

# 101EM24

*by Cde Anu*

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**Submission date:** 10-Nov-2025 01:34PM (UTC+0530)

**Submission ID:** 2809613523

**File name:** 101EM24\_FINAL\_BOOK.pdf (15.15M)

**Word count:** 79491

**Character count:** 453351

# MANAGEMENT PROCESS & ORGANIZATIONAL BEHAVIOR

**M.B.A. First Year**

**Semester – I, Paper-I**

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## **M.B.A. - Management Process & Organizational Behavior**

**5**  
**First Edition 2025**

**No. of Copies :**

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**Published by:**

**Prof. V.VENKATESWARLU,**

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**Centre for Distance Education,  
Acharya Nagarjuna University**

***Printed at:***

## **FOREWORD**

Since its establishment in 1976, Acharya Nagarjuna University has been forging ahead in the path of progress and dynamism, offering a variety of courses and research contributions. I am extremely happy that by gaining 'A+' grade from the NAAC in the year 2024, Acharya Nagarjuna University is offering educational opportunities at the UG, PG levels apart from research degrees to students from over 221 affiliated colleges spread over the two districts of Guntur and Prakasam.

The University has also started the Centre for Distance Education in 2003-04 with the aim of taking higher education to the doorstep of all the sectors of the society. The centre will be a great help to those who cannot join in colleges, those who cannot afford the exorbitant fees as regular students, and even to housewives desirous of pursuing higher studies. Acharya Nagarjuna University has started offering B.Sc., B.A., B.B.A., and B.Com courses at the Degree level and M.A., M.Com., M.Sc., M.B.A., and L.L.M., courses at the PG level from the academic year 2003-2004 onwards.

To facilitate easier understanding by students studying through the distance mode, these self-instruction materials have been prepared by eminent and experienced teachers. The lessons have been drafted with great care and expertise in the stipulated time by these teachers. Constructive ideas and scholarly suggestions are welcome from students and teachers involved respectively. Such ideas will be incorporated for the greater efficacy of this distance mode of education. For clarification of doubts and feedback, weekly classes and contact classes will be arranged at the UG and PG levels respectively.

It is my aim that students getting higher education through the Centre for Distance Education should improve their qualification, have better employment opportunities and in turn be part of country's progress. It is my fond desire that in the years to come, the Centre for Distance Education will go from strength to strength in the form of new courses and by catering to larger number of people. My congratulations to all the Directors, Academic Coordinators, Editors and Lesson-writers of the Centre who have helped in these endeavors.

**Prof. K. Gangadhara Rao**

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Vice-Chancellor I/c  
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## M.B.A. – Syllabus

### SEMESTER-I

#### 101EM24 : Management Process & Organizational Behavior

##### OUT COMES:

On successful completion of the course the learner will be able to:

- Describe the basic concepts in Management
- Explain in detail, all the theoretical concepts taught through the syllabus
- It helps the students to understand the Functions & Responsibilities of Managers
- It enables them to analyze and understand the Environment of the organization
- To understand human behavior in an organization through Communication, Motivation, Group Dynamics, Leadership & Organizational Design.

##### Unit-I:

**Introduction:** Management Definitions, Significance, Levels, Skills, Role, Functions & Principles of Management. Management as an Art ,Science and Profession, Social responsibilities of business.

##### Unit-II:

**Planning:** Nature, Importance, Types of Plans, Process of Planning, Forecasting - Techniques of Forecasting. Decision making: Types of Decisions, Decision Making process, MBO -Process.

**Organizing:** Concept, Importance, Departmentation: Bases of Departmentation, Formal & Informal organizations, Span of control: Y.A.Gracuina's theory. Delegation & Decentralisation, Line & Staff, Conflicts between line & staff.

##### Unit-III:

**Staffing:** Importance, functions of HRM, Elements of staffing

**Directing:** Importance, Elements of Direction. Supervision -Need & Skills of a supervisor.

**Motivation:** Process, Theories of Motivation Maslow's, McGregor, Herzbergs, McClell and, Porter & Lawler.

**Leadership:** Leadership styles, Likert's system4 Management, Managerial Grid theory. Communication -Importance, Process & Barriers

**Controlling:** Process, Methods of control

##### Unit-IV:

**Organisational Behaviour:** Nature & Scope, Importance, key elements in Organisational Behaviour, Challenges & Opportunities for OB, Contributing disciplines to OB, OB Model.

**Individual Behaviour:** Foundations of Individual Behaviour, Perception- Process, factors Influencing perception, Barriers in perception, Personality theories.

##### Unit- V:

**Group Dynamics:** Types of groups, Group formation, Group Cohesiveness

Transactional Analysis & Johari window.

**Organisational change:** Process, Factors, Resistance to change and overcoming Resistance to change.

**Reference Books:**

1. Management and organizational Behaviour, P. Subba Rao, Himalaya Publishing House
2. Koontz, Handwihrich. H, Management, 10<sup>th</sup> Edition MCGraw
3. Management text & cases-VSP Rao, Excel Book
4. Fred Luthans, Organisational Behaviour, Tata MCGraw Hill
5. Stephen P. Robbins, Organisational Behaviour, Pearson Education, New Delhi, 2006.
6. Aswathappa. K, Organisational Behaviour, Himalaya Publishing House, New Delhi.

First Semester

M.B.A.: Paper I – Management Process & Organizational Behavior

MODEL QUESTION PAPER

5  
Time : Three hours

Maximum : 70 marks

94  
Section –A

5X3=15 M

Answer Any FIVE of the following  
UNIT – I

1. a) Management skills  
b) Principles of Management  
c) Types of Plans  
d) Forecasting  
e) Elements of Directing  
f) Management Grid  
g) Opportunities for OB  
h) Perception  
i) Group information  
j) Organizational Change

94  
Section –B  
Answer the following questions

5X8=40 M

1. a) What is Management? Explain the functions of Management.  
(OR)  
b) What is responsibility? Discuss different Social Responsibilities of Business..
2. a) What is planning? Explain the MBO-Process.  
(OR)  
b) What is Organization? Explain the conflicts Line & Staff.
3. a) What is Staffing? Explain the importance and elements of staffing.  
(OR)  
b) What is Motivation? Discuss the theories of motivation.
4. a) Explain the Challenges and Opportunities of Organizational Behaviour  
(OR).  
b) What is Perception? Explain the barriers in perception.
5. a) What is Group Dynamic? Explain various types of groups.  
(OR)  
b) What is Resistance to change? How to overcome Resistance to change?

**Section –C  
(Compulsory)**

**1X15=15 M**

**Case Study**

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The case dwells upon the change management, when a small college-town newspaper Blaze is going through the process of downsizing. The editor, Andrea Zuckerman has to deliver a final change and take control over the operational side of the change process, while the message delivery and initial stages of the process were handled by the external consultant, who, according to the editor, is complete stranger to the company. The reality is that the technology and the latest media trends make the business of Blaze a dying one and the company's decision to downsize is, somewhat, expected by the employees. However, the gossip around the company tells that the situation will not only influence the employees that will leave the company, but will significantly change the profile of work of those who stay, bringing overtime work and pressure to their daily routine.

The role of Andrea in this situation is to take the company through change and ensure that the level of resistance among the staff is minimal, which would allow maintaining high performance culture and smother transformation process in general. Some of the major concerns of the editor include the change in organizational structure of the company. This will lead to a change in the job description for staffer, with unequal distribution of work. The challenge that Andrea is facing is the balance between the ethical decisions and the way to handle the communication and motivation strategies when it comes to the operations of the new organization.

1. What is Justice Dimensions?
2. What is Compensation Budget?
3. How to work out Motivational Theories?

## **CONTENTS**

<b>S.NO.</b>	<b>LESSON</b>	<b>PAGES</b>
1.	Introduction to Management	1.1 – 1.11
2.	Functions and Principles of Management	2.1 – 2.8
3.	Social Responsibility of Business	3.1 – 3.7
4.	Planning	4.1 – 4.9
5.	Decision Making	5.1 – 5.7
6.	Organising	6.1 – 6.13
7.	Staffing	7.1 – 7.8
8.	Directing	8.1 – 8.12
9.	Motivation	9.1 – 9.15
10.	Leadership	10.1 – 10.14
11.	Controlling	11.1– 11.13
12.	Introduction to Organizational Behaviour	12.1 – 12.9
13.	Contributing Disciplines to OB and OB Models	13.1 – 13.8
14.	Foundations of Individual Behaviour-Perception	14.1 – 14.14
15.	Personality	15.1 – 15.9
16.	Group Dynamics	16.1 – 16.16
17.	Transactional Analysis	17.1 – 17.10
18.	Johari Window	18.1 – 18.10
19.	Organisational Change	19.1 – 19.14

## LESSON -1

# INTRODUCTION TO MANAGEMENT

### 56 OBJECTIVES:

By the end of this chapter, learners should be able to:

1. To understand the concepts of management,
2. The role and responsibilities and levels of a manager for getting things done by the people effectively and efficiently.

### STRUCTURE:

#### 1.1 Introduction to the Concept of Management

#### 5 1.2 Definitions of Management

#### 1.3 Objectives of Management

#### 1.4 Significance of Management

#### 1.5 Levels of Management

#### 1.6 Skills of a Manager

#### 1.7 Roles of a Manager

#### 1.8 Summary

#### 1.9 Technical Terms

#### 1.10 Self-Assessment Questions

#### 1.11 Suggested Readings

### 1 1.1 INTRODUCTION TO THE CONCEPT OF MANAGEMENT:

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

### 137 1.2 DEFINITIONS OF MANAGEMENT:

#### 1. Henri Fayol (Father of Modern Management):

"To manage is to forecast and to plan, to organize, to command, to coordinate and to control."

#### 5 2. Harold Koontz:

"Management is the art of getting things done through and with people in formally organized groups."

#### 3. Peter F. Drucker:

"Management is doing things right; leadership is doing the right things."

(Note: This quote distinguishes management from leadership but is often cited in



discussions about managerial effectiveness.)

4. **Mary Parker Follett:**

"Management is the art of getting things done through people."

5. **F. W. Taylor: (Father of Scientific Management) :**

"Management is an art of knowing what is to be done and seeing that it is done in the best possible manner"

6. **Henri Fayol: (Father of Modern Management):**

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

**1.2.1 Management as a Process:**

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

**1.2.2 Management as a Discipline:**

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

**1.2.3 Art and Science of Decision-Making and Leadership:**

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

**1.2.4 An Art of Increasing Productivity:**

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

**1.2.5 Integration of Efforts:**

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

**1.3 OBJECTIVES OF MANAGEMENT**

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

1

Following are the broad objectives of management:

**1.3.1 Proper Utilization of Resources:**

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

**1.3.2 Improving Performance:**

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

**1.3.3 Mobilizing Best Talent:**

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

**1.3.4 Planning for Future:**

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

**1.4 SIGNIFICANCE OF MANAGEMENT****1.4.1 Encourages Initiative**

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

**1.4.2 Encourages Innovation**

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

**1.4.3 Facilitates growth and expansion**

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

**1.4.4 Improves life of workers**

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

**1.4.5 Improves corporate image**

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

**1.4.6 Employees motivation**

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

**1.4.7 Optimum utilization of resources**

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

**1.4.8 Reduces wastage**

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

**1.4.9 Increases efficiency**

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

**1.4.10 Improves relations**

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

**1.4.11 Reduces absenteeism and labor turnover**

Absenteeism means the employee is absent without permission. Labour Turnover means the employee leaves the organisation. Labour absenteeism and turnover increases the cost and causes many problems in the smooth functioning of the organisation. Management uses different techniques to reduce absenteeism and labour turnover in the organisation.

**1.4.12 Encourages Team Work**

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

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

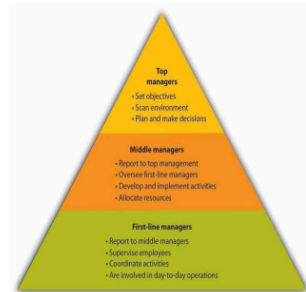
**1.4.14 Establishes Sound Organization** - No overlapping of efforts (smooth and coordinated functions). To establish sound organizational structure is one of the objective of management which is in tune with objective of organization and for fulfillment of this, it establishes effective authority &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

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

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

### 1.5 LEVELS OF MANAGEMENT:

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



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

The role of the top management can be summarized as follows – Top management lays down the objectives and broad policies of the enterprise.

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

### 1.5.2 Middle Level of Management

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

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

### 1.5.2 Lower Level of Management

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

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

## 1.6 SKILLS OF A MANAGER:

Robert L. Katz<sup>47</sup> identified three kinds of skills for administrators. To these may be added a fourth – the ability to design solutions.

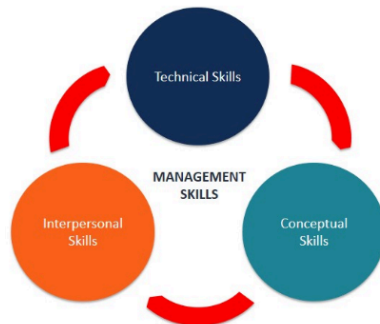
**1.6.1 Technical skills:** it is knowledge of and proficiency in activities involving methods, processes and procedures. Thus it involves working with tools and specific techniques. Example: mechanics work with tools and their supervisors should have the ability to teach them how to use these tools. Similarly, accountants apply specific technique in doing their job.

**1.6.2 Human skills:** it is the ability to work with people; it is cooperative effort; it is team work; it is the creation of an environment in which people feel secure and free to express their opinions.

**1.6.3 Conceptual skills:** it is the ability to see the big picture to recognize significant elements in a situation and to understand the relationships among the elements.

**1.6.4 Design skills:** it is the ability to solve problems in ways that will benefit the enterprise. To be effective, particularly at upper organizational levels, managers must be able to do more than see a problem. They must have, in addition the skill of a good design engineer in working out a practical solution to a problem. If managers merely see the problem and become "problem watchers", they will fail. Managers must also have that valuable skill of being able to design a workable solution to the problem in the light of the realities they face.

<sup>41</sup> The relative importance of these skills may differ at various levels in the organizational hierarchy. Human skills are also helpful in the frequent interactions with subordinates. Conceptual skills, on the other hand, are usually not critical for lower-level supervisors. At the middle-management level, the need for technical skills decreases; human skills are still essential; the conceptual and design abilities and human skills are especially valuable, but there is relatively little need for technical abilities. It is assumed, especially in large companies, that a chief executive can utilize the technical abilities of their subordinates. In smaller firms, however, technical experience may still be quite important.



## 1.7 ROLES OF A MANAGER:

<sup>13</sup> Managerial roles are behaviors adopted to perform various management functions, like leading and planning, organizing, strategizing, and solving problems. Within an organization, managers of different levels have different responsibilities that may overlap. Henry Mintzberg classified managerial roles based on their purpose. He developed 10 managerial roles and divided them in 3 categories, grouping the roles that share similar features. Some of these features can be applied to two or more roles at the same time.

### 1.7.1 Mintzberg's Managerial Roles

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**Mintzberg's managerial roles fall into three basic categories:**

**Interpersonal roles.** This category includes the roles which concern interactions with people working inside and outside the organization. Basically, the majority of managers' time is spent on interpersonal communication through which things get done. **The managerial roles in this category are figurehead, leader, and liaison.**

**Informational roles.** The informational category involves creating, receiving, or sharing information with coworkers. The manager collects information from sources both inside and outside the organization, processes it, and delivers it to those who need it. **The managerial roles in this category are monitor, disseminator, and spokesperson.**

**Decisional roles.** Interpersonal roles are about dealing with people, and informational ones are about dealing with knowledge. Decisional roles are about action. By communicating with people and using information, managers make decisions that lead the organization to its goals.

The managerial roles in this category are **entrepreneur, disturbance-handler, resource-allocator, and negotiator.**

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### 1.7.2 Each of the managerial roles in the three categories in detail

13

#### Figurehead

This role requires performing social, ceremonial, and legal responsibilities. The Figurehead represents the organization, as well as motivates the team to achieve goals. For people, this managerial role is a source of power and authority.

**Examples:** Managers in the figurehead role attend social event where they promote their company. Greeting a potential business client and giving a tour.

#### Leader

The leader role is the most pivotal as it shows to which extent a manager's potential is realized. Managers are in charge of their people's performance, which may mean leading a team, a department, or an entire organization. The responsibilities include hiring and training (direct leadership) and encouragement of employees (indirect leadership). Leaders influence and motivate people, giving them a sense of purpose to reach organizational goals.

**Example:** A manager sets a goal for the team and communicates his expectations, making sure that people understand them. He monitors their progress and provides feedback and resources if needed.

#### Liaison

Managers in the liaison role develop and maintain internal and external relationships. They are a connection link that bridges the gap between employees of different levels to ensure work is done smoothly. Liaisons transfer knowledge through different members of the organization, up and down the chain of command, and can also involve their business contacts from outside the company.

#### Examples:

A manager coordinates with people inside the company, as well as coordinating work between the company's units.

A manager coordinates with people outside the organization, such as buyers, suppliers, and strategic partners. Manager-client-employee interaction. A manager communicates with a



client to see what the client's needs are, providing this information to the employees after the fact.

**Monitor**

In the monitor role, managers are expected to look for information necessary for their organization, as well as for information that can concern potential industry changes. They gather internal and external sources, trying to identify problems and opportunities for growth. In other words, they scan the environment to assess the current state of things in a company and see if corrective action is needed.

**Examples:** Seeking customer feedback to see how exactly you can improve your products or services.

Monitoring industry trends, like products made by competitors or government regulatory changes, in order to meet standards and stay on track.

**Disseminator**

Receiving information from various sources, a manager in the disseminator role is responsible for sharing it with those who may need it. This can be done in both verbal and written forms.

A manager can pass on information directly to the appropriate person, or pass it on between subordinates if they lack contact. The information can concern the organization's direction or strategy, as well as specific technical issues.

**Examples:**

A one-on-one conversation between a manager and an employee where a certain issue is discussed.

Developing a proposal for a new product design, submitting it to upper management for approval, and providing it to the employees so that they can get familiarized with it.

**Spokesperson**

Managers in a spokesperson role speak for their organization, defending the company's interests. Their responsibility is to make the organization look good in the eyes of potential or new clients and the general public.

**Examples:**

A manager attends the annual shareholders' meeting, informing the attendees about the results her team has achieved this year and presenting statistics.

A manager speaks on behalf of the company at a conference.

Division leaders talk to other division leaders, informing them about strategies and resource requirements.

CEOs meet with investors or government officials to give them information about the company which they may find useful. This way, they can persuade investors that their company is pursuing a good strategy, and raise some capital.

**Entrepreneur**

In the entrepreneur role, a manager organizes and runs business processes. This role develops and implements new ideas or strategies, which often means coming up with innovative solutions. Entrepreneurs create conditions for change since innovation and change are needed for a company to stay competitive. Besides, they make sure a company adopts new products and processes pioneered by others or change the organizational structure.

**Examples:**

A manager decides to use social media to increase sales.

A manager reorganizes a weak department, or uses mergers or acquisitions.



**Disturbance handler**

A manager solves issues as they arise – like sales that grow too slowly, a client breaking a contract, or valuable employees leaving. The task of the manager in the disturbance handler role is to fix the problem, maintaining productivity.

**Example:**

When two members of a team have a conflict, it's the manager's responsibility to help them resolve it.

**Resource Allocator**

The resource allocator role requires a manager to determine how and where to apply organizational resources. By resources we mean equipment, staff, funding, facilities, and time. Typically, the resources an organization has are limited, so it takes some effort to decide how to best allocate them.

**Example:**

A manager divides funding between the departments of his organization, based on their current and future needs.

A marketing manager divides funding between media advertising and promotions.

A resource manager distributes project workload across people.

**Negotiator**

Managers participate in negotiations, trying to reach their goals. This managerial role includes negotiating with external parties, where they represent the interests of their organizations, as well as negotiating with internal parties, such as other departments or team members.

The better negotiation skills managers have, the higher their chances to come to an agreement with customers, better organize the work process, and gain access to more resources.

**Examples:**

A manager negotiates pricing, delivery, and design with customers.

A manager negotiates over access to capital and personnel with seniors.

**1.8 SUMMARY:**

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Management is the process of designing and maintaining an environment for the purpose of efficiently accomplishing selected aims. Managers carry out the functions of planning, organizing, staffing, leading and controlling. Managing is an essential activity at all organizational levels; however, the managerial skills required vary with organizational levels. Managing as practice is art; organized knowledge about management is science. The development of management theory involves the development of concepts, principles and techniques.

**1.9 TECHNICAL TERMS:**

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**1. Management**

The process of planning, organizing, leading, and controlling resources to achieve organizational goals.

**2. Organization**

A group of people structured and managed to meet a need or pursue collective goals.

**3. Efficiency**

Achieving maximum productivity with minimum wasted effort or expense.

4. **Effectiveness**  
Completing activities so that organizational goals are attained.
5. **Planning**  
Determining organizational goals and the means for achieving them.
6. **Organizing**  
Arranging tasks, people, and other resources to accomplish the work.
7. **Leading**  
Motivating, directing, and otherwise influencing people to work hard to achieve the organization's goals.
8. **Controlling**  
Monitoring activities to ensure they are being accomplished as planned and correcting any significant deviations.

#### 1.10 SELF-ASSESSMENT QUESTIONS:

1. Explain the concept of management.
2. Define the term management.
3. What skills are needed for a manager?
4. What is the significance of management in the organization?
5. List the roles of a manager

#### 1.11 SUGGESTED READINGS:

1. Graeme Martin, Managing People and Organizations in Changing Contexts, Routledge, 2006.
2. Management, Text & Cases by V.S.P. Rao, (2009), Excel Books Pvt.Ltd., 2<sup>nd</sup> Edition.
3. Management – Theory and Practice (Text and Cases) by P. Subba Rao (2020), Himalaya Publishing House, Edition: 2nd Edition.
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## LESSON - 2

# FUNCTIONS AND PRINCIPLES OF MANAGEMENT

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### OBJECTIVES:

By the end of this chapter, learners should be able to:

1. To understand the basic functions of management for effectively carrying out the tasks in the organization.
2. To study the Principles of Management
3. To understand Contributions of Henri Fayol to the field of Management.

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### STRUCTURE:

#### 2.1 Introduction

#### 2.2 Functions of Management

#### 2.3 Henri Fayol's 14 Principles of Management

#### 2.4 Scientific Management

##### 2.4.1 Objectives of Scientific Management

##### 2.4.2 Contributions of F.W.Taylor

##### 2.4.3 Elements of Scientific Management

##### 2.4.5 Limitations of scientific management

#### 2.5 Summary

#### 2.6 Technical Terms

#### 2.7 Self-Assessment Questions

#### 2.8 Suggested Readings

### 2.1 INTRODUCTION:

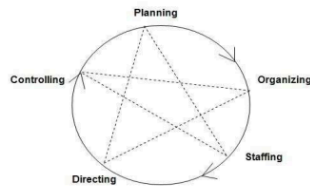
Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from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

### 2.2 FUNCTIONS OF MANAGEMENT:

According to George & Jerry, "There are four fundamental functions of management i.e. planning, organizing, actuating and controlling". According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". Whereas Luther Gullick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely

accepted are functions of management given by KOONTZ and O'DONNEL i.e. Planning, Organizing, Staffing, Directing and Controlling.

### Planning



It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, "Planning is deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are & where we want to be". A plan is a future course of actions. It is an exercise in problem solving & decision making.

Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

### 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.

### Staffing

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

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

- <sup>1</sup> Performance Appraisal.
- Promotions & Transfer.

**Directing**

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

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

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

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

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

**Controlling**

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

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

**<sup>1</sup> 2.3 HENRI FAYOL'S 14 PRINCIPLES OF MANAGEMENT:**

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

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

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

**2. Authority and Responsibility:** In this principle, Fayol conceives authority as a combination of official authority deriving from a manager's official position and personal authority, which is compounded of intelligence, experience, moral worth, past services etc. Managers must have the authority to give orders, but they must also keep in mind that with authority comes responsibility.

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

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

**5. Unity of Direction:** According to Fayol, the unity of direction principle implies that each group of activities having some objectives must have one head and one plan. As distinguished from the principle of unity of command, Fayol perceives unity of direction as related to the functioning of personnel. Teams with the same objective should be working under the direction of one manager, using one plan. This will ensure that action is properly coordinated.

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

**7. Remuneration of Personnel:** Fayol perceives that remuneration and methods of payment should be fair and also should be able to afford the maximum satisfaction to employee and employer. Employee satisfaction depends on fair remuneration for everyone. This includes financial and non-financial compensation.

**8. Centralization:** Although Fayol does not use the term, Centralization of Authority, his principle definitely refers to the extent to which authority is concentrated or dispersed in an enterprise. Individual circumstances determine the degree of centralization that gives the best overall yields. This principle refers to how close employees are to the decision-making process. It is important to aim for an appropriate balance.

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

**10. Order:** Breaking this principle into material order and social order, Fayol thinks of it as a simple edge for everything. This organization is the principle, which refers to arrangement of things and persons in an organization. The workplace facilities must be clean, tidy and safe for employees. Everything should have its place.

**11. Equity:** Fayol perceives this principle as one of eliciting loyalty and devotion from personnel with a combination of kindness and justice in managers while dealing with subordinates. Managers should be fair to staff at all times, both maintaining discipline as necessary and acting with kindness where appropriate.

**12. Stability of Tenure of Personnel:** Finding that instability is both the cause and effect of bad management, Fayol points out the dangers and costs of unnecessary turnover. Managers should strive to minimize employee turnover. Personnel planning should be a priority.

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

**14. Esprit de corps:** Union is strength and an extension of the principle of unity of command. Fayol here emphasizes on the need for teamwork and the importance of communication in obtaining it. Organizations should strive to promote team spirit and unity.

#### 2.4 SCIENTIFIC MANAGEMENT (Contribution of F.W. Taylor):

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

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

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

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

##### Principles of scientific Management

Under scientific management, Taylor developed the following parameters for organization

- Task Planning
- Scientific work study
- Tools and materials
- Selection and Training
- Standardization
- Worker management interrelationships
- Differential piece wage system

##### 2.4.1 Objectives of Scientific Management:

- Scientific utilization of various resources like human power, material etc.
- To provide trained and efficient work force.

- To provide standardize methods of work.
- To provide a scientific base for selecting material, and equipment.
- To provide extra wages to the worker for higher production.
- Replace old rule of thumbs to new scientific methods.
- To develop a good rapport between management and workers.
- To achieve higher production, with reduce costs and maximum efficiency.
- Less wastage

#### 2.4.2 Contributions of F.W.Taylor:

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

#### 2.4.3 Elements of Scientific Management:

- a) **Scientific Task and Rate-Setting (work study):** Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement. Work study includes.
- b) **Methods Study:** The management should try to ensure that the plant is laid out in the best manner and is equipped with the best tools and machinery. The possibilities of eliminating or combining certain operations may be studied.
- c) **Motion Study:** It is a study of the movement, of an operator (or even of a machine) in performing an operation with the purpose of eliminating useless motions.
- d) **Time Study (work measurement):** The basic purpose of time study is to determine the proper time for performing the operation. Such study may be conducted after the motion study. Both time study and motion study help in determining the best method of doing a job and the standard time allowed for it.
- e) **Fatigue Study:** If, a standard task is set without providing for measures to eliminate



fatigue, it may either be beyond the workers or the workers may over strain themselves to attain it. It is necessary, therefore, to regulate the working hours and provide for rest pauses at scientifically determined intervals.

#### 2.4.4 Advantages of scientific management

##### To employees

1. Better utilization of resources through scientific techniques
2. Scientific selection and training of employees leads to better workforce which ensures increase in efficiency
3. Harmonious relationship between the workers and the management
4. Standardization of tools, materials, techniques, equipment's for increasing efficiency
5. Reduction of production cost

##### To workers

1. Opportunity for scientific training and development to increase skills knowledge and competency
2. Better working conditions
3. Application of scientific methods and techniques in better working conditions to reduce fatigue
4. Higher wages to the workers for higher productivity

##### To society

1. People get better quality products at lower cost
2. Increase productivity in the country by utilizing resources properly
3. Improve standard of living of people through better products
4. Scientific investigation promotes technological development

#### 2.4.5 Limitations of scientific management

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

#### 2.5 SUMMARY:

<sup>58</sup> Management is the process of designing and maintaining an environment for the purpose of efficiently accomplishing selected aims. Managers carry out the functions of planning, organizing, staffing, leading and controlling. Functions of Management, Principles of management, Henry Fayol's Principles, F.W. Taylor's Scientific Management are implemented at every level in the organisations for effective functioning.

## 2.6 TECHNICAL TERMS:

1. **Time Study** – Measuring the time taken to perform a task to find the most efficient method.
2. **Motion Study** – Analyzing movements involved in a task to eliminate unnecessary actions.
3. **Standardization** – Setting uniform methods and tools for consistency and efficiency.
4. **Scientific Selection** – Recruiting and training workers based on scientific methods and skills.
5. **Functional Foremanship** – Dividing work and responsibility among specialized supervisors.
6. **Division of Work** – Specialization increases productivity.
7. **Authority and Responsibility** – Right to give orders and the duty to ensure they are followed.
8. **Discipline** – Respect for rules and agreements.

## 2.7 SELF-ASSESSMENT QUESTIONS:

1. Explain the functions of management.
2. What are the 14 principles of management?
3. What is scientific management?
4. How is scientific management useful to the different stake holders of the society?
5. What are the limitations of scientific management?

## 2.8 SUGGESTED READINGS:

1. Graeme Martin, Managing People and Organizations in Changing Contexts, Routledge, 2006.
2. Management, Text & Cases by V.S.P. Rao, (2009), Excel Books Pvt.Ltd., 2<sup>nd</sup> Edition.
3. Management – Theory and Practice (Text and Cases) by P. Subba Rao (2020), Himalaya Publishing House, Edition: 2nd Edition.
4. Luthans. F. Organizational Behaviour, TMH.
5. Robbins, Management, 7/e, Pearson Education.
6. John F.Wilson, The Making of Modern Management, Oxford University Press.

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## LESSON- 3

# SOCIAL RESPONSIBILITY OF BUSINESS

### 83 OBJECTIVES:

By the end of this chapter, learners should be able to:

1. To equip the students with the knowledge of management as an Art and Science
2. To understand whether Management is a Profession
3. To analyze the Responsibility of Business towards Society.

### STRUCTURE:

#### 3.1 Introduction

#### 22 3.2 Management as an Art, Science and Profession

##### 3.2.1 Management as an Art

##### 3.2.2 Management can be an art in the sense that it also has the following

##### 107 Characteristics

##### 3.2.3 Management as a Science

##### 3.2.4 Management as a Profession

##### 3.2.5 The following criteria identify the management as a profession:

#### 3.3 Social Responsibility

##### 3.3.1 Introduction

##### 3.3.2 Social responsibility of business

##### 3.3.3 Shareholders or investors

##### 3.3.4 Personnel

##### 3.3.5 Government

##### 3.3.6 Local community

##### 3.3.7 Environment

##### 3.3.8 Public

### 5 3.4 Summary

### 3.5 Technical Terms

### 3.6 Self-Assessment Questions

### 3.7 Suggested Readings

### 3.1 INTRODUCTION:

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

### 3.2 MANAGEMENT AS AN ART, SCIENCE AND PROFESSION:

1

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

#### 3.2.1 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

**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.

**Personal Skill:** Although theoretical base may be same for every artist, but each one has his own style and approach towards his job. That is why the level of success and quality of performance differs from one person to another. E.g. there are several qualified painters but M.F. Hussain is recognized for his style. Similarly, management as an art is also personalized. Every manager has his own way of managing things based on his knowledge, experience and personality, that is why some managers are known as good managers (like Aditya Birla, Rahul Bajaj) whereas others as bad.

**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.

**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.

**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.

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

- Just like other arts it has to be practiced and performed. The knowledge should be learned and practiced, just as medical or legal practitioners practice their respective sciences.

- The manager gains experience by continual application of management knowledge and facing new experiences. This helps to develop more skills and abilities for translating knowledge into practice.
- Application calls for innovativeness and creativity.
- The fourth reason is that in many situations, theoretical knowledge of management may not be adequate or relevant for solving the problem. It may be because of complexity or unique nature of the problem.
- The art is in knowing how to accomplish the desired results. This implies that there exists a body of knowledge which management uses to accomplish the desired results in organization.

### 3.2.3 Management as a Science:

Management as a science has the following characteristics:

- Its principles, generalizations and concepts are systematic. In this case the manager can manage the situation or organization in a systematic and scientific manner.
- Its principles, generalizations and concepts are formulated on the basis of observation, research, analysis and experimentation, as is the case with the principles of other sciences.
- Like other sciences, management principles are also based on relationship of cause and effect. It states that same cause under similar circumstance will produce same effect. Suppose if workers are paid more (cause), they produce more (effect).
- Management principles are codified and systematic
- Management principles are universally applicable to all types of organizations.

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

### 3.2.4 Management as a Profession

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

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

1. **Specialized Knowledge** - A profession must have a systematic body of knowledge that can be used for development of professionals. Every professional must make deliberate efforts to acquire expertise in the principles and techniques. Similarly, a manager must have devotion and involvement to acquire expertise in the science of management.
2. **Formal Education & Training** - There are no. of institutes and universities to impart education & training for a profession. No one can practice a profession without going through a prescribed course. Many institutes of management have been set up for

imparting education and training. For example, a CA cannot audit the A/C's unless he has acquired a degree or diploma for the same but no minimum qualifications and a course of study has been prescribed for managers by law. For example, MBA may be preferred but not necessary.

**3. Social Obligations** - Profession is a source of livelihood but professionals are primarily motivated by the desire to serve the society. Their actions are influenced by social norms and values. Similarly, a manager is responsible not only to its owners but also to the society and therefore he is expected to provide quality goods at reasonable prices to the society.

**4. Code of Conduct** - Members of a profession have to abide by a code of conduct which contains certain rules and regulations, norms of honesty, integrity and special ethics. A code of conduct is enforced by a representative association to ensure self-discipline among its members. Any member violating the code of conduct can be punished and his membership can be withdrawn.

**5. Representative Association** - For the regulation of profession, existence of a representative body is a must. For example, an institute of Chartered Accountants of India establishes and administers standards of competence for the auditors but the AIMA however does not have any statutory powers to regulate the activities of managers.

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

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

#### 3.2.5 The following criteria identify the management as a profession:

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

### 3.3 SOCIAL RESPONSIBILITY:

#### 3.3.1 Introduction:

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

#### 3.3.2 Social responsibility of business

The social responsibility of business means various obligations or responsibilities or duties that a business-organization has towards the society within which it exists and operates from. Generally, the social responsibility of business comprises of certain duties towards entities, which are depicted and listed below.

##### 3.3.3 Shareholders or investors

Social responsibility of business towards its shareholders or investors is most important of all other obligations. If a business satisfies its funders, they are likely to invest more money in a project. As a result, more funds will flow in and the same can be utilized to modernize, expand and diversify the existing activities on a larger scale. Happy financiers can fulfill the rising demand of funds needed for its growth and expansion.

##### 3.3.4 Personnel

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

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

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

##### 3.3.4 Consumers or customers

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

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

##### 3.3.5 Government

Social responsibility of business towards government's regulatory bodies or agencies is quite sensitive from the license's point of view. If permission is not granted or revoked abruptly, it can result in huge losses to an organization. Therefore, compliance in this regard is necessary. Furthermore, a business must also function within the demarcation of rules and policies as formulated from time to time by the government of state or nation. It should respect laws and



abide by all established regulations while performing within the jurisdiction of state.

