kind of organizations i.e., both profit and non- profit oriented organizations.
- Management vs. Administration.
- Management is an art and a science in order to create a surplus.
- Management need to be a profession to achieve goals continuously with an incremental efficiency.

**Management deals with internal and external environment**

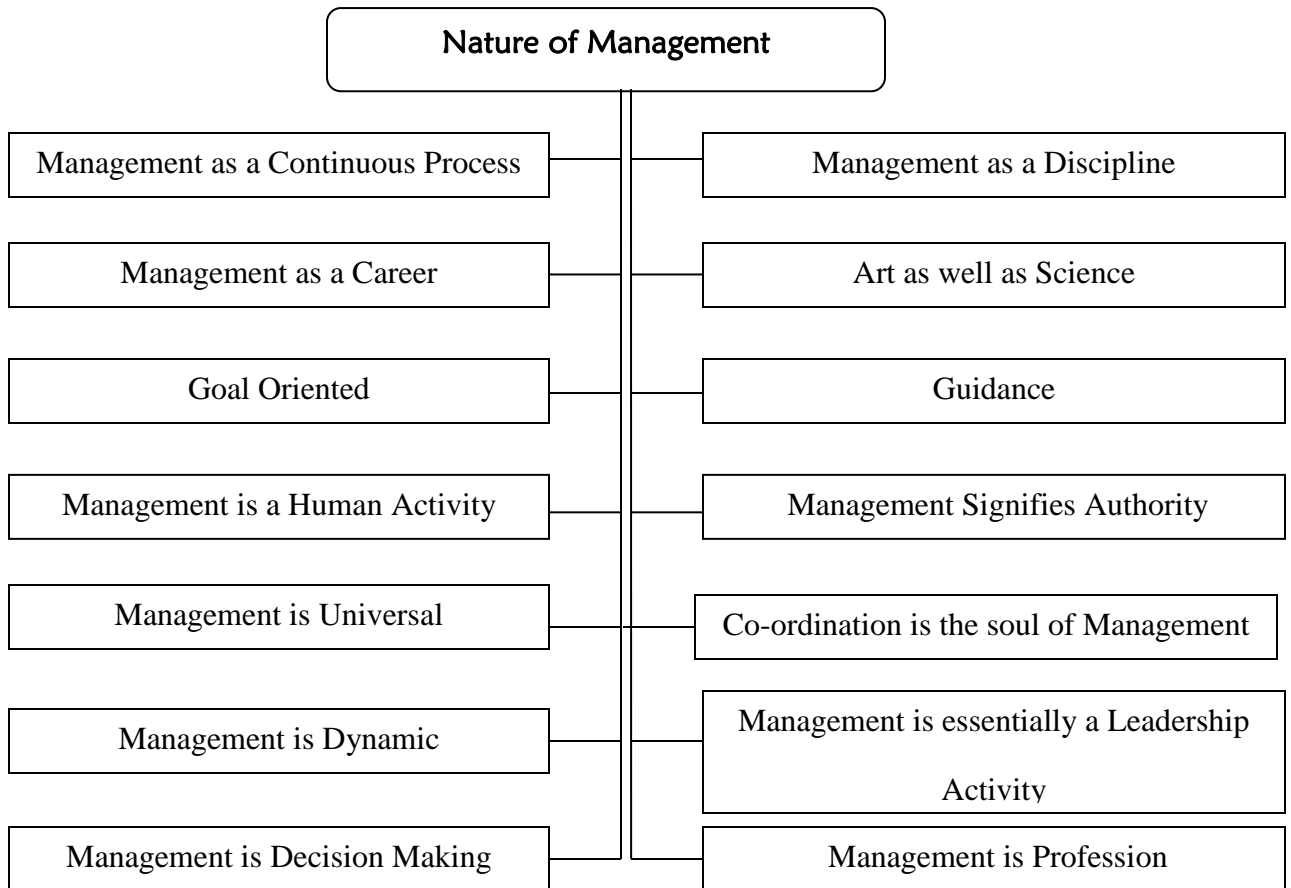


**Management: A Science or an art?** We should know what is science and what is a before discussing whether management is a science or an art?

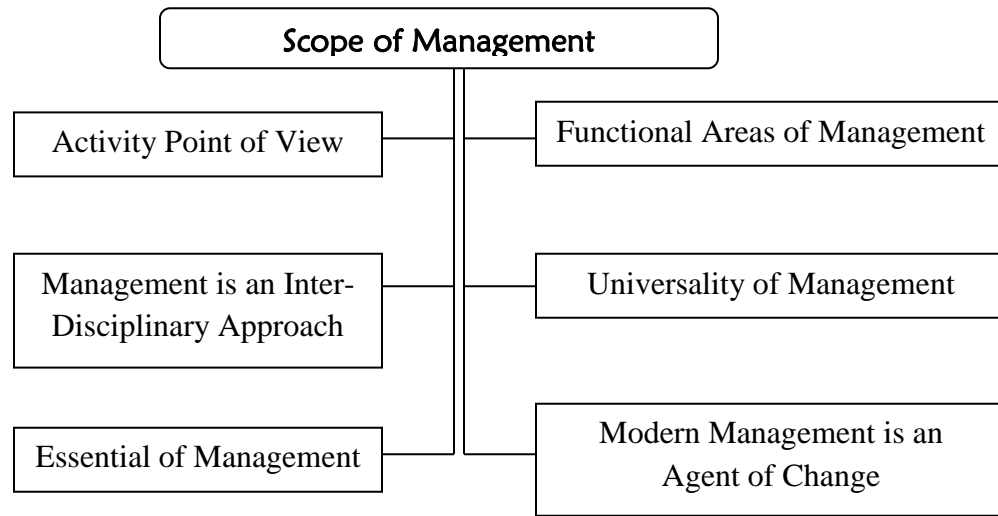
**What is science?** Science is a body of knowledge developed systematically, based on observation, measurement, and experimentation and drawing inferences based on data. The knowledge can be verified through cause- effect relationship. The knowledge provides principles, theory and laws. Management satisfies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

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

**Nature of Management**



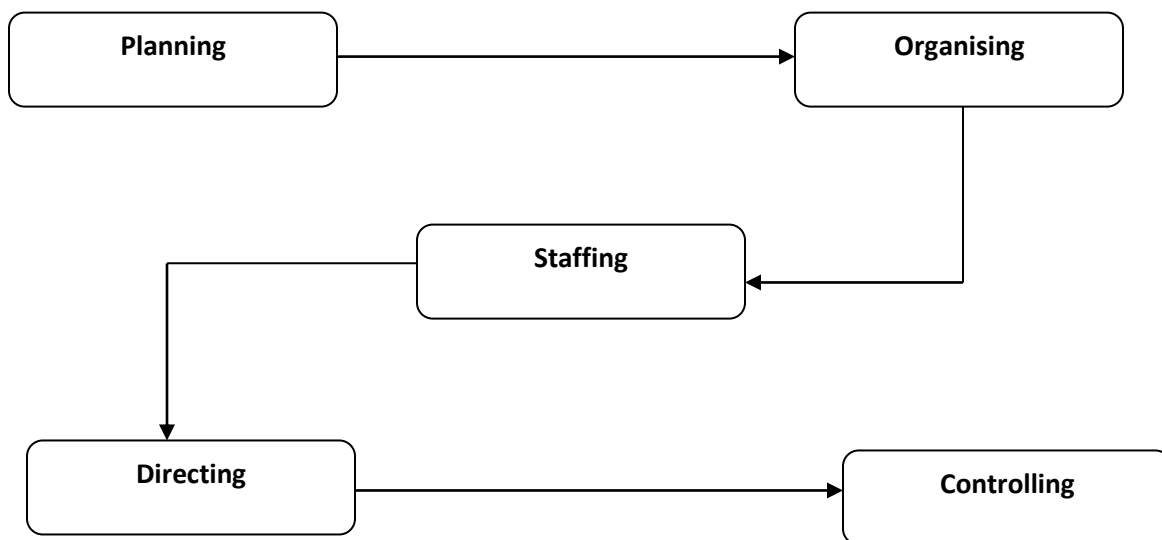
## Scope of Management



## Functions of management

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

## The management process:



**Planning:**

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

**Organizing:**

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

**Staffing:**

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

**Directing:**

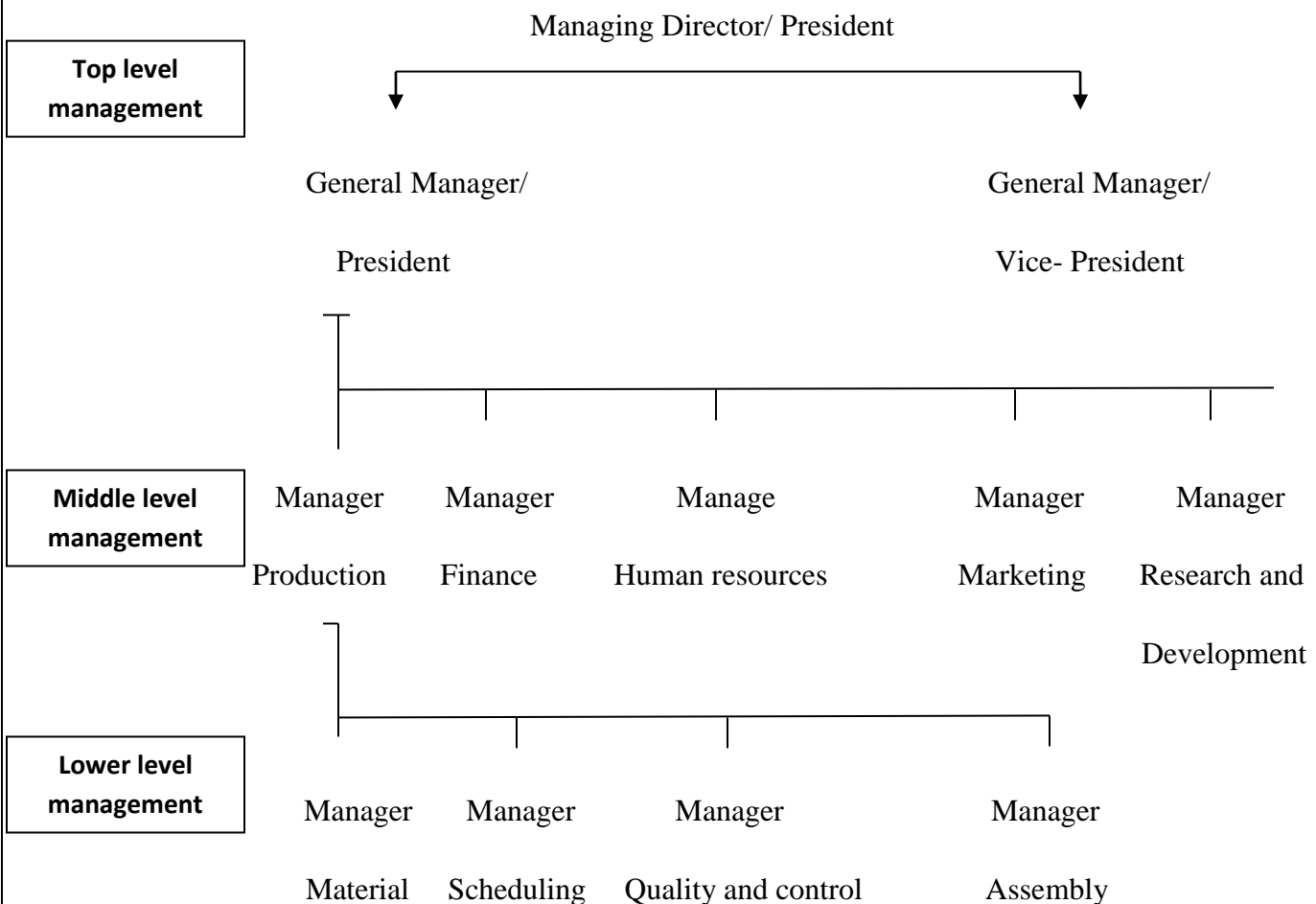
- The important function of management at any level is directing the people by motivating, commanding, leading and activating them.
- The willing and effective cooperation of employees for the attainment of organizational goals is possible through direction.
- Tapping the maximum potentialities of the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



## Controlling:

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

## Management levels



**Top level managements:-** Top level management are the senior level executives of the company including the Managing director or President Vice- Presidents, General managers, Chief managers of company, ect. Top level management particularly the managing director or President of the company is responsible for the overall management and performance of the company. Top level management formulates objectives, policies and corporate level strategies of the company.