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

- Licensing an organization,
- Seeking permissions wherever necessary, Paying fair taxes on time,
- Following labor, environmental and other laws, etc.
- If laws are respected and followed, it creates a goodwill of business in eyes of authorities.

### 3.3.6 Local community

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

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

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

### 3.3.7 Environment

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

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

### 3.3.8 Public

- Finally, social responsibility of business in general can also contribute to make the lives of people a little better.
- Some examples of services towards public include;
- Building and maintaining devotional or spiritual places and gardens for people,
- Sponsoring the education of poor meritorious students,
- Organizing events for a social cause, etc.

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

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## 3.4 SUMMARY:

Managers operate in a complex environment. They are affected by and to some extent influence the environment. Corporate social responsibility requires that organizations consider seriously the impact of their actions on society. Similarly, social responsiveness is relating corporate operations and policies to the social environment in ways that are



beneficial to the company and society. Determining appropriate relationships between various organization and society is not an easy task. And one can make arguments for and against business involvement. Still many corporations and organizations are making serious efforts to establish an environment beneficial to individuals, business and society.

### 3.5 TECHNICAL TERMS:

1. **Experience-Based Knowledge** – Learning through real-world application and interaction.
2. **Systematic Body of Knowledge** – Organized principles and theories developed through study and research.
3. **Cause and Effect Relationship** – Understanding how actions lead to predictable results.
4. **Observation & Experimentation** – Studying patterns and testing theories.
5. **Service Motive** – A profession aims not only for profit but also for the welfare of clients society.
6. **CSR (Corporate Social Responsibility)** – A company's commitment to manage its social, environmental, and economic effects responsibly.
7. **Stakeholders** – Individuals or groups affected by a company's operations (e.g., employees, customers, community).
8. **Ethical Business Practices** – Doing business with honesty, fairness, and responsibility.
9. **Environmental Responsibility** – Minimizing harmful impacts on the environment (e.g., reducing carbon footprint).

### 3.6 SELF-ASSESSMENT QUESTIONS:

1. Why is management considered as an art?
2. Why is management considered as a profession?
3. Why is management considered as a science?
4. Make a comparison between management as an art, science and profession.
5. What is corporate social responsibility?
6. Who are the stake holders in CSR?

### 3.7 SUGGESTED READINGS:

1. Graeme Martin, Managing People and Organizations in Changing Contexts, Routledge, 2006.
2. Management, Text & Cases by V.S.P. Rao, (2009), Excel Books Pvt.Ltd., 2<sup>nd</sup> Edition.
3. Management – Theory and Practice (Text and Cases) by P. Subba Rao (2020), Himalaya Publishing House, Edition: 2nd Edition.
4. Luthans. F. Organizational Behaviour, TMH.
5. Robbins, Management, 7/e, Pearson Education.
6. John F.Wilson, The Making of Modern Management, Oxford University Press.

**Dr. R. Sivrama Prasad**

## LESSON- 4

# PLANNING

### **OBJECTIVES:**

After studying this lesson, you will be able to:

- explain the meaning and features of planning
- identify the steps involved in process of planning
- Understand the types of planning

### **STRUCTURE:**

- 4.1 Introduction To Planning
- 4.2 Definition of Planning
- 4.3 Features of Planning
- 4.4 Nature of Planning
- 4.5 Importance of Planning
- 4.6 Limitations of Planning
- 4.7 Planning Process
- 4.8 Types of Plans
- 4.9. Introduction to Forecasting
- 4.10 Summary
- 4.11 Techniquial Terms
- 4.12 Self Assessment Questions
- 4.13 Suggested Readings

### **4.1 INTRODUCTION TO PLANNING:**

The basic and primary aim of management is to solve the problem effectively, efficiently and creatively owing to a highly competitive and dynamic working environment. For achieving this every organization as part of its life cycle constantly engages in the four essential functions of management -planning, leading, organizing and controlling. The foremost of this is planning. It is the part of management concerned with creating procedures, rules and guidelines for achieving a stated objective. All other managerial functions must be planned if they are to be effective.

When we talk about planning, it simply refers to deciding in advance what is to be done and how it is to be done? For example, you decide in advance where to study (at NIOS or regular school) and what to study (to go in for Business Studies and Accountancy or Physics and Chemistry) etc. and plan for the admission, transport arrangement and purchase of books and stationeries etc. Thus, planning is a systematic way of deciding about and doing things in a purposeful manner. In the context of business organizations and their management it may be

defined as the process of setting future objectives and deciding on the ways and means of achieving

Them. In the words of M.E. Hurley “planning is deciding in advance what is to be done in future. It involves the selection of objectives, policies, procedures and programmes from among the alternatives”

#### 4.2. DEFINITION OF PLANNING:

Planning is the foremost function of management is defined by different authors differently. But the connotation is the same.

Urwick stated that “Planning is a mental predisposition to do things in an orderly way, to think before acting and to act in the light of facts rather than guesses”. It is a mental process of selecting the best of alternative resources to achieve organizational goals following predetermined standards.

In words of Koontz & O'Donnell, “Planning is deciding in advance what to do, how to do and who is to do it. Planning bridges the gap between where we are to, where we want to go. It makes possible things to occur which would not otherwise occur”. 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'DONNELL, i.e. Planning, Organizing, Staffing, Directing and Controlling.

#### 4.3 Features of Planning:

- **Planning focuses on achieving objectives:** by deciding upon the activities to be undertaken.
- **Planning is a primary function:** as it precedes all functions of management i.e. organizing, staffing, directing & controlling.
- **Planning is pervasive:** as it is required at all the levels of management but its scope may vary.
- **Planning is continuous:** as plans need to be made on a continuous basis till an organization exists.
- **Planning is futuristic:** as it seeks to meet future events effectively to the best advantage of an organization.
- **Planning involves decision-making:** as it involves rational thinking to choose the best alternative among the various available alternatives in order to achieve the desired goals efficiently and effectively.
- **Planning is a mental exercise:** as it is based on intellectual thinking involving foresight, visualization and judgment rather than guess work.

#### 4.4. NATURE OF PLANNING:

1. **Planning is goal oriented** – Plans arise from objectives and objectives provide guidelines for planning.

2. **It is a primary function** – Planning provides the basis foundation from which all future management functions arise.
3. **It is persuasive** – It is required at all levels of management. It is not an exclusive function of any management level or department. Managers have to plan for every change that occurs in an organization. However, the scope of planning differs at all levels and among different department.
4. **It is mental activity** – Planning is a mental process involving – imagination, foresightedness and sound judgment. Plans are based on careful analysis of internal and external factors influencing business activities. It is carried out in a logical and systematic manner.
5. **It is a continuous process** – It is an ongoing process of adapting the organization with the changes in business environment. Since a business exist in a dynamic environment it is necessary to continuously plan based on changing business needs and situations.
6. **It involves choice** – it is essentially a choice among various alternative course of action. A manager has to select the best alternative after careful analysis and evaluation.
7. **It is forward looking** – Planning means looking ahead and preparing for the future. It involves analysis of the future needs and requirements of the business and preparing for it.
8. **It is flexible** – Planning is based on future forecast of events and situations. Since future is uncertain, plans are flexible enough to adapt with future change of events.
9. **It is an integrated process** – Plans are structured in a systematic and logical sequence where each plan or step is highly inter-dependent and mutually supportive.
10. **It includes effective and efficient dimensions** – Plans aim at optimum utilization of resources to be efficient and are based on predetermined objectives to measure effectiveness of the plan.

#### 4.5 IMPORTANCE OF <sup>31</sup>PLANNING:

Planning is the most important of all the management functions. Some of the points of importance are as follows:

- (a) Planning reduces uncertainty, risk and confusion in operation. Through planning, the future course of action is known to all and so, everybody knows exactly what needs to be done. This gives a sense of direction resulting in efficiency in operations.
- (b) Planning guides the decision making by the managers. Planning of goals to be achieved and the course of action to be followed to achieve the goal act as a guide in their own decision making and action plans.
- (c) Planning helps in achieving coordination and facilitates control. Proper planning integrates the tasks at the operational level, thereby making coordination more effective. It also helps in identifying deviations and taking the corrective action.
- (d) Planning with an element of flexibility makes the organization adaptable. In other words planning makes the organization capable of coping with the changing environment and facing challenges.
- (e) Planning leads to economy and efficiency in operations. Best methods are selected out of available choices, thus, reducing overlapping and wasteful activities.
- (f) Planning begins with the determination of objectives and directed towards their achievement. It keeps the executive alive and alert. Managers have to review the progress periodically and recast their strategies to meet the objectives.

It should be noted that planning also has certain limitations, as the plans are based on certain assumptions and incomplete information. Hence, the management has to be vigilant and provide for necessary flexibility to take care of changed situations.

#### 4.6 LIMITATIONS OF PLANNING:

Planning is of great importance to management. In spite of this fact, it suffers from some limitations. Following are the important limitations of planning:

1. **Rigidity:** The existence of a plan puts managerial activities in a rigid framework. Changes are not acceptable to the employees. This attitude makes employees and managers inflexible in their operations.
2. **Probabilistic:** Plans are based on forecast so they do not reflect reality. Predictions may not be correct and plans based on these predictions may go wrong. For example, even developed countries like America, UK, and France etc. did not forecast sub-prime crisis, which resulted in a major economic crisis in those countries.
3. **Expensive and Time Consuming:** Planning requires a lot of time to collect information, its analysis and interpretation. So it is a time consuming process. It is not practicable during emergency. If the benefits derived are not more than the cost of plan, then it has adverse effect on the financial performance of an organization.
4. **Delay in Actions:** Planning is a time consuming process. In case of urgent decisions, planning will delay the action.
5. **Misdirection:** Sometime planning may be used to serve individual and group interests and interest of the organization may be ignored.
6. **False Sense of Security:** Planning may create a false sense of security among the employees of an organization in the sense that since the activities will take place as per plan therefore, there is no need to worry.

#### 4.7 PLANNING PROCESS:

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As planning is an activity, there are certain reasonable measures for every manager to follow:

##### (1) Setting Objectives

- This is the primary step in the process of planning which specifies the objective of an organization, i.e. what an organization wants to achieve.
- The planning process begins with the setting of objectives.
- Objectives are end results which the management wants to achieve by its operations.
- Objectives are specific and are measurable in terms of units.
- Objectives are set for the organization as a whole for all departments, and then departments set their own objectives within the framework of organizational objectives.

##### Example:

A mobile phone company sets the objective to sell 2, 00,000 units next year, which is double the current sales.

##### (2) Developing Planning Premises

- Planning is essentially focused on the future, and there are certain events which are expected to affect the policy formation.
- Such events are external in nature and affect the planning adversely if ignored.
- Their understanding and fair assessment are necessary for effective planning.
- Such events are the assumptions on the basis of which plans are drawn and are known as planning premises.

##### Example:

The mobile phone company has set the objective of 2,00,000 units sale on the basis of forecast done on the premises of favourable Government policies towards digitization of transactions.

**(3) Identifying Alternative Courses of Action**

- Once objectives are set, assumptions are made.
- Then the next step is to act upon them.
- There may be many ways to act and achieve objectives.
- All the alternative courses of action should be identified.

**Example:**

The mobile company has many alternatives like reducing price, increasing advertising and promotion, after sale service etc

**(4) Evaluating Alternative Course of Action**

- In this step, the positive and negative aspects of each alternative need to be evaluated in the light of objectives to be achieved.
- Every alternative is evaluated in terms of lower cost, lower risks, and higher returns, within the planning premises and within the availability of capital.

**Example:**

The mobile phone company will evaluate all the alternatives and check its pros and cons.

**(5) Selecting One Best Alternative**

- The best plan, which is the most profitable plan and with minimum negative effects, is adopted and implemented.
- In such cases, the manager's experience and judgment play an important role in selecting the best alternative.

**Example:**

Mobile Phone Company selects more T.V advertisements and online marketing with great after sales service.

**(6) Implementing the Plan**

- This is the step where other managerial functions come into the picture.
- This step is concerned with "DOING WHAT IS REQUIRED".
- In this step, managers communicate the plan to the employees clearly to help convert the plans into action.
- This step involves allocating the resources, organizing for labour and purchase of machinery.

**Example:**

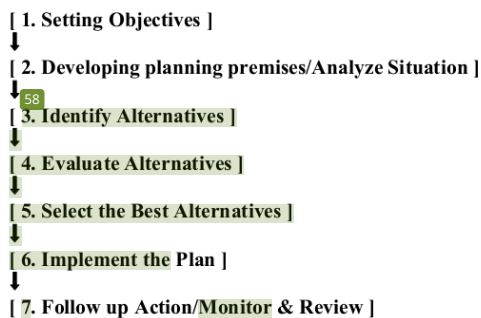
Mobile Phone Company hires salesmen on a large scale, creates T.V advertisement, starts online marketing activities and sets up service workshops.

**(7) Follow up Action**

- Monitoring the plan constantly and taking feedback at regular intervals is called follow-up.
- Monitoring of plans is very important to ensure that the plans are being implemented according to the schedule.
- Regular checks and comparisons of the results with set standards are done to ensure that objectives are achieved.

**Example:**

A proper feedback mechanism was developed by the mobile phone company throughout its branches so that the actual customer response, revenue collection, employee response, etc. could be known.

**Fig: 1.1 - Planning Process:**

#### 4.8 TYPES OF PLANS:

**1. Objectives:** Objectives are the end results towards which all the activities are directed. For example, it can be the objective of an organization to impart training in cloth printing to 1000 persons in a year. As far as possible, objectives should be measurable in quantitative terms, and should be achievable within a given time period.

**2. Strategy:** To exist in the changing business environment and to face the competitions in the market, plans that are formulated are called strategies. Strategies refer to plans which are prepared by considering the move of competitors for the optimum utilization of resources. A Strategy is a comprehensive plan which indicates the desired future of an organization. For example, (i) Tata adopted the strategy of attracting even middle income group to purchase cheaper car (Nano). (ii) Because of fast labour turnover, IT companies adopted the strategy of appointing not only engineers but also graduates from Mathematics and Physics.

**3. Policy:** A policy is a general statement that guides decision-making. It decides the boundaries within which the decisions can be made. Policies direct decisions towards achievement of objectives. For example, an organization may have the policy of giving training only to candidates who secured more than 60 percent marks.

**4. Procedure:** Procedures are plans which determine the sequence of any work performance. If procedures are decided in advance, everyone can follow the same.

For example, the procedure for giving training to candidates in an organization :

- a) Collect the applications from candidates;
- b) Verify the scores / mark of each candidate;
- c) Verify the area of training needed by each individual (for example, cutting & measuring a piece of cloth for stitching);
- d) Collect fees / decide the stipend to be given to each candidate;
- e) Send letters intimating the date and period of training;
- f) Conduct training programme;
- g) Issue of certificate to each participant on completion of training.

**5. Methods:** A Method is that plan which determines how different activities of the procedure are completed. A method is not related to all steps but only to one step of the



procedure. One best method is selected in which a worker feels minimum fatigue and there is increase in productivity. Methods are standardized ways of doing work. For example, cloth can be manufactured by labour intensive method or capital intensive method. But the most efficient method is one which will use least amount of resources. The method of car driving training can be by using a car or by using computer software in the initial period of training.

**6. Rule:** Rules clearly indicate what is to be done and what is not to be done in a particular situation. Strict actions can be taken against persons who violate the rules. Rules are guideline designed to guide behaviour. For example, there can be rule of 'Keep Silence' in a library or 'No smoking' in a factory.

**7. Budget:** It is a statement of expected results expressed in numerical terms. A budget is a type of plan expressed in financial terms or in terms of labour hours, units of product, machine hours etc. Budgets are quantitative statements indicating expected results and expenditure required for achieving the goal. For example, Cash budget estimates the expected cash inflow and cash outflow over a period of time.

**8. Programme:** A programme is a plan laying down the what, how, who and when of accomplishing a specific job. The programmes are made to get systematic working in the organization. A programme is a scheme designed to accomplish a specific objective. It spells out clearly the steps to be taken, resources to be used, and time period within which the task is to be completed. A programme usually includes a set of objectives, policies, procedures, methods, budgets etc. For example, developing a new product, training programme, advertising programme etc.

#### 4.9. INTRODUCTION TO FORECASTING:

Forecasting is the process of predicting future trends, events, or outcomes based on historical data, market analysis, and statistical models. It helps businesses and organizations make informed decisions about planning, resource allocation, and strategy development.

##### A. Types of Forecasting

###### 1. Based on Time Horizon

- **Short-Term Forecasting** (Weeks to 1 Year) → Used for inventory control, workforce scheduling, and production planning.
- **Medium-Term Forecasting** (1–3 Years) → Applied in budgeting, financial planning, and capacity planning.
- **Long-Term Forecasting** (3+ Years) → Used for strategic decisions, investments, and market expansion.

###### 2. Based on Purpose

- **Demand Forecasting** → Predicts future customer demand for products or services.
- **Sales Forecasting** → Estimates future sales based on market trends and historical performance.
- **Financial Forecasting** → Predicts revenue, expenses, and financial performance.
- **Technology Forecasting** → Anticipates technological advancements and their business impact.



### 80 Techniques of Forecasting

Forecasting techniques are broadly classified into two categories:

1. **Qualitative Forecasting** (Based on expert judgment and opinions)
2. **Quantitative Forecasting** (Based on historical data and mathematical models)

#### 1. Qualitative Forecasting Techniques

Used when historical data is unavailable or insufficient. These methods rely on expert opinions, intuition, and market research.

##### a. Delphi Method

- A structured communication process where experts provide forecasts anonymously.
- 80 multiple rounds of feedback refine predictions.
- Used for long-term planning and technological forecasting.

##### b. Market Research

- Surveys, focus groups, and interviews collect consumer insights.
- Used for demand forecasting and new product launches.

##### c. Expert Opinion

- Industry specialists and experienced professionals provide insights.
- Often used in new markets where historical data is scarce.

##### d. Scenario Planning

- Develops different possible future scenarios (best-case, worst-case, and most likely).
- Helps organizations prepare for uncertainties and risks.

#### 2. Quantitative Forecasting Techniques

Used when historical data is available, these methods apply statistical 74 and mathematical models to predict future trends.

##### a. Time Series Analysis

- Uses historical data patterns to predict future values.
- **Types of Time Series Methods:**
  - **Moving Averages** → Smooths fluctuations to identify trends.
  - **Exponential Smoothing** → assigns more weight to recent data.
  - **Trend Projection** → Extends past trends into the future.

##### b. Regression Analysis

- Identifies relationships between variables (e.g., sales vs. advertising spend).
- Helps in demand and financial forecasting.

##### c. Econometric Models

- Uses multiple regression equations to analyze economic relationships.
- Applied in macroeconomic forecasting.

##### d. Artificial Intelligence & Machine Learning

- Uses algorithms to analyze large datasets and detect patterns.
- Common in sales forecasting, stock market predictions, and supply chain management.

##### e. Simulation Models

- Uses computer models to test different business scenarios.
- Example: Monte Carlo simulations for risk assessment.

#### 4.10 SUMMARY:

Planning is a fundamental process that provides direction, minimizes uncertainty, and enhances efficiency in both personal and organizational contexts. It enables individuals and businesses to set clear objectives, allocate resources effectively, and anticipate potential challenges. A well-structured planning process improves decision-making, enhances productivity, and ensures goal achievement.

In a dynamic and competitive environment, flexibility in planning is essential to adapt to unforeseen changes. Continuous monitoring and evaluation help refine strategies and ensure sustained success. Ultimately, effective planning is the foundation for growth, innovation, and long-term stability in any field.

#### 4.11 TECHNIQUEAL TERMS:

1. **Planning** The Process of setting goals and determining the best course of action to achieve those goals.
2. **Objective** Specific, measurable, achievable, relevant, and time-bound goals that an organization or individual aims to achieve.
3. **Strategy** A comprehensive plan of action designed to achieve a specific goal or set of goals.
4. **Time line** A schedule that outlines the sequence of tasks and activities needed to complete a project or achieve a goal.
5. **Resources** The assets, materials, and personnel needed to carry out a plan.
6. **Implementation** The process of putting a plan into action and carrying it out.
7. **Evaluation** The process of assessing the effectiveness of a plan and making adjustments as needed.

#### 4.12 SELF ASSESSMENT QUESTIONS:

1. Define the term Planning
2. What is meant by planning premises?
3. State the different steps of planning process.
4. Write short notes of 'Procedure'.
5. Explain the features of planning.
6. What is meant by planning? Describe any four points of importance of planning.
7. Explain the limitations of planning.

#### 4.13 SUGGESTED READINGS:

1. Koontz & Weirich, 'Management', McGraw – Hill, Tokyo, 2004
2. (2) Richard .M Hodgets, 'Management', Academic Press, New Jersey, 1993
3. Hampton, 'Management', McGraw – Hill, International Edition, Tokyo, 1992

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## **LESSON- 5**

# **DECISION MAKING**

### **OBJECTIVES:**

By the end of this topic, students will be able to:

- Explain the importance of decision-making in management and organizational success.
- Differentiate between strategic, tactical, and operational decisions.
- Describe the step-by-step process of effective decision-making.
- Describe the principles and objectives of Management by Objectives (MBO).

### **STRUCTURE:**

#### **5.1. Introduction to Decision Making**

#### **5.2 .Definition of Decision-Making**

#### **5.3. Types of Decision Making in Management**

#### **5.4. Features or Characteristics of Decision-Making**

#### **5.5. Decision-Making Process in Management**

#### **5.6. MBO Process**

#### **5.7. Steps in MBO Process**

#### **5.8 Summary**

#### **5.9 Technical Terms**

#### **5.10 Self Assessment Questions**

#### **5.11. Suggested Readings**

### **5.1 INTRODUCTION TO DECISION MAKING:**

Decision-making is an indispensable part of life. Innumerable decisions are taken by human beings in day-to-day life. In business undertakings, decisions are taken at every step. All managerial functions viz., planning, organizing, staffing, directing, coordinating and controlling are carried through decisions. Decision-making is thus the core of managerial activities in an organization.

Decision is a choice whereby a person comes to a conclusion about given circumstances/ situation. It represents a course of behaviour or action about what one is expected to do or not to do. Decision- making may, therefore, be defined as a selection of one course of action from two or more alternative courses of action. Thus, it involves a choice-making activity and the choice determines our action or inaction.

Every action of a manager is generally an outcome of a decision.

The word 'decides' means to come to a conclusion or resolution as to what one is expected to do at some later time.

### 5.2 DEFINITION OF DECISION-MAKING:

Some of the important definitions of decision-making are given as under.

“Decision-making is the selection based on some criteria from two or more possible alternatives.” —*George R. Terry*

“A decision can be defined as a course of action consciously chosen from available alternatives for the purpose of desired result” —*J.L. Massie*

“A decision is an act of choice, wherein an executive forms a conclusion about what must be done in a given situation. A decision represents a course of behaviour chosen from a number of possible alternatives.” —*D.E. Mc. Farland*

From these definitions, it is clear that decision-making is concerned with selecting a course of action from among alternatives to achieve a predetermined objective.

### 5.3. TYPES OF DECISION MAKING IN MANAGEMENT:

In management, decision making can be categorized into various types based on different criteria, such as the level of impact, the level of structure, and the frequency of occurrence. Here are some common types of decision making in management:

**1. Programmed Decisions:** These are routine, repetitive decisions that follow established rules, procedures, or guidelines. They are typically made in response to well-defined and recurring situations. For example, approving employee vacation requests or reordering office supplies.

**2. Non-Programmed Decisions:** Non-programmed decisions are unique and require a more individualized approach. They are often made in response to complex and novel situations that lack predetermined solutions. Strategic decisions, mergers and acquisitions, and crisis management are examples of non-programmed decisions.

**3. Strategic Decisions:** Strategic decisions are high-level choices that have a long-term impact on the organization. They involve setting the organization's direction, goals, and strategies. Examples include entering new markets, developing new products, and making major investments.

**4. Tactical Decisions:** Tactical decisions are medium-term choices that focus on implementing the strategies defined in strategic decisions. They involve resource allocation, coordination of activities, and adjusting tactics based on changing circumstances. Budget allocation, workforce planning, and supply chain management are tactical decisions.

**5. Operational Decisions:** Operational decisions are short-term choices made at the operational level of an organization. They involve day-to-day activities, processes, and tasks. Scheduling shifts, managing inventory, and resolving customer complaints are examples of operational decisions.

**6. Individual Decisions:** Individual decisions are made by a single person within the organization. These decisions might involve personal tasks, individual responsibilities, or small-scale matters.

**7. Group Decisions:** Group decisions involve a team or committee working together to arrive at a consensus. Group decisions can leverage diverse perspectives and lead to more comprehensive solutions, but they can also take longer due to discussions and negotiations.

**8. Routine Decisions:** Routine decisions are those that are made frequently and have become part of the regular workflow. They are usually low in significance and can be automated or handled with minimal analysis.

**9. Policy Decisions:** Policy decisions establish guidelines or principles that guide future decisions and actions within an organization. They help maintain consistency and alignment with organizational goals.

**10. Procedural Decisions:** Procedural decisions involve choosing a specific method or process for accomplishing a task or achieving an objective. They provide a structured approach to tasks and operations.

**11. Crisis Decisions:** Crisis decisions are made in response to unexpected and urgent situations that require immediate action. Crisis management involves making decisions under pressure to minimize damage and restore normalcy.

**12. Rational Decisions:** Rational decisions are based on careful analysis, logic, and a systematic evaluation of alternatives. They aim to maximize benefits and achieve objectives with the available information.

#### 5.4 FEATURES OR CHARACTERISTICS OF DECISION-MAKING:

Important features of managerial decisions:

1. **Rational Thinking:** It is invariably based on rational thinking. Since the human brain with its ability to learn, remember and relate many complex factors, makes the rationality possible.
2. **Process:** It is the process followed by deliberations and reasoning.
3. **Selective:** It is selective, i.e. it is the choice of the best course among alternatives. In other words, decision involves selection of the best course from among the available alternative courses that are identified by the decision-maker.
4. **Purposive:** It is usually purposive i.e. it relates to the end. The solution to a problem provides an effective means to the desired goal or end.
5. **Positive:** Although every decision is usually positive sometimes certain decisions may be negative and may just be a decision not to decide. For instance, the manufacturers of VOX Wagon car once decided not to change the model (body style) and size of the car although the other rival enterprise (i.e. the Ford Corporation) was planning to introduce a new model every year, in the USA.  
That a negative decision and is equally important was stressed by Chester I. Bernardone of the pioneers in Management Thought-who observed, "The fine art of executive decision consists in not deciding questions that are not now pertinent, in not deciding prematurely, in not making decisions that cannot be made effective, and in not making decisions that other should make."
6. **Commitment:** Every decision is based on the concept of commitment. In other words, the Management is committed to every decision it takes for two reasons- viz., (i) it promotes the stability of the concern and (ii) every decision taken becomes a part of the expectations of the people involved in the organization.

Decisions are usually so much inter-related to the organizational life of an enterprise that any change in one area of activity may change the other areas too. As such, the Manager is committed to decisions not only from the time that they are taken but upto their successfully implementation.

7. **Evaluation:** Decision-making involves evaluation of alternatives. Environment of Decision Making It is said that every manager's primary responsibility is decision-making. Managers follow a sequential set of steps to make good decisions that are in the interest of the firm. This process is known as decision making process.

### 5.5 DECISION-MAKING PROCESS IN MANAGEMENT:

The **decision-making process** is a systematic approach to identifying and solving problems by choosing the best course of action. It involves multiple steps to ensure informed and effective decisions.

#### STEPS OF THE DECISION-MAKING PROCESS

##### 1. Identify the Problem or Opportunity

- Clearly define the issue or opportunity that requires a decision.
- Understand the root cause of the problem.
- **Example:** A company notices declining sales and needs to decide on a new marketing strategy.

##### 2. Gather Relevant Information

- Collect data from internal and external sources.
- Use market research, customer feedback, and financial reports.
- **Example:** Analyzing customer trends and competitor pricing before launching a product.

##### 3. Identify Alternatives

- Brainstorm possible solutions or courses of action.
- Consider both conventional and innovative approaches.
- **Example:** A business considering different expansion strategies—new locations, online stores, or partnerships.

##### 4. Evaluate Alternatives

- Compare options based on feasibility, risks, costs, and benefits.
- Use decision-making tools like SWOT analysis, cost-benefit analysis, or risk assessment.
- **Example:** A company assessing whether hiring more staff or automating processes is more cost-effective.

##### 5. Choose the Best Alternative

- Select the most effective and practical solution.
- Ensure the decision aligns with company goals and values.
- **Example:** Choosing to launch a digital marketing campaign instead of traditional advertising.

##### 6. Implement the Decision

- Develop an action plan and assign responsibilities.
- Allocate resources and set a timeline for execution.
- **Example:** Hiring a marketing agency, setting a budget, and launching advertisements.

**7. Monitor and Review the Decision**

- Track progress and measure the impact of the decision.
- Make necessary adjustments if outcomes are not as expected.
- Example: Monitoring sales after the campaign and tweaking strategies if needed.

**5.6 MBO PROCESS:**

MBO (Management by Objectives) is a management approach where organizational goals are clearly defined and communicated to employees, who then work towards achieving them. It was introduced by Peter Drucker in the 1950s and focuses on setting specific, measurable, achievable, relevant, and time-bound (SMART) objectives.

**Need for Management by Objectives (MBO) :**

1. The Management by Objectives process helps the employees to understand their duties at the workplace.
2. KRAs are designed for each employee as per their interest, specialization and educational qualification.
3. The employees are clear as to what is expected out of them.
4. Management by Objectives process leads to satisfied employees.
5. It avoids job mismatch and unnecessary confusions later on.
6. Employees in their own way contribute to the achievement of the goals and objectives of the organization.
7. Every employee has his own role at the workplace. Each one feels indispensable for the organization and eventually develops a feeling of loyalty towards the organization.
8. They tend to stick to the organization for a longer span of time and contribute effectively.
9. They enjoy at the workplace and do not treat work as a burden. □
10. Management by Objectives ensures effective communication amongst the employees. It leads to a positive ambience at the workplace.
11. Management by Objectives leads to well defined hierarchies at the workplace. It ensures transparency at all levels.
12. A supervisor of any organization would never directly interact with the Managing Director in case of queries. He would first meet his reporting boss who would then pass on the message to his senior and so on. Every one is clear about his position in the organization. □
13. The MBO Process leads to highly motivated and committed employees. □
14. The MBO Process sets a benchmark for every employee. The superiors set targets for each of the team members, each employee is given a list of specific tasks.

**Key Features of MBO**

1. **Goal Setting:** Managers and employees collaboratively set clear and realistic goals.
2. **Alignment:** Individual goals align with organizational objectives.
3. **Performance Monitoring:** Regular check-ins ensure progress is tracked.
4. **Evaluation & Feedback:** Performance is reviewed, and feedback is provided.
5. **Rewards & Improvement:** Achievements are rewarded, and corrective actions are taken if needed.

**Advantages of MBO**

- Improves employee motivation and engagement.
- Enhances accountability and performance tracking.
- Strengthens communication between managers and employees.
- Aligns efforts with the organization's strategic vision.

### 5.7. STEPS IN MBO PROCESS:

The 6 steps of the MBO process are;

1. Define organizational goals
2. Define employees objectives
3. Continuous monitoring performance and progress
4. Performance evaluation
5. Providing feedback
6. Performance appraisal

Let's briefly look at each of these;

**1. Define Organizational Goals:** Goals are critical issues to organizational effectiveness, and they serve a number of purposes. Organizations can also have several different kinds of goals, all of which must be appropriately managed. And a number of different kinds of managers must be involved in setting goals. The goals set by the superiors are preliminary, based on an analysis and judgment as to what can and what should be accomplished by the organization within a certain period.

**2. Define Employees Objectives:** After making sure that employees' <sup>20</sup> managers have informed of pertinent general objectives, strategies and planning premises, the manager can then proceed to work with employees in setting their objectives. The manager asks what goals the employees believe they can accomplish in what time period, and with what resources. They will then discuss some preliminary thoughts about what goals seem feasible for the company or department.

**3. Continuous Monitoring Performance and Progress:** MBO process is not only essential for making line managers in business organizations more effective but also equally important for monitoring the performance and progress of employees. For monitoring performance and progress the followings are required;

- i. Identifying ineffective programs by comparing performance with pre-established objectives,
- ii. Using zero-based budgeting,
- iii. Applying MBO concepts for measuring individual and plans,
- iv. Preparing long and short-range objectives and plans,
- v. Installing effective controls, and
- vi. Designing a sound organizational structure with clear, responsibilities and decision making authority at the appropriate level.

**4. Performance Evaluation:** Under this MBO process performance review is made by the participation of the concerned managers.

**5. Providing Feedback:** The filial ingredients in an MBO program are continuous feedback on performance and goals that allow individuals to monitor and correct their own actions. This continuous feedback is supplemented by periodic formal appraisal meetings in which superiors and subordinates can review progress toward goals, which lead to further feedback.

**6. Performance Appraisal:** Performance appraisals are a regular review of employee performance within organizations. It is done at the last stage of the MBO process.



### 5.8 SUMMARY:

Decision-making is a fundamental process in management, involving the selection of the best course of action from multiple alternatives to achieve organizational goals. It is a critical skill that influences efficiency, productivity, and overall business success. Effective decision-making enhances efficiency, improves employee engagement, and fosters a positive work environment, ensuring long-term success.

### 5.9 TECHNICAL TERMS:

1. **Decision** A choice made after considering different options and their potential outcomes.
2. **Decision-Making** The process of choosing a course of action from a set of possibilities.
3. **Objective** The desired outcome or goal that the decision aims to achieve.
4. **Alternatives** The different options or courses of action that are available.
5. **Analysis** The process of examining information and identifying relevant factors to inform the decision.
6. **Evaluation** Assessing the potential benefits and drawbacks of each alternative.
7. **Implementation** Putting the chosen decision into action.
8. **Consequences** The potential outcomes, both positive and negative, that may result from a decision.

### 5.10 SELF ASSESSMENT QUESTIONS:

1. What is decision-making, and why is it important in management?
2. Explain the key steps involved in the decision-making process.
3. What are the different types of decisions managers make? Provide examples.
4. How does decision-making relate to the functions of management?
5. Differentiate between rational and intuitive decision-making approaches.
6. What is Management by Objectives (MBO)? Explain its significance in business management.
7. What are the key steps involved in the MBO process?

### 5.11 SUGGESTED READINGS:

1. The Little Black Book of Decision Making by Michael Nicholas, (2017)
2. Management by Objectives by George S. Odiorne, (1965)
3. Management by Objectives: A Complete Guide – 2020 Edition published in 2021
4. The Managerial Decision-Making Process by E. Frank Harrison's 1998

Dr. S.V Ramana

## LESSON- 6

# ORGANISING

### 18 OBJECTIVES:

After studying the lesson you will be able to:

- Explain the meaning and importance of organizing;
- Outline the steps involved in process of organizing;
- Explain the concept of organization structure and outline the forms it takes;
- Differentiate between formal and informal organization

### 5 STRUCTURE:

#### 6.1 Introduction

#### 6.2 Importance of Organizing

#### 6.3 Process of Organizing

#### 6.4 Departmentation

##### 6.4.1 Departmentation Meaning

##### 119 6.4.2 Importance Of Departmentation

##### 6.4.3 Basis Of Departmentation

##### 6.4.4 Formal And Informal Organizations

##### 6.4.5 Span Of Control

##### 6.4.6 V.A. Graicunas' Theory Of Span Of Control

##### 6.4.7 Delegation

###### 6.4.7.1 Importance Of Delegation

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##### 119 6.4.9 Line and Staff Organization

###### 6.4.9.1 Features of Line and Staff Organization

###### 6.4.9.2 Merits of Line and Staff Organization

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###### 6.4.9.4 Conflict between Line and Staff in Organizations

###### 6.4.9.5 How to Reduce Line-Staff Conflict

### 5 6.5 Summary

#### 6.6 Technical Terms

#### 6.7 Self Assessment Questions

#### 6.8 Suggested Readings

### 6.1 INTRODUCTION:

<sup>51</sup> Organizing is the next important function of management after the planning. You know that in case of planning a manager decides what is to be done in future. In case of organizing, he decides on ways and means through which it will be easier to achieve what has been planned. Suppose, it is planned to start a new plant for soft drinks within six months. The immediate task for the manager then is to identify and assign the various tasks involved, and devise structure of duties and responsibilities so that things move smoothly and the objective is achieved. All these tasks form part of organizing function. Thus, organizing refers to the process of :

- Identifying and grouping the work to be performed.
- Defining and determining responsibility and authority for each job position.
- Establishing relationship among various job positions.
- Determining detailed rules and regulations of working for individuals and groups in organization.

### 6.2 IMPORTANCE OF ORGANIZING:

<sup>29</sup> Organizing is essential because it facilitates administration as well as operation of enterprise. By grouping work and people properly, production increases, overload of work is checked, wastage is reduced, duplication of work is restricted and effective delegation becomes possible. Secondly, organizing facilitates growth and diversification of activities through clear division of work. It helps in developing a proper organization structure and the extent and nature of decentralization can be determined. In addition to the above, organizing also provides for the optimum use of technical and human resources. It also encourages creativity and enhances interaction among different levels of management which leads to unification of efforts of all.

### 6.3 PROCESS OF ORGANIZING:

The process of organizing consists of the following steps –

**1. Identification of activities:** Every enterprise is created with a specific purpose. Based on this, the activities involved can be identified. For example, in a manufacturing firm, producing goods and selling them are the major activities in addition to routine activities like, paying salary to employees, raising loans from outside, paying taxes to the government etc. and these activities vary when the organization is a service concern or a trading firm. Therefore, it is essential to identify various activities of an enterprise.

**2. Grouping of activities :** Once activities are identified, then they need to be grouped. They are grouped in different ways. The activities which are similar in nature can be grouped as one and a separate department can be created.

For example – activities undertaken before sale of a product, during the sale of the product and after the sale of the product can be grouped under the functions of a marketing department. Normally, all activities of a manufacturing unit can be grouped into major functions like purchasing, production, marketing, accounting and finance, etc. and each function can be subdivided into various specific jobs.

**3. Assignment of Responsibilities :** Having completed the exercise of identifying, grouping and classifying all activities into specific jobs, they can be assigned to individuals to take care of.

**4. Granting authority :** On the basis of responsibilities given to specific individuals, they are also to be given the necessary authority to ensure effective performance.

**5. Establishing relationship :** This is a very important job of management as everybody in the organization should know as to whom he/she is to report, thereby establishing a structure of relationships. By doing so, relationships become clear and delegation is facilitated.

#### 6.4 DEPARTMENTATION;

##### 6.4.1 Departmentation Meaning:

Departmentation is the foundation of organization structure, that is, organization structure depends upon departmentation. Departmentation means division of work into smaller units and their re-grouping into bigger units (departments) on the basis of similarity of features. As the organization grows in size, the work is divided into units and sub-units. Departments are created and activities of similar nature are grouped in one unit. Each department is headed by a person known as departmental manager. Departmentation, thus, helps in expanding an organization and also promotes efficiency by dividing the work on the basis of specialization of activities and appointing people in various departments on the basis of their specialized knowledge.

##### Definition

- **Louis A. Allen** -“Divisionalisation is a means of dividing the large and monolithic functional organization into smaller, flexible administrative units”.
- **Pearce and Robinson** “Departmentalization is the grouping of jobs, processes and resources into logical units to perform some organizational task.”
- **Terry and Franklin** “Departmentalization is the clustering of individuals into units and of units into departments and larger units in order to facilitate achieving organizational goals.”

##### 6.4.2 Importance of Departmentation

**1. Organization structure** Division of work into units and sub-units creates departments. Supervisors and managers are appointed to manage these departments. People are placed in different departments according to their specialized skills. The departmental heads ensure efficient functioning of their departments within the broad principles of organization (scalar chain, unity of command, unity of direction etc.).

**2. Flexibility** In large organizations, one person cannot look after all the managerial functions (planning, organizing etc.) for all the departments. He cannot adapt the organization to its internal and external environment. Such an organization would become an inflexible organization. Creating departments and departmental heads makes an organization flexible and adaptive to environment. Environmental changes can be incorporated which strengthen the organization's competitiveness in the market.

**3. Specialization** Division of work into departments leads to specialization as people of one department perform activities related to that department only. They focus on a narrow set of activities and repeatedly performing the same task increases their ability to perform more speedily and efficiently. Specialization promotes efficiency, lowers the cost of production and makes the products competitive.

**4. Sharing of resources** If there are no departments, organizational resources; physical, financial and human, will be commonly shared by different work units. Departmentation helps in sharing resources according to departmental needs. Priorities are set and resources are allocated according to the need, importance and urgency regarding their use by different departments.

**5. Co-ordination** "The organization is a system of integrated parts, and to give undue emphasis to any functional part at the expense of the entire organization creates organizational islands, thus, resulting in inefficiency and significant behavioural problems". Creating departments focuses on departmental activities and facilitates co-ordination.

**6. Control** Managers cannot control organizational activities if they have to be collectively supervised. Departmentation facilitates control by departmental manager over the activities of his department only. Activities are divided into smaller segments, standards of performance can be framed, factors affecting performance can be identified and control can be more objective in nature.

**7. Efficiency** Flow of work from one level to another and for every department, i.e., vertical and horizontal flow of work in the organization increases organizational efficiency.

**8. Scope for growth and diversification** In the absence of departmentation, managers can supervise a limited number of activities, depending upon their skills and abilities. Departmentation enables them to expand their area of operation into new product lines and geographical divisions. Departmentation provides scope for organizational growth (along the same product lines) and expansion (adding new product lines).

**9. Responsibility** Since similar activities are grouped in one department headed by departmental managers, it becomes easy for top managers to fix responsibility of respective managers for achieving the desired results. If planned performance is not achieved, the department responsible becomes answerable. When responsibility is clear, authority can also be delegated to managers. Clear identification of responsibility and authority increases efficiency of the departmental activities.

**10. Development of managers** Departmentation enables departmental heads to be creative in making decisions with respect to their departmental activities. Training needs can also be identified because manager's task is clear and specific. There are opportunities to improve performance in their area of specialization. This develops their potential to be promoted to higher managerial positions in the organization. It also facilitates recruitment and selection of top managers from within the organization rather than depending on outside sources.

#### 6.4.3 Basis of Departmentation

There are five common forms of departmentalization

- (1) Functional Departmentalization
- (2) Geographical Departmentalization

- (3) Product Departmentalization
- (4) Process Departmentalization
- (5) Customer Departmentalization

**1. Functional Departmentalization** It groups jobs according to function. Functional departmentalization defines departments by the functions each one performs such as accounting or purchasing. Every Organization must perform certain jobs in order to do its work. For example, Manufacturing, Production, R & D, Purchasing etc. Same kinds of jobs are grouped together in departments. This kind of departmentalization includes persons with same knowledge or skills (like Accounting Department having persons of commerce, Marketing Department having MBA persons). As in department people with same skill and knowledge are there. Their focus becomes narrow and they cannot appreciate each other's work in the same department.

**Advantages :-**

- Efficiencies from putting together similar specialist and people with common skills, knowledge, and orientations.
- In-depth specialization.
- Co-ordination within functional area.

**Limitations:-**

- Poor communication across functional areas.
- Limited view of organizational goals.

**2. Geographical Departmentalization** It groups jobs according to geographic region. Geographical departmentalization is an arrangement of departments according to geographic area or territory. It divides works well for international business. Geographical Departmentalization is beneficial when Organization are spread over a wide area. Even each part or areas have different requirement or interests. For example, marketing a product in Western Europe may have different requirements than marketing the same product in Southeast Asia. Market area is broken up into sales territories like Northern, Southern, West, East. The Salesman appointed for each territory report to their regional or territorial manager. These manager again reports to the sales manager who is head of the sales department.

**Advantages: -**

- More effective and efficient handling of specific regional issues that arise. □
- Serve needs of unique geographic markets better.

**Limitations:-**

- Duplication of functions.
- Can feel isolated from other organizational areas

**3. Product Departmentalization** It groups jobs by product line. Companies may have multiple products. Like Maruti is producing Alto, Zen, Swift. Large companies are often organized according to the product. All common activities required to produce and market a product are grouped together. Major disadvantages are duplication of resources. Each product requires most of the same functional areas such as finance, marketing, production etc. For example, Samsung manufactures Phones, T.V., Tablet etc. For each product, they have same functional department like marketing, production etc. Thus, it is duplication of functions. Product Departmentalization has become important for large complex organization.

**4. Advantages :-**

- Allows specialization in particular products and services.
- Managers can become experts in their industry.
- Closer to customers.

**Limitations :-**

- Duplication of functions.
- Limited view of organizational goals.

**48 Process Departmentalization** It groups Jobs On The Basis Of Product Or Customer Flow. Departmentalization is done on the basis of processing. In manufacturing organizations, the location of manufacturing plant or department can be at different location due to cost of raw material and even labour charges. Even departmentalization can be done depending on the types of machines required. The similar types of machines can be kept at one place e.g. all lathes, all drilling machines, all shapers etc. Activities are grouped into separate sections, each kept at one place.

**Advantages:** - More efficient flow of work activities.

**Limitations :-** Can only be used with certain types of products.

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**Advantages:** - More efficient flow of work activities.

**Limitations:** - Can only be used with certain types of products.

#### **19 6.4.4 Formal and Informal Organizations**

Formal organization refers to the officially established pattern of relationships among Departments, divisions and individuals to achieve well-defined goals and is a consciously designed structure of roles. In other words, formal organization clearly spells what a person has to do, from who he has to take orders and what rules, policies and work procedures are to be followed. Thus, it is a system of well defined jobs, each bearing a definitive measure of authority, responsibility and accountability. This promotes order and facilitates planning and controlling functions.

Informal organizations on the other hand, refers to relationship between individuals in the organization based on personal attitudes, likes and dislikes and originates to meet their social and emotional needs and develops spontaneously. It represents natural grouping of people in work situation and is supplementary to formal organization as it serves the needs not satisfied by formal organization. The formal organization does not provide opportunity to members to exchange personal views and experiences and so they interact informally to fulfill such interest and needs. In fact, informal organization comes into being because of the limitations



of the formal structure and both are interlinked. However, they differ in respect of their origin, purpose, structure, authority, channels of communication and behaviour of members.

#### 84 6.4.5 Span of Control

**Span of control** refers to the number of subordinates that report directly to a manager or supervisor in an organization. It determines how many employees a leader can effectively oversee

#### 103 Types of Span Of Control:

##### 1. Narrow Span of Control

- A manager oversees a small number of employees.
- Leads to more supervision and closer management.
- Common in hierarchical organizations.

**Example:** A supervisor managing 3–5 employees.

##### 2. Wide Span of Control

- A manager oversees a large number of employees.
- Requires employees to be more independent.
- Common in flat organizations.

**Example:** A manager overseeing 15–20 employees.

#### 103 Factors Affecting Span Of Control:

- **Nature of Work** – Routine tasks allow for a wider span, while complex work requires closer supervision.
- **Managerial Ability** – Skilled managers can handle more subordinates effectively.
- **Employee Competence** – Experienced employees need less supervision.
- **Technology** – Communication tools can enable a wider span.
- **Organizational Structure** – Flat structures have wider spans, while hierarchical structures have narrower spans.

#### 6.4.6 V.A. Graicunas' Theory of Span Of Control

Graicunas was a management thinker who developed a mathematical formula to analyze the complexity of supervisory relationships as the number of subordinates increases.

Graicunas argued that the span of control isn't just about the number of subordinates but also about the complexity of relationships among them. He categorized these relationships into three types:

1. **Direct Single Relationships** – One-on-one interactions between the manager and each subordinate.
2. **Direct Group Relationships** – Interactions where a manager communicates with two or more subordinates at the same time.
3. **Cross Relationships** – Interactions among subordinates themselves that may require managerial involvement.

#### 73 Graicunas' Formula

He developed the following formula to calculate the total number of relationships a manager has to handle:

$$R = n(2n - 1) \quad R = n$$

Where:

- R = Total relationships
- n = Number of subordinates



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As the number of subordinate's increases, the complexity of managing them grows exponentially rather than linearly. For example:

- With 3 subordinates, a manager handles 18 relationships.
- With 6 subordinates, the relationships increase to 222.
- With 10 subordinates, it skyrockets to 5,210!

#### Key Insights from Graicunas' Theory:

- The span of control should be **limited** to prevent managerial overload.
- More subordinates mean **exponentially increasing complexity**, not just a linear increase.
- The **optimal span** depends on factors like communication efficiency, employee independence, and managerial ability.

#### 6.4.7 Delegation <sup>18</sup>

In organizations, it is difficult on the part of a manager to complete all the jobs assigned to him. He thus, can take help from others by asking them to do some of the work in a formal way. It means, he can assign some of the work to his subordinate and give them authority to carry on the work and at the same time make them accountable. For example, a production manager may have the target to produce 1000 units in a weeks time. He can distribute his work to three of his subordinates to produce 250 units each and keep 250 units for self to produce. And then he must also give them enough authority to use organizational resources to produce. By doing so he also makes his subordinates answerable to him for non-performance.

This active process of entrustment of a part of work or responsibility and authority to another and the creation of accountability for performance is known as delegation. Thus, there are three elements of delegation as follows.

**1. Assignment of Responsibility :** This is also known as entrustment of duties. Duties can be divided into two parts: one part, that the individual can perform himself and the other part, that he can assign to his subordinates to perform.

**2. Granting Authority :** Authority refers to the official powers and position required to carry on any task. When duties are assigned to subordinates then the required authority must also be conferred to him. For example, when a manager asks his subordinate to receive a guest of the company on his behalf then he must also grant him some authority like carry the company vehicle, booking the company guest house for accommodation etc.

**3. Creating Accountability:** This refers to the obligation on the part of the subordinates, to whom responsibility and authority are granted to see to it that the work is done. In other words, the delegate is fully answerable to his superior for performance of the task assigned to him. Thus, the superior ensures performance through accountability by his subordinate.

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#### 6.4.7.1 Importance of Delegation

Delegation is considered as one of the most important elements in the process of organization because; it reduces the load on managers as work is successfully shared by the subordinates.

This improves the managerial effectiveness because by delegating a good part of work to the subordinate the managers are able to concentrate on important matters which requires personal attention. Not only that, the organizations now-a-days are usually large in size and complex in character, and no manager can claim to have all the skills and expertise to handle all kinds of jobs himself. Moreover, the business activities are spread over a larger area with

several branches and units, which makes it difficult for him to supervise all the activities personally at all places. The delegation of responsibility with commensurate authority offers a good workable solution. This also provides an opportunity for subordinates to develop, and motivates and prepares them for taking up higher responsibilities in future. It leads to creating a healthy work environment and harmony among the employees. Thus, delegation facilitates organizational growth and prosperity

#### 6.4.8 Decentralization

Decentralization refers to a systematic effort to delegate authority at all levels of management and in all departments. This shifts the power of decision making to lower level under a well considered plan. Take the case of traffic police controlling movement of vehicles on road. He holds a lower level position in the organization yet he has lot of authority given to him. The senior concentrate on ways and means to improve traffic control. In case of business units, the heads of departments have the authority to take decisions on most matters relating to the functioning of their department. The top managers are confined themselves to policy decisions like product lines to be added, further investment etc. Decentralization has number of benefits. Firstly, it reduces the workload of the top level management. Secondly, it motivates the employees and gives them more autonomy. It promotes initiative and creativity. It also helps employees to take quick and appropriate decisions. In this process, the top management is freed from the routine jobs and it enables them to concentrate on crucial areas and plan for growth.

#### 6.4.8.1 Distinction between Delegations and Decentralization

Decentralization is not same as delegation. The points of differences are -

- While delegation is the process of assigning responsibility and authority and thereby creating accountability; decentralization is the ultimate outcome of planned delegation.
- Delegation of authority takes place between the manager and his subordinates while decentralization involves the entire organization, and is between top management and divisions/departments.
- Delegation is done to speed up the work and is essential in trace; while decentralization is optional and is usually done in large scale organizations.
- In case of delegation the responsibility and authority delegated may be withdrawn by the delegator; which is not so easy in case of decentralization.

#### 6.4.9 Line and Staff Organization:

Line and staff organization is a modification of line organization and it is more complex than line organization. According to this administrative organization, specialized and supportive activities are attached to the line of command by appointing staff supervisors and staff specialists who are attached to the line authority. The power of command always remains with the line executives and staff supervisors guide, advice and council the line executives. Personal Secretary to the Managing Director is a staff official.

#### 6.4.9.1 Features of Line and Staff Organization

1. There are two types of staff:
  - a. Staff Assistants- P.A. to Managing Director, Secretary to Marketing Manager.
  - b. Staff Supervisor- Operation Control Manager, Quality Controller. Staff Supervisor- Operation Control Manager, Quality Controller, PRO
2. Line and Staff Organization is a compromise of line organization. It is more complex than line concern.

3. Division of work and specialization takes place in line and staff organization.
4. The whole organization is divided into different functional areas to which staff specialists are attached.
5. Efficiency can be achieved through the features of specialization. 6. There are two lines of authority which flow at one time in a concern :
  - a. Line Authority
  - b. Staff Authority
7. Power of command remains with the line executive and staff serves only as counselors.

#### 6.4.9.2 Merits of Line and Staff Organization

1. **Relief to line of executives-** In a line and staff organization, the advice and counseling which is provided to the line executives divides the work between the two. The line executive can concentrate on the execution of plans and they get relieved of dividing their attention to many areas.
2. **Expert advice-** The line and staff organization facilitates expert advice to the line executive at the time of need. The planning and investigation which is related to different matters can be done by the staff specialist and line officers can concentrate on execution of plans.
3. **Benefit of Specialization-** Line and staff through division of whole concern into two types of authority divides the enterprise into parts and functional areas. This way every officer or official can concentrate in its own area.
4. **Better co-ordination-** Line and staff organization through specialization is able to provide better decision making and concentration remains in few hands. This feature helps in bringing coordination in work as every official is concentrating in their own area.
5. **Benefits of Research and Development-** Through the advice of specialized staff, the line executives, the line executives get time to execute plans by taking productive decisions which are helpful for a concern. This gives a wide scope to the line executive to bring innovations and go for research work in those areas. This is possible due to the presence of staff specialists.
6. **Training-** Due to the presence of staff specialists and their expert advice serves as ground for training to line officials. Line executives can give due concentration to their decision making. This in itself is training ground for them.
7. **Balanced decisions-** The factor of specialization which is achieved by line staff helps in bringing co-ordination. This relationship automatically ends up the line official to take better and balanced decision.
8. **Unity of action-** Unity of action is a result of unified control. Control and its affectivity take place when co-ordination is present in the concern. In the line and staff authority all the officials have got independence to make decisions. This serves as effective control in the whole enterprise.

#### 6.4.9.3 Demerits of Line and Staff Organization

1. **Lack of understanding-** In a line and staff organization, there are two authority flowing at one time. This results in the confusion between the two. As a result, the workers are not able to understand as to who is their commanding authority. Hence the problem of understanding can be a hurdle in effective running.
2. **Lack of sound advice-** The line official get used to the expertise advice of the staff. At times the staff specialist also provide wrong decisions which the line executive have to consider. This can affect the efficient running of the enterprise.
3. **Line and staff conflicts-** Line and staff are two authorities which are flowing at the same time. The factors of designations, status influence sentiments which are related to their

relation, can pose a distress on the minds of the employees. This leads to minimizing of co-ordination which hampers a concern's working.

4. **Costly-** In line and staff concern, the concerns have to maintain the high remuneration of staff specialist. This proves to be costly for a concern with limited finance.
5. **Assumption of authority-** The power of concern is with the line official but the staff dislikes it as they are the one more in mental work.
6. **Staff steals the show-** In a line and staff concern, the higher returns are considered to be a product of staff advice and counseling. The line officials feel dissatisfied and a feeling of distress enters a concern. The satisfaction of line officials is very important for effective results.

#### 6.4.9.4 Conflict between **Line and Staff** in Organizations

**Conflicts** between **line and staff** personnel **are common** in organizations due to differences in roles, authority, and perspectives. These conflicts can slow down decision-making and create inefficiencies.

##### Common Causes of Conflict

###### 1. Authority vs. Advice

1. **Line managers** have **direct authority** over employees and operations.
2. **Staff personnel** provide **advice and support**, but their recommendations may be ignored.
3. **Conflict:** Line managers may feel staff interference slows them down; staff may feel undervalued.

###### 2. Different Objectives

1. **Line departments** focus on **immediate production, sales, and operations**.
2. **Staff departments** focus on **long-term strategies, policies, and research**.
3. **Conflict:** Line managers may see staff as impractical; staff may see line managers as short-sighted.

###### 3. Lack of Mutual Understanding

1. **Line managers** may not understand the complexity of staff recommendations.
2. **Staff members** may lack practical experience in line operations.
3. **Conflict:** Miscommunication and mistrust between the two groups.

###### 4. Dependency Issues

1. **Line managers** **rely on staff** for expertise but may feel frustrated if staff delays solutions.
2. **Staff depends on line managers** for implementation but may feel ignored.
3. **Conflict:** Staff may feel they are not taken seriously, while line managers may feel staff slows them down.

###### 5. Budget & Resource Allocation

1. Line managers often need more resources for operations.
2. Staff departments may require funding for research, training, or policy development.
3. **Conflict:** Competition over budget and priority setting.

###### 6. Power Struggles

1. **Line managers** feel responsible for overall results and want control over decisions.
2. **Staff members** believe they should have more influence based on their expertise.
3. **Conflict:** Staff pushing for more say, while line managers resist external influence.

#### 6.4.9.5 How to Reduce Line-Staff Conflict

**Clear Role Definition** – Clearly outline decision-making authority for line and staff roles.

**Better Communication** – Encourage open discussions to align objectives.

**Mutual Respect** – Train both groups to understand each other's contributions.

**Collaboration Culture** – Promote teamwork rather than hierarchy.

**Top Management Mediation** – Senior leadership should intervene when conflicts arise.

#### 6.5 SUMMARY:

In conclusion, **organizing, delegation, and decentralization** are essential for effective management and achieving efficiency in any organization. Organizing establishes a structured framework, delegation empowers individuals by assigning tasks and responsibilities, and decentralization distributes decision-making authority to enhance responsiveness and adaptability.

When implemented correctly, these principles lead to **better coordination, increased efficiency, and improved productivity**. They also promote innovation, accountability, and employee empowerment. A well-organized system with proper delegation and decentralization fosters a dynamic, efficient, and goal-oriented work environment, ensuring long-term success.

#### 6.6 TECHNICAL TERMS:

1. **Authority** the legitimate power or right vested in individuals to make decisions, give orders.
2. **Functional Authority** the power or right to make decisions and give instructions related to a specific area of expertise or function within an organization
3. **Decentralization** a specific form of organizational structure where the top management delegates decision-making responsibilities and daily operations to middle and lowerordinates.
4. **Informal organization** is a network of social relationships among employees, formed to satisfy their social needs.
5. **Delegation** the act of empowering to act for another
6. **Formal organization** is an organization with a fixed set of rules of intra-organization procedures and structures
7. **Conflict** disagreements or differences of opinion between individuals or groups.

#### 6.7 SELF ASSESSMENT QUESTIONS:

1. Define the term Organizing.
2. Explain the meaning of authority.
3. Define the term delegation.
4. Give the meaning of decentralization.
5. What is functional authority? How is it different from line authority?
6. State the different elements of delegation.
7. Mention the different steps of organizing.
8. What is organizing? Describe the steps in the organizing process.

9. Explain the meaning of formal and informal organizations. What are the differences between these two?
10. If a person is responsible for supervising employees, why must that person have authority?

#### 6.8 SUGGESTED READINGS:

- Organizational Behaviour by Ray French, Charlotte Rayner, Gary Rees, Sally Rumbles,(2016)
- Organizational Culture and Leadership by Edgar H. Schein, Peter Schein, (2016)
- Managing and Leading People through Organizational Change by Julie Hodges, (2021)
- Reframing Organizations: Artistry, Choice, and Leadership by Lee G. Bolman, Terrence E. Deal, (2021)
- Organization Design: Frameworks, Principles, and Approaches by Jeroen van Bree (2021)

**Dr. S.V Ramana**

## LESSON- 7

# STAFFING

### OBJECTIVES:

By the end of this chapter, learners should be able to:

- Define staffing and explain its importance in management.
- Recognize staffing as a key managerial function in the organization.
- Understand HRM functions and their significance in achieving organizational goals.
- Describe the steps involved in the staffing process.
- To understand the various Elements of Staffing

### STRUCTURE:

#### 7.1 Introduction to Staffing

#### 7.2 Meaning of Staffing

#### 7.3 Definitions & Features

#### 7.4 Importance of Staffing

#### 7.5 HRM

#### 7.6 Objectives of HRM

#### 7.7 Functions of HRM

#### 7.8 Staffing Process

#### 7.9 Elements of Staffing

#### 7.10 Summary

#### 7.11 Technical Terms

#### 7.12 Self Assessment Questions

#### 7.13 Suggested Readings

### 7.1 INTRODUCTION TO STAFFING:

Staffing is a critical managerial function that involves acquiring, developing, and retaining the human resources needed to achieve an organization's goals. It includes a range of activities such as manpower planning, recruitment, selection, training, development, performance appraisal, and compensation. Among the various factors of production, which are used in an organization, human factor is the most important. This is because the efficient use of physical resources (i.e., land, machinery and materials) ultimately depends on how the human factor is put to use on various operations. An organization has a good chance to survive and prosper if it consists of the right people. Broadly speaking staffing is concerned with the management of human being in an organization. Staffing ensures that the right people are in the right jobs at the right time. It plays a key role in enhancing organizational efficiency and effectiveness by building a competent workforce. Unlike other resources, human resources are dynamic, and their proper management is essential for organizational success.



In today's competitive and rapidly changing business environment, effective staffing not only supports operational needs but also fosters innovation, motivation, and employee satisfaction.

## 7.2 MEANING OF STAFFING:

Staffing is the process of Recruiting, Selecting, Training, Developing, and Placing the right people in the right positions within an organization. It ensures that the business has the necessary human resources to achieve its goals effectively and efficiently.

In simple terms, staffing means putting the right person at the right job at the right time.

### Example:

If a company is launching a new product, it will need to hire Marketing experts, Salespeople, and Product managers. The process of finding and appointing the right individuals for these roles is staffing.

## 7.3 DEFINITIONS & FEATURES:

**Koontz and O'Donnell:** "Staffing is the managerial function of filling and keeping filled the positions in the organization structure. It includes identifying workforce requirements, inventorying the people available, and recruiting, selecting, placing, promoting, appraising, planning the careers, compensating, and training."

**Theo Haimann:** "Staffing pertains to the recruitment, selection, development, training, and compensation of subordinates."

**S. Benjamin:** "Staffing is the function by which managers build an organization through the recruitment, selection, and development of individuals as capable employees."

**George R. Terry:** "Staffing is concerned with the recruitment, selection, placement, training, and development of the personnel needed by the organization."

**Management Perspective:** Staffing is a continuous process that ensures the right number and kind of people are available at the right time and place to perform tasks that help an organization achieve its objectives.

### Features:

1. Staffing involves people
2. Staffing is development-oriented
3. Staffing is continuous
4. Staffing is a three-step process:
  - i. Hiring the right kind of people to fill vacancies
  - ii. Developing their skills through training
  - iii. Maintaining them by creating favourable conditions of work

## 7.4 IMPORTANCE OF STAFFING:

1. **Ensures Right People in the Right Job :** Staffing helps match the right talent with the right job, ensuring higher productivity and better performance.
2. **Effective Utilization of Human Resources :** By placing individuals in roles suited to their skills and qualifications, staffing prevents underutilization or misallocation of human resources.



3. **Improves Efficiency and Productivity** :A well-staffed organization can operate smoothly and efficiently, as tasks are performed by competent and motivated individuals.
4. **Helps in Growth and Expansion**: As businesses grow, staffing ensures that the increasing workforce requirements are met with capable personnel.
5. **Promotes Employee Development** : Staffing includes training and development, which enhances employee skills and prepares them for higher responsibilities.
6. **Reduces Employee Turnover**: When employees are satisfied with their roles and growth prospects, they are less likely to leave the organization.
7. **Builds a Strong Organizational Culture** : Proper staffing helps in building teams with shared values, attitudes, and work ethics, contributing to a healthy organizational culture.
8. **Supports Strategic Planning** : Staffing aligns human resources with the long-term goals of the organization, helping management to implement strategies effectively.

## 7.5 HUMAN RESOURCE MANAGEMENT (HRM) :

Human Resource Management (HRM) is the process of recruiting, selecting, training, developing, and managing people in an organization. It involves creating and maintaining a work environment where employees can perform effectively and contribute to organizational goals.

In other words, HRM is all about managing people at work – from the time they join the company until they leave. It ensures the right number of people with the right skills are in the right jobs at the right time.

In simpler words, HRM is all about managing people at work—from hiring to retirement.

### Features of HRM:

**People-Centered** : HRM focuses on managing people—the most valuable asset of an organization.

**Integrative in Nature** :It integrates human resources with the overall strategy and goals of the organization.

**Continuous Process** :HRM is not a one-time activity. It is an ongoing process throughout an employee's lifecycle in the organization.

**Goal-Oriented**: HRM aims to achieve both **organizational objectives** (like productivity) and **individual goals** (like job satisfaction).

**Development-Oriented** : It emphasizes training, development, and career growth to enhance employee skills and potential.

**Future-Oriented** :HRM involves forecasting future manpower needs and preparing the workforce accordingly.

**Pervasive Function**: HRM is relevant at all levels and departments of an organization.

**Concerned with Human Relations**: It promotes good relations between employees and management through communication, motivation, and leadership.

**Science and Art** : HRM is a **science** because it uses data, planning, and processes, and an **art** because it requires judgment, creativity, and interpersonal skills.

**Legal Compliance**: HRM ensures that the organization complies with labor laws, health and safety standards, and ethical practices.

## 7.6 OBJECTIVES OF HRM:

### 1. Effective Utilization of Human Resources

To make the best possible use of the talents, skills, and abilities of employees.  
Ensures optimal deployment of manpower to increase productivity.

### 2. Enhancing Employee Performance

To improve the performance levels of employees through training, motivation, and performance appraisals.

### 3. Recruitment and Retention of Talent

To attract the right talent and retain skilled and committed employees through fair policies and career growth opportunities.

### 4. Maintaining Healthy Employee Relations

To build a positive relationship between management and employees.  
Ensures industrial peace, better communication, and teamwork.

### 5. Employee Development

To provide continuous learning and development through training, workshops, and coaching.  
Helps employees grow professionally and personally.

### 6. Employee Satisfaction and Motivation

To create a work environment where employees feel satisfied, secure, and motivated.

### 7. Compliance with Labor Laws

To ensure all HR practices follow legal and ethical standards.  
Avoids legal disputes and promotes fair treatment of employees.

### 8. Organizational Effectiveness

To align HR strategies with organizational goals.  
Enhances overall productivity, innovation, and competitiveness.

### 9. Performance Management

To measure and evaluate employee performance against set standards and provide feedback

### 10. Promoting Organizational Culture and Values

To build and maintain a strong company culture that reflects the vision and values of the organization.

## 7.7 FUNCTIONS OF HRM:

Human Resource Management (HRM) involves a wide range of functions that help manage people effectively within an organization. These functions can be categorized into two main types: Managerial Functions and Operative Functions.

### A. Managerial Functions

#### 1. Planning

Forecasting human resource needs.  
Developing strategies to meet future staffing requirements.

#### 2. Organizing

Structuring the HR department and assigning duties and responsibilities.  
Coordinating efforts to ensure efficiency.

#### Directing

Guiding and motivating employees.  
Leading HR initiatives and communicating policies effectively.

**Controlling**

Monitoring HR activities to ensure they align with organizational goals.  
Evaluating performance and making necessary adjustments.

**B. Operative (Operational) Functions****1. Recruitment and Selection**

Attracting, screening, and selecting qualified candidates.

**2. Training and Development**

Enhancing employee skills and preparing them for future roles.

Conducting orientation, workshops, and career development programs.

**3. Performance Appraisal**

Assessing employee performance regularly.

Providing feedback and planning improvements.

**4. Compensation and Benefits**

Designing fair salary structures.

Managing incentives, bonuses, and other benefits.

**5. Employee Welfare and Safety**

Ensuring a healthy and safe working environment.

Providing support services and wellness programs.

**6. Labor Relations**

Maintaining healthy relations between management and employees.

Handling grievances, conflicts, and negotiations with unions.

**7. HR Research and Records**

Keeping accurate employee records.

Conducting research for continuous improvement in HR policies and practices.

**7.8 Staffing Process-Steps involved in Staffing**

Following are the steps involved in staffing:

1. **Manpower Requirements:** It is seen that the first step towards staffing is planning of good manpower which will match the need of particular work

2. **Recruitment:** As per the demand from the organisation, the applications of concerned workers are entertained as per invitations by company to the desired candidate.

3. **Selection:** After receiving applications from candidates, they are scanned as per suitability of position and candidature

4. **Orientation and Placement:** After a job proposal is given to the candidate, the initial work is to make the candidate familiar with working style and environment.

5. **Training and Development:** Training is part of inducements which is provided to worker so as to frame and grow as per the concern. It involves working capability and scope. Remuneration: It is the sort of compensation which is paid by the concern to the new joiners. It depends on nature of job skilled or unskilled, physical or mental, etc.

6. **Performance Evaluation:** Performance evaluation is a method which will record candidate behaviour, attitudes and progress. It involves regular assessment based on reports from different departments.

7. **Promotion and Transfer:** It involves transfer in job sector and level which depends on past performance of the candidate. It is non-monetary incentive

**7.9 ELEMENTS OF THE STAFFING:**

The staffing process is a critical component of Human Resource Management, involving the recruitment, selection, training, and development of individuals to fill organizational roles. Here's a detailed breakdown of the elements of the staffing process:

### 1. Manpower Planning (Human Resource Planning)

This is the first step in the staffing process, where the organization determines its future human resource needs.

- Forecasting demand and supply: Predicting the number and type of employees required in the future.
- Gap analysis: Identifying the gap between the current workforce and future needs.
- Planning actions: Strategies to bridge the gap (hiring, training, promotions).

### 2. Recruitment

This involves attracting suitable candidates for the job.

- Internal recruitment: Promotions, transfers, or employee referrals.
- External recruitment: Through job portals, social media, campus placements, employment agencies, etc.
- Job posting: Creating and sharing job descriptions and specifications to attract talent.

### 3. Selection

This is the process of choosing the most suitable candidates from the pool of applicants.