**Middle level managers:** - Middle level managers are responsible for coordination of the activities of various departments. Middle managers include managers of various departments, marketing, finance, human resource and research and development departments. These managers are responsible for the success or failure of their departments. Middle level managers formulate the objectives, goals and strategies of their departments based on those of the organisation.

**Lower level managers:** - Lower level managers are responsible for the work of the operating staff working with them. Lower level managers are also called first- Line or First- Line or junior managers. They direct, lead, motivate and coordinate the activities of the operating employees. These managers mostly supervise the operating perform their work. As such, the lower level managers are also called ‘Supervisors’.

### **Principles of management: -**

**Henry Fayol** started his career as a mining engineer in 1860 in a collier company in France. In 1866, he was appointed as the manager of the collieries and remained in this position for 22 years. In 1888, when the company’s financial position was critical, he was appointed as the General Manager.

Fayol felt that the activities of business could be dividing into six groups.

(1). Technical (2). Commercial (3). Financial

(4). Security (5). Accounting (6). Managerial

**Fayol's principles of management:** - In addition, Fayol listed out fourteen principles of management. They are:

1. **Division of labour:** - The more people specialize, the more efficiently they can perform their work. This principle is epitomized by the modern assembly line.
2. **Authority:** - Managers must give orders so that they can get things done. While their formal authority gives them the right to command, managers will not always compel obedience unless they have personal authority (such as relevant expertise) as well.
3. **Discipline:** - Members in an organization need to respect the rules and agreements that govern the organization. To Fayol, discipline results from good leadership at all levels of the organization, fair agreements.
4. **Unity of command:** - Each employee must receive instructions from only one person. Fayol believed that when an employee reported to more than one manager, conflicts in instructions and confusion of authority would ultimately result.
5. **Unity of direction:** - Those operations within the organization that have the same objective should be directed by only one manager using one plan.
6. **Subordination of individual interest to the common goal:** - In any undertaking, the interests of employees should not take precedence over the interests of the organization. As a whole.
7. **Remuneration:** - Compensation for work done should be fair to both employees and employers.
8. **Centralization:** - Decreasing the role of subordinates in decision making is centralization, increasing their roles is decentralization.
9. **The hierarchy:** - The lines of authority in an organization are often represented today by the neat boxes and lines of the organization chart that runs in order of rank from the top management to the lowest level of the enterprise.
10. **Order:** - Materials and people should be in the right place at the right time. People in particular, should be in the jobs or positions in which they are most suited.
11. **Equity:** - Manager should be both friendly and fair to their subordinates.

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

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

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

### **Taylor's scientific management**

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

“Scientific management is concerned with knowing exactly what you want men to do and then see in that they do it in the best and cheapest way”.

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

- 1. Separation of planning and doing:** - Taylor emphasized the separation of planning aspect from actual doing of the work. Before Taylor's scientific management, a work used to plan about how he had to work and what instruments were necessary for that. The worker was put under the supervision of a supervisor commonly known as gang boss.
- 2. Functional foremanship:** - Separation of planning from doing resulted into development of supervision system which could take planning work adequately besides keeping supervisions on workers.
- 3. Job analysis:** - Job analysis is undertaken to find out the one best way of doing the thing. The best way of doing a job is one which requires the least movements, consequently less time and cost. The best way of doing the thing can be determined by taking up time-motion fatigue studies.
- 4. Standardization:-** As far as possible, standardization should be maintained in respect of instruments and tools, period of work, amount of work, work conditions, cost of production etc.

5. **Scientific selection & Training of workers:** - Taylor has suggested that workers should be selected on scientific basis taking into account their education, work experience, aptitude, physical strength.
6. **Financial incentives:** - Financial incentives can motivate workers to put in their maximum efforts. If provisions exist to earn higher wages by putting in extra effort, workers will be motivated to earn more.
7. **Economy:** - While applying scientific management, not only scientific & technical aspects should be considered but adequate consideration should be given to economy & profit. For this purpose, techniques of cost estimates and control should be adopted.
8. **Mental revolution:** - scientific management depends on the mutual co-operation between management and workers. For this co-operation, there should be mental change in both parties from conflict to co-operation.

### **Principles of scientific management**

1. **Science, but not rule of the thumb:** - Scientific management organized knowledge should be applied which will replace rule of thumb. While the use of scientific method denotes precision in determining any aspect of work.
2. **Group harmony:** - Group harmony suggests that there should be mutual given and takes situation and proper understanding so that group as a whole contributes to the maximum.
3. **Cooperation:** - scientific management involves achieving co-operation rather than chaotic individualism. Scientific management is based on mutual confidence, co-operation and good will. Co-operation between management and workers can be developed through mutual understanding and a change in thinking.
4. **Maximum output:** - Scientific management involves continuous increase in production and productivity instead of restricted production either by management or by worker.
5. **Development of workers:** - In scientific management, all workers should be developed to the fullest extent possible for their own and for the company's prosperity.

## Systems Approach to Management

A system is a set of interrelated but separate parts working towards

a common purpose. The arrangement of elements must be orderly and there must be proper communication facilitating interaction between the elements and finally this interaction should lead to achieve a common goal.

### **Key concepts of Systems Approach**

- 1. Subsystem:** - Systems are those parts which make up the whole system. Each system in turn may be a subsystem of a still larger system. Thus, a department is a subsystem of a factory, which is a subsystem of a firm, which is a subsystem of industry.
- 2. Synergy:** - Synergy is a situation in which the whole is greater than the sum of its parts. In organizational terms, synergy means those departments that interact co-operatively are more productivity than they would be.
- 3. Open system:** - It is a system that interacts with its environment. All organizations interact with their environment, but the extent to which they do so varies.
- 4. Closed system:** - It is a system that does not interact with its environment.
- 5. System boundary:** - It is the boundary that separates each system from its environment. It is rigid in a closed system while flexible in an open system.

**Flows:** - A System has flows of information, materials, and energy. These enter the system from the environment as in puts [Like raw materials].

# UNIT-2

## **Decision making process**

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

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

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

The analyses of these definitions present the following facts.

- Identify the purpose or goal, based on which decision has to be made.
- Analyse the set of circumstances, conditions or ground realities which set the norms for decision- making.
- Decision – making is a process of identifying the issues, collecting information and data, analyze the, and generate or develop necessary inputs for developing alternative solutions.
- Develop alternative solutions to solve the problem or ways to deal with the situation.
- Evaluate the alternative solutions and choose the best solution.
- Implement the selected solution.

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

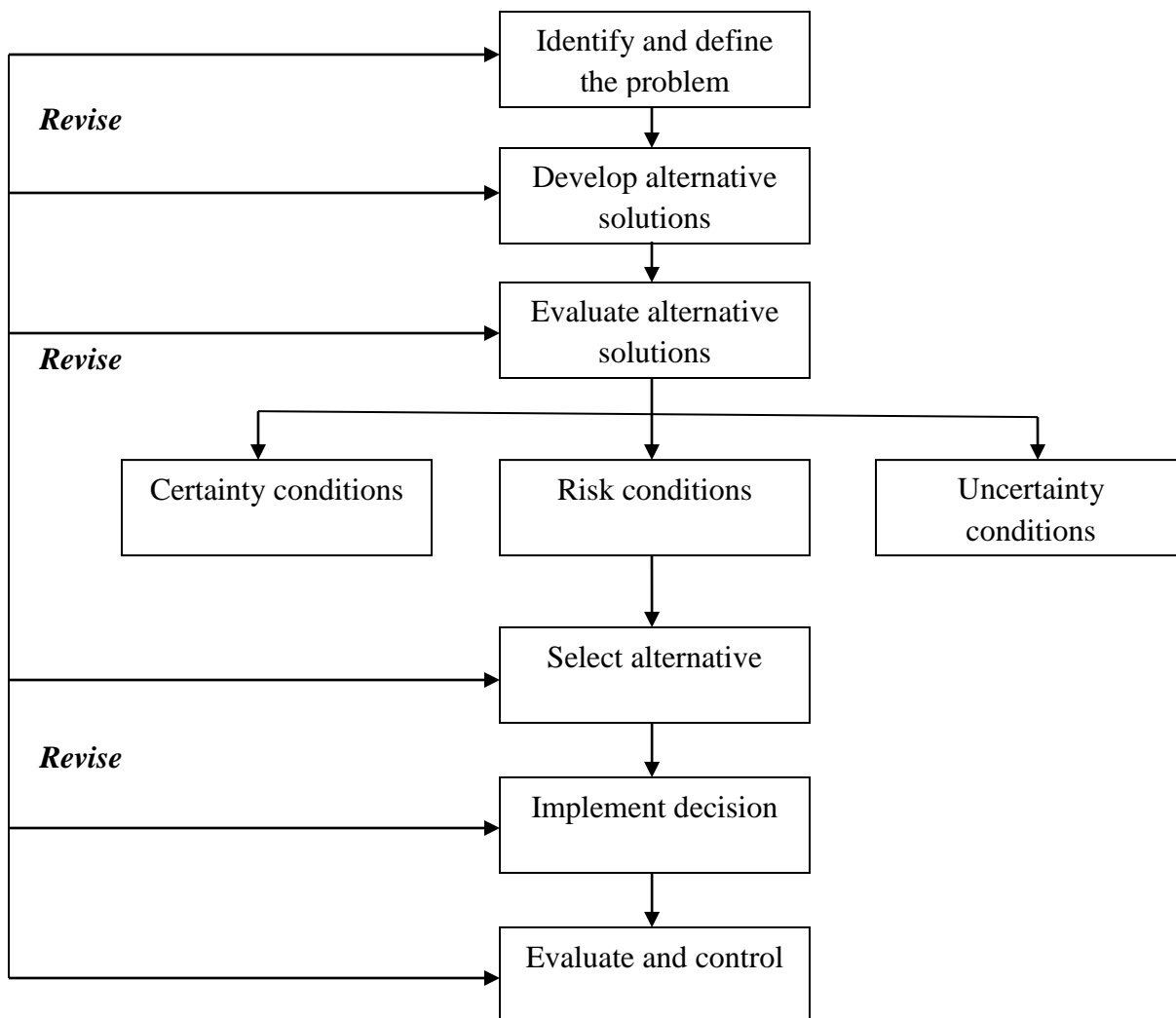
- ✓ Managers perform all their functions and activities through decision- making.
- ✓ In addition, making the decision in right time values much to the organisation rather than making a right decision in the wrong time.
- ✓ Managers in the business world, often fail to make a decision in the right time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



## Process of Decision- Making

1. Problem Awareness
2. Problem diagnosis
3. Development of alternative solutions
4. Evaluation of alternative solutions
5. Selection of the best solution
6. Implementation of the decision

## Process of Decision- Making



### **1. Problem awareness**

- ✓ Mostly individual employees identify the problems in various areas.
- ✓ Individuals, when they get a 'gut feeling' that something is wrong, they identify the problem.
- ✓ The awareness of a problem mostly occurs to employees at the grass- root level like sales people, machine operator, finance assistants, human resource assistants ect.
- ✓ Internal performance measurements like level of turnover or profit performance.

### **2. Problem diagnosis**

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

### **3. Development of alternative solutions**

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

### **4. Evaluation of alternative solutions**

- ✓ After the alternative solutions are developed, the solutions have to be formally evaluated based on their inherent strengths and weaknesses and also based on the environmental threats and opportunities for implementations.

- ✓ The solutions are to be ranked on the basis of their weights in terms of strengths and opportunities after eliminating the non- viable solutions in view of their weaknesses and environmental threats for implementation.