- Screening applications
- Written tests: Aptitude, technical, or psychometric tests.
- Interviews: One-on-one, panel, or technical interviews.
- Reference and background checks
- Medical examination: Ensures candidates are physically fit for the job.
- Final selection and offer letter issuance

### 4. Placement and Orientation (Onboarding)

After selection, the candidate is placed in the right job and familiarized with the organization.

- Placement: Assigning a specific role based on the candidate's strengths and the company's needs.
- Orientation/Induction: Introducing new employees to the organization's culture, policies, team members, and work environment.

### 5. Training and Development

Training enhances the skills of employees, while development focuses on overall growth for future roles.

- On-the-job training: Learning while working.
- Off-the-job training: Classroom training, workshops, simulations.
- Management development programs: For future leadership roles.
- Continuous learning: Encouraging ongoing skill improvement.

### 6. Performance Appraisal

Assessing employees' job performance regularly.

- Setting performance standards
- Evaluating actual performance
- Providing feedback
- Identifying areas for improvement or training

### 7. Promotion and Career Planning

Recognizing and rewarding employee performance and planning their career path within the organization.

- Promotions and transfers

- Succession planning: Preparing employees for future leadership roles.
- Career development programs

### 8. Compensation and Benefits

Offering fair and motivating salaries, bonuses, and benefits to retain employees.

- Salary structure based on role and performance
- Benefits: Health insurance, retirement plans, incentives, perks, etc.

### 9. Separation

Managing employee exit, whether voluntary or involuntary.

- Resignation, retirement, or termination
- Exit interviews
- Final settlements and handovers

### 7.10 SUMMARY:

In conclusion, staffing is a crucial function of management that focuses on acquiring, nurturing, and retaining the human resources required for the successful functioning of an organization. It involves a systematic process that starts with identifying manpower needs, followed by recruitment, selection, placement, orientation, training, development, and performance appraisal. The goal of staffing is to ensure that the organization has the right number of people with the right skills in the right positions at the right time. This not only enhances organizational efficiency but also ensures employee satisfaction and personal growth.

Through effective staffing, organizations can utilize their human resources optimally, reduce employee turnover, and build a motivated and skilled workforce. It also supports other managerial functions like planning, organizing, and controlling by providing capable personnel. In today's competitive environment, where human capital is considered one of the most valuable assets, proper staffing becomes even more significant. Therefore, staffing is not just about filling vacancies—it is a strategic function that contributes directly to the achievement of long-term organizational goals and sustainability.

### 7.11 TECHNICAL TERMS:

1. **Staffing** – The process of obtaining and maintaining a capable and competent workforce.
2. **Human Resource Management (HRM)** – The strategic approach to the effective management of people in an organization.
3. **Manpower Planning / Human Resource Planning** – Estimating the future human resource needs and developing strategies to meet those needs.
4. **Recruitment** – The process of attracting suitable candidates to apply for job vacancies.
5. **Selection** – The process of choosing the most suitable candidate from among the applicants.
6. **Training** – A process that helps employees improve their skills and knowledge to perform better in their current roles.
7. **Development** – A broader concept than training; focuses on the overall growth and future performance of employees.
8. **Induction / Orientation** – Introduction of a new employee to the organization, its culture, policies, and co-workers.
9. **Placement** – Assigning the selected candidate to the right job position.

10. **Promotion** – Advancing an employee to a higher position with more responsibility and usually more pay. <sup>69</sup>
11. **Transfer** – Shifting an employee from one job or department to another at the same level.
12. **Demotion** – Downgrading the rank or position of an employee, usually due to poor performance.
13. **Performance Appraisal** – Evaluating the job performance of employees to make <sup>163</sup> decisions regarding promotions, training, etc. <sup>109</sup>
14. **Job Analysis** – A detailed study of a job to determine the duties, responsibilities, and required qualifications.

#### <sup>42</sup> 7.12 SELF ASSESSMENT QUESTIONS:

1. What is meant by staffing? What is the importance of staffing as a function of Management?
2. Name any three functions of staffing. <sup>110</sup>
3. What are the steps involved in the staffing process?
4. What is the role of Human Resource Management (HRM) in staffing?
5. Explain the various Functions of Human Resource Management?
6. Explain the various elements of staffing process?
7. How does effective staffing contribute to organizational efficiency?
8. How does staffing help in optimal utilization of human resources?
9. A company is facing high employee turnover. As an HR manager, what staffing strategies would you suggest?
10. Discuss the impact of technology on modern staffing practices.

#### 7.13 SUGGESTED READINGS:

1. Principles of Management by Harold Koontz & Heinz Weihrich, (2015) McGraw Hill Education, 10th Edition.
2. Fundamentals of Management by Stephen P. Robbins, David DeCenzo & Mary Coulter, (2021), Pearson Education, 11th Edition.
3. Management, Text & Cases by V.S.P. Rao, (2009), Excel Books Pvt.Ltd., 2<sup>nd</sup> Edition.
4. Management – Theory and Practice (Text and Cases) by P. Subba Rao (2020), Himalaya Publishing House, Edition: 2nd Edition

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## LESSON- 8

# DIRECTING

### OBJECTIVES:

After Studying a lesson on Directing, students should be able to understand:

- Concept and importance of Directing
- Nature and Principles of Directing
- Concept of Supervision
- Role and Functions of Supervisor

### STRUCTURE:

#### 8.1 Introduction

#### 8.2 Elements of Directing

#### 8.3 Meaning of Directing

#### 8.4 Definition of Directing

#### 8.5 Nature of Directing

#### 8.6 Importance of Directing

#### 8.7 Principles of Directing

#### 8.8 Supervision

#### 8.9 Role of a Supervisor

#### 8.10 Functions of a Supervisor

#### 8.11 Skills of Supervisor

#### 8.12 Summary

#### 8.13 Technical Terms

#### 8.14 Self-Assessment Questions

#### 8.15 Suggested Readings

### 8.1 INTRODUCTION:

In the process of management, the planning organising and staffing are not enough. These are to be supported by effective directing and efficient controlling. Every manager must direct his subordinates, to get things done. The directing is considered as an initiating function.

Organisation is the sum-total of human and non-human resources. These resources are utilised in apt ways in order to achieve the desired results. Through direction, the management conveys and motivates individuals in the organisation to function in the desired way to get organisational objectives. Without direction, other managerial activities like planning, organising, and staffing become ineffective.

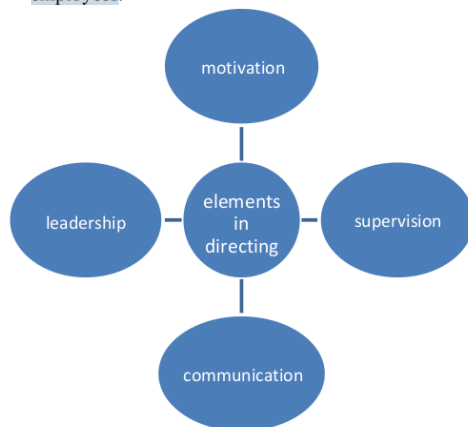
In the world of management, one of the crucial functions that leaders must undertake is directing. This process involves guiding and supervising employees so they can achieve the

organization's goals effectively. Understanding the fundamentals of directing is essential for students interested in business or organizational management.



### 8.2 ELEMENTS OF DIRECTING:

- Supervision: Monitoring and guiding employees' work to ensure they are on track and performing effectively.
- Motivation: Inspiring and encouraging employees to achieve their best.
- Leadership: Providing direction and influence to guide employees towards organizational goals.
- Communication: Ensuring clear and effective communication between managers and employees.



### 8.3 MEANING OF DIRECTING:

Directing refers to the action of leading and influencing individuals or groups to work towards a common objective. It encompasses motivating employees, communicating expectations, providing guidance, and monitoring their performance. In simpler terms, it is about ensuring that everyone in a team knows what they need to do and how to go about it.



<sup>16</sup> For a layman, direction will mean the technique or the process of guiding, instructing, leading people to achieve a predetermined motive.

In Managerial terms, Directing is a process where the managers instruct, guide and oversee the fellow employees in his team. Leading their way towards the accomplishment of organizational goals, and this goes on throughout the life of the organization.

Direction is said to 'Initiate the Action'. Direction is where the actual action starts. This aspect of management includes the human factor basically, this provides guidance to the workforce.

#### <sup>6</sup> 8.4 DEFINITIONS OF DIRECTING:

In the words of **Urwick and Breh**, "directing is the guidance, the inspiration, the leadership of those men and women that constitutes the real core of the responsibility of management." Thus directing involves, issuing orders and instructions, overseeing of the subordinates and supervising the work being performed by them.

According to **Haiman**, "Directing consists of a process or technique by which instruction can be issued and operations can be carried out as originally planned." Broadly, the process of directing involves the following elements:

- Issuing orders and instructions to the subordinates regarding the work being performed by them
- Guiding, counselling and educating the subordinates and telling them the way of doing the given job.
- Supervising the work being performed by them on the regular basis to ensure that they have been working according to the plan.
- Maintaining and inspiring the subordinates for following given orders and instructions and working in the given direction.

"Direction is the sum total of managerial efforts that are applied for guiding and inspiring the working terms to make better accomplishments in the organization." —**S.S. Chatterjee**.

"Direction is telling people what to do and seeing that they do it to the best of their ability. It includes making assignments, corresponding procedures, seeing that mistakes are corrected, providing on-the-job instructions and, of course, issuing orders." —**Ernest Dale**.

<sup>37</sup> According to **Koontz and O'Donnel**: "Direction is the interpersonal aspect of managing by which subordinates are led to understand and contribute effectively to the attainment of enterprise objectives"

#### <sup>24</sup> 8.5 NATURE OF DIRECTING:

Nature of Directing can be briefly explained as follows:

- I. **Pervasive Function**: - Directing is required at every level in an organization. every manager provides guidance and inspiration to his subordinates. It is to be performed from top level to lower level in the organization.

2. **Executive Function:** Directing is an executive function. The guidance and instructions are given by all managers and executive at all levels throughout the working of an organization. A subordinate always gets instructions from his superior only.
3. **Human Factor:** - Directing function is related with human beings. It relates to guiding and inspiring subordinates. And since human behaviour is complex and unpredictable, Direction function becomes all the more important.
4. **Continuous Activity:** - Directing is a continuous activity as it continues throughout the life of an organization. The managers has to give direction to his subordinates, guide and motivate them continuously so that the desired goals can be achieved.
5. **Creative Activity:** - Directing function helps in converting plans into performance. A manager needs to have a creative and innovative thinking so that he can guide and motivate his subordinates in such a way, that it leads to realization of organization objectives. Without directing, employees become inactive.
6. **Flow from Top to Bottom Level:** - Directing functions includes providing instructions to the subordinates. Directing flows from top to bottom. It starts with top level management and ends with subordinates at the lower level.
7. **Facilitates Co-ordination:** - Directing brings harmony among employees and balance between all the activities of an organization. A good system of communication between the superior and his subordinates helps to improve coordination. Upwards communication helps a manager to understand the subordinates feelings.
8. **Dual Objective:** - Direction helps to achieve dual objectives of an organization. On the one hand it aims at getting things done by the subordinates and on the other hand, it provides an opportunity to the managers to prove their leadership qualities.
9. **Psychological Factor:** -Directing function is directly related to an individual working in the organization. Directing function deals with human behaviour which varies from individual to individual and is unpredictable. Leader has to take care of feelings, emotions, etc. while giving direction to the subordinates. The manager has to take care that the feelings and emotions of any employee do not get hurt.

#### 8.6 IMPORTANCE OF DIRECTING:

<sup>16</sup> Like planning, organizing, and controlling, directing is also an important tool for managers. All the activities in an organization start with directing in order to achieve the common organizational objective. With directing, managers can instruct and guide their team members on how to perform a particular task. Read the following points to understand the importance of directing in management:

**1. Provides Balance and Stability:** Managers have to work with their team members to achieve organizational objectives. However, sometimes individual goals can cause conflicts among employees and the management. With direction, managers can acknowledge the efforts of their employees with rewards and recognition. This way, employees can achieve their individual goals as well as the organizational objectives.

**2. Improves Efficiency:** With direction, managers can motivate and encourage employees to work more efficiently to achieve a common objective. With motivation, people work to the best of their abilities, which improves the overall efficiency of the team.

**3. Improves Communication:** Direction encourages effective communication between the employees and the management. It ensures free flow of communication in the company, which avoids errors and mistakes that restricts the company from achieving its goals.

**4. Creates Flexibility:** The direction function allows the organization to cope with the changing situations through leadership and communication. For example, if there is a change in the use of technology, the production process will change too. With effective directing, managers will be able to deal with these changes and improve the efficiency of operations. Sometimes, employees are against the changes that take place in the company. Managers can talk to them about their issue and help them adapt to the change.

**5. Integrates Employee Efforts:** In an organization, the performance of an employee can affect the performance of the entire organization. Managers assign interrelated work to their employees, integrating their efforts in order to achieve the main objective. With directing, managers can supervise and guide employees on what to do and how to do it.

**6. Initiates action:** The primary aim of direction is to guide employees to work towards achieving the goals of the company. Also, direction makes all the other functions of management, such as planning and organizing, more effective. Directing initiates action as managers instruct the employees and supervise their work.

### **8.7 PRINCIPLES OF DIRECTING:**

In order to make directing more effective and meaningful, certain principles are followed. Some important principles of directing are as follows:

**1. Harmony of objectives:** The establishment is a collective entity of the people. It embodies the interest of various groups of the people such as owners, employees, customers, financiers and the society etc.

According to this principle, to secure maximum prosperity for the organisation and to work for the interest of other groups in a better way, all conflicting objectives must be synchronized so that they strengthen and promote each other. In this regard, F.W.Taylor has painted out that an effective direction depends on the harmony of objectives.

Interestingly enough, Henri Fayol talks about the sacrifice of their personal interest for achieving the objectives of organisation, because their personal interest may be served better only if a common goal of organisation is achieved efficiently.

**2. Unity of command:** According to this principle while directing subordinates, every subordinate should get all orders and instructions regarding the work only from one superior. An application of this principle implies unified direction of subordinates' activities by one superior. In doing so, discipline can be maintained among them their activities can be controlled effectively and dual command is avoided.

**3. Direct supervision:** Directing becomes more effective if it is complemented by the personal touch of the superior. The superior maintains direct contact with subordinates, looks into their needs and requirement, helps them in performing their job and solve their difficulties promptly. The subordinates who are content tend to contribute more for the accomplishment of organisational goals.

**4. Participative leadership:** It is interesting to observe that participative leadership on the part of superior helps in making directing more effective. If the superior respects and listens to the views of subordinates, they become more loyal and sincere and give more cooperation to him. According to this principle to encourage the performance levels, subordinates should be taken into confidence and must be consulted at least on the matters that are related to them before making decision by the superior.

**5. Follow up:** Issuing orders and instructions is the chief task of direction. In order to make directing, more effective it is necessary to take up some follow up actions by the superior. He should motivate subordinates to follow given directives and work accordingly. He must be vigilant when he oversees the working of subordinates, check their performance and guide them to follow suitable course of action for doing the Job.

**6. Unity of direction:** In order to get the entire organisation functional is absolutely quintessential to make the whole process of directing more 9 meaningful which makes it imperative to follow the principle of unity of direction. According to this principle, there should be one head and one plan for a group of activities, which are similar and have same objective. For example, all activities related to production should have one plan i.e. the production plan and this plan should be implemented under the command of production manager. By adopting this principle, duplication and repetition. of activities is curtailed and benefits of specialisation are secured.

## 8.8 SUPERVISION:

### INTRODUCTION:

The act of supervision entails overseeing and administering the tasks of underlings who may lack full knowledge of the concept at hand. Supervision does not mean control of another but guidance in a work, professional or personal context.

There are several elucidations of the term "supervision," but typically, supervision is the activity carried out by supervisors to manage the productivity and progress of employees who report directly to the supervisors. For example first-level supervisors supervise entry-level employees. Depending on the size of the organisation, middle managers supervise first-level supervisors; chief executives supervise middle-managers, etc. Supervision is a management activity and supervisors have a management role in the organisation. Occasionally, writers will substitute "leadership" and "supervision." Both activities are closely related. Supervision requires leadership. Leadership does not necessarily have to involve supervision.



### 8.9 ROLE OF A SUPERVISOR:

<sup>6</sup> The role of supervisor is to monitor the employees working. The work of supervision is carried out at companies, factories where the supervisor will monitor products. It is found that a supervisor is part of management team which will serve as position of first line managers. First line manager is a person who will work for many functions that will help in meeting the productivity. With this reason, a supervisor is only called as manager that has important role at execution level. A supervisor plays multiple roles at one time:

**1. As a Planner:** A supervisor functions as a planner as he/she has to plan for daily working schedules in an establishment. In planning, he bifurcates and delegates the work among different workers as per their abilities.

**2. As a Manager:** Since supervisor is part of management team, so ultimately to operate the working he was called as operative manager.

**3. As a Guide and Leader:** A supervisor guides the people working under him with necessary plan to be performed daily.

**4. As a Mediator:** A supervisor is a person who will communicate and work in between the management and workers. He serves as a coordinator among management as well as workers.

**5. As an Inspector:** An important function of supervisor is to monitor, standardise rules for workers, time scheduling and carried out performance for workers on daily basis. In the other way it serves as an inspector by inspecting rule, work, and production apart from the progress of workers at an individual and collective level.<sup>11</sup>

**6. As a Counsellor:** A supervisor sometimes plays the role of a counsellor when he/she involves in workers problems. At that time he has to really become a person that can make the worker satisfied with responses.

### <sup>26</sup> 8.10 FUNCTIONS OF A SUPERVISOR:

Supervisor, being the manager in a direct contact with the operatives, has got multifarious function to perform. The objective behind performance of these functions is to bring stability and soundness in the organization which can be secured through increase in profits which is an

end result of higher productivity. Therefore, a supervisor should be concerned with performing the following functions -

**1. Planning and Organizing** - Supervisor's basic role is to plan the daily work schedule of the workers by guiding them the nature of their work and also dividing the work amongst the workers according to their interests, aptitudes, skills and interests.

**2. Provision of working conditions** - A supervisor plays an important role in the physical setting of the factory and in arranging the physical resources at right place. This involves providing proper sitting place, ventilation, lighting, water facilities etc. to workers. His main responsibility is here to provide healthy and hygienic condition to the workers.

**3. Leadership and Guidance** - A supervisor is the leader of workers under him. He leads the workers and influences them to work their best. He also guides the workers by fixing production targets and by providing them instruction and guidelines to achieve those targets.

**4. Motivation** - A supervisor plays an important role by providing different incentives to workers to perform better. There are different monetary and non-monetary incentives which can inspire the workers to work better.

**5. Controlling** - Controlling is an important function performed by supervisor. This will involve

- i. Recording the actual performance against the time schedule.
- ii. Checking of progress of work.
- iii. Finding out deviations if any and making solutions
- iv. If not independently solved, reporting it to top management.

**6. Linking Pin** - A supervisor proves to be a linking pin between management and workers. He communicates the policies of management to workers also passes instructions to them on behalf of management. On the other hand, he has a close contact with the workers and therefore can interact the problems, complaints, suggestions, etc to the management. In this way, he communicates workers problems and brings it to the notice of management.

**7. Grievance Handling** - The supervisor can handle the grievances of the workers effectively for this he has to do the following things :-

- i. He can be in direct touch with workers.
- ii. By winning the confidence of the workers by solving their problems.
- iii. By taking worker problems on humanitarian grounds.
- iv. If he cannot tackle it independently, he can take the help and advice of management to solve it.

**8. Reporting** - A supervisor has got an important role to report about the cost, quality and any such output which can be responsible for increasing productivity. Factors like cost, output, performance, quality, etc can be reported continually to the management.

**9. Introducing new work methods** - The supervisor here has to be conscious about the environment of market and competition present. Therefore he can innovate the techniques of production. He can shift the workers into fresh schedules whenever possible. He can also try this best to keep on changing and improving to the physical environment around the workers. This will result in

- i. Higher productivity,
- ii. High Morale of Workers,



## 8.11 SKILLS OF SUPERVISOR



<sup>17</sup> Supervision skills are those skills that are important for managing and supervising others and are necessary for effective leadership. Supervising means directing and guiding others in an efficient and productive way. Supervisors are responsible for this job. If you are a good supervisor, you can do your job more efficiently and gain the respect of the people around you. And, the supervision skills are essential for you to be a good supervisor.

Supervision and leadership are interconnected matters. A good supervisor is always a good leader because he can understand the aspirations of the team members and educate them properly, thus, can lead them in a more effective way. Hence, developing supervision skills is very important for effective leadership. Supervision skill isn't a single skill. It's a combination of multiple soft skills. This article is about the top skills that a good supervisor possesses.

### <sup>17</sup> 1. Communication Skills

A good supervisor has excellent communication skills. He needs to interact with the staff regularly and assign them many tasks as well as guide them. So, he has to be a good communicator in order to pass the information clearly to the team members and make them understand what he wants them to do. Supervising is all about guiding and leading others to make the job done in your desired way. You need to have good communication skills in the first place to be a good supervisor.

In addition to having strong communication skills, it is crucial to enhance employee motivation in the workplace. For example, when delegating tasks to your employees and they excel, you can show appreciation by rewarding them with a small gift. Custom Pens are a practical, affordable, and well-received option for these incentives.

## 2. Conflict Management

Conflict management skill is very important for a good supervisor. A workplace comprises of different people from different backgrounds and with different viewpoints. So, conflict may arise at any time within the team members. A good supervisor recognizes this and creates an effective way to minimize and deal with conflicts when it happens. Conflict management skills help a supervisor in this regard to know well how to resolve and manage conflicts and ensure a harmonious working environment.

## 3. Critical Thinking

In the workplace, there can arise many situations where good critical thinking skill can help you a lot. A supervisor has to deal with different people and different responsibilities where he needs to do extensive brainstorming for proper decision making. More responsibilities come with higher positions and he has to ensure effective management of all of those. A good critical thinking capability makes the decision-making process easier for a supervisor.

One way to develop these critical thinking skills is by pursuing further education, such as exploring a Quantic MBA Review to see how an MBA program can enhance your leadership capabilities

## 4. Time Management

Timing is one of the most important things for a business. A supervisor needs to do his own tasks simultaneously while supervising others. It can be a severe problem if a deadline is missed while juggling a lot of task at the same time. So, a supervisor always needs to be aware of deadlines. That's why he should have a proper sense of timing to meet the deadlines.

Time management skill is important for a supervisor because it helps him structuring and arranging the schedule in a way so that he can accomplish the goals easily.



## 5. Sense of Priority

Sense of priority means priority management skills. Basically, priority management and time management are both interconnected. Every good supervisor has the skill of priority management. As a supervisor, you need to do a lot of tasks at your workplace. Each task doesn't have the same level of urgency. Some may be very urgent to do while some may not be that urgent. So, you should have a sense of priority to decide which task you should prioritise and do first. This will help you to prevent procrastination at your workplace and improve your efficiency.

## 6. Sense of Diversity

Business runs through a diverse condition daily and now every workplace possesses a diversity of work. Diversity is important for modern businesses to always stand out from the crowd. Diversity of products give an extra edge to the business to outrun the competitors in



the market. Hence, employees need to go through a diverse working condition every day. Therefore, the supervisor needs to have a good sense of diversity to guide the teammates properly and effectively.

#### 7. Problem-solving

Various problems may arise in the workplace. The supervisors have to use their skills to handle the problems properly. Problem-solving skills help the supervisors in this regard. Problem-solving skills help to understand and assess the situations and develop an effective plan to tackle those. Every good supervisor has inherent problem-solving skills.

#### 8. Interpersonal skills

Interpersonal skills can be considered as another form of communication skills. A supervisor needs to bring together different parts of the organization at a common point. So, he has to develop and maintain a good relationship with others in the workplace. That's why he should have a good interpersonal skill to make effective interaction with others. You need to nurture a strong interpersonal skill in yourself if you want to be a good supervisor.

#### 9. Good Mentorship

A good supervisor is always a good mentor. He always coaches his team members and thrives for extracting the best output from them. As a supervisor, you have to take the responsibilities of the performance of your teammates. So, it is important for you to understand their potential and act accordingly to push them to achieve their best. Hence, mentoring skill is very important for being a good supervisor.

Good mentoring skills help you to convey your thoughts to them which ensures more efficient guidance and make them able to understand your guidelines precisely and interpret these in their works. Thus, your mentoring skills lead your teammates to perform better.

#### 8.12 SUMMARY:

Directing is a fundamental management function that involves guiding, supervising, motivating, and leading employees to achieve organizational objectives. It serves as the bridge between planning and execution, ensuring that the organization's plans are effectively implemented through coordinated efforts.

**Key Elements of Directing:** Leadership: Influencing and inspiring team members to work towards common goals. Motivation: Encouraging employees to perform at their best by addressing their needs and aspirations. Communication: Facilitating the exchange of information to ensure clarity and understanding across all levels of the organization. Supervision: Overseeing employee activities to ensure alignment with organizational standards and objectives.

#### 8.13 Technical Terms:

1. **Supervision:** The act of overseeing employees to ensure tasks are completed as planned.
2. **Leadership:** The ability to influence and guide individuals or teams to achieve goals.
3. **Motivation:** The process of stimulating people to take desired actions through incentives, rewards, or recognition.
4. **Communication:** The exchange of information between managers and employees; can be formal or informal, verbal or non-verbal.

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5. **Chain of Command:** The formal line of authority within an organization.
6. **Span of Control:** The number of subordinates a manager can effectively oversee.
7. **Delegation:** Assigning responsibility and authority to others while retaining accountability.
8. **Accountability:** The obligation to report and justify task outcomes.
9. **Feedback:** The response or reaction to communication or actions, used for improvement.
10. **Direction Style:** The approach a manager uses, such as autocratic, democratic, or laissez-faire.

#### 8.14 SELF-ASSESSMENT QUESTIONS:

1. Define Direction and explain the importance of direction?
2. What are the main elements of direction?
3. Define Supervision and explain the role of a supervisor in a work organization?
4. What are the chief elements of supervision?
5. Outline the skills required of a supervisor while overseeing work and workers?

#### 8.15 SUGGESTED READINGS:

1. Principles of Management by Harold Koontz & Heinz Weihrich,(2015) McGraw Hill Education, 10th Edition.
2. Fundamentals of Management by Stephen P. Robbins, David DeCenzo & Mary Coulter,(2021), Pearson Education, 11th Edition.
3. Management, Text & Cases by V.S.P. Rao, (2009), Excel Books Pvt.Ltd., 2<sup>nd</sup> Edition.
4. Management – Theory and Practice (Text and Cases) by P. Subba Rao (2020), Himalaya Publishing House, Edition: 2nd Edition.

Dr. S.Anitha Devi

## LESSON- 9

# MOTIVATION

### OBJECTIVES:

- To understand Meaning and Definition of Motivation.
- To know Nature and Importance of Motivation.
- To understand Process of Motivation.
- To know the Advantages of Motivation.
- To learn about the Theories of Motivation.

### STRUCTURE:

#### 9.1 Introduction

#### 9.2 Definitions of Motivation

#### 9.3 Types of Motivation

#### 9.4 Features of Motivation

#### 9.5 Importance of Motivation

#### 9.6 Process of Motivation

#### 9.7 Advantages of Motivation

#### 9.8 Ways to Improve Motivation of Workers

#### 9.9 Theories of Motivation

##### 9.9.1 Maslow's Hierarchy Of Needs Theory

##### 9.9.2 McGregor Theory

##### 9.9.3 Herzberg's Two-Factor Theory Of Motivation.

##### 9.9.4 McClelland Theory

##### 9.9.5 Porter & Lawler Theory

#### 9.10 Summary

#### 9.11 Technical Terms

#### 9.12 Self-Assessment Questions

#### 9.13 Suggested Readings

### 9.1 INTRODUCTION:

Motivation refers to inspiring a person to use the best of his ability for achievement of specified objectives. Motivation is one of the important elements of directing. Issuance of proper instructions or orders does not necessarily ensure that they will be properly carried out. It requires manager to inspire or induce the employees to act and get the expected result. This is called motivation. It may be in the form of financial incentives like such as bonus, commission etc. or, non-financial incentives such as appreciation, growth etc. . It may also be

positive or negative motivation. Motivation is directed towards goals and prompt people to act.

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Motivation is driven from an existing word, “motive”, which means they need to do something to get the required satisfaction. In simple terms, motivation can be defined as a process that maintains, initiates, guides, and attracts goal-oriented behaviour. Due to motivation, you tend to get up and work towards achieving your aim every day. Motivation plays a significant role in the work environment and benefits differently.

If one of your friends or colleagues motivates you to perform better, it is referred to as extrinsic motivation as the third party is entering the picture. However, if the motivation is achieved from within, it is referred to as intrinsic motivation. There are several ways to get motivation from the inside. These could be listening or watching motivational videos and so on. Motivation involves social, biological, emotional, or cognitive forces that change the overall behaviour.

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Motivation aims at creating an environment which will develop the personnel of an organization.

1. To take initiative
2. To show dynamism and curiosity
3. To work willingly and co – operatively
4. To work in a disciplined manner
5. To take interest in their work
6. To be dynamic and enthusiastic
7. To be responsible and loyal
8. To take pride in their job
9. To have job satisfaction
10. To have personal and group morale satisfaction and
11. To contribute their best to achieve their personal and organizational objectives.

## 9.2 DEFINITIONS OF MOTIVATION:

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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.

Joe Kelly defined Motivation as “Motivation is a process where by needs instigate behavior 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.”

According to Michael J. Jucius, “Motivation is the act of stimulating someone or oneself to get a desired course of action, to push the right button to get a desired results.”

### 9.3 <sup>24</sup> TYPES OF MOTIVATION:

#### 1) Motivation may be positive or negative

Positive motivation is the process which influences the employee through rewards. e.g. Bonus, promotion, permanent settlement, increase in working condition, etc. Negative motivation is based on fear of an undesirable outcome. Fear is a powerful motivator when it relates to survival or in case of employee's income.

#### 2) Motivation may be financial or non-financial

Financial motivations are those which are associated with money. It includes wages, salaries, bonus and retirement benefit. Non-financial motivations are not associated with monetary rewards. It includes ego satisfaction, participation in the process of decision making, providing good working conditions and providing more responsibility to them.

#### 3) Primary & secondary motivation

Primary motivation relates to satisfying basic human needs & secondary motivation relates to social needs & esteem needs and self actualization needs.

### 9.4 <sup>2</sup> FEATURES OF MOTIVATION:

1. 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 behavior to behave in a particular manner. For example, desire to have a new house, respect and recognition etc.

2. Motivation produces goal directed behavior. 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.

3. 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.

4. 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. Some get satisfied with monetary incentives, some with non-monetary, some with positive and some with negative motivators. So it is not possible to make generalization in motivation.

5. 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.

**9.5 IMPORTANCE OF MOTIVATION:**

1. 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.

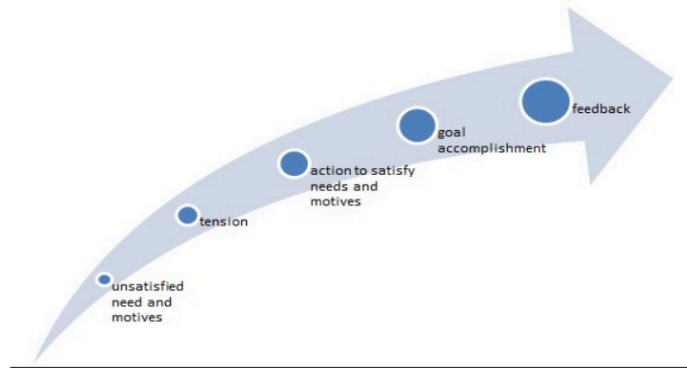
1. Motivation improves performance level of employees. The motivation improves the efficiency level of employees which means the employees start performing the job to the best of their ability with minimum wastage of time and resources because motivated employees always go for best utilization of resources. The motivation bridges the gap between the ability to work and willingness always improves efficiency.

2. Help in achieving the organizational 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.

3. Motivation creates supportive work 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.

4. Motivation helps the managers to introduce changes. The motivated employees show less resistance in accepting the changes according to changes in the business environment because they know if the changes are not implemented in the organization, not only the organization will lose by this but the employees also will find it difficult to get their needs fulfilled. Motivated employees are always supportive and co-operative in accepting changes in the organization.

5. 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.

**9.6 PROCESS OF MOTIVATION:**

<sup>8</sup> Motivation plays very crucial role in personal as well as professional life of an individual. Hence, it is necessary to understand the motivation process. There are five steps in this process as shown in the diagram.

<sup>8</sup> **1. Unsatisfied needs and motives:** This is the first step in the process. These needs can be physiological, psychological, and social. The individual for whom physiological needs are satisfied will be motivated for the safety and security needs. Individuals whose needs are not satisfied are more motivated than those for whom all the needs are satisfied.

**2. Tension:** The unsatisfied needs create tension in the individual. The tension can be psychological or physiological. The extent of tension depends on how important is that need for individual. If the need is not so important then the tension created will be less.

**3. Action to satisfy needs and motives:** In this stage, individual takes action to fulfil the needs. This action leads to reducing the tension. Individual explores different alternatives and chooses the best alternative for satisfying the needs.

**4. Goal accomplishment:** The action taken by individual helps him/her in goal accomplishment. If the action matches the tension then individual gets reward. At the end of this step goals are accomplished.

**5. Feedback:** It is the last stage of motivation process. Feedback helps individual to revise, improve or modify the needs. On the basis of accomplishment of goal, the needs are revised.

**9.7 <sup>2</sup> ADVANTAGES OF MOTIVATION:****Advantages to Management or Organization**

- Increase in the efficiency and productivity of employees. Motivation ensures a high level performance of employees.
- Better co-operation from employees and cordial labor-management relations.
- Reduction in the rate of labor absenteeism and turnover.

- Reduction in the wastage's and industrial accidents.
  - Improvement in the morale of employees.
  - Quick achievement of business/corporate objectives and favorable corporate image.
- Advantages to Employees or Workers:
- 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.

### 9.8 WAYS TO IMPROVE MOTIVATION OF WORKERS:

Motivation is the desire that pushes an individual to work well. It is an influence that causes people to behave in a particular way. Organisations can motivate its production line workers through financial rewards such as an increase in wage rates or profit sharing, and through non — financial rewards such as job enlargement and delegation along with the use of motivational theories such as McGregor's Theory X and Y and Elton Mayo's Hawthorne Effect.

The main reason for low motivation is the dissatisfaction with their wages for production line workers. They receive half as much as the quality control inspectors who do not participate in the production process. These workers receives a low weekly wage and a bonus for meeting output targets. This means that in case of power failures or machinery break down at the factory the workers would not be able to meet targets and wouldn't receive the bonus.

This leaves a feeling of frustration as such problems are beyond the control of the workers and they feel that they have been treated unfairly. Thus firstly the pay of the workers should be increased. After all according to Taylor's Scientific Management worker want the money.

Also according to Maslows Need Hierarchy, the most basic needs are the psychological needs of hunger, thirst and shelter which are gotten by the wages. These wages, if not at par should be close to that of the quarterly inspectors because the inspectors do not contribute to the output of a company. Organisation would by this definitely face rising costs of labor but if by higher wages the workers are given an incentive to work hard then the productivity i.e. output per worker would increase.

This may then off set the increase in costs and lead to an increase in production of goods. Nevertheless, it would be the non-financial rewards that would play an important role in maintaining the high motivation levels that are initiated by the financial rewards. Profit sharing is also a financial reward would help worker feel more part of the business of in years of high profits they are given a percentage of profits. They would then wish to contribute to wards the maintaining of this profitability. Job enlargement (including job enrichment and job rotation), team working, quality circles, target setting, delegation and appreciation and recognition by the organisation (awards) are all methods that organisations can use to motivate employees.



Job enlargement increases the scope of the job so as to provide broader and deeper tasks. This would involve job rotation where the workers could switch jobs after a certain time that allows them to handle a variety of jobs and job enrichment that organizes work in such a way that employees are able to use their fullest abilities and do work with lesser supervision.

Delegation should also be undertaken which is the passing to subordinates. This would mean telling the workers take certain decisions as to the performing of tasks. Empowerment would go a step further and give them control on how to perform their tasks by employing efficient methods.

Job enlargement, delegation and empowerment are all in accordance with McGregor's Theory Y according to which workers like to work and seek responsibility. These methods help workers to feel a greater part of the process and business as they carry but more than one task and are encouraged to become more efficient. Since they are given responsibility, they feel trusted and feel more loyalty to the firm. As they carry out tasks related to the entire process they derive greater satisfaction of having seen the end result. They increase their skills gain more experience and open more opportunities for their future. The only danger is that some workers may be afraid of performing additional tasks as they are afraid of failure and thus losing jobs.

Then team working and quality circles would also be made. According to this the workers should be divided into groups and given an area on the production time of which they are responsible both for production as well as for quality of products. In this way, the quality inspectors could be removed and the major reason of demotivation among employees would end. The teams would meet regularly to deal with the quality of the products its improvements as well as any problems in organisation's production line. They would then present their researches and results to the management who could then implement the best result on the production line as well as give rewards to the group that came up with the best idea. Quality circles allow the successful participation of the entire staff in the decision making. The workers feel a greater part of organization and feel a greater sense of achieving the targets that they themselves have helped to decide. Workers have hands on experience and are in the best position to understand the problems, more than any hired quality control officials. Workers are best able to provide solutions to exactly meet the situation and thus greatly improve their own productivity as well as the efficiency of the organisation as a whole.

Since their social and self-esteem needs as according to Maslow's Need Hierarchy Model are met through team working (interaction) and appreciation from the management (rewards) they are highly motivated.

Organisations should make full use of the motivational theories as well as the methods discussed above. It is true that Quality Circles are informal and may lead to certain time wastes in meeting but these can be avoided by rewarding participation after office hours. Also the fear of competition amongst different circles shouldn't stop managers from employing these methods as healthy competition encourages progress and development of innovative ideas that lead to higher motivation, greater productivity and improved profitability.

## 9.9 THEORIES OF MOTIVATION:

No organisation can thrive without highly dedicated team of employees. It is only through them that all other physical resources, like land, building capital, machine, etc. are going to be used for the achievement of prearranged goals. Due to the enormous effect of motivational factors on the working behavior and level of performance of the employee, lot of research work has been done and because of that, many theories of motivation have been developed.

### 9.9.1 Maslow's Hierarchy of Needs Theory

Human behaviour can be termed as goal-oriented. However, motivation greatly determines this behaviour. If a person is motivated, they are most likely to perform better as it helps people understand their needs and tackle the emerging issues effectively. To understand the human motivation factors, taking the help of the need hierarchy model is an ideal choice.

In 1943, the hierarchy of needs theory was initially coined by Abraham Maslow, which was solely based on assumptions that included five primary requirements of humans. However, the importance or the urgency may differ from person to person depending on their current situation.

Abraham Maslow, an eminent US psychologist, has classified human needs in a logical convenient way that has an important implication for managers making his theory the most popular amongst the managers. In this theory, he has pointed out and explained how needs influence human behaviour. Maslow viewed human motivation as a hierarchy of five needs ranging from most basic physiological needs to the highest needs for self-actualisation.



- **Physiological needs:** These are the basic biological needs. It includes need for air, food, water, shelter, rest, sex. The fulfilment of these needs is very much required for survival of individual. Only after fulfilment of these needs either fully or partially the higher order needs for individual emerge. These needs have tremendous impact on behaviour of individual. E.g: The individual who is very hungry may steal food for satisfying the hunger. For the

individual from lower socio-economic strata, these needs work as powerful motivator. E.g: Midday meal scheme introduced by Government of India has therefore proved effective in retaining the primary school children in schools. That is why it is necessary to give appropriate salary to employees so that they can fulfil this basic need. Once these needs are gratified, they no longer work as motivators.

- **Safety and security needs:** Once basic biological needs are satisfied then these needs emerge. These include a) Security from danger such as Fire, accident and b) Economic security includes salary, gratuity, and medical allowance. These needs are related to financial security. Therefore, organisations have staff welfare schemes such as provident fund, health insurance. These schemes motivate employees to give their best and reduces attrition rate. It is the responsibility of the organisation to provide safe and healthy environment. E.g: Current labour unions along with pay hike have demands for job security, health insurance etc.

- **Social needs :** Belongingness needs: It includes need or love, belongingness and affection. Man is a social animal hence cannot survive if out casted by the group. He or she may go in depression. Hence, it is very important that this need to be taken care of. These needs focus on social aspect at work place. Organisation meets this need by providing recreational facilities and gives importance to team work.

- **Esteem needs:** Also known as ego needs. They are the needs for self-esteem and the respect from others. Fulfilment of these needs leads to development of self-confidence, feeling of self-worth and self-respect. Therefore, organisations have incentives either as promotion or reward for achieving the targets

- **Self-actualisation needs:** This is the growth need. It includes the motive to prove the talent one has. A self-actualised person works hard for self development. As per the position of individual in the life cycle these needs are expressed. E.g: new entrants in the film industry may want to get recognition from viewers. Once the same individual gets established in the industry would dream for getting the prestigious awards. After understanding the strengths of employee's manager can assign them the challenging tasks. Managers need to understand the current needs of the employees. This knowledge helps him or her to decide the strategies for motivating them

#### 41 Criticisms of Maslow's hierarchy

one criticism of Maslow's theory involves the order of needs within the hierarchy. Some critics say that while it is logical to put physiological needs first and self-actualization last, people do not necessarily pursue or obtain the needs in this order.

For example, some argue that a healthy relationship with oneself is an important requirement for having healthy relationships with others. Maslow himself met people who valued self-esteem more than love.

However, Maslow did not consider the exact order of needs to be rigid.

#### 41 Summary

Maslow's hierarchy of needs is a theory about what motivates and fulfills humans. The theory includes five needs, each of which forms one section on a pyramid. At the foundation of the pyramid are physiological and safety needs. In the middle, there are social needs, such as love and belonging. At the top are esteem and self-actualization.

People have applied the hierarchy in a range of ways, including in education, child development, and healthcare. Psychologists can use it to understand things that may be contributing to mental health conditions, too.

However, there are some misconceptions and criticisms about Maslow's theory. It is important to remember that the progression from one stage of the pyramid to the next is not necessarily linear.

### 9.9.2 McGregor Theory

#### Introduction to McGregor Theory

Douglas McGregor was born in the year 1906. He was a great thinker, leader, management and leadership theorist. Douglas postulated over three decades ago that every leader has core assumptions about human nature and these assumptions influence the style of leadership practiced by the leader. His views on leadership are of great significant value because he was the 1<sup>st</sup> to apply behavioral science findings to the world of business and leadership.

#### Understanding Theory X and Theory Y

Douglas McGregor work is established in motivation theory. Mr. McGregor postulated 2 theories on human management and leadership which are Theory X and Theory Y.

Theory X advanced the view that human beings have an innate dislike for work. They can only be made to get results at work by the application of coercive methods and by direction. Theory X stresses on the authoritarian style of leadership where results are the focus of leadership and it is more work-centered than people-centered.

Theory Y approach to management is more people-centered. Here the individual is valued and appreciated. Theory Y submits that when workers are given the right kind of environment, they can reach their highest potential and can be of great value to their organizations.

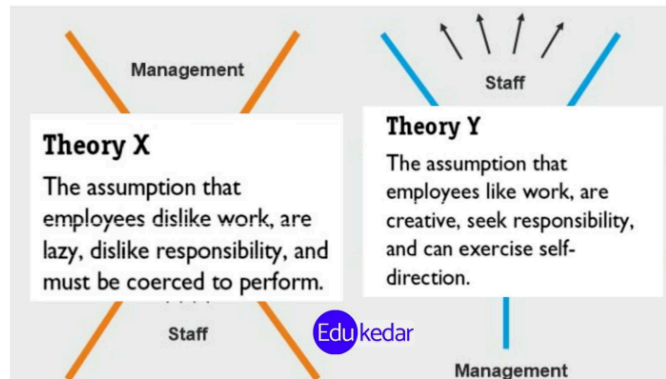
A few numbers of authors consider McGregor's work as a basic theory of motivation, whereas others feel it is a philosophy of human nature and fits more logically into a discussion of leadership than basic motivation theories.

#### McGregor's Theory X & Y

Theory X	Theory Y
Work Avoiding	Work is natural
Need to control	Capable of self-direction
Avoid responsibility	Seek responsibility
Workers seek security	Can make a good decision

McGregor's ideas about leadership and managerial behavior had a great effect on management and leadership thinking and practice. Traditional leadership had been hierarchical and highly controlling where employees always looked up to leaders and depended on them.

This could be very disempowering and a waste of human talent and potential. McGregor thought that if leaders did not scrutinize certain core assumptions they have about people; it could restrict their appreciation and view of the strength of the human capacity for growth, collaboration, and development.



53 McGregor postulated, that leaders who hold Theory X assumptions believe that people are lazy, abhor responsibility and not motivated and therefore need to be coerced before they will work and show commitment.

Such a leadership assumption leads to very close supervision and control of workers and siphons the ingenuity of workers and results in a lack of motivation in workers.

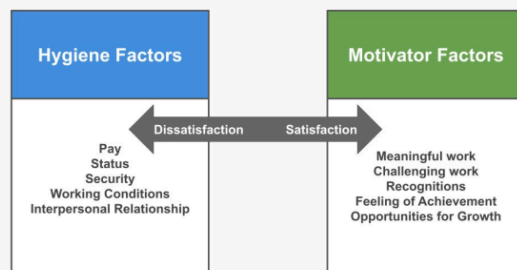
Leaders, who practice Theory Y assumptions, on the other hand, involves workers to engage in joint problem solving, to understand the needs of team members and to integrate personal needs of achievement with organizational objectives.

Although with such an approach the leader facilitates and initiates the control process, it is done with the involvement of the workers in mind and can be encouraging and motivating for them.

### 11 9.9.3 Herzberg's Two-Factor Theory of Motivation

In 1959, Frederick Herzberg, a behavioural scientist proposed a two-factor theory or the motivator-hygiene theory. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. According to Herzberg, the opposite of "Satisfaction" is "No satisfaction" and the opposite of "Dissatisfaction" is "No Dissatisfaction"

### Herzberg's Motivation



Herzberg classified these job factors into two categories-

1. **Hygiene factors-** Hygiene factors are those job factors which are essential for existence of motivation at workplace. These do not lead to positive satisfaction for long-term. But if these factors are absent/if these factors are non-existent at workplace, then they lead to dissatisfaction.

In other words, hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called as dissatisfiers or maintenance factors as they are required to avoid dissatisfaction. These factors describe the job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. Hygiene factors include:

- **Pay:** The pay or salary structure should be appropriate and reasonable. It must be equal and competitive to those in the same industry in the same domain.
- **Company Policies and administrative policies:** The company policies should not be too rigid. They should be fair and clear. It should include flexible working hours, dress code, breaks, vacation, etc.
- **Fringe benefits:** The employees should be offered health care plans (mediclaime), benefits for the family members, employee help programmes, etc.
- **Physical Working conditions:** The working conditions should be safe, clean and hygienic. The work equipments should be updated and well-maintained.
- **Status:** The employees' status within the organization should be familiar and retained.
- **Interpersonal relations:** The relationship of the employees with his peers, superiors and subordinates should be appropriate and acceptable. There should be no conflict or humiliation element present.
- **Job Security:** The organization must provide job security to the employees.

2. **Motivational factors-** According to Herzberg, the hygiene factors cannot be regarded as motivators. The motivational factors yield positive satisfaction. These factors are inherent to work. These factors motivate the employees for a superior performance.



These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Motivational factors include:

- **Recognition:** The employees should be praised and recognized for their accomplishments by the managers.
- **Sense of achievement:** The employees must have a sense of achievement. This depends on the job. There must be a fruit of some sort in the job.
- **Growth and promotional opportunities:** There must be growth and advancement opportunities in an organization to motivate the employees to perform well.
- **Responsibility:** The employees must hold themselves responsible for the work. The managers should give them ownership of the work. They should minimize control but retain accountability.
- **Meaningfulness of the work:** The work itself should be meaningful, interesting and challenging for the employee to perform and to get motivated.

#### 9.4 McClelland Theory

David McClelland, a renowned American psychologist, developed a theory in the 1960s that delves into the underlying factors driving human motivation. McClelland's human motivation theory, also known as the "Three Needs Theory," posits that individuals are primarily motivated by one of three needs: the need for achievement, the need for power, or the need for affiliation. These needs influence behavior, decision-making, and overall effectiveness in various aspects of life, particularly in the workplace.

The Three Key Motivators According to McClelland

##### 1. Need for Achievement (nAch)

People who are primarily motivated by achievement are driven by the desire to excel and succeed. They want their efforts to be recognized and valued. For these individuals, financial rewards can be a strong motivator, but they also crave acknowledgment of their accomplishments. Public recognition, such as awards, certificates, or even a simple shout-out in a meeting, can go a long way in motivating these employees. They are the type who enjoys setting challenging goals and thrives on overcoming obstacles to reach them.

##### 2. Need for Affiliation (nAff)

Those with a high need for affiliation place great importance on being part of something significant. They seek a sense of belonging and want to feel connected to the people and projects they are involved with. For them, the work itself often carries more weight than financial compensation. These employees value teamwork, collaboration, and relationships. They need to feel that their contributions are meaningful and that they are part of a larger purpose.

##### 3. Need for Power (nPow)

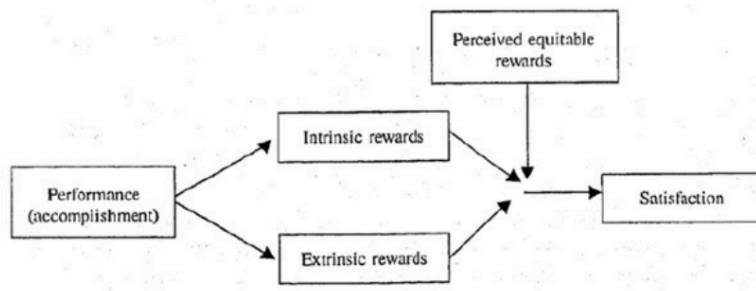
Employees with a dominant need for power are motivated by the ability to influence others and make decisions. They are not necessarily driven by ego but by the satisfaction of being in control and leading others. These individuals are often natural leaders who enjoy organizing and directing teams. They are motivated by opportunities for career advancement and the prospect of taking on more responsibility.

### 9.9.5 Porter & Lawler Theory

The Porter and Lawler theory of motivation is based on the assumption that rewards cause satisfaction and that sometimes performance produces reward. They hypothesize that the relationship between satisfaction and performance is linked by another variable rewards.

They see good- performance leading to reward which lead to satisfaction. It is a multi-variable model and explains the complex of relationship among motivation, performance and satisfaction.

They argue that satisfaction does not always lead to performance. Rather is reverse is true, because people can become complacent after having achieved satisfaction once. On the other hand, performance can lead to satisfaction if the reward systems are effective



#### Porter and Lawler Theory of Motivation – Rewards

The theory proposed two types of reward:

**1. Intrinsic Rewards:** Intrinsic rewards are given to an individual by himself for good performance. They include feelings of accomplishment and satisfaction of higher-level needs as defined by Maslow. Intrinsic reward are directly related to good performance only if the job structure is varied and challenging so an individual can reward himself if he feels he has performed well

**2. Extrinsic Rewards:** Extrinsic rewards are given by the organization and satisfy mainly lower-level needs. They include such things as pay, promotion, status, and job security. extrinsic rewards are weekly connection to performance

In the model, rewards are linked indirectly to satisfaction through perceived equitable rewards. This variable refers to the amount of rewards an individual feels he should receive as a result of his performance. This variable can also be expanded to include the amount of rewards an individual feels should be attached to a particular position within the organization.

Therefore, Porter and Lawler view satisfaction as deficiency measure. Satisfaction is determined by the difference between actual rewards and perceived equitable rewards. If actual reward exceeds perceived rewards, then it results in satisfaction. If opposite occurs, it results in dissatisfaction. The degree to which a person is either satisfied or dissatisfied depends on the size of the difference between the actual and perceived equitable rewards.



**9.10 SUMMARY:**

<sup>134</sup> Motivation refers to the internal processes that initiate, direct, and sustain goal-directed behavior. It explains why people act the way they do and what drives their actions toward goals. Components of Motivation : Activation – the decision to begin a behavior, Persistence – continued effort toward a goal, Intensity – concentration and energy invested in pursuing a goal.

<sup>20</sup> Types of Motivation: Intrinsic Motivation: Comes from within the individual (e.g., interest, enjoyment, curiosity). Extrinsic Motivation: Comes from external factors (e.g., rewards, punishments, grades, money).

**9.11 TECHNICAL TERMS:**

- **Intrinsic Motivation:** Motivation driven by internal rewards, such as personal satisfaction or interest.
- **Extrinsic Motivation:** Motivation driven by external rewards or pressures, such as money, grades, or recognition.
- **Maslow's Hierarchy of Needs:** A five-level model of human needs, from physiological to self-actualization.
- **Goal-Setting Theory:** Motivation is influenced by setting specific, challenging, and attainable goals.
- **Drive Theory:** Behavior is motivated by the desire to reduce internal tension caused by unmet biological needs (like hunger or thirst).
- **Achievement Motivation:** The drive to pursue and attain goals; an individual's need for success and accomplishment.
- **Reinforcement:** A process in behavioral psychology where consequences are used to strengthen behavior.

**9.12 SELF ASSESSMENT QUESTIONS:**

1. Define Motivation. Explain its types.
2. what are the features & Advantages of Motivation?
3. Explain importance of Motivation
4. Explain Motivation Process.
5. Explain Maslow's Hierarchy of Needs Theory.
6. Explain Human behavior theory proposed by McGregor.
7. Explain Hergberg's dual Factor Theory.
8. Explain the theory proposed by McClelland.
9. Explain Porter & Lawler theory of Motivation.

**<sup>42</sup> 9.13 SUGGESTED READINGS:**

1. Principles of Management by Harold Koontz & Heinz Weihrich,(2015) McGraw Hill Education, 10th Edition.
2. Fundamentals of Management by Stephen P. Robbins, David DeCenzo & Mary Coulter,(2021), Pearson Education, 11th Edition.
3. Management, Text & Cases by V.S.P. Rao, (2009), Excel Books Pvt.Ltd., 2<sup>nd</sup> Edition.
4. Management – Theory and Practice (Text and Cases) by P. Subba Rao (2020), Himalaya Publishing House, Edition: 2nd Edition

**Dr. S.Anitha Devi**

## LESSON- 10

# LEADERSHIP

### OBJECTIVES:

- <sup>37</sup> To understand the concept of Leadership.
- To know about various leadership Styles
- To understand leadership theories.
- To know what is Communication & it's Importance
- To understand Process of Communication
- To know what are the barriers to communication and how to overcome them.

### STRUCTURE:

#### 10.1 Introduction

#### 10.2 <sup>42</sup> Definition of a Leader

#### 10.3 Leadership Vs. Management: What's The Difference?

#### 10.4 Leadership Styles

#### 10.5 Qualities For An Effective Leader

#### 10.6 Why is Leadership Important

#### 10.7 Likert's Management Systems

#### 10.8 Managerial Grid Theory

#### 10.9 What Is <sup>92</sup> Communication?

#### 10.10 Definition And Meaning Of Communication

#### 10.11 Features of Communication

#### 10.12 The Process of Communication

#### 10.13 Importance of Communication

#### 10.14 Barriers to Communication

#### 10.15 Effective Communication

#### 10.16 <sup>8</sup> Summary

#### 10.17 Technical Terms

#### 10.18 Self-Assessment Questions

#### 10.19 Suggested Readings

### 10.1 INTRODUCTION:

The term "leadership" is often tossed around in workplaces, politics, and even self-help circles. The essential question, though, is what is leadership exactly? Is it about giving orders or building consensus? In fact, the desirable qualities of a good leader have experienced a

tectonic shift over the last decade. For instance, 94% leaders said that disruptive envisioning will emerge as the most critical leadership capability to succeed in the Indian workplace in the future, as per a PWC report. It is, thus, important to know the right kind of leader fit to lead your organization because there are several types of leadership styles. Moreover, a good manager is not always a good leader. So, let's find out the answer to what is leadership, learn about leadership theories, and understand the importance of leadership.

"The action of leading a group of people or an organisation."

That's how the Oxford Dictionary defines leadership. In simple words, leadership is about taking risks and challenging the status quo. Leaders motivate others to achieve something new and better. Interestingly, leaders do what they do to pursue innovation, not as an obligation. They measure success by looking at the team's achievements and learning.

In contrast, management is about delegating responsibilities and getting people to follow the rules to reduce risk and deliver predictable outcomes. A manager is responsible for completing four critical functions: planning, organising, leading, and controlling.

Unlike leaders, managers do not challenge the status quo. Instead, they strive to maintain it. They evaluate success by seeing if the team has achieved what was expected.

The question of what is leadership can be tricky; it has different answers because there are so many leadership theories. For example, the most basic definition is what the Oxford Dictionary refers to as "the action of leading a group of people or an organization".

Leadership is about taking risks and challenging the status quo. Leaders motivate others to achieve something new and better. Leaders do what they do to pursue innovation. They measure success by looking at the team's achievements and learnings.

## 10.2 DEFINITION OF A LEADER:

Now that we have answered what is leadership at a very basic level, let's understand the definition of a leader. They are individuals who guide, inspire, and influence others toward a shared vision. They embody traits like integrity, empathy, resilience, and decisiveness. Leaders not only set direction but also foster collaboration and empower team members.

Effective leadership entails communication, problem-solving, adaptability, and the capacity to make difficult decisions. Leaders emerge in diverse settings, such as business, politics, and community organizations, driving constructive change and advancement.

<sup>32</sup> Leadership is defined as the process of influencing the activities of an organized group toward goal achievement. (Rauch & Behling.)

<sup>67</sup> Leadership is interpersonal influence, exercised in a situation, and directed, through the communication process, toward the attainment of a specified goal or goals. (Tannenbaum, Weschler & Massarik)

## 10.3 LEADERSHIP VS. MANAGEMENT: WHAT'S THE DIFFERENCE?

If you have understood what is leadership, then you know it cannot be confused with management. A cursory glance at leaders vs managers reveals that they are distinct yet

complementary concepts. On the one hand, leadership focuses on inspiring and guiding others toward a shared vision or goal, emphasizing innovation and fostering a positive organizational culture. On the other hand, management involves organizing, planning, and controlling resources to achieve specific objectives efficiently. An effective organization often requires a balance of both leadership and management qualities to thrive consistently. Here's how the leaders vs. managers difference stacks up:

	Leadership	Management
Vision	Leaders are visionaries who set goals for their teams. 76	Managers are implementers. They ensure that the goal set by their superiors is achieved.
Organizing/ Aligning	Leaders motivate people by concentrating on the personal development of their team members. They also envision their team's future growth and work toward achieving it. 76	Managers achieve their goals by delegating responsibilities among team members. They tactically distribute work among subordinates and organize available resources required to reach the goal.
Analyzing/ Assessing	A leader analyzes and assesses every situation to achieve new and better results.	A manager deals with questions such as how and when that assists them in achieving their goals. They accept and strive to achieve the status quo.

#### 10.4 LEADERSHIP STYLES:

12 It is not enough to learn what is leadership only. One also needs to be familiar with different types of leadership styles to further understand the concept of how one can lead. Let's find out:

##### 1. Autocratic Leadership

A very typical, traditional understanding of what is leadership is often the idea of leader who has complete control over his team. These are known as autocratic leaders. They never bend their beliefs and rules for anyone. Furthermore, their team has no say in the business decisions.

##### 2. Laissez-Faire Leadership

In the laissez-faire type of leadership, leaders give their team members the freedom to perform their job according to their will. In essence, they can rely on their perspective and perform business functions subsequently.

##### 3. Democratic Leadership

In the democratic or participative leadership, team members and leaders equally contribute to actualizing business goals. Moreover, they work together and motivate each other to achieve their personal goals too.

##### 4. Bureaucratic Leadership

Team members adhere to organizational rules and policies in view of leaders doing the same. Bureaucratic leaders are often organized and self-motivated.

**5. Servant Leadership**

A servant leadership is focused chiefly on the well-being of the communities. They share authority, prioritize others, and help people realize their full potential.

**6. Agile Leadership**

Agile leaders are flexible and responsive to change, fostering a collaborative, iterative environment, and adapting to evolving goals and circumstances.

**7. Empathetic Leadership**

A more modern alternative to understanding what is leadership is the emergence of empathetic leaders. They prioritize understanding their team's feelings and perspectives, thus creating a supportive, inclusive atmosphere that boosts morale and productivity.

**8. Situational Leadership**

Situational leaders adjust their style based on the needs of the team and the context, using a range of approaches from directive to supportive as needed.

**9. Visionary Leadership**

Visionary leaders inspire and guide their teams with a clear, compelling vision, motivating individuals to work toward a common goal with passion and creativity.

**10. Free Rein Leadership**

Free-rein leadership offer minimal supervision, trusting their team to work independently and take ownership of their tasks, thereby fostering innovation and autonomy.

**11. Adaptive Leadership**

Adaptive leadership navigate dynamic environments, balancing immediate demands with long-term goals, and adjusting strategies to meet changing needs.

**12. Ethical Leadership**

Ethical leadership prioritize integrity and transparency, ensuring that their decisions and actions align with moral values and societal norms.

**13. Transformational Leadership**

Transformational leadership inspire and empower their teams to exceed expectations, fostering innovation and change through shared vision and motivation.

**14. Transactional**

Transactional leaders focus on structured goals, rewarding performance, and enforcing standards, thus creating a clear framework for achieving objectives.

**10.5 QUALITIES FOR AN EFFECTIVE LEADER:**

Any professional who becomes a leader must know what is leadership in terms of the traits they must possess. Here are some of the necessary qualities of a good leader:

**1. Integrity**

Leaders value virtuousness and honesty. Furthermore, they also surround themselves with like-minded people who believe in them and their vision.

**2. Inspiration**

Leaders are self-motivating, and this makes them great influencers. They are a good inspiration to their team members and help others to understand their roles in a bigger context.

**3. Communication Skills**

Leaders must possess great communication skills to enable their team members to understand their vision. They are also transparent with their team and share failures and successes with them.

**4. Vision**

What is leadership without the vision for company growth? Leaders, therefore, need to be visionaries. They must have a clear idea of what they want and how to achieve it. This is essential to steer their organization to the path of success.

**5. Resilience**

Leaders challenge the status quo. Hence, they never give up easily. They also have unique ways to solve a problem.

**6. Intuition**

Leadership coach Hortense le Gentil believes that leaders should rely on intuition for making hard decisions. Intuition heavily relies on a person's existing knowledge and life learning, especially useful in complex situations.

**7. Empathy**

A leader should be an emotional and empathetic fellow because it will help them develop a strong bond with their team. Empathy, in fact, will help a leader address the problems, complaints, and aspirations of their team members.

**8. Fairness**

Although empathy is an important quality a leader must imbibe, getting clouded by emotions while making an important business decision can be potentially problematic. Hence, a good leader should balance empathy with fairness.

**9. Intelligence**

A good leader must be intelligent enough to arrive at business solutions to difficult problems. Furthermore, a leader should be analytical and should weigh the pros and cons before making a decision. This quality can be polished with an all-inclusive leadership training program.

**10. Creativity**

An effective leader is also someone open to new ideas, possibilities, and perspectives. They are always ready to listen, observe, and willing to change. They are also out-of-the-box thinkers and encourage their teams to do so.

**11. Patience**

Successful leaders understand that a business strategy takes time to develop and bear results. Additionally, they believe that continuous improvement and patience are the key to growth.

**12. Flexible**

Leaders understand the concept of continuous improvement but they also know that adaptability will lead them to success. Nothing goes as planned. Hence, being flexible and intuitive helps a manager to hold his ground during complex situations.

**10.6 WHY IS LEADERSHIP IMPORTANT?**

The importance of leadership lies in its ability to ensure success, especially in a business. Here's why:

**1. Offers Direction**

Leaders provide a roadmap for a future, a compelling vision that unites employees. The lack of it can result in groups struggling consequently because they are unsure of their goals.

## 2. Instills Motivation

Leaders know how to ignite a spark to cultivate enthusiasm. They can take a team from simply doing their jobs to believing in the purpose of the organization.

## 3. Simplifies Decision-Making

It is crucial to make clear and strategic decisions to solve pressing problems. They help teams navigate through obstacles and devise innovative solutions.

## 4. Manages Change

Another reason why leadership is important is to navigate change effectively, especially when the world is evolving constantly. It becomes critical to transition smoothly and embrace new opportunities.

### 10.7 LIKERT'S MANAGEMENT SYSTEMS:

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#### Introduction of Likert's System

Rensis Likert established management styles called Likert's management systems in the 1960s. To characterize the interaction, engagement, and roles of managers and subordinates in industrial contexts, he proposed four management systems. He developed the procedures based on research conducted with highly productive managers and their teams at an American insurance company. Later, he and Jane G. Likert altered the methods so that they could be applied in educational contexts. They were created to define the duties of principals, students, and teachers; however, other stakeholders like superintendents, administrators, and parents were subsequently added.

Rensis Likert and his colleagues at the University of Michigan in the United States studied the patterns and styles of managers for three decades and established a four-fold model of management systems. The model was developed using information from a poll of over 200 managers as well as research into the performance characteristics of various types of firms.

There are four management systems or four leadership styles, according to Likert:

- System 1 - Exploitative Authoritative
- System 2 - Benevolent Authoritative
- System 3 - Consultative
- System 4 - Participative

#### Likert Management System

The Likert's Management System was developed by Rensis Likert in the 1960s. Rensis Likert with his associates observed the different patterns and styles of management in various fields. He observed the styles for around three decades and came up with the Likert's Management System. After years of observation and research, he outlined four styles of management which described the relationships, involvement and roles of managers and subordinates in an industrial setting. The observation of Likert was carried out at Michigan University, USA.

The Four styles that were given by Likert were called Likert's Leadership Styles. Likert developed these leadership styles with thorough research of various organizations. He also took the help of questionnaires which were distributed to managers from over 200 different types of organizations.

After the successful development of the four leadership styles, Likert tried to modify the styles to suit the educational institutions.



**Likert's Four Styles of Leadership**

The Likert's Management system consisted of four styles and they are Exploitative Authoritative, Benevolent Authoritative, Consultative and Participative. The four styles were developed with a lot of research and observation. These systems indicate the stages of evolution of patterns of management in different organizations. The system consists of different variables such as motivation, Influence, Leadership, communication, Interaction and decision making. Here we will discuss in detail the Likert's Leadership Styles.

**1.1 Exploitative Authoritative System**

It is the first system in Likert's Leadership Styles. Under this style Likert states that the ultimate power lies in the hands of the top subordinates. The Top management makes the policies and rules and the employees in the lower level are bound to follow the instructions given to them by their superiors. Here, it is observed that the workers at the lower level do not feel free to discuss their work with their superiors. The communication and teamwork in this system are very little.

The leaders in the system of Exploitative authoritative have a lower level of concern for their employees. They use threats or methods that involve fear to achieve their work. The method of threat works well and the employees work efficiently upon entering the organization. The leaders are ignorant of the psychological feelings of the employees and the communication between them is almost nil.

In this type of system, the upper management burdens employees with a heavy workload and they are to finish the work without fail. The monetary benefits and work satisfaction in this type of system is very less.

**Benevolent Authoritative System**

Under this system of Likert's, it is observed that the authority lies in the hands of the managers and not in the hands of the lower-level workers. The superiors have a small amount of confidence and trust in the employees. The superiors have less control over the employees. They do not use methods of threats. However, the employees are rewarded and punished as per their performance in the organization.

In this system of management, the employees are involved in some of the decision making processes. But the ultimate power lies in the hands of the superiors. Here also the communication is very little and the employees do not feel free to share their work experience with the superiors.

**Consultative System**

This is the third style of leadership given by Likert. In this system, Likert has stated that responsibility and authority are spread widely throughout the organization. The subordinates in the different levels of the organizations are given different responsibilities. The employees and subordinates work as a team on certain decisions. There is fair communication between the employees and the superiors. However, the power to form policies and rules lies in the hands of the top management.

Under this system, the employees are rewarded for better performance and at the same time, they are also punished for bad performances. The employees are free to communicate with their superiors and subordinates. They can share their work-related issues with the superiors



freely. The system promotes a healthy work environment for the employees and motivates them to work efficiently.

#### Participative System

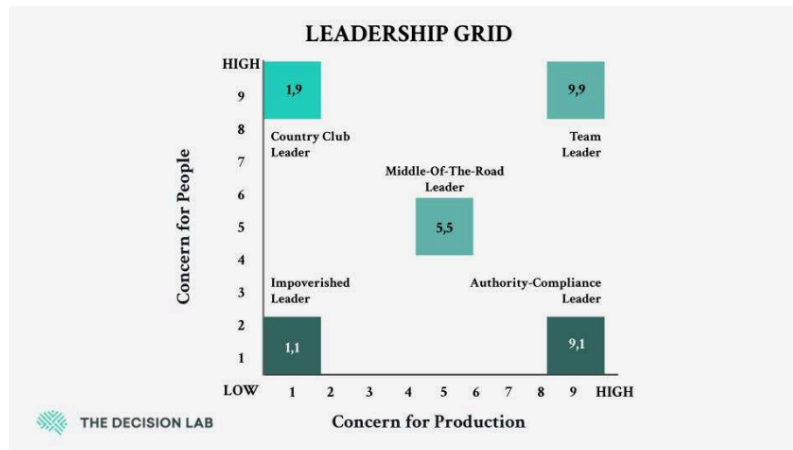
This is the last style of leadership given by Likert. Under this style, Likert states that the power and responsibility to achieve the goals of the organization is distributed among all the employees and subordinates in the organization. According to this system, each employee has a certain role to play in the success of the organization. The superiors have the utmost confidence and trust in their employees.

The employees are made to participate in the decision-making process of the organization. The system states that there is a continuous flow of information in both an upward and downward direction. The employees are provided with a healthy work environment and they are motivated continuously by their superiors.

#### 10.8 MANAGERIAL GRID THEORY:

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The grid, which was developed by Robert R. Blake and Jane S. Mouton, identifies five different kinds of leaders according to two behavioral dimensions of leadership on a scale of 1 to 9: concern for production and concern for people. The five kinds of leaders that Blake and Mouton identified were impoverished, produce or perish, middle of the road, country club, and team. Each leadership style was plotted on a grid to show whether the leader was most concerned for the production, the people, or had a healthy balance of both.