#### **5. Selection of the best solution**

- ✓ After the formal evaluation and ranking is completed, the managers tend to re- evaluate the solution based on the managerial judgment followed by political bargaining as the formal evaluation is not the predominant criterion for assessing the feasibility in practice.
- ✓ Therefore, the techniques for evaluation of solutions also include social and political process.

#### **6. Implementation of the decision**

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

### **Types of Decisions**

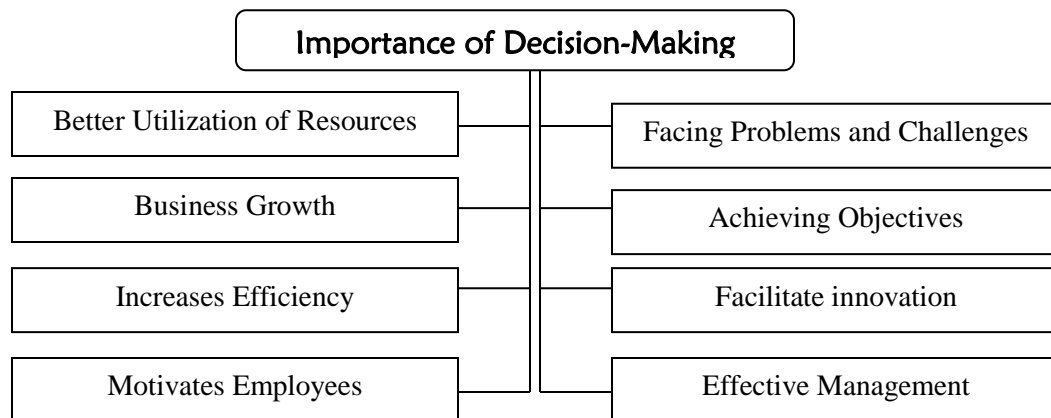
- Programmed and Non-Programmed Decisions
- Major and Minor Decisions
- Routine and Strategic Decisions
- Policy and Operative Decisions
- Organizational and Personal Decisions
- Individual and Group Decisions
- Long-Term, Departmental and Non-Economic Decisions
- Crisis and Research Decisions
- Problem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

## Techniques of Decision-making

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

1. Marginal Analysis
2. Break-Even Analysis
3. Operation Research
4. Paired comparison Analysis
5. Force Field Analysis
6. Financial Analysis
7. Ration Analysis
8. Brainstorming

## Importance of Decision Making



## Decision Levels

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

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

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

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

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

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

## Planning

### **Defining Planning**

Of the five management functions — planning, organizing, staffing, leading and controlling — planning is the most fundamental. All other functions stem from planning. However, planning doesn't always get the attention that it deserves; when it does, many managers discover that the planning process isn't as easy as they thought it would be — or that even the best-laid plans can go awry.

Before a manager can tackle any of the other functions, he or she must first devise a plan. A **plan** is a blueprint for goal achievement that specifies the necessary resource allocations, schedules, tasks, and other actions.

A *goal* is a desired future state that the organization attempts to realize. Goals are important because an organization exists for a purpose, and goals define and state that purpose. Goals specify future ends; plans specify today's means.

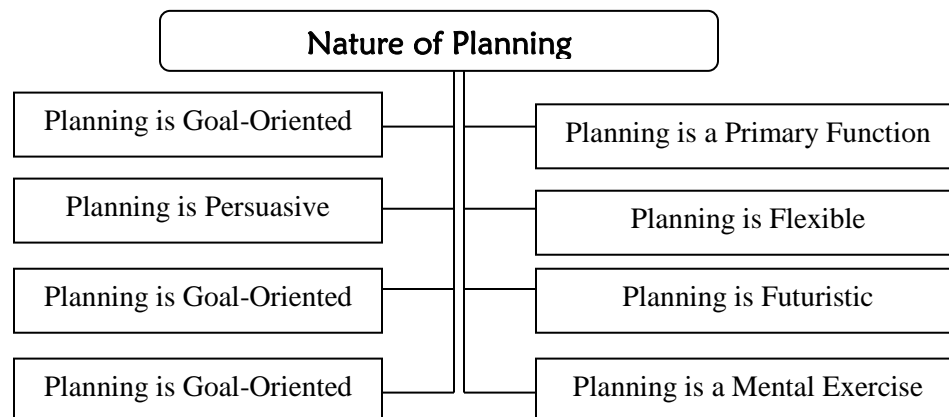
The word **planning** incorporates both ideas: It means determining the organization's goals and defining the means for achieving them. Planning allows managers the opportunity to adjust to the environment instead of merely reacting to it. Planning increases the possibility of survival in business by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

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

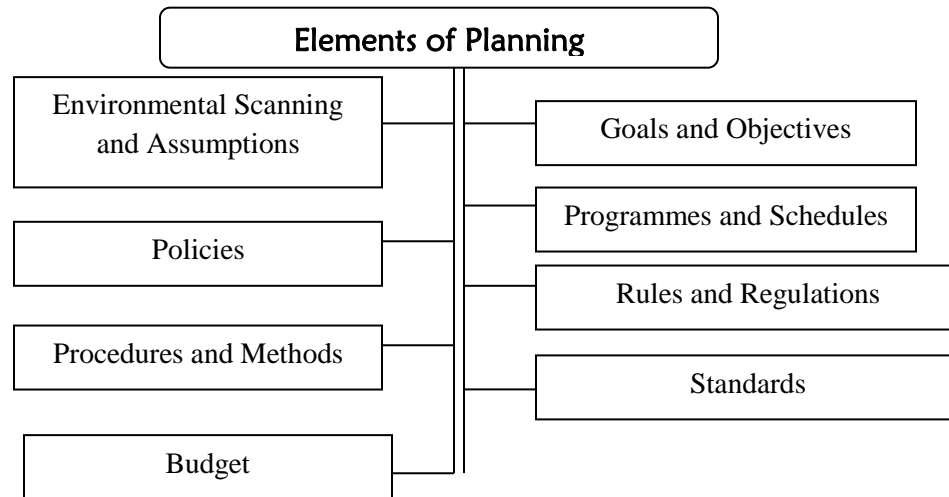
Not only does planning provide direction and a unity of purpose for organizations, it also answers six basic questions in regard to any activity:

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

### Nature of Planning



## Elements of Planning



## Objectives of Planning

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

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

### 1. Goal setting:

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

## **2. Developing the planning premises:**

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

## **3. Reviewing Limitations:**

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

## **4. Deciding the planning period:**

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

## **5. Formulation of policies and strategies:**

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

## **6. Preparing operating plans:**

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

## **7. Integration of plans:**

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



## **Problems in Planning**

1. Rigidity
2. Misdirection
3. Time Consuming
4. Lack of Accurate Information
5. Problems of Change
6. Internal Flexibilities
  - a. Psychological Inflexibility
  - b. Policy and Procedural Inflexibility
  - c. Capital Investment
7. External Flexibilities
  - a. Political Climate
  - b. Trade Unions
  - c. Technological Changes

## **Controlling**

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

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

## **Definition**

### **According to Henri Fayol,**

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

### **According to EFL Breach,**

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

### **According to Harold Koontz,**

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

### **According to Stafford Beer,**

Management is the profession of control.

## **Characteristics of Control**

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

## **The elements of Control**

The four basic elements in a control system —

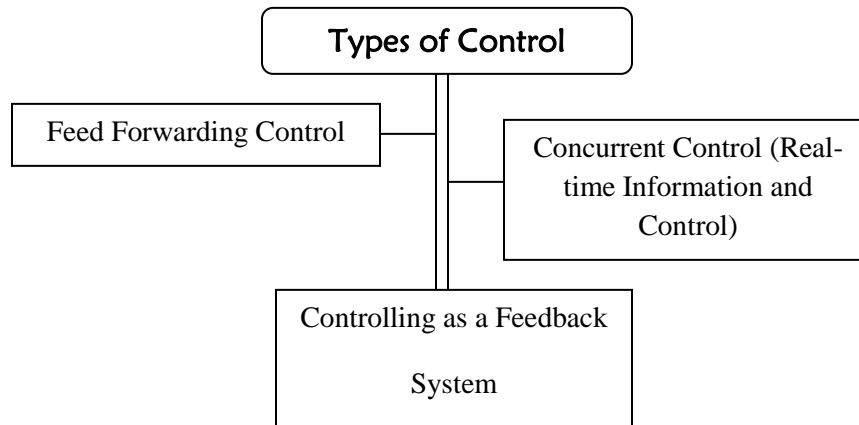
(1) The characteristic or condition to be controlled

(2) The sensor

(3) The comparator

(4) The activator

### Types of Control



**OR**

### Classifications or Types of Control

Control may be grouped according to three general classifications:

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

### Open- and Closed-Loop Control

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

### Man and Machine Control

The elements of control are easy to identify in machine systems. For example, the characteristic to be controlled might be some variable like speed or temperature, and the sensing device could

be a speedometer or a thermometer. An expectation of precision exists because the characteristic is quantifiable and the standard and the normal variation to be expected can be described in exact terms.

### **Organizational and Operational Control**

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

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

### **Controlling Process**

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

- 1. Establish standards to measure performance.** Within an organization's overall strategic plan, managers define goals for organizational departments in specific, operational terms that include standards of performance to compare with organizational activities.
- 2. Measure actual performance.** Most organizations prepare formal reports of performance measurements that manager's review regularly. These measurements should be related to the standards set in the first step of the control process. For example, if sales growth is a target, the organization should have a means of gathering and reporting sales data.
- 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.

- 4. Take corrective actions.** When performance deviates from standards, managers must determine what changes, if any, are necessary and how to apply them. In the productivity and quality-centered environment, workers and managers are often empowered to evaluate their own work. After the evaluator determines the cause or causes of deviation, he or she can take the fourth step—corrective action. The most effective course may be prescribed by policies or may be best left up to employees' judgment and initiative.

## **Controlling Techniques**

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

#### **1. Direct Supervision and Observation**

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

#### **2. Financial Statements**

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

#### **3. Budgetary Control**

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

#### **4. Break Even Analysis**

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

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

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

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

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

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

1. Objectives for individuals are jointly fixed by the superior and the subordinate.
2. Periodic evaluation and regular feedback to evaluate individual performance.
3. Achievement of objectives brings rewards to individuals.

## **7. Management Audit**

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

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

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

## **9. PERT and CPM Techniques**

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

## **10. Self-Control**

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

### **Importance of Controlling**

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

### **Making Controlling Effective**

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

# UNIT-3



## **Introduction to organizational behavior**

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

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

### **Organizational behavior:**

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

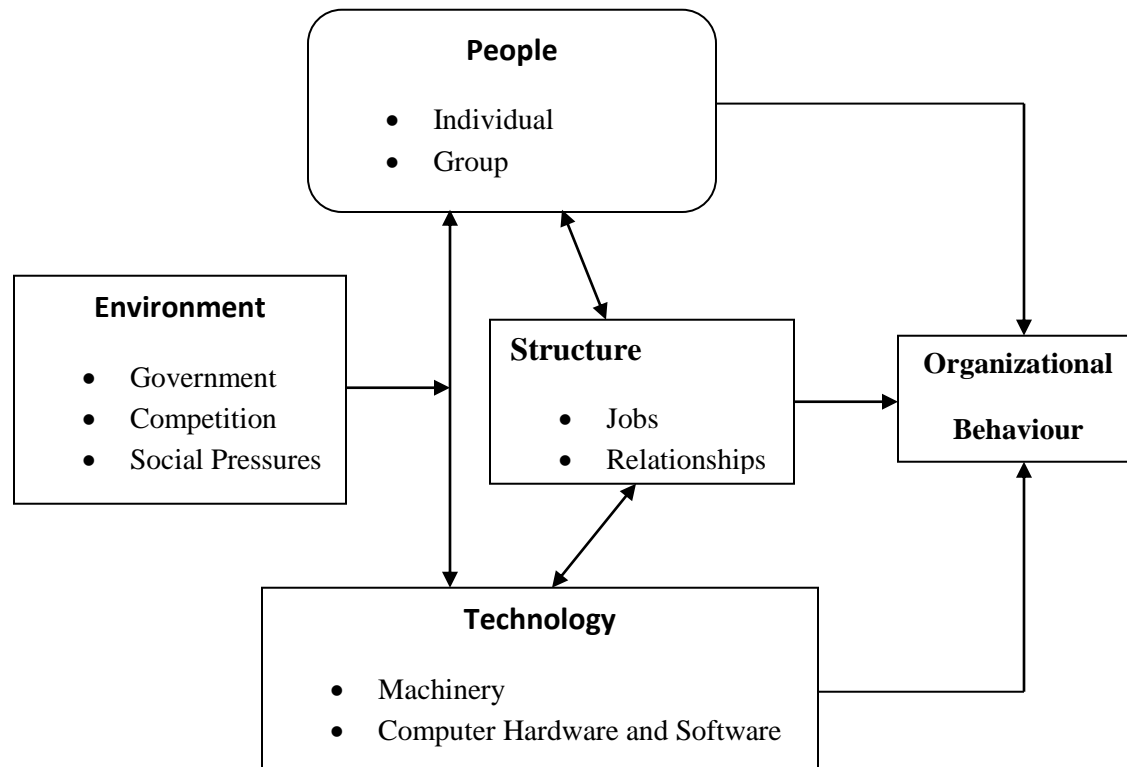
**Why study organizational behavior? :** - Behaviour is generally predictable, and the systematic study of behavior is a means to making reasonably accurate predictions.