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Managerial Grid Model is based on two behavioural dimensions:

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

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

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

(1,9) Country Club Style Leadership style of leader is most concerned about the needs and the feelings of members of his or her team. In this environment, the relationship-oriented manager has a high concern for people but a low concern for production. He pays much attention to the security and comfort of the employees. He hopes that this will increase performance. He is almost incapable of employing the more punitive, coercive and legitimate powers. The organization will end up to be a friendly atmosphere but not necessarily very productive. The (1,9) boss mainly uses reward power to preserve discipline and to support his subordinates in accomplishing their goals. Conversely, this manager is virtually incapable of employing more disciplinary coercive and legitimate powers. This inability results from his fear that using such powers could jeopardize his relationships. This inability results from his fear that using such powers could jeopardize his relationships. Thus, the supervisor seldom attempts to impose his will on other people, preferring to accept the ideas of others instead of forcing his own. Employees in this type of work environment go about their day working at their own pace on projects that they enjoy and with coworkers that they are attracted to.

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

(9,1) Produce or Perish Leadership management style is characterized by a concern for production as the only goal. Employees are viewed as obstacles to performance results unless obedience to the manager's wishes is explicitly granted. In this style, the manager is authoritarian or compliance. A task-oriented manager, he has a high concern for production and a low concern for people. He finds employee needs unimportant and simply a means to an end. He provides his employees with money and expects performance back. There is little or no allowance for cooperation or collaboration. He pressures his employees through rules and punishments to achieve the company goals. This type of leader is very autocratic, has strict work rules, policies and procedures, and views punishment as the most effective means to motivate employees.

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

(1,1) Impoverished Leadership is a delegate-and-disappear management style and a lazy approach. The manager shows a low concern for both people and production. He or she avoids getting into trouble. His main concern is not to be held responsible for any mistakes. Managers use this style to preserve job and job seniority, protecting themselves by avoiding getting into trouble. This leader is mostly ineffective. He or she has neither a high regard for creating systems for getting the job done nor for creating a work environment that is satisfying and motivating. A result is a place of disorganization, dissatisfaction, and disharmony.

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

(5,5) Middle-Of-The-Road Leadership is a kind of realistic medium without ambition. It is a balanced and compromised style. The manager tries to balance the competing goals of the company and the needs of the workers. The manager gives some concern to both people and production, hoping to achieve acceptable performance. He believes this is the most anyone can do. Consequently, compromises occur where neither the production nor the people's needs are fully met. The supervisor views it as the most practical management technique. It is also an outcome when production and people issues are seen as in conflict. The defining

characteristic of this style “is not to seek the best position for both production and people, but to find the position that is in between both, about halfway.” When dealing with subordinates, the (5,5) manager prefers relaxed and shared conversations – these allow him to slay popularly. Group membership is also enjoyed as committees allow the supervisor to spread the responsibility for decision-making.

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

At (9,9) Team Leadership, the manager pays high concern to both people and production. Motivation is high. This soft style is based on the propositions of Theory Y of Douglas McGregor. The manager encourages teamwork and commitment among employees. This style emphasizes making employees feel part of the company-family and involving them in understanding the organizational purpose and determining production needs. This method relies heavily on making employees feel they are constructive parts of the company. And this will result in a team environment organization based on trust and respect, which leads to high satisfaction and motivation and, as a result, high production.

- In a (9,9) system the manager strives for sound and imaginative opinions, letting others partake in the decision making the process.
- He is not afraid to use ideas that are divergent from his own, but rather focuses on the value of the ideas.
- Emotions and thoughts are used to solve problems through teamwork because this supervisor is concerned with arriving only at the best possible solutions.
- A (9,9)-oriented manager is capable of acting sensibly to bring about effective results, maintaining consistency but finding innovative solutions to fit unique problems, and unusual circumstances”.

Another of the manager’s primary goals in this system is to identify barriers that his subordinates may be encountering and then finding a way to remove them. This creates a team environment based on trust and respect which leads to high satisfaction and high satisfaction and motivation and, as a result, high production.

#### **Advantages of the Managerial Grid Model**

- Managers help to analyze their leadership styles through a technique known as grid training.
  - Managers identify how they feel their concern for production and people
- Limitations of the Managerial Grid Model
- The model ignores the importance of internal and external limits, matter and scenario.
  - There is some more aspect of leadership that can be covered but are not.

Blake and Mouton’s Managerial Grid Model was one of the most influential management models to appear in the 1960s, it also provided a foundation for even more complex contingency approaches to leadership. Notable amongst these studies are Fiedler’s Contingency model (which considers the match between the manager’s personality and the situation), and Tannenbaum and Schmidt’s Continuum of Leader Behaviour (which stresses that the leader not only understands himself but also the other persons in the organization along with the social environment as well).

The Managerial Grid Model was the next logical step in the evaluation of management thinking. Blake and Jane Mouton based the framework of Grid on the sound logic of noted theorists Abraham Maslow and Douglas McGregor. The Grid expanded upon McGregor’s

and other's theories at the time to provide a richer and more complete design between the manager's concerns for production versus their concern for interpersonal relationships.

Although later criticized and subjected to further revision by its creators, the original Managerial Grid Model remains an important model of managerial behavior that continues to be studied and utilized. Blake and Mouton strongly argue that style (9,9) is the most effective management style because it improved productivity, and caused high employee satisfaction, low turnover and absenteeism. It is widely used as a technique of managerial training and for identifying various combinations of leadership styles.

## COMMUNICATION

### 10.9 WHAT IS COMMUNICATION?

In simple terms, communication is the process of exchanging information between individuals or groups. It involves the transmission of ideas, feelings, or facts from one person (the sender) to another (the receiver). It can be verbal or non-verbal and plays a crucial role in human interaction. For face-to-face conversation, a phone call, or an email, it is how we connect and understand each other.

### 10.10 DEFINITION AND MEANING OF COMMUNICATION

Communication is a vital process in both personal and professional life. It is how we share ideas, thoughts, feelings, and information with others. At its core, it means "to share," and it can take many forms. Understanding what communication is and how it works is essential for building strong relationships and achieving success in any field.

- **Keith Davis:**

Communication is a process of passing information and understanding from one person to another.

- **John Adair:**

Communication is essentially the ability of one person to make contact with another and make themselves understood.

- **William Newman and Charles Summer:**

Communication is an exchange of ideas, facts, opinions, or emotions of two or more persons.

### 10.11 FEATURES OF COMMUNICATION:

- Communication is an unavoidable system.
- It is a two-way process.
- It is a social activity.
- It is a continuous process.
- It is universal.
- It may be formal or informal.

### Types of Communication

There are different [Types of Communication](#) we use daily. Understanding these types is key to improving how we convey information.

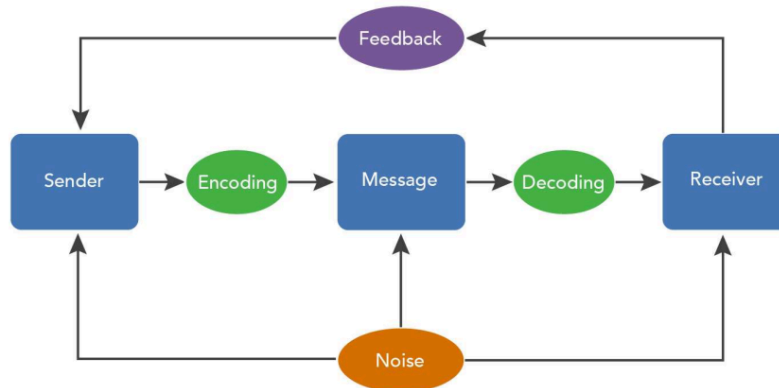
1. Verbal Communication involves the use of words, either spoken or written, to express

ideas. It is the most common form of communication. This can happen in person, over the phone, or through digital mediums like emails and messages. Effective verbal communication is clear, concise, and purposeful, ensuring that the message is understood.

2. Non-verbal communication refers to the transmission of messages through body language, facial expressions, gestures, posture, and tone of voice. Sometimes, the way we communicate without words is even more powerful than what we say. For instance, a smile or a firm handshake can convey trust and openness.

#### 10.12 THE PROCESS OF COMMUNICATION:

Understanding the process of communication can help enhance how we share information. It is a continuous process involving several key components:



- **Sender:** The person who initiates the message.
- **Message:** The information or idea being communicated.
- **Encoding:** The process of converting the message into a format that can be understood, such as words or symbols.
- **Medium:** The method used to send the message (e.g., speaking, writing, digital media).
- **Receiver:** The person who receives the message and decodes it.
- **Feedback:** The response from the receiver, indicating that the message was understood.
- **Noise:** Any disruption or barrier in the communication process (e.g., misunderstandings or technical issues).

#### 10.13 IMPORTANCE OF COMMUNICATION:

- Effective communication helps managers explain the goals of an organisation, give instructions, and build relationships.
- It is essential for decision-making. Without the proper exchange of information, it is impossible to make informed decisions.
- It improves teamwork and collaboration.

**10.14 BARRIERS TO COMMUNICATION:**

Sometimes, communication doesn't go as planned. Barriers can create misunderstandings or prevent the message from being conveyed properly. Some common communication barriers include:

- **Language Differences:** Misunderstandings due to language or jargon.
- **Physical Barriers:** Poor reception, technical issues, or distance.
- **Emotional Barriers:** Emotional reactions like anger or fear that affect how messages are sent or received.
- **Cultural Barriers:** Different cultural backgrounds can lead to misinterpretations of non-verbal cues or messages.

**10.15 EFFECTIVE COMMUNICATION:**

To achieve a clear understanding and positive outcomes, effective communication is essential. Here are some key aspects of effective communication:

- **Clarity:** Be clear and concise when conveying your message.
- **Active Listening:** Pay attention and respond to what others are saying.
- **Open Body Language:** Use positive gestures and facial expressions.
- **Feedback:** Provide feedback to confirm understanding.

**10.16 SUMMARY:**

Communication is the backbone of human interaction, whether it's in the workplace, at home, or with friends. By understanding the types of communication, the process, and the importance, we can ensure that our messages are clear, effective, and received as intended. Always be mindful of the barriers to communication and work towards overcoming them for more meaningful interactions.

**10.17 TECHNICAL TERMS:**

1. **Leadership:** Leadership is the ability to influence and guide a group of people towards achieving a common goal.
2. **Communication:** the act of sharing or exchanging information, ideas or feelings
3. **Verbal communication:** Verbal communication is the process of exchanging information and ideas through spoken or written words, encompassing various forms like conversations, speeches, emails, and texts.
4. **Nonverbal Communication:** Nonverbal communication involves conveying messages and signals without using spoken or written words, encompassing elements like facial expressions, body language, gestures, and tone of voice.
5. **Barriers to Communication:** obstacles that hinder the effective exchange of information, ideas, and thoughts

**10.18 SELF-ASSESSMENT QUESTIONS:**

1. What is leadership? Explain various Styles of Leadership.
2. What are the qualities required for an effective leader?
3. Write about importance of Leadership.
4. Explain Likert's management systems.

5. Explain Managerial Grid theory.
6. What is Communication? What are its Features?
7. Explain the process of Communication.
8. What are the barriers to communication? How to overcome them.

**10.19 SUGGESTED READINGS:**

1. Principles of Management by Harold Koontz & Heinz Weihrich,(2015) McGraw Hill Education, 10th Edition.
2. Fundamentals of Management by Stephen P. Robbins, David DeCenzo & Mary Coulter,(2021), Pearson Education, 11th Edition.
3. Management, Text & Cases by V.S.P. Rao, (2009), Excel Books Pvt.Ltd., 2<sup>nd</sup> Edition.
4. Management – Theory and Practice (Text and Cases) by P. Subba Rao (2020), Himalaya Publishing House, Edition: 2nd Edition

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## LESSON – 11

# CONTROLLING

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### OBJECTIVES:

- By the end of this chapter, learners should be able to:
- Explain the importance of control as a key management function.
- Differentiate between feedforward, concurrent, and feedback control.
- Describe the steps in the control process:
- Learn how to use various control tools such as budgets, performance appraisals, audits, and balanced scorecards.
- Recognize what makes a control system effective

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### STRUCTURE:

#### 11.1 Introduction to Controlling

#### 11.2 Meaning of Controlling

#### 11.3 Definitions & Features

#### 11.4 Relationship of Control with other Managerial Functions

#### 11.5 Key Elements

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#### 11.6 Importance of Controlling

#### 11.7 Types of Control

#### 11.8 Steps in Control Process

#### 11.9 Methods of Control

#### 11.10 Measures for Effective Control

#### 11.11 Limitations of Control

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#### 11.12 Summary

#### 11.13 Technical Terms

#### 11.14 Self Assessment Questions

#### 11.15 Suggested Readings

### 11.1 INTRODUCTION TO CONTROLLING:

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Controlling is one of the core functions of management, alongside planning, organizing, staffing, and leading. It ensures that the organization's activities are aligned with the established goals and standards.

Controlling is making sure that what is planned is actually being done, and if not, taking the necessary actions to fix it. Controlling is not about restricting or punishing—it's about guiding and improving. It's a constructive process that ensures that individuals and teams perform in line with the broader organizational goals. Effective control leads to higher



productivity, better <sup>146</sup> quality, and informed decision-making. Controlling is a managerial function <sup>159</sup> that involves setting standards, measuring actual performance, and comparing the two. If there are any deviations, managers take corrective actions to ensure that organizational goals are achieved efficiently and effectively.

It's like the steering wheel of a car — it helps guide the organization in the right direction

### <sup>147</sup> 11.2 MEANING OF CONTROLLING:

Controlling is a systematic managerial function that involves monitoring organizational performance, comparing actual performance with predetermined standards, and taking corrective actions to ensure that the organization's goals are achieved.

#### Control as a Feedback Mechanism:

Controlling acts like a feedback loop. It provides information about:

- What has been achieved (actual performance)
- How it compares to what was expected (standards)
- What must be done to correct or improve it

#### Example to Understand the Meaning:

Suppose a company planned to produce 1,000 units of a product in a week. At the end of the week:

- Only 800 units were produced.
- This actual performance is measured and compared to the target.
- The deviation (shortfall of 200 units) is analyzed.
- Managers find the cause (machine breakdown or labor shortage).
- Corrective actions are taken (e.g., scheduling maintenance or hiring temporary workers).

### 11.3 DEFINITIONS & FEATURES:

#### 1. Harold Koontz & Cyril O'Donnell:

"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."

#### 2. Robert Kreitner:

"Controlling is the process of checking whether or not proper progress is being made toward the objectives and goals and acting if necessary, to correct any deviation."

#### 3. George R. Terry:

"Controlling is determining what is being accomplished, that is, evaluating the performance and, if necessary, applying corrective measures so that the performance takes place according to plans."

#### 4. Koontz and Weihrich:

"Controlling is the process of measuring and correcting actual performance to ensure that the activities conform to the plans."

#### 5. EFL Brech:

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

#### Features :

1. Goal-Oriented:  
It ensures that all activities are aligned with the organizational objectives.

## 2. Continuous Process:

139 It is not a one-time activity; it happens at all levels and stages.

## 3. Pervasive Function:

Control is required at every level of management—top, middle, and lower.

## 4. Backward and Forward Looking:

It evaluates past performance and helps in taking future action.

## 5. Closely Linked with Planning:

25 Planning and controlling are called twin functions—without plans, control has no meaning, and without control, plans cannot be implemented properly.

**Example of Effective Control in Action:**

A logistics company monitors delivery times using real-time GPS tracking. If delays occur, they immediately notify the driver and reroute if needed. They also hold weekly reviews with drivers to discuss performance and gather improvement ideas. As a result, on-time delivery increases and customer satisfaction improves.

**11.4 RELATIONSHIP OF CONTROLLING WITH OTHER MANAGERIAL FUNCTIONS:**

The Controlling function in management is closely linked with all the other managerial functions — Planning, Organizing, Leading, and sometimes Staffing (depending on the model). Here's how they're interconnected:

Function	Role	Control's Role
Planning	Sets goals and objectives	Measures progress toward those goals
Organizing	Structures resources and activities	Ensures resources are used efficiently
Leading/Directing	Motivates and leads people	Assesses effectiveness of leadership and communication
Staffing	Hires and develops personnel	Evaluates employee performance and development

**Relationship Between Planning and Controlling: The Closest Link**

42 Of all the Managerial functions Planning and Controlling are closely linked.

Planning	Controlling
Sets objectives	Ensures objectives are met
Forward-looking	Both forward and backward-looking
First function	Last function
Based on future estimates	Based on past and present performance

91 Planning is meaningless without control, and control is blind without planning.

**11.5 KEY ELEMENTS OF CONTROLLING:**

1. **Setting Performance Standards:** Establishing expected results or targets. These standards are often quantitative (e.g., sales targets, production output).
2. **Measuring Actual Performance:** Collecting and analyzing performance data (e.g., reports, observations, KPIs).
3. **Comparing Actual Performance with Standards:** Identifying deviations or gaps between what was planned and what has happened.

4. **Analyzing Deviations:** Understanding why the performance differs — is it due to internal or external factors?
5. **Taking Corrective Action:** Adjusting operations, processes, or strategies to fix issues and improve future performance.

#### 11.6 IMPORTANCE OF CONTROLLING:

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Controlling is a vital function of management that ensures all organizational efforts are directed toward achieving desired goals. Without control, an organization would operate in uncertainty and chaos. Controlling is not just about finding faults—it's a strategic tool that helps organizations stay on course, improve continuously, and adapt to change. It completes the management cycle by ensuring that plans are successfully implemented and goals are achieved.

**1. Achieving Organizational Goals:** Controlling ensures that every activity and employee effort is aligned with organizational objectives.

**Example:**

If the goal is to increase market share by 10%, the control function will monitor sales and marketing performance to ensure progress is on track.

**2. Measuring Performance Accurately:** Control provides concrete metrics to evaluate how well individuals, teams, and departments are performing.

**Example:**

Employee productivity can be tracked using KPIs (Key Performance Indicators), and improvement plans can be created if targets are not met.

**3. Making Efficient Use of Resources**

By monitoring processes, controlling minimizes wastage of time, money, and materials.

**Example:**

If a manufacturing unit is using more raw material than planned, control identifies the problem and helps cut unnecessary use.

**4. Improving Employee Motivation and Discipline:** When employees know their performance is being monitored and evaluated fairly, they tend to be more focused and disciplined.

**Example:**

Regular performance appraisals and feedback based on control mechanisms can enhance accountability and morale.

**5. Facilitating Coordination Between Departments:** Control aligns the activities of all departments to ensure they are contributing to common goals.

**Example:**

Marketing, production, and finance must work in sync — control checks that none of them is underperforming or overstepping their role.

**6. Enables Future Planning:** Control provides historical data and insights that help in better planning for the future.

**Example:**

If a product consistently underperforms, future production plans can be modified accordingly.

**7. Coping with Changes and Uncertainties:** In today's dynamic business environment, control helps organizations adapt quickly by identifying deviations early.

**Example:**

If sales suddenly drop due to a competitor's launch, the control system alerts the company to respond with a new strategy.

**8. Aids in Decision-Making:** Control provides managers with performance reports and insights that guide decisions.

**Example:**

If a branch is performing poorly, the data from control systems help decide whether to shut it down, invest more, or restructure it.

### 11.7 TYPES OF CONTROL:

#### 1. Based on Timing:

##### a. Feedforward Control (Preventive)

- When: Before work begins
- Purpose: To anticipate problems and take preventive measures
- Example: Training employees before launching a new system, safety checks before operations

##### b. Concurrent Control (Real-time)

- When: During the process
- Purpose: To monitor and make immediate corrections
- Example: Supervisors monitoring workers on the production line, real-time quality control

##### c. Feedback Control (Reactive)

- When: After the process is complete
- Purpose: To analyze results and improve future performance
- Example: Customer satisfaction surveys, financial performance reviews

#### 2. Based on Scope and Level:

##### a. Strategic Control

- Focuses on overall organizational goals and strategy
- Performed by top management
- Example: Tracking market share, brand positioning, or long-term growth

##### b. Tactical (Managerial) Control

- Related to departmental or mid-level goals
- Performed by middle management
- Example: Budget control, marketing campaign performance

##### c. Operational Control

- Concerned with day-to-day activities and efficiency
- Performed by lower-level managers/supervisors
- Example: Monitoring production output, managing schedules

#### 3. Based on Method:

##### a. Financial Control

- Focuses on financial performance and resource usage
- Tools: Budgets, financial ratios, audits

##### b. Quality Control

- Ensures products/services meet defined standards

- Tools: Six Sigma, ISO standards, quality inspections

#### c. Inventory Control

- Manages stock levels to avoid overstocking or stockouts
- Tools: EOQ (Economic Order Quantity), JIT (Just-in-Time)

#### d. Budgetary Control

- Compares actual financial performance with the budget
- Helps control costs and allocate resources effectively

#### e. Human Resource (Personnel) Control

- Focuses on employee performance, attendance, training, etc.
- Tools: Appraisals, KPIs, performance dashboards

### 11.8 STEPS IN THE CONTROL PROCESS:

#### 1. Setting Performance Standards:

Establishing clear, measurable goals or benchmarks that act as the basis for comparison. Standards are the foundation of the control process — without them, performance can't be evaluated.

##### Types of Standards:

- **Quantitative:** Sales targets, cost limits, output levels, time limits.
- **Qualitative:** Customer satisfaction, employee behavior, work ethics.

**Example:** A company sets a sales target of ₹10 lakh per month or a production target of 500 units per day.

#### 2. Measuring Actual Performance

Collecting and tracking data related to the actual performance of employees, departments, or the organization. Reliable and timely data helps managers take decisions quickly and accurately.

##### Sources of Measurement:

- Reports (financial, operational)
- Observations
- Performance reviews
- Digital tools and dashboards

**Example:** The actual sales figure for the month is ₹8.5 lakh. This is the performance to be compared with the target.

#### 3. Comparing Actual Performance with Standards

Now that you have the performance data, compare it with the standards set in Step 1. This step identifies gaps or areas of concern that need attention.

##### Outcome:

- If performance = standard → No action needed
- If performance < standard → Deviation exists
- If performance > standard → Performance exceeds expectations

##### Example:

Actual sales (₹8.5 lakh) vs Target (₹10 lakh) = Shortfall of ₹1.5 lakh.

#### 4. Analyzing Deviations

Once deviations are found, analyze their nature, cause, and impact. Understanding why performance deviated helps in taking the right corrective action

**Types of Deviations:**

- **Positive:** Better than expected performance
- **Negative:** Underperformance or issues

**Techniques Used:**

- Management by Exception (MBE): Focus only on significant deviations.
- Root Cause Analysis

**Example:**

Shortfall in sales may be due to market conditions, poor promotion, or sales staff inefficiency.

**5. Taking Corrective Action**

This step involves taking steps to fix the problems identified — to ensure future performance matches planned performance. Without corrective action, the control process is incomplete and ineffective.

**Corrective Actions Might Include:**

- Training employees
- Revising plans or goals
- Changing processes or methods
- Improving communication or leadership

**Example:**

The manager may increase promotional efforts, provide incentives to the sales team, or revise pricing.

**11.9 METHODS OF CONTROLLING:**

The methods of controlling provide managers with tools to monitor, evaluate, and guide performance across all organizational levels. While traditional methods are still useful, modern techniques offer flexibility, precision, and better alignment with today's dynamic business environment.

Control methods can be broadly classified into two categories:

1. **Traditional (Conventional) Methods**
2. **Modern (Advanced/Scientific) Methods**

**Traditional Methods of Control:**

These are time-tested methods that focus on reviewing financial, statistical, and operational performance. They are still widely used in businesses.

**a) Personal Observation (Direct Supervision)**

Managers personally observe employees' activities and processes.

**Example:**

A production supervisor directly observes workers on the shop floor.

**Advantages:**

- Immediate feedback
- First-hand information
- Builds discipline

**Disadvantages:**

- Time-consuming
- Not practical for large organizations

**b) Statistical Reports**

Use of charts, graphs, and tables to represent data on performance metrics.

**Example:**

Sales trends over months shown using line graphs.

**Advantages:**

- Easy comparison and analysis
- Supports decision-making with data

**c) Budgetary Control**

Comparison of actual financial performance with planned budgets.

**Example:**

If a marketing department overspends its advertising budget, the variance is flagged.

**Advantages:**

- Cost control
- Planning tool
- Identifies overspending or underperformance

**Disadvantages:**

- May discourage innovation if budgets are too strict

**d) Break-even Analysis**

Helps determine the level of sales required to cover all costs (break-even point).

**Example:**

A firm calculates that it must sell 1,000 units/month to break even.

**Advantages:**

- Clear target setting
- Helps pricing decisions

**e) Financial Statements**

Review of balance sheets, income statements, and cash flow reports to assess financial health.

**Example:**

Analyzing quarterly income statements to track profits and losses.

**Advantages:**

- Provides overall financial control
- Helps in identifying trends and making strategic adjustments

**2. Modern Methods of Control**

Modern control methods are more dynamic, forward-looking, and suited to complex organizations in a fast-changing environment.

**a) Management by Objectives (MBO)**

A system where goals are jointly set by managers and employees, and progress is periodically reviewed.

**Example:**

A sales manager agrees on quarterly targets with team members and reviews them monthly.

**Advantages:**

- Employee involvement
- Goal clarity and accountability
- Promotes motivation and self-control

## b) Zero-Based Budgeting (ZBB)

**Meaning:**

Every expense must be **justified from scratch** in each budgeting cycle, not based on past budgets.

**Example:**

Each department must justify its budget request as if it were a new organization.

**Advantages:**

- Eliminates unnecessary costs
- Encourages critical evaluation

**Disadvantages:**

- Time-consuming and complex

## c) PERT and CPM (Project Management Tools)

- **PERT (Program Evaluation and Review Technique)** and **CPM (Critical Path Method)** are tools used to plan, schedule, and monitor complex projects.

**Example:**

Construction projects use PERT/CPM charts to ensure timely completion.

**Advantages:**

- Time and cost estimation
- Identifies critical tasks and delays

## d) Standard Costing

Predetermined costs (standards) are compared with actual costs to find variances.

**Example:**

A unit cost is expected to be ₹100 but comes out to ₹120 — showing a cost overrun.

**Advantages:**

- Efficient cost control
- Aids performance evaluation

## e) Return on Investment (ROI)

Evaluates the profitability or efficiency of an investment.

**Formula:**

$$ROI = \frac{\text{Net Profit}}{\text{Investment}} \times 100$$

$$100ROI = \text{Investment} \times \text{Net Profit}$$

**Example:**

If a company invests ₹1,00,000 and earns ₹20,000 profit → ROI = 20%

**Advantages:**

- Objective performance measure
- Useful in comparing departments or projects

**Summary Table – Traditional vs Modern Methods**

Type	Method	Focus Area	Example
Traditional	Budgetary Control	Financial Planning	Comparing planned vs actual costs
Traditional	Statistical Reports	Operational Efficiency	Monthly production report
Modern	Management by Objectives	Performance & Motivation	Joint goal setting
Modern	Zero-Based Budgeting	Cost Justification	Justify entire department



Type	Method	Focus Area	Example
Modern	PERT/CPM	Time and Project Control	budget Infrastructure projects

**Methods of Controlling:**

Category	Method	Meaning / Use	Example	Advantages
<b>Traditional</b>	<b>Personal Observation</b>	Direct supervision and real-time feedback.	Manager watches staff work on-site.	Immediate feedback, discipline.
	<b>Statistical Reports</b>	Use of charts and graphs to analyze data.	Line graph showing monthly sales.	Easy data interpretation.
	<b>Budgetary Control</b>	Comparing actual performance with budgets.	Ad campaign overspending is tracked.	Cost control, target-based monitoring.
	<b>Break-even Analysis</b>	Determines the level of output to cover all costs.	Must sell 1,000 units to break even.	Sets sales goals, pricing decisions.
	<b>Financial Statements</b>	Analyzing balance sheet, income statements, etc.	Profit-loss report for the quarter.	Tracks financial health and decision making.
<b>Modern</b>	<b>Management by Objectives</b>	Joint goal setting with employees, review of performance.	Salesperson sets quarterly goals with manager.	Involves employees, clarity, motivation.
	<b>Zero-Based Budgeting (ZBB)</b>	Every expense must be justified from scratch.	Dept. submits fresh justification for funds.	Cuts waste, forces prioritization.
	<b>PERT/CPM</b>	Tools to plan and control time for complex projects.	Construction timelines via PERT/CPM charts.	Manages delays, identifies critical tasks.
	<b>Standard Costing</b>	Compares actual cost to a predefined standard.	Unit cost expected ₹100, actual ₹120.	Controls costs, reveals inefficiencies.
	<b>Return on Investment (ROI)</b>	Measures profitability of investments.	₹1L investment → ₹20k return → 20% ROI.	Evaluates projects, financial efficiency.

**11.10 MEASURES FOR EFFECTIVE CONTROL:**

Making control more effective in management means improving how well an organization monitors, evaluates, and adjusts its actions to stay aligned with its goals.

**1. Set Clear, Measurable Standards**

- Make sure goals are **specific, realistic, and quantifiable**.
- Use KPIs (Key Performance Indicators) that are relevant to the task or department.
- Example: Instead of “improve sales,” set “increase sales by 15% in Q2.”

**2. Align Control with Objectives**

- Every control system should directly relate to organizational goals.
- Don't just measure activity—measure what actually **matters** to the success of the organization.

**3. Use Real-Time Monitoring**

- Adopt tools and systems (like dashboards or software) that allow you to track performance **as it happens**.
- This enables faster decision-making and corrective action.

**4. Focus on Critical Control Points**

- Don't control everything—focus on **key areas** that have the greatest impact (e.g., quality, cost, customer satisfaction).
- This avoids overloading people with unnecessary checks.

**5. Involve Employees in the Control Process**

- Encourage **participation** by involving employees in setting standards and reviewing performance.
- People are **more likely to be committed** when they understand **and contribute to** control systems.

**6. Ensure Timely and Accurate Feedback**

- The faster you get reliable data, the quicker you can act on it.
- Avoid delays in reporting or decision-making.

**7. Be Flexible and Adaptive**

- External environments change—so should your control methods.
- A rigid control system can become outdated and ineffective. Update regularly.

**8. Use Technology Effectively**

- Leverage data analytics, ERP systems, and AI tools to streamline control and detect issues early.
- Automation reduces human error and improves consistency.

**9. Promote a Positive Control Culture**

- Control should not be seen as punishment—it should be viewed as a **tool for improvement**.
- Recognize and reward good performance alongside correcting issues.

**10. Review and Improve Control Systems Regularly**

- Periodically assess your control systems: Are they still relevant? Are they working?
- Use feedback from managers and employees to make improvements.

**11. Balance Quantitative and Qualitative Controls**

- Don't rely solely on numbers—also consider customer feedback, employee satisfaction, innovation, etc.
- Some important areas can't always be measured with data alone.

**11.11 LIMITATIONS OF THE CONTROLLING FUNCTION:**

- **Costly to Implement**  
Installing and maintaining control systems (software, audits, reviews) can be expensive.
- **Resistance from Employees**  
People may feel micromanaged or that they're not trusted.
- **Risk of Overemphasis on Quantitative Data**  
Qualitative aspects like employee morale or creativity can be neglected.
- **Not a Cure-All**  
Even with good control, unpredictable external factors (like economic downturns) may impact performance.
- **Time-consuming**  
Monitoring and analysis take time, which can slow down decision-making if not handled efficiently.

**11.12 SUMMARY:**

Controlling function is <sup>42</sup>one of the five main functions of management (Planning, Organizing, Staffing, Directing, and Controlling). The controlling function is the process through which management ensures that an organization's actual performance aligns with its planned objectives. It is an essential step in the management cycle, following planning, organizing, staffing, and directing. The controlling function involves monitoring and evaluating organizational performance to ensure that goals are being met. It includes setting performance standards, measuring actual performance, comparing it against standards, and taking corrective action when necessary.

Controlling isn't about policing—it's about steering the organization toward its goals, staying alert to internal and external changes, and adjusting course when needed.

**11.13 TECHNICAL TERMS:**

1. <sup>59</sup>**Key Performance Indicators (KPIs):** Metrics used to measure performance against goals.
2. **Benchmarking:** Comparing performance with best practices or competitors.
3. **Variance Analysis:** Identifying differences between planned and actual results.
4. **Budgetary Control:** Monitoring actual spending against the budget.
5. **Standard Costing:** Using pre-set costs to measure performance and control expenses.
6. **Management by Exception (MBE):** Focusing only on significant deviations from expected performance.
7. **Corrective Action:** Steps taken to fix problems or improve results.
8. **Control Standards:** Benchmarks or targets used to evaluate actual performance.
9. **Feedback Loop:** Process of measuring, comparing, and correcting performance.
10. **Inventory Control:** Managing stock levels to avoid shortages or excess.
11. **Internal Control:** Systems to ensure accuracy, security, and compliance in operations.
12. **Break-even Analysis:** Finding the sales point where total revenue equals total costs.

**11.14 SELF ASSESSMENT QUESTIONS:**

1. Define Control ? Discuss the importance of control in modern organisation
2. How does controlling relate to the other functions of management?

3. <sup>102</sup> What are the key steps in the controlling process?
4. What are the differences between strategic control, operational control, and tactical control?
5. "Control is all pervasive function". Do you agree?
6. Discuss briefly the various methods of control?
7. How do you respond when actual performance deviates from the plan?
8. How do you evaluate the effectiveness of corrective actions?
9. What is Management By Exception? Discuss the main benefits of MBE?
10. What steps managers take to ensure that control activities are successful?

**11.15 SUGGESTED READINGS:**

1. Principles of Management by Harold Koontz & Heinz Weihrich,(2015) McGraw Hill Education, 10th Edition.
2. Fundamentals of Management by Stephen P. Robbins, David DeCenzo & Mary Coulter,(2021), Pearson Education, 11th Edition.
3. Management, Text & Cases by V.S.P. Rao, (2009), Excel Books Pvt.Ltd., 2<sup>nd</sup> Edition.
4. Management – Theory and Practice (Text and Cases) by P. Subba Rao (2020), Himalaya Publishing House, Edition: 2nd Edition

**Dr. S.Anitha Devi**

## LESSON- 12

# INTRODUCTION TO ORGANIZATIONAL BEHAVIOUR

### OBJECTIVES:

- To understand the behaviour of people in the organization, their performance, and influence on the productivity of the organization
- To understand the challenge and opportunities lying before the managers in managing human behavior in organizations and how knowledge of organizational behavior helps managers to meet these challenges effectively.

### STRUCTURE:

#### 12.1 Definitions of Organisational Behaviour

#### 12.2 Nature of Organizational Behaviour

#### 12.3 Scope of OB

#### 12.4 Key Elements of OB

#### 12.5 Importance of OB

#### 12.6 Challenges and Opportunities in Organizational Behaviour

#### 12.7 Summary

#### 12.8 Self-Assessment Questions

#### 12.9 Suggested Readings

### 12.1 DEFINITIONS OF ORGANISATIONAL BEHAVIOUR:

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

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

There are many definitions about organizational behaviour; every definition must include three important features, (1) organizational behaviour is the study of human behaviour, (2) study about behaviour in organisations and (3) knowledge about human behaviour would be useful in improving an organisation's effectiveness. Organisational behaviour is the study of what an individual thinks feels or does in and around an organisation, both individual and in group.

It investigates people's emotions and behaviour, behaviour & performances in a team, systems & structures of organisations. It helps to explore and provide an understanding of all the factors that are necessary to create an effective organisation.

## 12.2 NATURE OF ORGANIZATIONAL BEHAVIOUR:

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A field of study that investigates the impact that individuals, groups and structure have on behaviour with in organisations for the purpose of applying such knowledge towards improving an organisations effectiveness. It refers to the attitudes and behaviours of individuals and groups of individuals and groups in organisations.

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

### 12.2.1 A Separate Field of Study and not a Discipline Only

By definition, a discipline is an accepted science that is based on a theoretical foundation.