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

### **Management functions:**

- Planning
- Organising
- Leading
- Controlling

## Elements of Organizational Behaviour



### Management roles:

#### A. Interpersonal roles

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

#### B. Informational roles

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

#### C. Decisional roles

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

## Management Skills

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

## Disciplines contributing to organizational behavior

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

## Disciplines contributing to organizational behavior

### 1. Sociology:

- ❖ Group dynamics
- ❖ Work teams
- ❖ Communication
- ❖ Power
- ❖ Conflict
- ❖ Intergroup behaviour

- ❖ Formal organization theory
- ❖ Organization change
- ❖ Organization culture

**2. Social psychology:**

- ❖ Behavioural change
- ❖ Attitude change
- ❖ Communication
- ❖ Group processes
- ❖ Group decision making

**3. Anthropology:**

- ❖ Comparative values
- ❖ Comparative attitude
- ❖ Cross- cultural analysis
- ❖ Organizational culture
- ❖ Organizational environment

**4. Political science:**

- ❖ Conflict
- ❖ Power
- ❖ Intra organizational politics

**Challenges and opportunities for organizational behavior**

- Responding to globalization
- Managing work force diversity
- Improving quality and productivity
- Responding to the labour shortage
- Improving customer service
- Improving people skills
- Empowering people
- Stimulating innovation and change
- Helping employees balance work/ life conflicts
- Improving ethical behavior

## Basic concept related to organization

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

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

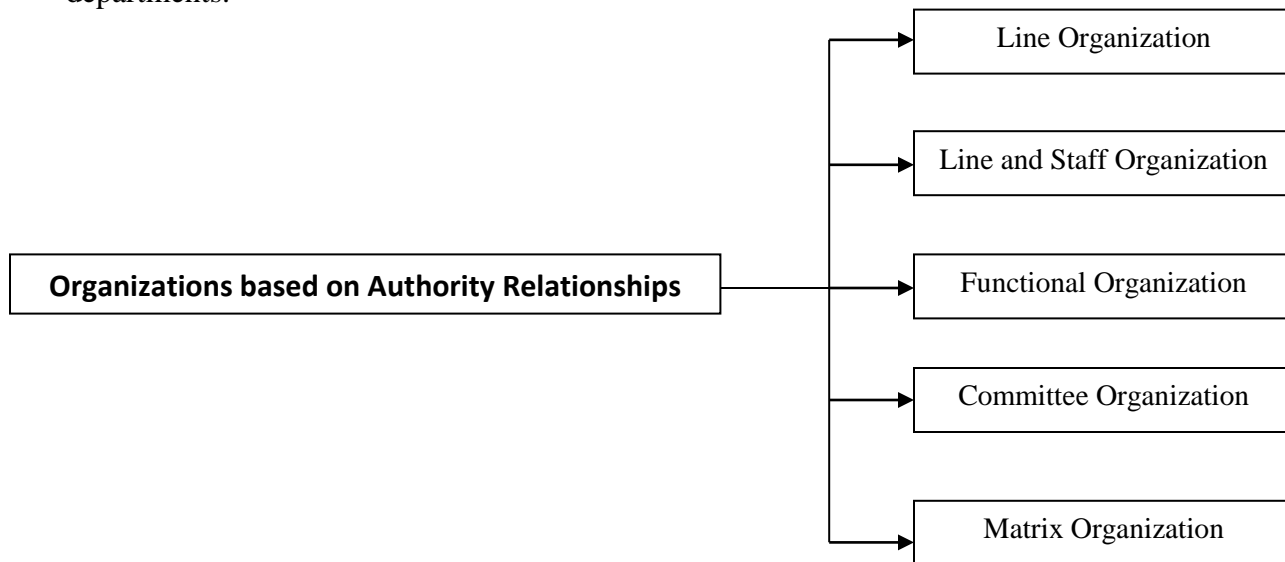
## Principles of organization

1. **Align departmental objectives to corporate goals:** - It is to be ensured that the objectives of different departments in the organization are unified and aligned to the corporate goals.
2. **Cost- effective operations:** - An organization is said to be efficient if it can achieve the goals at the lowest costs and with minimum undesirable consequences.
3. **Optimum number of subordinates:** - In each managerial position, there is a limit to the number of persons an individual can effectively manage.
4. **Specialization:** - Similar activities are grouped together to ensure better performance of the work and efficiency at each level.
5. **Define authority:** - The authority and responsibility relationships underlying each position in the organization have to be defined clearly to avoid confusion or misinterpretation.
6. **Flow of authority:** - This refers to the line of authority from the top management in an enterprise to other levels. If this is clear, then the terms of responsibility also can be understood.
7. **Manage via exceptional cases:** - An organization should be geared in such a way that manager's attention is drawn only to exceptional problems.

8. **Ensure one employee, one superior:** - Each subordinate should have only one superior. There should not be any room for conflict of command.
9. **One head and one plan:** - Every group of activities with common objective should be handled by one person and one plan. If handled by different persons, the organization may lose direction.
10. **Define responsibility:** - A superior is responsible for the omissions of his subordinates and at the same time the subordinates must be held responsible to their superiors for the performance of the work assigned.
11. **Attain balance:** - Every organization needs to be a balance one. There are several factors such as decentralization of authority, delegation of authority, departmentation, span of control, and others, that have to be balanced to ensure the overall effectiveness of the structure in meeting the organizational objectives.

### Types of Organization

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



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

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

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

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

**3. Functional Organization:** - Taylor observed that one single foreman was overburdened with all the operations such as task setting, time recording, quality inspection, disciplinary jobs and so on.

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

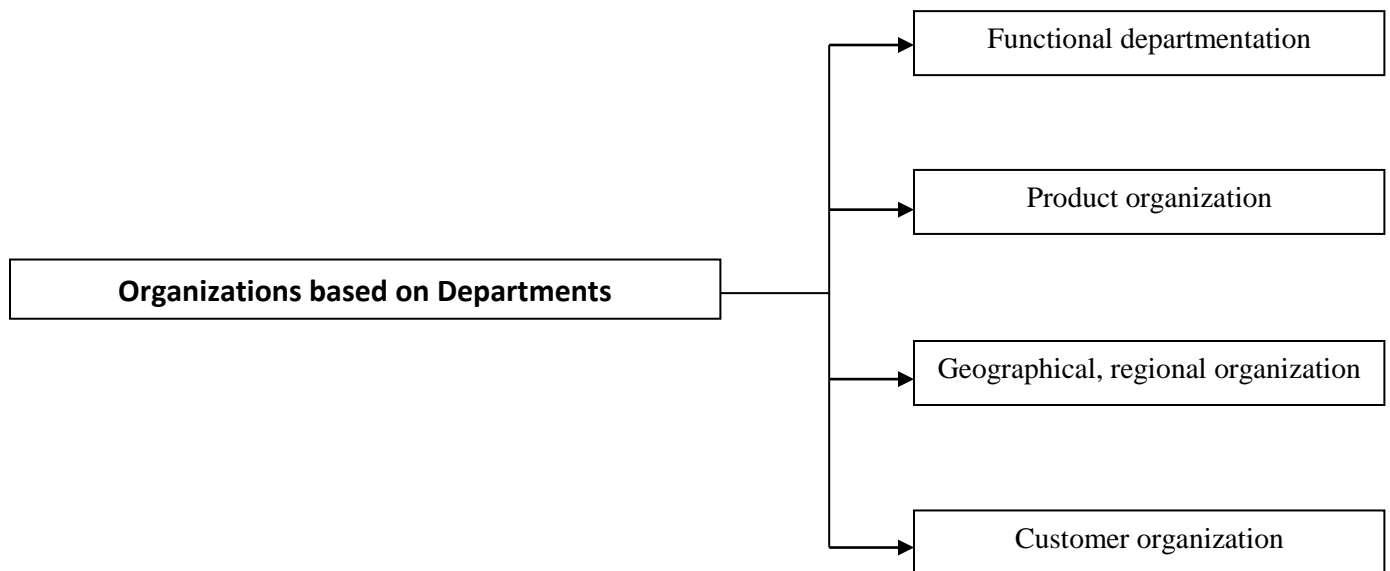
- 4. Committee Organization:** - A committee is formed when two or more persons are appointed to work as a team to arrive at a decision on the matters referred to it. It is intended to utilize the knowledge, skills, and experiences of all the concerned parties. Particularly, in large organizations, problems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

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

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

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





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

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

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

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

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

Merits	Demerits
A. Responsibility is fixed at the territory level	A. It may be difficult for the top management to monitor and control the territory level operations
B. Local facilities and resources can be well utilized	B. It may involve duplication of costs
C. Managers at lower level can be made more responsible	C. It may be difficult to find competent managers to head different locations
D. It trains managers for senior management positions	

**4. Customer organization:** - Here, all the activities of the enterprise are grouped on the basis of profile of its customers. Each group is managed by one department head. This type of organization caters to the different characteristics and needs of its customers.

<b>Merits</b>	<b>Demerits</b>
A. It focuses on the specific needs of individual customers	A. It calls for focused training programs to cater to the specific customer needs
B. It ensures better customer care	B. It may be very costly
C. It develops a competitive advantage through core- competence	C. Frequently changes in the market conditions may render under- utilization of services
D. It is based on growing and diversified needs of customers	D. It may difficult to specialize in the customer problems if the customer group is small
	E. The customer requirements keep changing and so also the customer groups

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

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

- 1. Virtual Organization:** - Virtual organization facilitates competitiveness particularly when these organizations are part of the global economy. Here, there can be alliances and partnerships with other organizations almost all over world. It is a flexible organization structure that removes the traditional boundaries. It allows easy reassignment and reallocation of resources to take quick advantage of shifting opportunities in global markets.
- 2. Cellular Organization:** - Organization structured around the units / cells that complete the entire assembly processes are called cellular organizations. In the modern organizations, cellular organizations have been replacing the continuous line or linear production process systems. In cellular organizations, workers manufacture total product or sub- assemblies in teams [cells].
- 3. Team structure:** - A structure in which the entire organization is made up of work groups or teams is known as team structure. Team structures are both permanent and also temporary in nature as situation demands. In team structures, we find cross functional

teams meant for improving lateral relations, solving problems, completing special projects and accomplishing routine tasks.

4. **Boundary less Organization:** - As the name indicates, a boundary less organization eliminates internal boundaries among subsystems and external boundaries with external environment. It is a combination of team and net work structures with the addition of temporariness. Such type of organization structure is characterized by spontaneous team work and communication.
5. **Inverted pyramid:** - This is an alternative to the traditional chain of command. This is a structure which narrows at the top and wide at the base. It includes a few levels of management. For instance, sales people and sale support staff sit on the top as the key decision makers for all the issues related to sales and dealing with the customers.

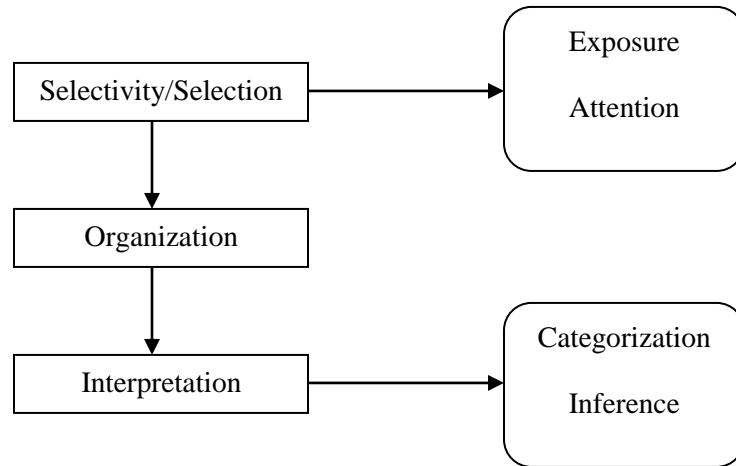
### Perception

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

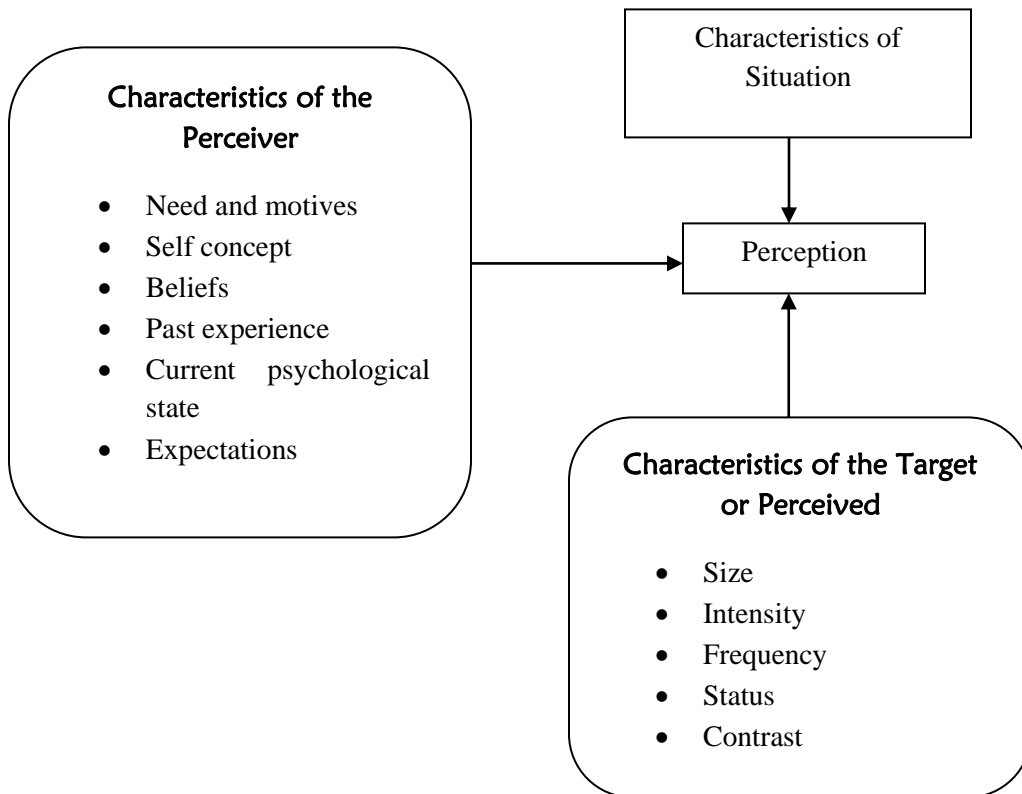
#### **Nature of Perception**

1. Intellectual Process
2. Cognitive or Psychological Process
3. Subjective Process
4. Socially Co-Created
5. Culturally Influenced
6. Self-Fulfilling

## Process of Perception



## Factors Influencing Perception



## **Types**

- a. Of sound
- b. Touch
- c. Taste

## **Learning**

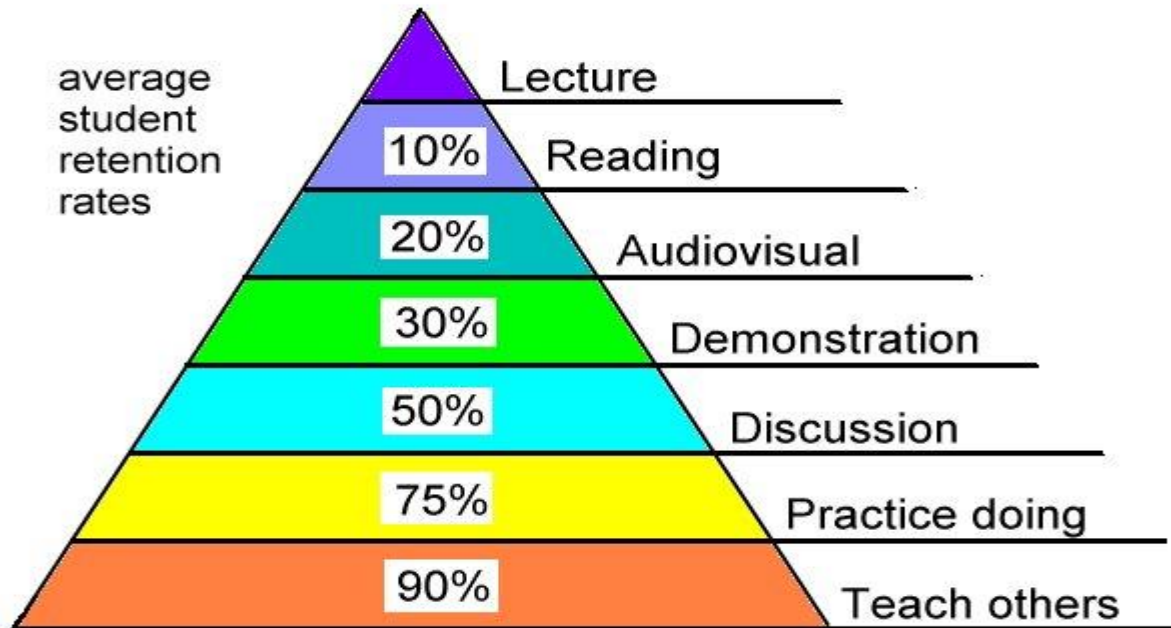
**Learning** is acquiring new or modifying existing knowledge, behaviors, skills, values, or preferences and may involve synthesizing different types of information. The ability to learn is possessed by humans, animals and some machines. Progress over time tends to follow learning curves.

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

## **Nature of Learning**

- Learning is Growth
- Learning is Adjustment
- Learning is Organising Experience
- Learning involves Acquiring of Knowledge and Skills
- Learning involves Change
- Learning is Transferable

## Learning Pyramid

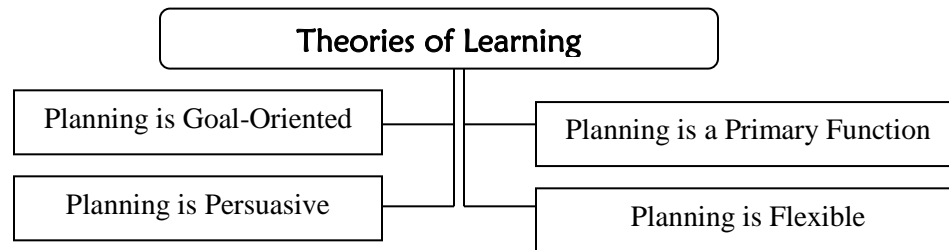


Source: National Training Laboratories, Bethel, Maine

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

- 1. Learning involves change:** - As indicated earlier, people acquire new information which is processed in their condition. This process produces new knowledge. This knowledge brings changes in their existing pattern of behavior.
- 2. Change must be relatively permanent:** - When the information acquired is converted into knowledge and wisdom, people change their behaviour more or less permanently.
- 3. Behavioural issues:** - The change in the knowledge and wisdom should produce different attitudes and values. These new attitudes and values should change the behavior. Then only it is called learning. In other words, the new attitudes and values not accompanied by change in behavior is not called learning.
- 4. Experience-based:** - learning is based on experience. Experience may be direct or indirect, personal or through observation or through reading.

## Theories of learning



## Principles of learning

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

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

## Personality

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

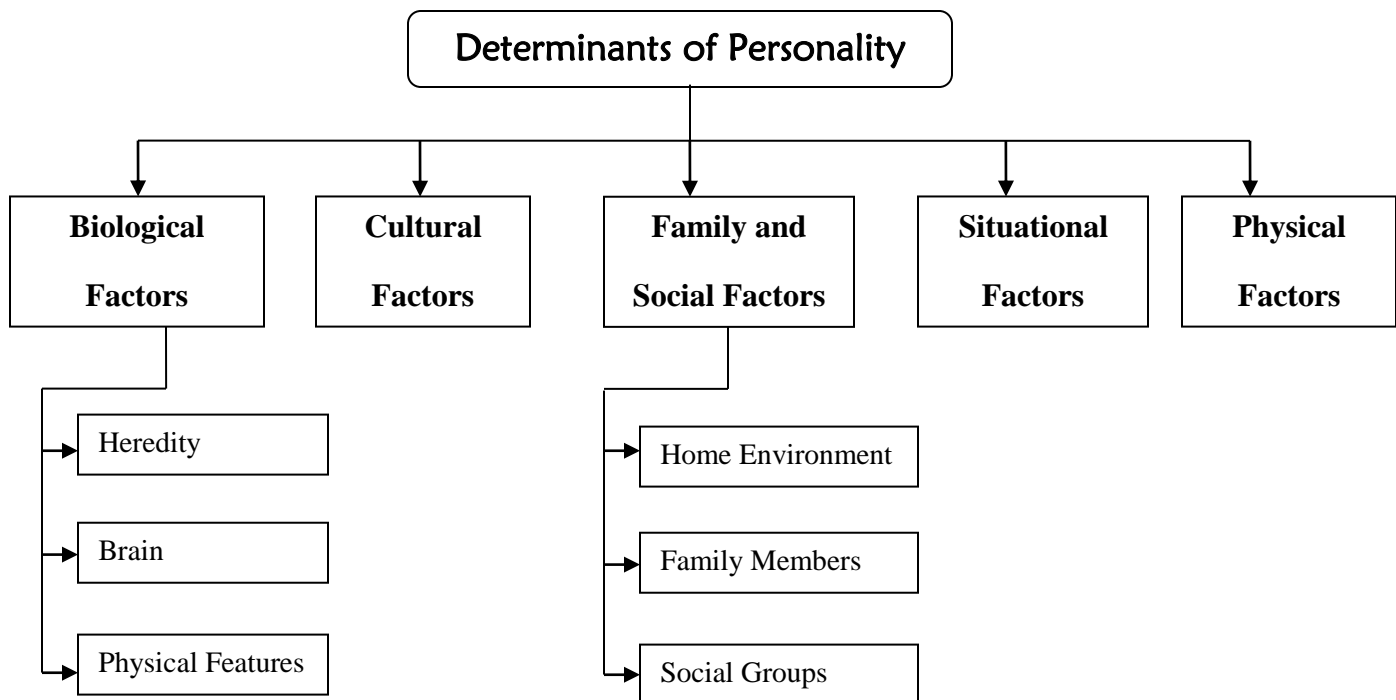
The world personality can be traced to the Latin words ‘per sona’ which are translated as “to speak through.” According to **Gordon Allport**, personality is “the dynamic organization within the individual of those psychological systems that determine his unique adjustments to his environment.”