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

### 12.2.2 An Interdisciplinary Approach

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

### 12.2.3 An Applied Science

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

### 12.2.4 A Normative Science

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

### 12.2.5 A Humanistic and Optimistic Approach

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

### 12.2.6 A Total System Approach

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

### 12.3 SCOPE OF OB:

- Organisational behaviour is a social science as it is the scientific study of human behaviour.
- Philosophy and Goals
- Formal and Informal Organisations
- Impact of Environment
- Culture and Climate
- Interdisciplinary Approach
- The scope of OB is as under

#### Elements of the Organizational Behaviour

People, structure, technology and the external environment are the key elements of the organizational behaviour.

First three elements are micro-level and last one is macro level. These elements can be undertaken as a part of the OB scope. Understanding people is not sufficient and hence OB extends its scope to structure, technology and the environment also.

#### 12.3.1 Impact of personality on performance

It's also essential to understand the impact of personality of an employee or other members of the team on performance.

**The motivation of employees of organization:** The study helps to understand employee behaviour. This helps to understand what kind of Monetary & Non-Monetary benefits will help to motivate employees and to create a positive attitude.

#### 12.3.2 Other important areas that fall under the scope of OB:

- Leadership
- Structure of teams and groups
- Perception
- Development of the Soft Skills
- Organizational structures: Their Study and Development
- Improvement/Enhancement of Individual & Organizational development
- Individual behaviour, Group behaviour, power and politics, attitude and learning
- Organization Design
- Job design
- Culture and Environment factors
- Management of change, conflict and stress
- Organizational development
- Study of emotions
- Transactional analysis

In the current scenario, Organizational Behaviour i.e. behaviour of employees in an organization is one of the most essential part for organization management

**12.4 KEY ELEMENTS OF OB:**

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

**12.4.1 People**

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

**12.4.2 Structure**

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

**12.4.3 Technology**

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

**12.4.4 Social System**

Social system provides external environment which the organization operates. A single organization cannot exist also. It is a part of the whole. One organization cannot give everything and therefore, there are many other organizations. All these organizations influence each other. It influences the attitudes of people, their working conditions and above all provides competition for resources and power. O.B. is the study of human behaviour at work in organizations. Accordingly, the scope of O.B. includes the study of individuals, groups and organization/structure. Let us briefly reflect on what aspects each of these three cover.

**12.4.5 Individuals**

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

**12.4.6 Groups of Individuals**

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



## 12.5 IMPORTANCE OF OB:

### 12.5.1. Organizational Behavior Management

The study of OB helps to understand the organization and people in a better way. OB is important it helps to develop a friendly relationship between organization and employees creating a proper working environment in an organization. This helps in employee commitment as well as maintains Organizational Citizenship Behaviour. Studying OB provides a better understanding of the organization structure and organization culture as well which further supports organizational behavior management.

Similarly, studying Organizational Behavior topics helps to find out the factor causing the behavior, and helps to apply different strategies to control the critical behavior which harms the organization.

### 12.5.2. OB helps in motivating employees

The importance of organizational behavior (OB) cannot be neglected because studying Organizational Behavior helps managers to motivate the employees bringing good organizational performance automatically leading to job satisfaction. This helps to achieve the organizational goals properly as we cannot neglect the importance of employee behavior in an organization.

Organizational behavior: improving performance and commitment in the workplace. One of the example of organizational citizenship behavior is civic virtue which creates higher job satisfaction and yields better job performance from employees as they feel they are the part of the organization as the same way they are the part of the country.

### 12.5.3. Industrial or Labour relations can be improved with the help of OB

Studying Organizational Behavior(OB) helps to improve industrial/labor relations. Organizational Behavior Management helps in understanding the root cause of the problem, predict its future course of action and control its negative consequences. As managers are aware of the positive and negative consequences of the behavior, it enables managers to maintain friendly relations with their employees which creates peace and harmony in the organization.

### 12.5.4. Organizational Behavior helps in predicting and controlling Human Behavior

Studying OB helps in the study of human behavior as well as supports in controlling it. It is the one of the most important reasons for studying Organizational Behavior. Organizational behavior: improving performance and commitment in the workplace. Organizational behavior and human decision processes are to some extent related to each other. Knowledge of Organizational Behavior research is very much important for the management students who are going to have a career as a successful manager. If all the Organizational Behavior theories are studied properly then it helps to bring organizational effectiveness.

### 12.5.5. Human resources can effectively be utilized with the help of OB

Studying Organizational Behaviour (OB) helps in the effective utilization of Human Resources. Knowledge of and nature of Organizational Behaviour helps managers to manage people's behavior and the organization effectively. Likewise, it enables managers to inspire and motivate employees toward higher productivity and better

results as the manager is able to analyze and understand the nature and behavior of his employees.

After the employees are provided with their job description it becomes easy to analyze their behavior in the organization. Therefore, the essentials of organizational behavior cannot be denied

### **12.6 CHALLENGES AND OPPORTUNITIES IN ORGANIZATIONAL BEHAVIOUR:**

Organizational behavior (OB) examines how people act within organizations and how these actions affect the organization's success. Today's dynamic workplace presents various challenges and opportunities. Understanding these can help managers create a positive and productive environment. Here's a clear look at eight major challenges and opportunities in organizational behaviour (OB), explained simply.

#### **12.6.1 Globalization**

Globalization means companies operate internationally, facing fierce competition and dealing with diverse cultural norms and regulations.

Managing a global team involves navigating different communication styles, expectations, and legal frameworks. This can make it hard to maintain consistency and coherence across all operations. Imagine trying to cook a meal with ingredients from all over the world. Each ingredient has its flavor and needs to be handled differently. Similarly, managing a global workforce means balancing various cultural expectations and adapting to local laws, which can be complex and overwhelming.

#### **12.6.2 Workforce Diversity**

A diverse workforce includes people from different backgrounds – different races, ages, cultures, and more. This diversity is beneficial but can also lead to misunderstandings and conflicts if not managed well. Ensuring everyone feels included and valued requires ongoing effort. Think of a sports team with players from various countries. They all bring unique skills and styles to the game, but they also have different playing strategies and languages. Effective teamwork requires finding common ground and ensuring everyone contributes their best.

#### **12.6.3 Employee Empowerment**

Empowering employees means giving them the authority to make decisions and take ownership of their work. This can be tough if employees feel unprepared or lack confidence. Balancing empowerment with proper support and guidance is key. It's like teaching a child to ride a bike. You need to let them steer and make decisions while ensuring they have training wheels and support. Without the right balance, they might struggle or feel overwhelmed.

#### **12.6.4 Managing Organisational Change**

Change in an organization – such as new policies or restructuring – often meets resistance. Employees might worry about job security or new roles, making it hard to implement changes smoothly. Effective communication and support are crucial for easing these transitions. Picture moving to a new house. It's exciting but also stressful.

You need to pack up, adapt to a new environment, and manage any disruptions. Similarly, organizational change requires careful planning and clear communication to help everyone adjust.

#### 12.6.5 Technological Advancements

Keeping up with fast-paced technological changes can be difficult. New technologies often require training and may raise concerns about data privacy and information overload. Organizations need to stay updated and manage these issues effectively. Think of upgrading your phone every year. Each new model brings new features and requires learning how to use them. Managing technology in the workplace is similar – you need to ensure everyone is trained and comfortable with the new tools.

#### 12.6.6 Temporary Employees

Hiring temporary employees can save costs, but they might lack motivation since they don't receive long-term benefits. Integrating them into the team and keeping them engaged can be challenging for managers. It's like having a guest who stays with you for a short while. They might not feel as invested in your home as you do. Similarly, temporary employees might not be as committed, so it's important to keep them motivated and included.

#### 12.6.7 Ethical Behaviour

Maintaining high ethical standards can be tricky, especially when employees face moral dilemmas. Managers must ensure that ethical guidelines are clear and followed while fostering a culture of integrity. Imagine playing a board game with friends. Everyone needs to agree on the rules and play fairly. In the workplace, having clear ethical guidelines and ensuring everyone follows them is crucial for maintaining trust and fairness.

#### 12.6.8 Customer Service

Meeting high customer expectations consistently can be demanding. Poor service can lead to complaints and damage a company's reputation. Managers need to ensure that employees provide excellent service and handle customer issues effectively. Think of running a restaurant. You need to ensure that every meal is served perfectly, and any complaints are addressed quickly. In business, excellent customer service is essential for keeping customers satisfied and loyal.

#### 12.6.9 Leveraging Globalization

Globalization opens up new markets and allows access to a diverse talent pool. Organizations can expand their reach, collaborate with international partners, and benefit from global economies of scale. Just like discovering new flavors in global cuisine can enhance your cooking, global expansion allows businesses to tap into new markets and ideas, leading to growth and innovation.

#### 12.6.10 Harnessing Workforce Diversity

A diverse workforce brings a variety of perspectives, which can lead to innovative solutions and better problem-solving. Embracing this diversity can give organizations a competitive edge. It's like having a diverse team of chefs. Each one brings unique recipes and techniques, leading to a richer and more varied menu that attracts a wider audience.

#### 12.6.11 Enhancing Employee Skills

Investing in employee training and development can boost skills, improve job performance, and drive organizational success. Skilled employees are more engaged and contribute more

effectively. Imagine taking a cooking class to refine your skills. Improved techniques and knowledge lead to better dishes. Similarly, investing in employee development enhances their performance and benefits the organization.

#### 12.6.12 Boosting Quality and Productivity

Focusing on quality and productivity can help organizations stand out in a competitive market. High standards lead to customer satisfaction, build a strong reputation, and drive continuous improvement. It's like striving to bake the perfect cake every time. Consistent quality attracts more customers and builds a positive reputation. Similarly, focusing on quality and productivity enhances business performance.

#### 12.6.13 Empowering Employees

Empowered employees take ownership of their work, leading to increased innovation and motivation. Providing autonomy and support encourages employees to contribute more effectively. It's like giving someone the freedom to design their garden. They bring their creativity and passion, resulting in a more beautiful and personalized space.

#### 12.6.14 Embracing Technological Advancements

Utilizing new technology can streamline processes, increase efficiency, and enhance customer experiences. Staying ahead in tech provides a competitive advantage and fosters innovation. Think of how a new kitchen gadget can make cooking easier and more enjoyable. Similarly, adopting advanced technology in the workplace boosts productivity and keeps the organization competitive.

#### 12.6.15 Effective Change Management

Successfully managing change can lead to organizational growth and adaptation. Understanding OB helps managers guide employees through transitions, learn new skills, and embrace evolving market demands. It's like remodeling a house. If managed well, the change leads to a more functional and attractive space. Effective change management helps organizations improve and adapt successfully.

#### 12.6.16 Improving Customer Service

Providing excellent customer service enhances satisfaction, loyalty, and brand reputation. Focusing on employee attitudes and behaviors positively impacts customer interactions and business success. It's like offering a top-notch dining experience. Great service keeps customers coming back and recommending the restaurant to others. Similarly, excellent customer service drives business success and customer loyalty.

### 12.7 SUMMARY:

Human beings are by nature, gregarious and community or group life is one of the earliest and most enduring features of human existence on this planet. The individuals are bound together in a network of relatively stable social relationships. Organisations, as such have become the social factors affecting the quality of human life in the contemporary society. The study of organisations, thus, is an important fact of human life.

### 12.8 SELF-ASSESSMENT QUESTIONS:

1. Why is the study of OB important in the organisation?
2. What do you mean by an organisation?

3. Define OB. Write about the nature of OB.
4. Discuss the key elements of OB.
5. Discuss the challenges and opportunities faced by managers in the dynamic scenario?

#### 12.9 SUGGESTED READINGS:

1. Ricky Griffin, Gregory Moorhead, Organizational Behavior: Managing People and Organizations, Cengage Learning, 2009.
2. Graeme Martin, Managing People and Organizations in Changing Contexts, Routledge, 2006.
3. Knights, D. & Willmott, H. Introducing organizational behavior and management, Thompson, London, 2006.
4. Luthans. F. Organizational Behaviour, TMH.
5. Robbins, Management, 7/e, Pearson Education.
6. John F. Wilson, The Making of Modern Management, Oxford University Press.

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## **LESSON- 13**

# **CONTRIBUTING DISCIPLINES TO OB AND OB MODELS**

### **OBJECTIVES:**

To understand the disciplines that contribute to organizational behaviour and various types of models that the managers follow to manage their employees.

### **STRUCTURE:**

#### **13.1 Introduction**

- 13.1.1 Psychology
- 13.1.2 Sociology
- 13.1.3 Social Psychology
- 13.1.4 Anthropology
- 13.1.5 Political Science
- 13.1.6 Medicine
- 13.1.7 Economics

#### **13.2 OB Models**

- 13.2.1 Autocratic model
- 13.2.2 Custodial model
- 13.2.3 Supportive model
- 13.2.4 Collegial model
- 13.2.5. System model

#### **13.3 Theoretical Framework of OB**

- 13.3.1 Behavioural Framework
- 13.3.2 Cognitive Framework
- 13.3.3 Social Cognitive Framework

#### **13.4 Behavior Analysis at Different Levels**

- 13.4.1 Individual Level of Analysis
- 13.4.2 Group Level of Analysis
- 13.4.3 Organizational Level of Analysis

#### **13.5 Summary**

#### **13.6 Technical terms**

#### **13.7 Self-Assessment Questions**

#### **13.8 Suggested Readings**

### 13.1 INTRODUCTION:

Organizational Behavior (OB) is the study of how people behave within groups in a work environment. It's a multidisciplinary field, which means it draws from various other areas of study to better understand and improve organizational life. Here are seven key disciplines that contribute to organizational Behaviour each explained thoroughly:

#### 13.1.1 Psychology

**Definition:** Psychology is the scientific study of the mind and behavior.

**Contribution to OB:** Psychology helps us understand what motivates employees, how they perceive their work environment, and how they make decisions.

For instance, psychological principles can explain why employees may feel stressed or satisfied with their jobs.

By applying psychological theories, organizations can create better training programs, improve job satisfaction, and enhance overall productivity.

For example, understanding Maslow's Hierarchy of Needs helps managers ensure that employees' basic needs are met, which can boost morale and performance.

#### 13.1.2 Sociology

**Definition:** Sociology is the study of social behavior, society, patterns of social relationships, social interaction, and culture.

**Contribution to OB:** Sociology focuses on how individuals interact within groups and the larger organizational culture.

It helps organizations understand social structures and dynamics, such as how teams form, how leadership works within social contexts, and how organizational culture impacts behavior.

For example, sociological insights can help managers foster teamwork and understand the role of social norms and values in shaping behavior. By applying sociological principles, organizations can build stronger, more cohesive teams and create a positive organizational culture.

#### 13.1.3 Social Psychology

**Definition:** Social Psychology blends elements of psychology and sociology to study how individuals are influenced by social interactions.

**Contribution to OB:** Social psychology examines how people's thoughts, feelings, and behaviors are affected by the presence of others. It provides insights into teamwork, communication, and leadership within organizations.

For example, social psychologists study how group dynamics influence individual performance and how social identity affects workplace behavior. By understanding these factors, organizations can improve collaboration, communication, and leadership effectiveness. This can lead to a more harmonious and productive work environment.

#### 13.1.4 Anthropology

**Definition:** Anthropology is the study of humans, their societies, and their customs, particularly through the lens of cultural and social aspects.

**Contribution to OB:** Anthropology offers valuable insights into how culture impacts organizational behavior. It helps organizations understand the cultural norms, values, and rituals that shape behavior and communication.



3 For example, anthropological research can highlight how different cultural backgrounds influence teamwork and conflict resolution. By recognizing and embracing cultural diversity, organizations can foster inclusivity and innovation. Understanding cultural differences can help managers develop strategies that respect and leverage the diverse perspectives within their workforce.

#### 13.1.5 Political Science

**Definition:** Political Science is the study of government systems and political activities, including the behavior and power dynamics within organizations.

**Contribution to OB:** Political science helps us understand how power and politics operate within organizations.

It examines how decisions are made, how conflicts are resolved, and how power is distributed.

For example, political science insights can explain why certain individuals or groups hold more influence and how this affects organizational outcomes.

By understanding these dynamics, managers can navigate organizational politics more effectively, leading to fairer decision-making processes and improved leadership strategies.

#### 13.1.6 Medicine

**Definition:** Medicine, in the context of OB, focuses on occupational health and the physical and mental well-being of employees.

**Contribution to OB:** Medicine examines how work environments and job-related stressors impact employee health.

It provides insights into how to design healthier workplaces and promote employee well-being.

4 For example, medical research can identify the causes of work-related stress and suggest interventions to reduce it. By prioritizing occupational health, organizations can decrease absenteeism, enhance productivity, and create a supportive work environment. Ensuring employees' physical and mental well-being is crucial for maintaining a healthy, motivated workforce.

#### 13.6.7 Economics

**Definition:** Economics is the study of how resources are produced, distributed, and consumed, and how people make choices based on these factors.

**Contribution to OB:** Economics helps organizations understand how incentives, rewards, and economic factors influence employee behavior and organizational performance.

It provides tools for designing effective compensation systems, optimizing resource allocation, and making cost-effective decisions.

For example, economic principles can help managers determine the best ways to motivate employees through financial incentives. By applying economic theories, organizations can ensure that their resources are used efficiently and that employees are rewarded in ways that promote productivity and job satisfaction.

Hence, the above-mentioned are the 7 key disciplines contributing to organizational behavior.

#### 13.2 OB MODELS:

The five models of organisational behaviour are the:

1. Autocratic model
2. Custodial model,
3. Supportive model,



#### 4. Collegial model and

#### 5. System model

##### 13.2.1 Autocratic model

The model that depends upon strength, power and formal authority. In an autocratic organisation, the people (management/owners) who manage the tasks in an organisation have formal authority for controlling the employees who work under them. These lower-level employees have little control over the work function. Their ideas and innovations are not generally welcomed, as the key decisions are made at the top management level.

##### 13.2.2<sup>23</sup> Custodial model

The custodial model is based around the concept of providing economic security for employees – through wages and other benefits – that will create employee loyalty and motivation. In some countries, many professional companies provide health benefits, corporate cars, financial packaging of salary, and so on – these are incentives designed to attract and retain quality staff. The underlying theory for the organisation is that they will have a greater skilled workforce, more motivated employees, and have a competitive advantage through employee knowledge and expertise

##### 13.2.3 Supportive model

Unlike the two earlier approaches, the supportive model is focused around aspiring leadership. It is not based upon control and authority (the autocratic model) or upon incentives (the custodial model), but instead tries to motivate staff through the manager-employee relationship and how employees are treated on a day-to-day basis. Quite opposite to the autocratic model, this approach states that employees are self-motivated and have value and insight to contribute to the organisation, beyond just their day-to-day role.

##### 13.2.4<sup>11</sup> Collegial model

The collegial model is based around teamwork – everybody working as colleagues (hence the name of the model). The overall environment and corporate culture need to be aligned to this model, where everybody is actively participating – is not about status and job titles – everybody is encouraged to work together to build a better organisation. The role of the manager is to foster this teamwork and create positive and energetic workplaces. In much regard, the manager can be considered to be the “coach” of the team. And as coach, the goal is to make the team perform well overall, rather than focus on their own performance, or the performance of key individuals.

##### 13.2.5<sup>23</sup> System model

The final organisational model is referred to as the system model. This is the most contemporary model of the five models discussed in this article. In the system model, the organisation looks at the overall structure and team environment, and considers that individuals have different goals, talents and potential. The intent of the system model is to try and balance the goals of the individual with the goals of the organisation. Individuals obviously want good remuneration, job security, but also want to work in a positive work environment where the organisation adds value to the community and/or its customers.

The system of model should be an overall partnership of managers and employees with a common goal, and where everybody feels that they have a stake in the organisation.

**Table of five models of OB:**

	Autocratic	Custodial	Supportive	Collegial	System
Basis of Model	Power	Economical Resource	Leadership	partnership	Trust Community Understanding
Managerial Orientation	Authority	Money	Support	Teamwork	Caring Compassion
Employee orientation	Obedience	Security & Benefit	Job & Performance	Responsible Behavior	Psychological Ownership
Employee Psychological Result	Depends On Boss	Depends On Organization	Partnership	Self Discipline	Self Motivation
Employee Needs met	Subsistence	Security	Status & Recognition	Self Actualization	Wide Range
Performance result	Minimum	Passive Cooperation	Awakened Drives	Moderate Enthusiasm	Passion Commitment Organizational goals
Example	Defense Team	Garments Factory	Software Firm	Social Organization BADHON	Some Corporate Firm

[www.stan.cmu.edu/~cmu](http://www.stan.cmu.edu/~cmu)

### 13.3 THEORETICAL FRAMEWORK OF OB:

There are <sup>54</sup> three main theoretical frameworks in the discipline of Organisational Behaviour:

- Behavioural Framework
- Cognitive Framework and
- Social Cognitive Framework

**13.3.1 Behavioural Framework:** <sup>54</sup> This framework focuses on the 'Stimulus-Response' pair. A specific stimulus gets associated with a particular kind of response in the minds of individuals. The fact that is pertinent to Organisational Behaviour is that the responses can be conditioned/taught.

Ivan Pavlov, a Soviet researcher, is an exponent of 'Classical conditioning'. In his famous experiment with a dog, he showed that the dog salivated when it was presented with meat powder. This is an unconditional response to an unconditional stimulus. The dog did not salivate when he rang a bell. Pavlov then started ringing the bell whenever dog salivated. He gave meat powder to the dog. After many repetitions, it was found that the dog salivated when the bell rang, even if meat powder was not presented.

This is a conditioned response and this type of conditioning is called '**classical conditioning**'.

<sup>54</sup> Many critics believe that classical conditioning is limited in its applicability to involuntary responses like salivation, increase in heart beat rate etc., and is hence not very useful in OB.

<sup>54</sup> In '**operant conditioning**' developed by B.F. Skinner (1950), the response to a stimulus is based on the consequences of that response (in the past). Consequences can be of many types: something positive can be given (for example, a salary increment), something positive can be taken away (discontinuance of perks), something negative can be introduced (a punishment) or something negative can be discontinued (revoke a suspension).

OB theories suggest that by careful use of these consequences (reinforcements and punishments); management can elicit desired behaviour from employees

**13.3.2 Cognitive Framework:** In this framework, cognition precedes behaviour.

It is based on the idea that an individual knows and expects that a specific action will lead to a specific consequence. He is conscious about it. He is thinking about the goal and the kind of behaviour that can lead to the achievement of that goal. 'Motivation' is one of the concepts of OB in which cognitive framework is applied.

**13.3.3 Social Cognitive Framework:** This framework adds to the cognitive and behavioural aspects and introduces environment as an important determinant in this framework. In our day to day life, many of our responses are the outcomes of observation and imitation. It is especially so for children. Children observe others very closely and often try to mimic what they see. If they see someone being rewarded/punished for a particular type of behaviour, they are likely to imitate the behaviour.

This is true of employees in an organisation as well, and hence this framework is an essential component of the discipline of OB.

#### **13.4 BEHAVIOR ANALYSIS AT DIFFERENT LEVELS:**

Behavior as an individual or in a group is always analyzed by everyone in the organization. It is analyzed at three different levels –

- Individual level of analysis
- Group level of analysis
- Organizational level of analysis

##### **13.4.1 Individual Level of Analysis**

Organizational behavior, at this level of analysis massively draws upon psychology, engineering, and medicine. At the individual level of analysis, organizational behavior includes the study of learning, perception, creativity, motivation, and personality.

In addition, it also includes the study of turnover, task performance and evaluation, coordinated behavior, deviant work behavior, ethics, and cognition.

For example – Ram joins a company as an intern and is very open to learning new things but as time passes and he gets promoted his attitude towards his interns becomes rude. This is a fine example of individual level of analysis.

##### **13.4.2 Group Level of Analysis**

Organizational behavior, at this level of analysis, draws upon the sociological and socio-psychological discipline. At the group level of analysis, organizational behavior includes the study of group gesture, intra-group and intergroup dispute and attachment.

It is further extended to the study of leadership, power, norms, interpersonal communication, networks, and roles.

An example of this level of analysis – Board of directors of company X decide to give bonus to their workers as they have really worked hard on a certain project.

#### 13.4.3 <sup>14</sup> Organizational Level of Analysis

Organizational behavior, at this level of analysis draws upon sociology and political science. At this level of analysis, organizational behavior includes the study of organizational culture, structure, cultural diversity, inter-organizational cooperation and coordination.

It further includes the study of dispute, change, technology, and external environmental forces. Some other fields of study that adds to the interest of organizational behavior are ergonomics, statistics, and psychometrics.

To have a clear understanding on the topic and avoid any kind of confusion let's look at an example at different levels and try to analyze it.

Rohit is interested in becoming a singer as he is interested in music and feels he can do better in this field. While his parents force him to pursue his job as a software engineer, as according to his father's perception a software job pays well and is far better than struggling to become a singer.

In this case, we see Rohit and his father have a clash of opinions, hence this is a case of individual level of analysis.

Extending this example further, if Rohit seeks help from his friends on this matter his friends will support him as they have the same mindset support the idea of following their own dreams, struggling and achieving their goal. Meanwhile Rohit's father's friend circle might find the idea of pursuing singing as a career insane and support his father's decision of opting for a software.

Here we see two different groups of people with contradicting ideologies, this becomes a case of group level of analysis.

#### Individual Behavior

Individual behavior can be defined as a mix of responses to external and internal stimuli. It is the way a person reacts in different situations and the way someone expresses different emotions like anger, happiness, love, etc.

To get a brief idea about the individual behavior let us learn about the individual behavior framework and other key elements related to it.

#### Individual Behavior Framework

On the basis of these elements, psychologist Kurt Lewin stated the Field theory and outlined the behavior framework. This psychological theory studies the patterns of interaction between an individual and the environment. The theory is expressed using the formula

$$B = F(P, E)$$

where, B – Behavior, F - Behavior Function, P – Person, and E - Environment around the person.

### 13.5 SUMMARY:

Organisations may be studied from two perspectives-micro and macro. Micro perspective of organizational study focusses on human beings in the organisations. The macro perspective of organizational study is generally the subject-matter of organizational behavior. The study deals with the individual level, group level and organizational level.

### 13.6 TECHNICAL TERMS:

1. **Organizational Behavior (OB)** – The study of how individuals and groups behave within organizations.
2. **Management** – The process of planning, organizing, leading, and controlling resources to achieve organizational goals.
3. **Motivation** – The internal drive that influences an individual's direction, intensity, and persistence of effort.
4. **Personality** – The stable psychological traits and behavioral patterns that influence how individuals interact with their environment.
5. **Perception** – The process through which people interpret and make sense of their sensory impressions.
6. **Attitudes** – Evaluative statements or judgments about objects, people, or events.
7. **Group Dynamics** – The interactions and forces among group members in a social setting.
8. **Organizational Culture** – The shared values, beliefs, and norms that influence how employees think, feel, and behave.
9. **Organizational Structure** – The way job tasks are formally divided, grouped, and coordinated.

### 13.7 SELF-ASSESSMENT QUESTIONS:

1. What are the various disciplines contributing to OB?
2. What are the models of OB?
3. How is behavior analysed at different levels?

### 13.8 SUGGESTED READINGS:

1. Ricky Griffin, Gregory Moorhead, Organizational Behavior: Managing People and Organizations, Cengage Learning, 2009.
2. Graeme Martin, Managing People and Organizations in Changing Contexts, Routledge, 2006.
3. Knights, D. & Willmott, H. Introducing organizational behavior and management, Thompson, London, 2006.
4. Luthans, F. Organizational Behaviour, TMH.
5. Robbins, Management, 7/e, Pearson Education.
6. John F. Wilson, The Making of Modern Management, Oxford University Press.

Dr. K. Naga Sundari

## LESSON-14

# FOUNDATIONS OF INDIVIDUAL BEHAVIOUR-PERCEPTION

### OBJECTIVES:

- To understand the nature of human behavior and why people behave differently.
- To identify different models of man and underlying variables

### STRUCTURE:

#### 14.1 Introduction

#### 14.2 Definitions

#### 14.3 Characteristics of the Perceiver

#### 14.4 Importance of Perception

#### 14.5 Stages of Perception

##### 14.5.1 Selection

##### 14.5.2. Organization

##### 14.5.3. Interpretation

#### 14.6 Errors in Perception

##### 14.6.1 Hallucination

##### 14.6.2 Selective Perception

##### 14.6.3 Halo Effect

##### 14.6.4 Stereotyping

##### 14.6.5 Similarity

##### 14.6.6 Horn Effect

##### 14.6.7 Contrast

#### 14.7 Perception and Organisational Behaviour

##### 14.7.1 Perception in employment interview

##### 14.7.2 Performance Appraisal

#### 14.8 Summary

#### 14.9 Technical terms

#### 14.10 Self-Assessment Questions

#### 14.11 Suggested Readings

### 14.1 INTRODUCTION:

We have seen earlier that behaviour is caused. In this process, both an individual and stimuli play role. Here, we are concerned only with individual as stimuli will be discussed in the remaining parts of the text. Factors that affect an individual's behaviour may broadly be classified into two major categories: physiological and socio-psychological.

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**Factors in individual behaviour****Physiological**

- Intelligence
- Physical abilities
- Age
- Gender
- Race

**Socio-psychological**

- Personality
- Perception
- Learning
- Attitudes and values
- Emotional intelligence
- Motivation

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It may be mentioned that physiological factors are biological and, therefore, they cannot be learned. Socio-psychological factors can be developed by an individual over the period of time through learning and practice. Our focus in the remaining chapters of this part will be on these factors as these affect individual behaviour more than physiological factors.

**Individual Differences**

The nature of human behaviour is complex and in understanding the behaviour of people, they should be studied in their totality by taking a total man concept. This concept is essentially a combination of all factors affecting human behaviour. It recognizes that any attempt at a generalization usually falls short of the mark because people are different. If both individual and environmental variables are considered, there can be (1) differences in behaviour in an individual over time (intra-individual) and differences in behaviour among individuals given the same set of stimuli (interindividual).

1

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

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

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

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

**14.2 DEFINITIONS:**

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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 B. V. H. Gilmer, "Perception is the process of becoming aware of situations, of adding meaningful associations to sensations."



Uday Pareek said perception can be defined as “the process of receiving, selecting, organizing, interpreting, checking, and reacting to sensory stimuli or data.”

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

### <sup>21</sup>14.3 CHARACTERISTICS OF THE PERCEIVER:

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

The major characteristics of the perceiver influencing perception are:

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

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

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

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

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

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

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



- i) Knowing oneself makes it easier to see others accurately.
- ii) One's own characteristics affect the characteristics one is likely to see in other.
- iii) People who accept themselves are more likely to be able to see favourable aspects of other people.
- iv) Accuracy in perceiving others is not a single skill. These four characteristics greatly influence how a person perceives other in the environmental situation.

**Characteristics of the Target:** Characteristics in the target that is being observed can affect what is perceived. Physical appearance plays a big role in our perception of others. Extremely attractive or unattractive individuals are more likely to be noticed in a group than ordinary looking individuals. Motions, sound, size and other attributes of a target shape the way we see it. Verbal Communication from targets also affects our perception of them. Nonverbal communication conveys a great deal of information about the target. The perceiver deciphers eye contact, facial expressions, body movements, and posture all in an attempt to form an impression of the target.

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

#### 14.4 IMPORTANCE OF PERCEPTION:

**9** Perception is a subjective, active, and creative process through which we assign meaning to sensory information to understand ourselves and others. It can be defined as our recognition and interpretation of sensory information. It also includes how we respond to the information.

1. It is the process by which an organism detects and interprets information from the external world by means of the sensory receptors. It is our sensory experience of the world around us and involves both the recognition of environmental stimuli and actions in response to these stimuli.
2. Through the perceptual process, we gain information about the properties and elements of the environment that are critical to our survival.
3. Perception not only creates our experience of the world around us; it allows us to act within our environment.
4. Perception is very important in understanding human behavior because every person perceives the world and approaches life problems differently.
5. Whatever we see or feel is not necessarily the same as it really is. When we buy something, it is not because it is the best, but because we take it to be the best.
6. If people behave based on their perception, we can predict their behavior in the changed circumstances by understanding their present perception of the environment. One person may view the facts in one way, which may be different from the facts seen by another viewer.
7. With the help of perception, the needs of various people can be determined because their needs influence people's perceptions.
8. Perception is very important for the manager who wants to avoid making errors when dealing with people and events in the work setting.
9. This problem is made more complicated by the fact that different people perceive the

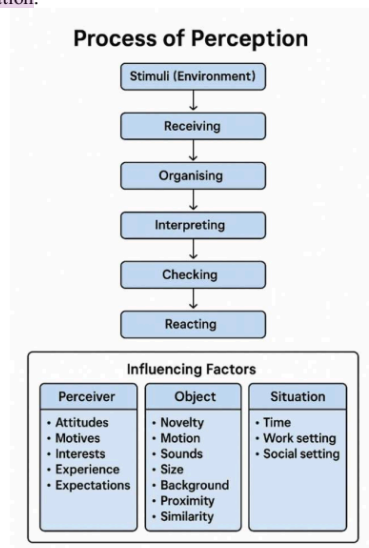
same situation differently. In order to deal with subordinates effectively, managers must understand their perceptions properly.

10. Perception can be important because it offers more than objective output; it ingests an observation and manufactures an altered reality enriched with previous experiences.
11. Perception builds character (not necessarily good or bad character) that defines different roles individuals fall into the clown, the hypocrite, the self-righteous, the victim, etc.
12. It is vitally important if we want to get along with others to try to see things from their perspective or walk in their shoes for a while. If we walk in their shoes, we will gain a new perspective about things and, in that, understand the other and also can love and help the other more appropriately.
13. Thus, for understanding human behavior, it is very important to understand their perception, that is, how they perceive different situations.

#### 14.5 STAGES OF PERCEPTION:

Three stages of the perception process are;

1. Selection.
2. Organization.
3. Interpretation.



**Source:** Fig: 14.5 Aswathappa, K. (2003). Organisational Behaviour. Himalaya Publishing House.

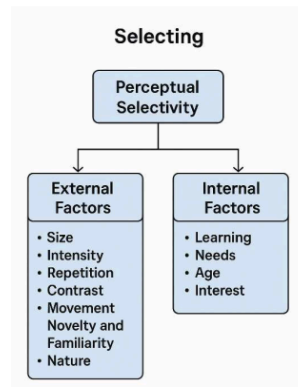
##### 14.5.1 Selection

The world around us is filled with infinite stimuli that we might attend to, but our brains do not have the resources to pay attention to everything. Thus, the first step of perception

is the decision of what to attend to. When we attend to one specific thing in our environment — whether it is a smell, a feeling, a sound, or something else entirely — it becomes the attended stimulus.

Selection is the first part of the perception process; in which we focus our attention on certain incoming sensory information. In selection, we choose stimuli that attract our attention. We focus on the ones that stand out to our senses (sight, sound, smell, taste, and touch). We take information through all five of our senses, but our perceptual field includes so many stimuli that it is impossible for our brains to process and make sense of it all.

So, as information comes in through our senses, various factors influence what actually continues through the perception process.



**Source: Fig: 14.5.1** Aswathappa, K. (2003). Organisational Behaviour. Himalaya Publishing House

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**External Factors:** External factors influencing selection are following:

**a) Size:** Size always catches the attention of an individual. Generally bigger objects are more likely to catch attention than the smaller objects. For example: A very big animal in a zoo will always catch more attention of the visitors than the smaller one. In addition to this, a full page advertisement in a newspaper always stands out than a small column advertisement.