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

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



## Determinants of Personality



## Components of Personality

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

Some of the fundamental characteristics of personality include:

- **Consistency** - There is generally a recognizable order and regularity to behaviors. Essentially, people act in the same ways or similar ways in a variety of situations.
- **Psychological and physiological** - Personality is a psychological construct, but research suggests that it is also influenced by biological processes and needs.
- **Impact behaviors and actions** - Personality does not just influence how we move and respond in our environment; it also *causes* us to act in certain ways.
- **Multiple expressions** - Personality is displayed in more than just behavior. It can also be seen in our thoughts, feelings, close relationships and other social interactions.

## Personality Types

1. Sensing Managers
2. Intuitive Managers
3. Feeling Managers
4. Thinking Managers
5. Intuitive Thinkers
6. Sensation Feelers
7. Sensation Thinkers
8. Intuitive Feelers

## Theories of Personality

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

- **Type theories** are the early perspectives on personality. These theories suggested that there are a limited number of "personality types" which are related to biological influences.
- **Trait theories** viewed personality as the result of internal characteristics that are genetically based.
- **Psychodynamic theories** of personality are heavily influenced by the work of Sigmund Freud, and emphasize the influence of the unconscious on personality. Psychodynamic theories include Sigmund Freud's psychosexual stage theory and Erik Erikson's stages of psychosocial development.
  - **Behavioral theories** suggest that personality is a result of interaction between the individual and the environment. Behavioral theorists study observable and measurable behaviors, rejecting theories that take internal thoughts and feelings into account. Behavioral theorists include B. F. Skinner and John B. Watson.

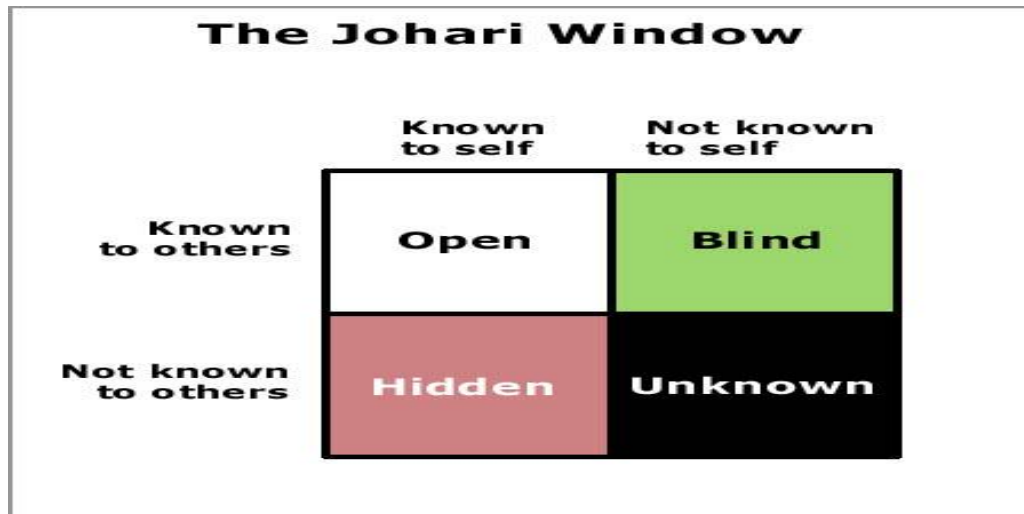
- **Humanist** theories emphasize the importance of free will and individual experience in the development of personality. Humanist theorists include Carl Rogers and Abraham Maslow

### **Johari window**

The **Johari window** is a technique created by **Joseph Luft** and **Harrington Ingham** in 1955 in the United States, used to help people better understand their relationship with self and others. It is used primarily in self-help groups and corporate settings as a heuristic exercise.

When performing the exercise, subjects are given a list of 56 adjectives and pick five or six that they feel describe their own personality. Peers of the subject are then given the same list, and each pick five or six adjectives that describe the subject. These adjectives are then mapped onto a grid.

An alternative mechanism for determining an individual's Johari Window is to plot the scores from the **Personal Effectiveness Scale (PES)**. The Scale comprises three factors: Self-Disclosure, Openness to Feedback & Perceptiveness. The Self-Disclosure score is to be plotted horizontally, whereas the Openness to Feedback score is to be plotted vertically. The Johari Window formed naturally displays the sizes of the Open, Hidden, Blind Spot & Unknown areas, the **Dream Johari Window**. The sizes of the areas in the Dream Johari Window may be different from the sizes of the same areas in the current Johari Window. The Dream Johari Window represents what an individual wants his/her personality to be like. The individual having a Dream Johari Window identical to the current Johari Window may have a balanced personality. The Perceptiveness score from the PES indicates how likely it is for the individual to achieve the Dream Johari Window. For example, a LOW score on the PES indicates less possibility of transition.



**Open:** Adjectives that are selected by both the participant and his or her peers are placed into the **Open** quadrant. This quadrant represents traits of the subjects that both they and their peers are aware of.

**Hidden:** Adjectives selected only by subjects, but not by any of their peers, are placed into the **Hidden** quadrant, representing information about them their peers are unaware of. It is then up to the subject to disclose this information or not.

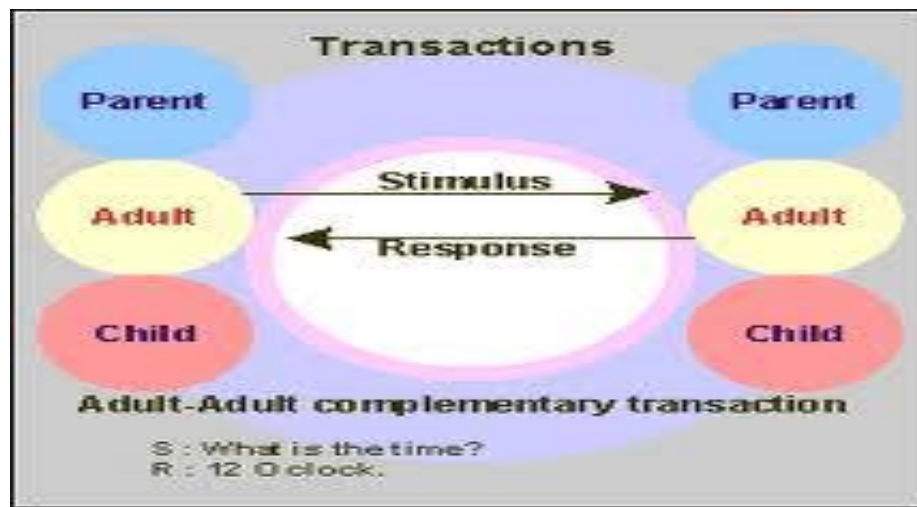
**Blind Spot:** Adjectives that are not selected by subjects but only by their peers are placed into the **Blind Spot** quadrant. These represent information that the subject is not aware of, but others are, and they can decide whether and how to inform the individual about these "**blind spots**".

**Unknown:** Adjectives that were not selected by either subjects or their peers remain in the **Unknown** quadrant, representing the participant's behaviors or motives that were not recognized by anyone participating. This may be because they do not apply or because there is collective ignorance of the existence of these traits.

## Transactional analysis

(TA to its adherents), is an integrative approach to the theory of psychology and psychotherapy. It is described as integrative because it has elements of psychoanalytic, humanist and cognitive approaches. TA was first developed by Canadian-born US psychiatrist Eric Berne, starting in the late 1950s.

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



### Components of Transactional Analysis

#### 1. Ego States

- a. Parent ego
  - Nurturing parent ego
  - Critical parent ego
- b. Adult ego
- c. Child ego
  - Natural child
  - Adaptive child
  - Rebellion child

#### 2. Types of Transactions

- a. Complementary
- b. Non-Complementary transactions
- c. Gallows transactions

### **3. Life Positions**

#### **Advantages of Transaction Analysis**

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

#### **Dis-Advantages of Transactional Analysis**

- 1. Difficult to understand
- 2. Encourage Amateur Psychologising
- 3. Tool of manipulation
- 4. Not supported by scientific findings

# UNIT-4

## Group Dynamics

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

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

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

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

### **Nature of Group**

1. Two or more persons
2. Collective Identity
3. Interaction
4. Shared goal interest

### **Reasons for Joining Group**

- a. Personal attraction
- b. Group activities
- c. Group goals
- d. Security and social affiliations
- e. Status and self-esteem
- f. Power

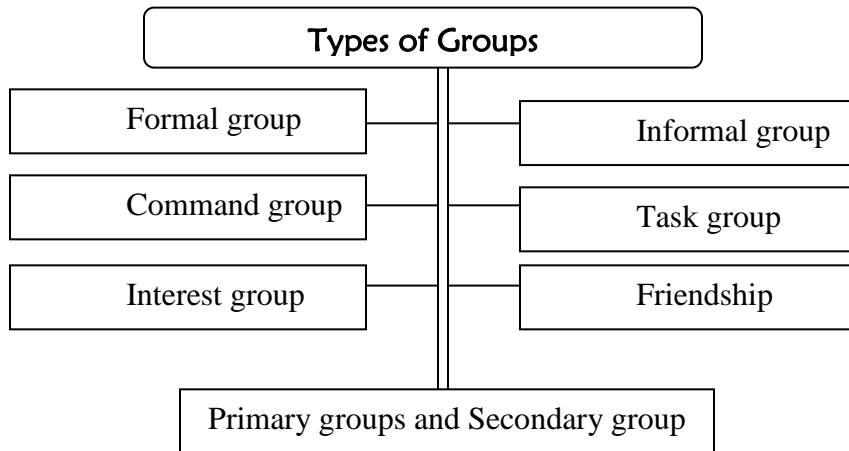
### **Need or Benefits for Forming a Group**

1. Security
2. Empowerment through sharing of resources
3. Becoming a leader

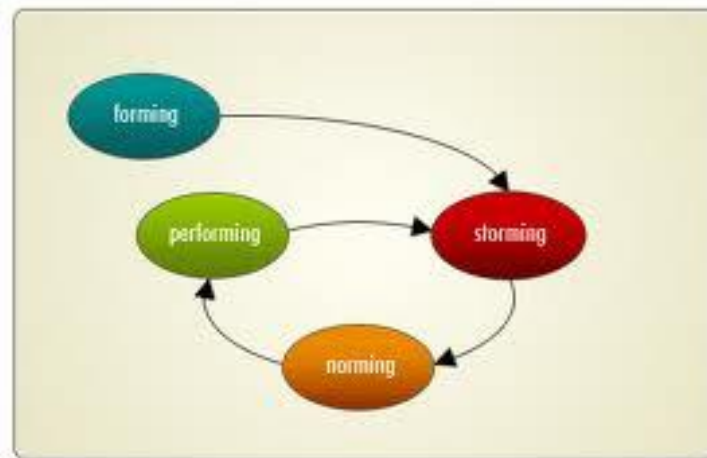


4. Synergy
5. Goal achievement
6. Status
7. Affiliation needs
8. Self-esteem

### Types of Groups



### Group formation and Development



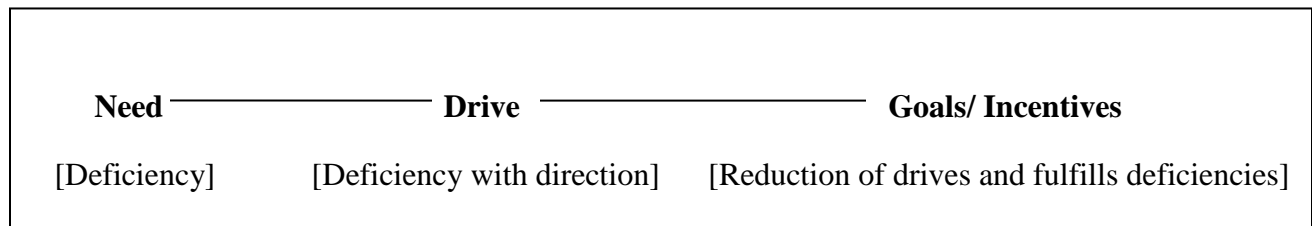
### Motivation

Motivation is derived from the word motive. “A motive is an inner state that energizes, activates or moves and directs or channels behavior towards goals.”

“Motivation represents an unsatisfied need which creates a state of tension or disequilibrium, causing the individual to move in a goal directed pattern towards restoring a state of equilibrium by satisfying the need.”

Motivation is a process that starts with a physiological or psychological deficiency or need that activates behavior or a drive that is aimed at a goal or ‘incentive.’ Thus, the process of motivation lies in the meaning of and relationship among needs, drives and incentives.

### **The basic motivation process**



### **The three basic phases of motivation**

1. Effort
2. Persistence
3. Direction

### **Nature of motivation**

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

### **Features of motivation**

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

- Motivation involves

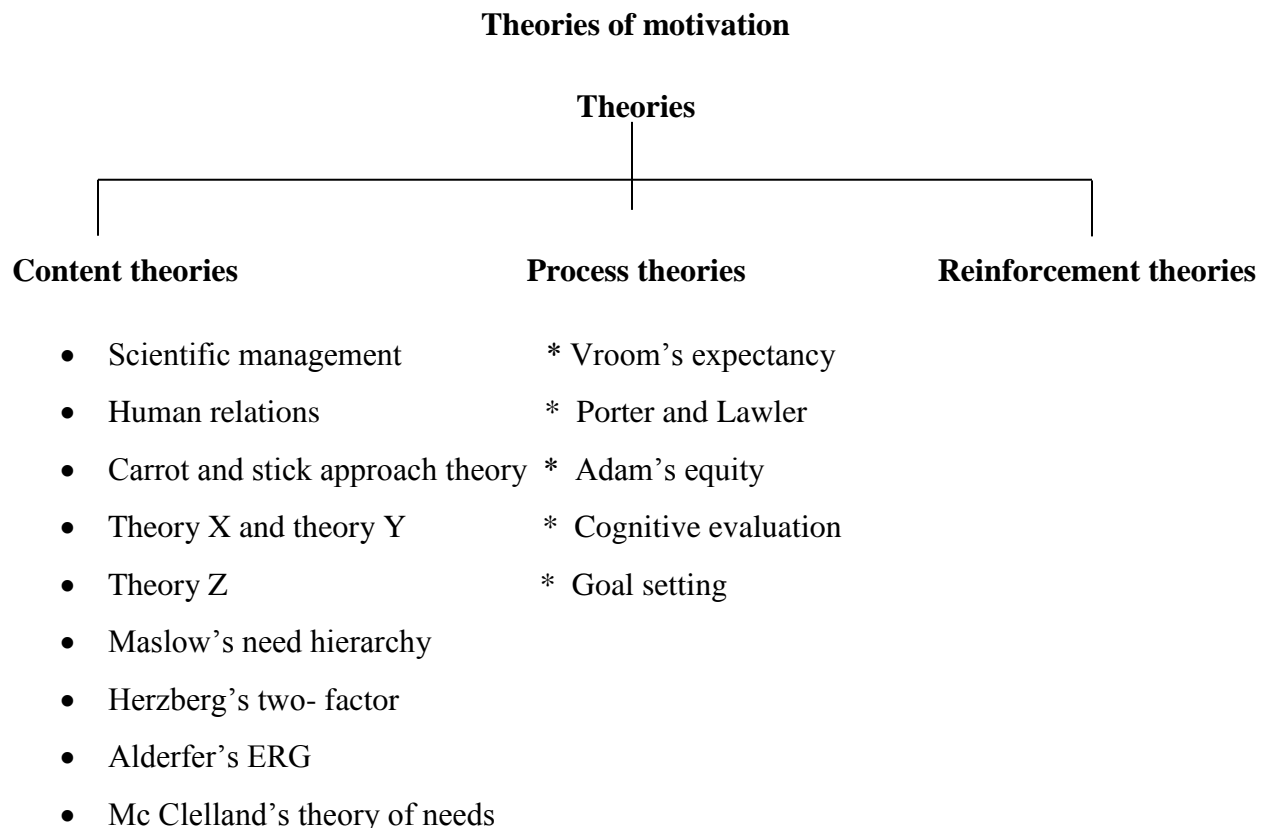
### Types of motivation

1. Positive motivation or pull mechanism
2. Negative motivation or push mechanism

### Steps in motivation

1. Sizing up
2. Preparing a set of motivating tools
3. Selecting and applying motivators
4. Feedback

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

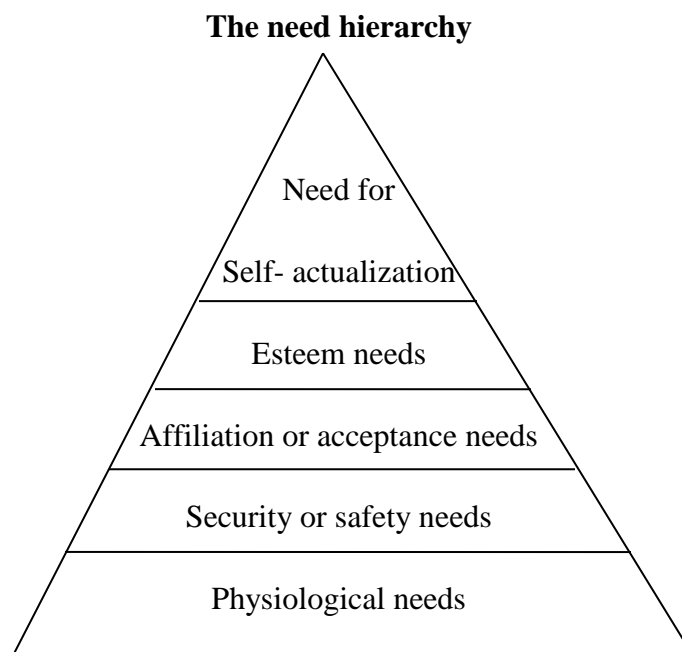


## Maslow's theory of hierarchy of needs

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

### **The need hierarchy**

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



1. **Physiological needs:** - These are the basic necessities of human life- food, water, warmth, shelter, sleep and sexual satisfaction. Maslow's says that until these needs are satisfied to the required level, man does not aim for the satisfaction of the next highest level needs. As for as work organisation is concerned, these needs include basic needs like pay, allowance, incentives and benefits.
2. **Security/ safety needs:** - These refer to the need to be free of physical danger or the feeling of loss of food, or job or shelter. When the physiological needs sre satisfied, man starts thinking of the way by which he can continue to satisfy these physiological needs. These needs as far as work organisation is concerned include: conformity, security plans, membership in unions, severance pay ect.
3. **Social needs [Affiliation or Acceptance needs]:-** When the physiological and security needs are satisfied, these social needs being occupying the mind of a man. This is exactly why he looks for the association of other human beings and strives hard to be accepted by its group. Social needs at work place include: human relations, formal and informal work group.
4. **Esteem needs:** - These needs are power, prestige, and status and self- confidence. Every man has a feeling of importance and he wants others to regard him highly. These needs make people aim high and make them achieve something great. These needs for employees include: status symbols, awards, promotions, titles ect.
5. **Self- Actualization needs:** - This is the highest need in hierarchy. This refers to the desire to become what one is capable of becoming. Man tries to maximize his potential and accomplish something, when this need is activated in him.

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

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

**Assumptions of theory X:** - Theory X is a traditional set of assumptions about people. The assumptions held by managers under theory X include

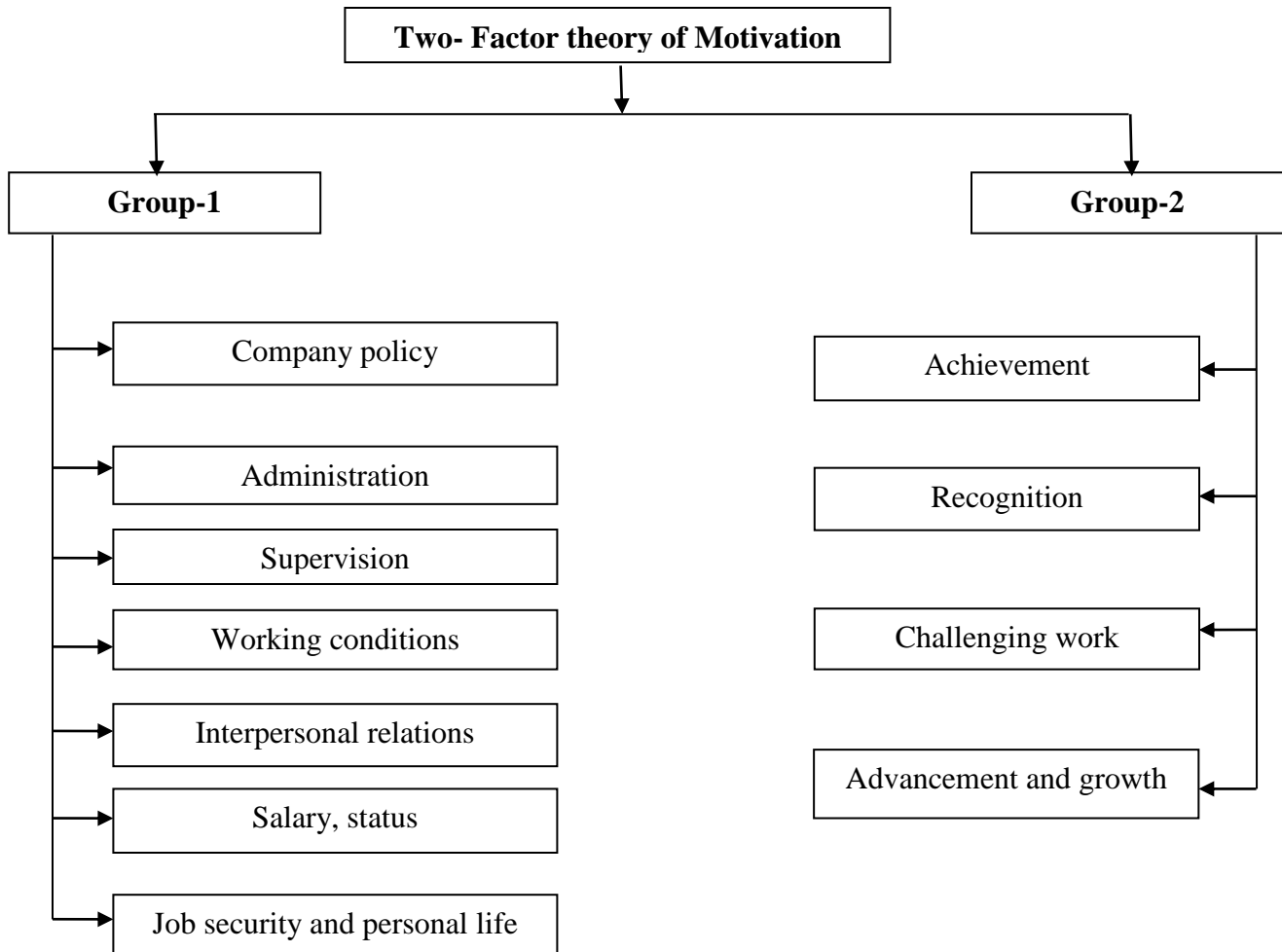
- The typical person dislikes work and will avoid it, if possible
- The typical person lacks personality, has little ambition and seeks security about all and
- Most people must be coerced, controlled and threatened with punishment to get them to work

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

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

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

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



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

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

1. **Need for Achievements:** - Mclelland's defined as "behavior toward competition with a standard of excellence". He and his associates defined four characteristics of individuals with a high need for achievement
  - A strong desire to assume personal responsibility for finding solutions to problems or performing a task.
  - A tendency to set moderately difficult achievement goals and to take calculated risks.

- A strong desire for concrete performance feedback on tasks, and
  - A single-minded preoccupation with task accomplishment.
- 2. Need for Power:** - The need for power defined as the need to control the environment, to influence the behavior of others, and to be responsible for them.
- A desire to direct and control someone else, and
  - A concern for maintaining leader-follower relations.
- 3. Need for Affiliation:-** The need for affiliation defined as an “attraction to another organism in order to feel reassured from the other that the self is acceptable”.
- A strong desire for approval and reassurance from others.
  - A tendency to conform to the wishes and norms of others when pressured by people whose leadership they value, and
  - A sincere interest in the feelings of others.



# UNIT-5

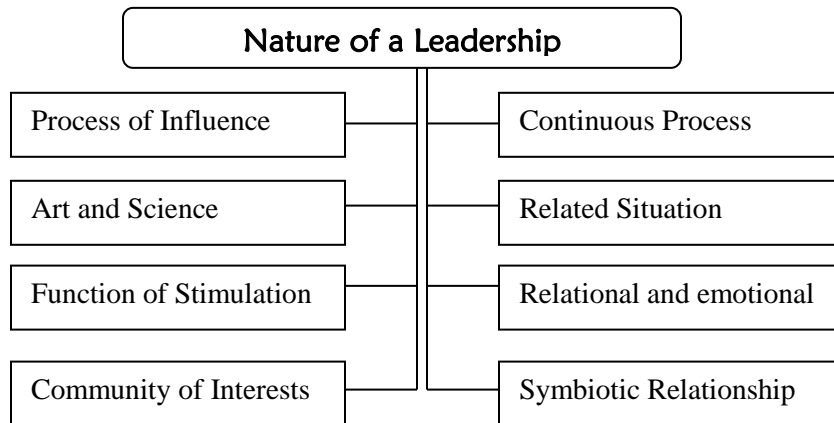
## Leadership

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

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

**According to Hamphill and Coons**, “Leadership is the behavior of an individual when he is directing the activities of a group toward a share goal”.

### **Nature of a Leadership**



### **Qualities of a Leader**

1. Intelligence
2. Sound Physique
3. Responsibility
4. Trustworthy
5. Spirit of Enthusiasm
6. Confidence
7. Must do Things in Systematic manner
8. Significant Level of Tolerance
9. Focused
10. Committed to Excellence

## **Effectiveness of leaders**

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

## **Leader's power**

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

## **Leadership styles**

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

- ❖ 1. Autocratic/ Dictator Leadership style
- ❖ 2. Democratic/ Participative leadership style
- ❖ 3. Bureaucratic leadership style
- ❖ 4. Diplomatic leadership style
- ❖ 5. Laissez-faire leadership style

## **Theories of a Leadership**

- 1. Traditional theory**
  - Trait theory
  - Group and exchange theory
- 2. Behavioural theory**
  - Continuous theory
  - Likert's four systems

- Managerial grid
- Leader- participation model
- 3. Contingency/ situation theories**
- Fielder's contingency theory
- Path- goal theory
- Hersey and Blanchard's life- cycle/ Situational approach
- 4. Modern theories**
- Charismatic leadership
- Transformational leadership theory

### **Trait theory**

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

Trait theories assume that leaders are born not made. The research studies focus on personal traits or characteristics that distinguish the leaders from the followers and a successful leader from an unsuccessful leader. A number of research studies were conducted during the last 50 years. The cumulative findings of these studies conclude that some traits increase the likelihood of success as a leader, but more of the traits guarantee success.

#### **Stodgill classified these thaits into five categories**

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

### **Managerial Grid Theory**

Industrial psychologists Blake and Mounon developed the managerial grid basing on the Ohio State study. The managerial grid identifies a range of management behavior based on the

different ways how production/service-oriented and employee-oriented styles interact with each other.

### **Transactional vs transformational Leadership**

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

#### **The characteristics of transformational leaders include:**

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

### **Change Management**

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

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

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

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

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

### **1. Economic reasons**

- a. Fear of reduction in employment
- b. Fear to demotion
- c. Fear of work load

### **2. Personal reasons**

- a. Need for training
- b. Boredom and monotony
- c. No participation in change

### **3. Social reasons**

- a. Need for new social adjustment
- b. Taking change as imposed from outside
- c. Other considerations

### **Principles of change**

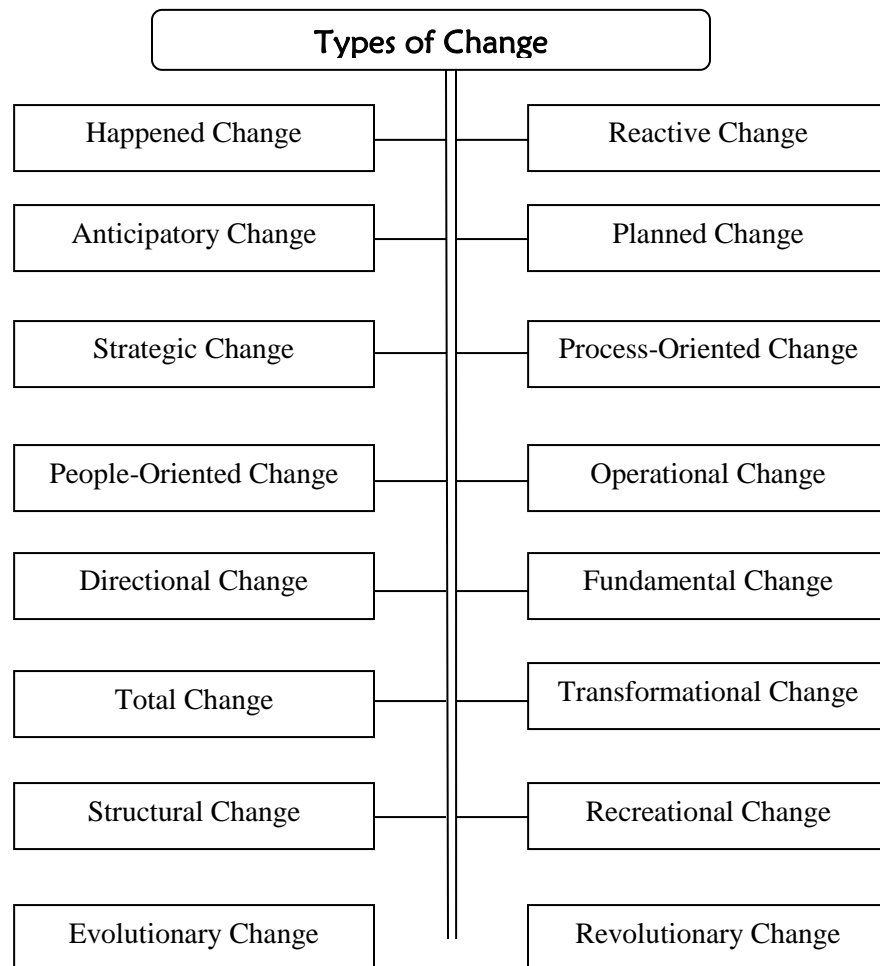
- ❖ Estimating the reasons for the possible resistance to change and preparing to allay their fears.
- ❖ Mindful of channels of authority.
- ❖ Preparedness for all questions and criticism.
- ❖ Creating interest in them, convincing them and preparing them.
- ❖ Keeping in touch with the process of change.

### **Approaches to organizational change**

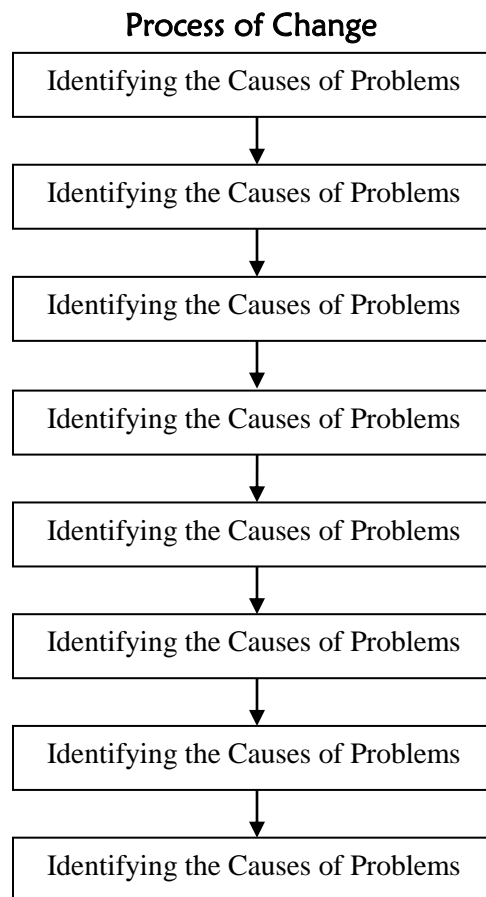
- ✓ Participation of employees
- ✓ Planning for change

- ✓ Protecting employees interests
- ✓ Group dynamics
- ✓ Cautions and slow introduction
- ✓ Positive motion
- ✓ Sharing the benefits of change
- ✓ Training and development
- ✓ Career planning and development
- ✓ Organisation development

### Types of Change



## Process of Change



## Conflict Management

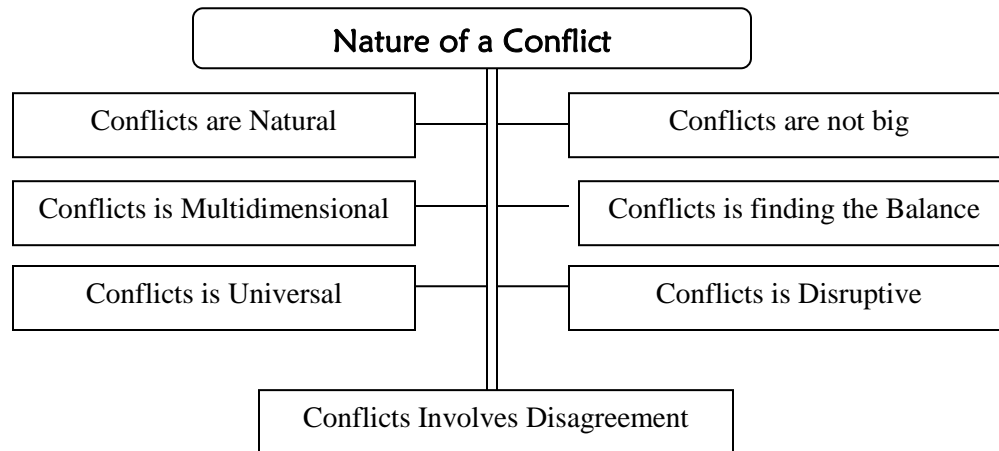
Organizations can be thought of as arenas for staging conflicts with conflict as the essence of what the organization is. In this way of thinking, conflict is not a byproduct of normal operations or an unintended and unwanted consequence of day-to-day activities, but the way the organization makes choices for future action, makes changes in power relationships, and keeps itself flexible and adaptive.

**According to Joe Kelly**, “Conflict is defined as opposition or disputes between persons, groups or ideas”.

**According to Follette**, “Conflict is the appearance of differences, difference of opinions, of interests”.



## Nature of Conflict



## Sources of Conflicts

1. Organizational Change
2. Personality Clashes
3. Different Sets of Values
4. Threats to Status
5. Contrasting Perceptions
6. Lack of Trust
7. Interdepartmental Wrangles
8. Job Related Issues
  - ✓ Conflict between Job and Job-Holder
  - ✓ Conflict between Job and Organization
  - ✓ Conflict between Job-Holder and Organization
  - ✓ Other Agendas

## Types/Levels of Conflicts

1. **Individual Level Conflict**
  - a. Intra-Individual/Intra-Personal Conflict
    - i. Conflict due to Frustration
      - Aggression

- Withdrawals
- Fixation
- Compromise
- ii.** Goal Conflict
- iii.** Role Conflict
- b.** Inter-Individual/Inter-Personal Conflict
  - a.** Personal Differences
  - b.** Information Deficiency
  - c.** Role Incompatibility
  - d.** Environmental Stress
- 2. Group Level Conflict**
  - a.** Intra-Group Conflict
  - b.** Inter-Group Conflict
- 3. Organizational Level Conflict**
  - a.** Intra-Organizational Conflict
    - i.**Horizontal Conflict
    - ii.**Vertical Conflict
    - iii.**Line and Staff Conflict
  - b.** Inter-Organizational Conflict
    - i.**External forces
      - Technology
      - Marketing conditions
      - Social changes
      - Political forces
      - Globalization
      - Workforce diversity
      - Changing economic conditions
  - c.** Internal Forces
    - Changes in managerial personnel
    - Change in operative personnel
    - Change in employee expectations