**b) Intensity:** The stimuli with high intensity are more likely to be perceived than the stimuli with low intensity. Very bright colours, very bright lights, loud noise, strong odour are noticed faster than light colours, dim lights, soft sound, weak odour etc.

**c) Repetition:** Repeated stimuli draw more attention than those which are not repeated. Instructions which are repeated by a plant supervisor are retained in the memory of employees for a longer period of time than those instructions which are conveyed only once. An advertisement which is repeated more on a T.V channel or radio station catches attention and is remembered by the viewers than the advertisement which shown just once a day.

**d) Contrast:** Principle of contrast states that stimuli which stand out against the background or objects which contrast with their surroundings will receive more attention. An exit signboard in a movie hall, a danger signboard on a road under construction are made with a colour scheme which contrasts with each other like red and black, yellow and black or white and black.

**e) Movement:** The principle of motion states that a moving object or thing draws more attention than a still one. A moving vehicle among the parked vehicles will catch the attention immediately.

**f) Novelty and Familiarity:** Novel objects or familiar objects always gain more attention of perceiver. In a crowded trade fair, a friend or a familiar face and a new face in a family get together will be immediately noticed.

**g) Nature:** It refers to whether the object is visual in nature or auditory. It is a common fact that pictures receive better attention than words, videos attract more attention than still pictures and a rhyming phrase attracts more attention than a phrase which is presented as a narration. Animated cartoons catch more attention of children than comic books.

**Internal Factors:** Internal factors influencing the process of perception are:

**a) Learning:** Learning is a cognitive factor which strongly influences the process of perception. Learning creates expectancy in the individuals and then they tend to perceive what they want to perceive. Take the following example:

**Mac-Hinery**

Read the text given in the above figure, the individual will most likely read the last word as 'Mac-Hinery' instead of 'machinery'. This is because individual tends to be caught in verbal response set. Now take another example:

**BIRD IN THE  
THE HAND**

In the above figure, because of the prior learning, one will read the sentence as "bird in the hand". But, it will take few seconds to realize that there is an extra 'the' in the sentence.

**b) Needs:** Needs also play a significant role in the process of perceptual selectivity. A thirsty person will always be sensitive towards the sources of water and a hungry person will always tend to see eating points everywhere. A person who has high need for affiliation will always join the group of his friends in the leisure time and the person with high need for achievement will tend to work hard even in the leisure time to accomplish his goals.

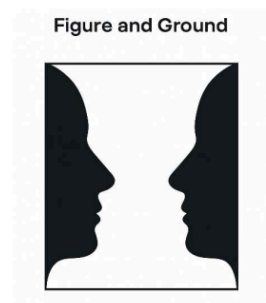
**c) Age:** The people of different age groups always hold different perceptions about the environment. For example: older senior executives always feel that young executives are not competitive enough to take important decisions of the organizations and on the other hand young staff always complaint that older staff members are resistant to change and tend to follow conventional methods of working in the organisation. These differences in the perceptions of old and young employees are due to difference in their age.

**d) Interest:** Perception is also influenced by the interest of the person though unconsciously. A fashion designer will notice so many details in an outfit which is hanged on a statue of a shop in just a casual look, but a routine visitor will not be able to observe the same details in the same outfit even if he looks at it ten times more.

#### 14.5.2. Organization

Once we have chosen to attend to a stimulus in the environment, the choice sets off a series of reactions in our brains. This neural process starts with the activation of our sensory receptors (touch, taste, smell, sight, and hearing). Organizing is the second part of the perception process, in which we sort and categorize information that we perceive based on innate and learned cognitive patterns.

**a) Figure and Ground:** This principle is considered as the basic form of organising the perceptual set. This principle simply states that the object or event or person which is being perceived stands out from its background. See the figure given below:

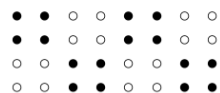


**Source: Fig. 14.5.2** Aswathappa, K. (2003). Organisational Behaviour. Himalaya Publishing House

**b) Perceptual grouping:** Grouping is defined as the tendency to group the stimuli into some meaningful patterns. Grouping includes similarity, proximity, closure and continuity.

**Similarity:** The principle of similarity states that objects of similar shape or colour or size tend to be grouped together. In an organisation all white collared employees are seen as one group. See the following figure;

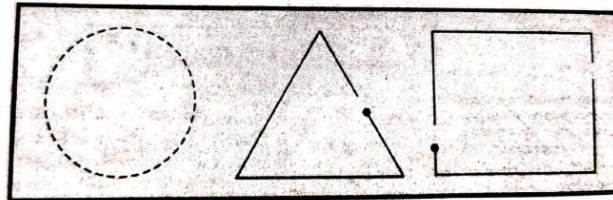
- People tend to see **rows** (grouped by similar shapes: circles ○ and dots ●) rather than columns.
- organizations, employees wearing similar attire (e.g., white-collar workers) are perceived as one group.



**Proximity:** The principle of proximity states that individuals tend to perceive the objects placed together as one group. The employees who are working in the same department are perceived as one group because of geographical proximity.

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**Closure:** The principle of closure states the tendency to perceive the object as a whole even when some parts of it are missing. Individual's perceptual process will fill the gaps that are unfilled from the sensory input. The following figure demonstrates the principle of closure. The object given below will be perceived as a circle even if some parts are missing. In an organisation also a sincere, hardworking and honest worker will be perceived as a good performer by the managers even if he behaves in a contradictory manner sometimes.



**Source: Fig: 15.5** Aswathappa, K. (2003). Organisational Behaviour. Himalaya Publishing House

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**Continuity:** Principle of continuity assumes that an individual tend to perceive continuous lines or pattern. People tend to perceive the obvious ways of performing the tasks and fail to think creatively. Continuity leads to inflexibility and non-creative thinking on the part of employees.

**c) Perceptual Constancy:** The principle of constancy states the tendency to perceive certain characteristics of an object as remaining constant, despite of the variations in the stimuli. This principle provides a sense of stability in this dynamic world. There are several aspects of constancy:

**Shape Constancy:** When an object appears to maintain its shape despite of marked changes.

**Size Constancy:** When we tend to see the object unchanged in the size even if it moves farther away from us. A player who is standing on the other side of the football ground will not perceive football smaller as compared to when he looks at the same football from a closer location.

**Colour constancy:** familiar objects tend to be perceived of the same colour even if they are exposed to some changed conditions. The owner of a red car will see his car as red in the bright sunlight as well as in the dim twilight.

**d) Perceptual defence:** This principle states that individuals tend to build a defence against the stimuli which are conflicting, threatening or unacceptable. Defence may assume the four possible forms: (a) outright denial, (b) modification of data received, (c) change in the perception but refusal to change and (d) change in the perception itself.



#### 14.5.3. Interpretation

After we have attended to a stimulus, and our brains have received and organized the information, we interpret it in a way that makes sense using our existing information about the world. Interpretation simply means that we take the information that we have sensed and organize and turn it into something that we can categorize. By putting different stimuli into categories, we can better understand and react to the world around us.

Perception of others involves sensing, organizing, and interpreting information about people, and what they say and do. Sensation is a main characteristic of perception as it relates to outside input. In the perceptual process, firstly, the perceiver should select what will be perceived.

Then, the organization takes place when listeners identify the type of sound and compare it to other sounds heard in the past. Interpretation and categorization are generally the most subjective areas of perception, as they involve decisions about whether listeners like what they hear and want to keep listening.

**a) Perceptual set:** Previously held beliefs or experiences about an object influence the individual's perception about similar objects. This phenomenon is called perceptual set. For example, an old manager may have developed a general belief that young executives tend to be frequently absent from the job and they are not committed to the organisations. This previously held belief will always influence his perception whenever he will meet a new young worker.

**b) Stereotyping:** Stereotyping is the tendency of judging someone on the basis of the group to which he belongs. An individual's perception about one person will always be influenced by his experiences with the other members of the group to which that person belongs. Some common examples of stereotyping are: Americans are materialistic, Japanese are nationalistic, workers are anti-management etc.

**c) Halo Effect:** It is the tendency of perceiving others on the basis of a single trait which may be good or bad, favourable or unfavourable. Sometimes, we judge the person on the basis of one first impression. For example, a person who is just kind may also be perceived as good, able, helpful etc. and the person who is rude may also be perceived as awful, aggressive, unkind, harmful etc. Halo effect is a common error committed by the managers while evaluating their subordinates.

**d) Projection:** Projection is the tendency of assigning own attributes to the others. It is easy to judge others if we assume that they are like us. It refers to projecting own feelings, abilities, motives and tendencies into judgement of others. A manager who himself is punctual assumes that all staff members of his office are punctual.

**e) Implicit personality theory:** When we make judgement about others, our perception is influenced by the belief that certain human traits are associated with others. For example, honesty is associated with hard working.

**f) Selective perception:** As discussed in the starting of the process that, individuals have the tendency to select certain objects from the environment which they find relevant to their existing beliefs and values. This is because, human mind cannot assimilate everything which it observes and hence, we select certain stimuli and screen out the other. But we don't choose

the stimuli randomly; we choose them according to our interests and experiences. Therefore, selective perception offers the risk of drawing inaccurate picture of the ambiguous situation.

**g) Attribution:** Attribution refers to the process of assigning causes to the behaviour. People are interested not only in observing the behaviour but also in determining its causes. Their evaluations of and reactions to other's behaviour may be heavily influenced by their perception that the others are responsible for their behaviour. When we observe an individual's behaviour, we attempt to determine whether it is internally caused or externally caused. Internally caused behaviours are those which we believe that they are under the control of the individual and externally caused behaviours are those which are believed to be beyond the control of the individual. The determination that whether the behaviour is internally caused or externally caused depends upon three factors viz. *distinctiveness, consensus and consistency*.

**Distinctiveness** refers to whether the individual displays different behaviour in different situations. If the individual usually behave differently in different situations, his behaviour is externally caused. But if he behaves in the similar manner in the different situations his behaviour is internally caused.

**Consensus** is when everyone behaves in a same way whenever they face the similar situation. If there is a consensus in everyone's behaviour, it means the behaviour is externally caused otherwise it is internally caused.

**Consistency** in a person's action refers to when an individual behaves in a same way over a period of time. If the behaviour of a person is consistent, it is internally caused otherwise it is externally caused.

<sup>7</sup> Take a look at an example, if a manager believes that faulty performance of his subordinate is due to external factors such as faulty equipment or electricity crisis, his perception of his subordinate's performance will be different than if he attributes the faulty performance to subordinate's own ignorance and negligence. The most interesting finding from the **attribution theory** of perception is that the errors or biases distort perception. There are two possible errors in attribution:

**Fundamental attribution error:** When we judge behaviour of others, we tend to underestimate the influence of external factors and overestimate the influence of internal factors.

**Self-serving bias:** When we make judgements about own behaviour, we tend to attribute our success to internal factors such as skills and abilities and putting blame of failures on external factors such as faulty equipment, material shortage etc.

#### 14.5.4. Checking

After the information is received, organised and interpreted, the perceiver checks whether his interpretation of the information is right or wrong.

#### 14.5.5. Reacting

Reacting is the last stage of the perceptual process. The process ends up when perceiver is indulged into some action in relation to the perception. The action of perception is also called perceptual output. The outcome of the perceptual process is attitude, opinion, beliefs and



feelings of perceiver regarding the perceived object or event or person. The action will be based on whether the perception is favourable or unfavourable. If perception is positive, action will be favourable but, if the perception is negative, action will be unfavourable.

#### 14.6 ERRORS IN PERCEPTION:

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For example, in the dark, a rope is mistaken for a snake or vice versa. The voice of an unknown person is mistaken as a friend's voice. A person standing at a distance who is not known may be perceived as a known person.

##### 14.6.1 Hallucination

Sometimes we come across instances where the individual perceives some stimulus, even when it is not present. This phenomenon is known as a hallucination. The person may see an object, person, etc. or he may listen to some voice though there are no objects and sounds in reality.

##### 14.6.2 Selective Perception

Selective perception is when people selectively interpret what they see on the basis of their interests, background, experience, and attitudes. It means any characteristics that make a person, object, or event stand out will increase the probability that it will be perceived. Because it is impossible for us to assimilate everything we see, only certain stimuli can be taken in.

##### 14.6.3 Halo Effect

The individual is evaluated on the basis of perceived positive quality, feature, or trait. A halo effect operates when we draw a general impression about an individual based on a single characteristic, such as intelligence, sociability, or appearance.

In other words, this is the tendency to rate a man uniformly high or low in other traits if he is extraordinarily high or low in one particular trait: If a worker has few absences, his supervisor might give him a high rating in all other areas of work.

##### 14.6.4 Stereotyping

People usually can fall into at least one general category based on physical or behavioral traits then they will be evaluated. When we judge someone on the basis of our perception of the group to which he or she belongs, we are using a shortcut called stereotyping.

For example, a boss might assume that a worker from a Middle East country is lazy and cannot meet performance objectives, even if the worker tried his best.

##### 14.6.5 Similarity

Often, people tend to seek out and rate those who are similar to themselves more positively. This tendency to approve of similarity may cause evaluators to give better ratings to employees who exhibit the same interests, work methods, points of view, or standards.

##### 14.6.6 Horn Effect

When the individual is completely evaluated based on a negative quality or feature perceived, this results in an overall lower rating than an acceptable rate. He is not formally dressed up in the office. That's why he may be casual at work too.

**14.6.7 Contrast**

The tendency to rate people relative to others rather than the individual performance he or she is doing. Rather will evaluate an employee by comparing that employee's performance with other employees.

**14.7 PERCEPTION AND ORGANISATIONAL BEHAVIOUR:**

In the above discussion, several examples of relevance of perception in an organisational setting have been discussed. Perception is actually a cognitive process through which an individual uniquely interpret the situation based on his needs, experiences and interest. Perception is the judgement about the reality not exact recording of reality. It reveals the picture of the world which may or may not different from the reality. Recognizing the difference between perception and reality is very important in an organisational context. Let us understand the applications of perception in organisational behaviour more briefly through following points:

**14.7.1 Perception in employment interview:** In an employment interview, selection or rejection of the candidate depends upon the interviewer's perception about behaviour of the candidate. Sometimes, a rejected applicant may deserve the selection but is rejected because he is wrongly perceived by the interviewer. The real fact is that the interviewers usually make judgement about the candidates on the basis of early impressions and form inaccurate perceptions.

**14.7.2 Performance appraisal:** It is another area where perception plays a very significant role. Performance evaluation of employees depends upon the perception of the evaluator about the employees. Some jobs involve the performance which can be measured in quantifiable terms such as job of salesman, production worker etc. Evaluation of such jobs can be done in objective terms and hence do not provide the managers with greater discretion. On the other hand, some jobs involve the performance which cannot be measured in quantifiable terms. Evaluation of such jobs is done in subjective terms and subjective measures of performance provide relatively wider scope for managers to use their own discretion. Therefore, appraisal of such jobs is largely influenced by perception of the evaluator about who is good or who is bad.

**14.8 SUMMARY:**

An organization is basically the association of human beings, and a major problem of today's organisations is how to get maximum possible effort and contributions of these human beings. Since the behavior of the human beings determines these efforts and contributions, those responsible for managing the organization must understand the way human beings have. Therefore, it is very important to understand the concept of perception and how people perceive others and act on the basis of what they see.

**14.9 TECHNICAL TERMS:**

1. **Perception** – The process by which individuals select, organize, and interpret sensory input to give meaning to their environment..
2. **Selective Perception** – The tendency to notice and accept information that aligns with our interests, background, and experience while ignoring conflicting data.

3. **Halo Effect** – Forming a general impression of a person based on one positive trait (e.g., assuming someone is intelligent because they're well-dressed).
4. **Horns Effect (Reverse Halo)** – Forming a negative perception of someone based on one unfavorable trait.
5. **Stereotyping** – Judging someone based on the perception of the group they belong to rather than their individual characteristics.
6. **Attribution Theory** – The theory that explains how individuals pinpoint the causes of their own and others' behavior.
7. **Internal Attribution** – Attributing behavior to internal traits like personality, effort, or ability.
8. **External Attribution** – Attributing behavior to external factors such as luck, difficulty of task, or environment.
9. **Fundamental Attribution Error** – The tendency to underestimate the impact of external factors and overestimate internal factors when evaluating others' behavior.
10. **Self-Serving Bias** – The tendency to attribute one's own successes to internal factors and failures to external ones.
11. **Perceptual Distortion** – Errors in judgment or perception due to biases or incorrect interpretation.

#### 14.10 SELF-ASSESSMENT QUESTIONS:

1. What are the factors in individual behavior?
2. Define perception?
3. Explain about perceptual process.
4. What are the errors in perception

#### 14.11 SUGGESTED READINGS:

1. Ricky Griffin, Gregory Moorhead, Organizational Behavior: Managing People and Organizations, Cengage Learning, 2009.
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## LESSON- 15

# PERSONALITY

### OBJECTIVES:

- To understand how personality develops and factors that determine personality development.
- To understand how personality affects the individual behavior and application of the concept of personality in the organizations.

### STRUCTURE:

#### 15.1 Introduction

#### 15.2 Concept of Personality

#### 15.3 Determinants of Personlaity

##### 15.3.1 Heredity

##### 15.3.2 Environment

#### 15.4 Theories of Personality

##### 15.4.1 Sigmund Freud's Psychoanalytic Theory

##### 15.4.2 Erikson's Theory (Neo Freudian Stages)

##### 15.4.3 Self Theory

##### 15.4.4 Trait Theory

#### 15.5 Personality Traits Affecting Behaviour

##### 15.5.1 Extraversion

##### 15.5.2 Conscientiousness

##### 15.5.3 Agreeableness

##### 15.5.4 Emotional Stability

##### 15.5.5 Openness to Experience

#### 15.6 Major Personality Attributes Influencing OB

#### 15.6 Summary

#### 15.7 Technical Terms

#### 15.8 Self-Assessment Questions

#### 15.9 Suggested Readings

### 15.1 INTRODUCTION:

Personality means how a person affects others and how he understands and views himself as well as the pattern of inner and outer measurable traits and the person-situation interactions (Fred Luthans).

According to Stephen P. Robbins, personality is the sum total ways in which an individual reacts and interacts with others. It may be defined as those inner psychological characteristics that both determine and reflect how a person responds to his environment.

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

### 15.2 CONCEPT OF PERSONALITY:

Though the term personality is frequently used by people, there does not seem to be consensus about its meaning. It may mean different things to different people. To some means a general sum of traits or characteristics of the person; to others, it refers to a unique mode of response to life situations. Thus, there prevails a great deal of controversy over meaning of personality.

The term personality has been derived from Latin word 'persona' which means to speak through. This Latin term denotes the masks which the actors used to wear in ancient Greece and Rome. Thus, personality is used in terms of influencing others through external appearance. However, mere external appearance, though may be important for personality characteristics, does not make the whole personality. According to Ruch, personality should include:

1. external appearance and behaviour or social stimulus value;
2. inner awareness of self as a permanent organizing force; and
3. the particular pattern or organization of measurable traits, both inner and outer

Taking these aspects together, personality may be defined in terms of organized behaviour as predisposition to react to a given stimulus in a particular manner; this may be in the form of consistent response to environmental stimuli. The unique way of responding to day-to-day life situations is the heart of human behaviour. Accordingly, personality embraces all the unique traits and patterns of adjustment of the individual in his relationship with others and his environment. This implies not only the structure of personality but its dynamic qualities as well. Taking these aspects of personality, Maddi has defined personality as follows:

"Personality is a set of characteristics and tendencies that determine those commonalities and differences in the behaviour (thoughts, feelings, and actions) of people that have continuity in time and that may not be easily understood as the sole result of the social and biological pressures of the moment".

### 15.3 DETERMINANTS OF PERSONALITY:

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

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

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

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

- (i) Socio-economic level of the family
- (ii) Family size
- (iii) Birth order
- (iv) Race
- (v) Religion
- (vi) Parent's educational level and Geographic location.

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

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

#### 15.4 THEORIES OF PERSONALITY;

A theory is a simple model of reality that helps us understand, explain, predict and deal with reality. Many personality theorists, not only from the field of psychology but even from other fields dealing with human behavior also, have carried out researches to find answers to the questions: What is personality? What does personality constitute? How is behavior governed by personality? Various theories, however could not give the answers on which consensus could be reached: rather these have resulted in a number of theories of personality. However, most logical grouping of personality theories seems to be into psychoanalytic, socio-psychological, trait and self-theories.

##### 15.4.1 Sigmund Freud's Psychoanalytic Theory

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

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

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

#### 15.4.2 Erikson's Theory (Neo Freudian Stages)

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

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

#### 15.4.3 Self Theory

The psychoanalytic, socio-psychological, and trait theories of personality represent the more traditional approaches to explaining the complex human personality. Self-theory, also termed as organismic or field theory, emphasizes the totality and interrelatedness of all behaviours.

This approach treats the organism as a whole to a greater degree than do any of the other theoretical formulations. Though there are many contributors, notably Maslow, Herzberg, Lewin, etc. the most important contribution comes from Carl Rogers. His self-theory of personality is very relevant in organizational behaviour.

He defines the self-concept as organized consistent, conceptual, gestalt composed of perceptions of the "I" or "me" and the perceptions of the relationships of the "I" or "me" to others and to various aspects of life, together with the values attached to these perceptions. There are four factors in self-concept.

**1. Self-image.** The self-image is the way one sees oneself. Every person has certain beliefs about who or what he is; taken together, these beliefs are a person's self-image or identity. Erikson has defined identity as "a life-long development largely unconscious to the individual



and his society." Its roots go back all the way to the first self-recognition: in the baby's earliest exchange of smiles, there is something of a self-realization coupled with a mutual recognition.

**2. Ideal-self.** The ideal-self denotes the way one would like to be. The ideal-self differs from self-image in the fact that the self-image indicates the reality of a person as perceived by him, while ideal-self indicates the ideal position as perceived by him. Thus, there may be a gap between these two characteristics. The ideal-self is important in stimulus selectivity because a person will select those stimuli for processing which fit in with the characteristics of his ideal-self.

**3. Looking glass-self.** The <sup>28</sup> looking glass-self is the perception of a person about how others are perceiving his qualities and characteristics. This is the perception of others' perception, that is, the way one thinks people perceive about him and not the way people actually see him. The looking glass-self is predominantly a social product which emerges from face-to-face interaction with others from the very beginning of the life. This interaction is directed towards cues about how others see him as an individual. Thus, beliefs about self are in large measure a reflection of others' perception about the person.

**4. Real-self.** The real-self is what one really is. The first three aspects of self-concept are the functions of individual perception and they may be same as the real-self or different from it. An individual's self-image is confirmed when other persons' responses to him indicate their beliefs about who and what he corresponds with. In the face of feedback from the environment, the person re-evaluates himself and readjusts his self-image to be more consistent with the cues he was receiving. Thus, there is a mutual recognition of his real-self, and the validity of his self-image is confirmed.

#### <sup>28</sup> 15.4.4 Trait Theory

Trait factor theory presents a qualitative approach to the study of personality. This theory postulates that an individual's personality is composed of definite predispositional attributes called traits. A trait can be defined as any distinguishable, relatively enduring way in which one individual differs from another. Thus, traits can be considered as individual variables. There are basically three assumptions of this theory.

- <sup>1</sup> <sup>28</sup> Traits are common to many individuals and vary in absolute amounts between individuals.
2. Traits are relatively stable and exert fairly universal effects on behaviour regardless of the environmental situation. Thus, a consistent functioning of personality variables is predictive of a wide variety of behaviours.
3. Traits can be inferred from the measurement of behavioural indicators.

Two most widely trait theories come from the work of Allport and Cattell. Allport bases his theory on the distinction between common traits and personal dispositions. Common traits are used to compare people. He has identified six categories of values: religious, social, economic, political, aesthetic, and theoretical for comparative purpose. Besides the common traits, there are personal dispositions which are completely unique. These are cardinal (most pervasive), central (unique and limited in number), or secondary (peripheral). This uniqueness emphasizes the psychology of the individual that Allport has developed.

Cattell has developed a similar set of traits through the construction of tests and the determination of factors or trait families which may emerge from these psychological



measures. However, he has taken a different approach from Allport. He has identified two categories of traits- surface traits and source traits. He determined thirty-five surface traits by finding cluster of traits that are correlated. For example, wise-foolish, affectionate-cold, sociable-seclusive, honest-dishonest, and so on. Such traits lie on the surface of the personality and largely determined by the underlying source traits. He identified twelve source traits. Examples of such traits are affectothymia (good nature and trustfulness) versus sizothymia (critical and suspicious); ego strength (maturity and realism) versus emotionality and neurocriticism (immaturity and evasiveness), dominance Vs. submissiveness: sergeancy (cheerfulness and energy) versus desurgency (depressed and subdued feelings)

Trait theory gives recognition to the continuity of personality. This theory is based on personality research. However, this theory is very descriptive rather than analytical and is a long way from being comprehensive theory of personality.

## 15.5 PERSONALITY TRAITS AFFECTING BEHAVIOUR:

### Big 5 Model

- Extraversion
- Agreeableness
- Conscientiousness
- Emotional stability
- Openness to experience

#### 15.5.1 Extraversion

Positive energy, positive emotions, confidence, sociability and the tendency to explore stimulation in the organization with others, and talkativeness is extraversion. It contradicts outgoing or energetic behavior with solitary or reserved behavior.

Experiencing positive emotional states and feeling good about oneself and the world around one is extraversion.

#### 15.5.2 Conscientiousness

It is the tendency of being standardized, steady, self-disciplined, acting dutifully, focusing on achieving goals, and prioritizing planned instead of spontaneous behavior. It contrasts efficient organized behavior with easy-going or careless behavior.

It is the level to which a person is careful, cautious, and honest.

#### 15.5.3 Agreeableness

Agreeableness is the tendency of being compassionate and cooperative instead of suspicious and antagonistic towards each other. It is a method of measuring one's trusting and helpful nature, and whether a person has a bad temper or not.

It distinguishes friendliness or compassionate with analytical or detached nature. In simple words, it is the tendency to get along well with others

#### 15.5.4 Emotional Stability

It contradicts sensitive or nervous nature with secure or confident one. Being biased towards experiencing unpleasant emotions easily, like anger, anxiety, depression, negativity and vulnerability. Neuroticism credits the degree of emotional stability and impulse control, and is frequently known by its low pole, emotional stability.

The tendency to sense negative emotional states and see oneself and the world around one negatively.

### 15.5.5 Openness to Experience<sup>14</sup>

Openness flashes the level of intellectual curiosity, creativity and a preference for novelty and variety within a person. It can also be elaborated as the scope to which an individual is imaginative or independent, and portrays a personal preference for a variety of activities over a scheduled routine. Some debate may occur regarding how to interpret the openness factor, which is also known as "intellect" rather than openness to experience.

It includes inventiveness or curiousness in contrast to consistency or cautiousness. Appreciation for positive arts, emotions, inventions, adventure, unusual ideas, curiosity, and variety of experience is invited.

It is basically the extent to which an individual is original, has immense interests, and willingly takes risk

## 15.6 MAJOR PERSONALITY ATTRIBUTES INFLUENCING OB:

<sup>96</sup>**Locus of Control**- the degree to which people believe they are masters of their own fate.

**Internals**- individuals who believe that they control what happens to them

**Externals** – individuals who believe that they control what happens.

**Machiavellianism**- the degree to which an individual is pragmatic maintains emotional distance and believes that ends can justify means. (Deceitful, cheating, manipulative, cunningness and calculated intentions.)<sup>71</sup>

**Self- Esteem**- individual's degree of liking and disliking of themselves. It is directly related to expectations for success. They believe that they possess the ability they need in order to succeed at work.<sup>20</sup>

Take more risks in job selection.

Choose unconventional jobs.<sup>63</sup>

People with low SE will tend to be concerned with pleasing others. High SEs are more satisfied with their jobs than low SEs.

**Self- Monitoring**- refers to an individual ability to adjust his or her behavior to external situational factors. Individuals high in self-monitoring adjust their behaviours to external situational factors. They present a striking contradiction between their public persona and private self.

**Self- Efficacy**- is defined as a concept that entails an individual's belief in accomplishing their goals and believing in their ability to successfully complete a task. This concept was introduced by psychologist Albert Bandura.<sup>120</sup>

He proposed that self-efficacy serves as the mind's self-regulatory function, which is an individual's thoughts, feelings and actions that affect one's decision to try or not to try to accomplish a task.<sup>69</sup>

**Risk taking**- people differ in their willingness to take chances.

Majority of the managers in organizations are risk averse.

Risk taking propensity vary from a stock trader to an accountant who performs auditing activities.

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**Type – A Personality** – aggressively involved in a chronic, incessant 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.

- Moving, talking and eating rapidly
- Feel impatient
- Strive to do two or more things at a time.
- Obsessed with numbers – in terms of how much or how many of everything they acquire.

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**Type- B Personality- never suffer from sense of time urgency.**

- They feel no need to discuss either their achievements or accomplishments unless demanded by the situations.
- Play for fun and realization rather than to exhibit their superiority at any cost.
- Can relax without guilt.

#### 15.7 SUMMARY:

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Personality factors are extremely important in an organizational setting. While perception, learning, motivation, etc, deal with some specific aspects of human behavior, personality takes the whole man concept because it affects the various psychological processes. The study of personality helps in knowing how behavior is governed by personality.

#### 15.8 TECHNICAL TERMS:

1. **Personality** – The dynamic organization of characteristics within an individual that influences their behavior, thoughts, and emotions.
2. **Traits** – Enduring characteristics that describe an individual's behavior.
3. **Internal Locus** – Belief that one controls their own fate.
4. **External Locus** – Belief that outside forces determine one's life outcomes.
5. **Self-Esteem** – One's overall sense of self-worth or personal value.
6. **Self-Monitoring** – The extent to which people regulate their behavior to meet the demands of social situations.
7. **Type A Personality** – Competitive, aggressive, impatient, and highly achievement-oriented.
8. **Type B Personality** – Relaxed, easy-going, and less driven by success.
9. **Machiavellianism** – A personality trait involving manipulation, deceit, and a focus on self-interest.

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#### 15.9 SELF-ASSESSMENT QUESTIONS:

1. What is meant by personality?
2. What are the determinants of personality?
3. Write about different personality theories?
4. What are the major personality attributes influencing OB?

#### 15.10 SUGGESTED READINGS:

1. Ricky Griffin, Gregory Moorhead, Organizational behavior: Managing People and Organizations, Cengage Learning, 2009.
2. Graeme Martin, Managing People and Organizations in Changing Contexts, Routledge,

- 2006.
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## LESSON- 16

# GROUP DYNAMICS

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### OBJECTIVES:

By the end of this lesson, learners should be able to:

- Recognize the role of group dynamics in enhancing team performance, decision-making, and conflict resolution.
- Analyze how group behavior influences individual attitudes and productivity within a business context.
- Differentiate between formal and informal groups in an organizational setting.
- Understand the structure and purpose of command groups and task groups.
- Explore the formation and functions of informal groups such as interest groups and friendship groups.
- Describe the stages of group development (Forming, Storming, Norming, Performing, and Adjourning).
- Analyze factors that influence group formation such as goals, norms, roles, and member interaction.
- Examine the advantages and potential drawbacks of highly cohesive groups in an organizational context.
- Develop strategies to enhance group cohesion and manage groupthink or conformity pressures.

### STRUCTURE:

#### 16.1 Understanding Group Dynamics

#### 16.2 Types of Groups

#### 16.3 Group Formation

#### 16.4 Group Cohesiveness

#### 16.5 Case Studies - Learner Centric Engagement Activities

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#### 16.6 Summary

#### 16.7 Technical Terms

#### 16.8 Self Assessment Questions

#### 16.9 Suggested Readings

### 16.1 UNDERSTANDING GROUP DYNAMICS:

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In our increasingly interconnected world, understanding the intricacies of human interaction is more crucial than ever. Group dynamics refers to the study of how individuals behave and interact within a group setting. This fascinating field encompasses the patterns of communication, relationships, and social influences that shape group behavior, making it essential for anyone looking to enhance teamwork, leadership, or organizational effectiveness.

## 4

**Definition of Group Dynamics**

Group dynamics refers to the social and psychological processes that occur within a group of individuals. It encompasses the interactions, behaviors, and attitudes that emerge when people come together to form a collective. Understanding group dynamics is essential for analyzing how groups function, how they influence individual behavior, and how they can be effectively managed to achieve common goals.

At its core, group dynamics examines the ways in which group members relate to one another, the roles they assume, and the norms that develop within the group. These dynamics can significantly impact decision-making, problem-solving, and overall group performance. For instance, in a workplace setting, the dynamics of a project team can determine the success or failure of a project based on how well team members communicate and collaborate.

## 4

**The Meaning of Group Dynamics**

Group dynamics is a field of study that examines the behaviors, attitudes, and interactions of individuals within a group setting. It encompasses the processes that occur when people come together to form a group, including how they communicate, make decisions, and influence one another. Understanding group dynamics is essential for anyone involved in team settings, whether in a workplace, educational environment, or social group. This section delves into the core concepts and principles of group dynamics, its role in organizational behavior, and the psychological and sociological perspectives that shape our understanding of group interactions.

**Core Concepts**

At its core, group dynamics is built upon several key concepts and principles that help explain how groups function. These include:

- **Group Structure:** This refers to the arrangement of roles, norms, and relationships within a group. Each member typically has a specific role that contributes to the group's overall function. For example, in a project team, roles may include a leader, a researcher, a presenter, and a note-taker. Understanding these roles helps clarify expectations and responsibilities.
- **Group Norms:** Norms are the unwritten rules that govern behavior within a group. They dictate how members should interact, communicate, and perform tasks. For instance, a group may establish a norm of punctuality, where members are expected to arrive on time for meetings. Norms can significantly influence group cohesion and performance.
- **Group Cohesion:** This concept refers to the degree to which group members are attracted to one another and motivated to stay in the group. High cohesion often leads to better collaboration and communication, while low cohesion can result in conflict and disengagement. Factors that enhance cohesion include shared goals, mutual respect, and positive interpersonal relationships.
- **Group Decision-Making:** Groups often face the challenge of making decisions collectively. The dynamics of this process can vary widely, from consensus-building to majority rule. Understanding how group members contribute to decision-making can help identify potential biases and improve outcomes. For example, a group that encourages diverse opinions may arrive at more innovative solutions.

- **Leadership:** Leadership plays a crucial role in shaping group dynamics. Different leadership styles—such as autocratic, democratic, and laissez-faire—can influence how group members interact and perform. A democratic leader, for instance, may foster an environment of open communication and collaboration, while an autocratic leader may stifle dissent and creativity.

#### The Role of Group Dynamics in Organizational Behavior

In the context of organizational behavior, group dynamics is vital for understanding how teams operate and how they can be optimized for better performance. Organizations are often composed of various groups, each with its own dynamics that can impact overall effectiveness. Here are some key ways in which group dynamics influences organizational behavior:

- **Team Performance:** The dynamics within a team can significantly affect its performance. High-functioning teams that exhibit strong cohesion and effective communication are more likely to achieve their goals. Conversely, teams with poor dynamics may struggle with conflict, miscommunication, and low morale, ultimately hindering their performance.
- **Conflict Resolution:** Understanding group dynamics can aid in resolving conflicts that arise within teams. By recognizing the underlying issues—such as differing values, communication styles, or power struggles—leaders can facilitate discussions that address these concerns and promote a healthier group environment.
- **Change Management:** Organizations often undergo changes that can disrupt established group dynamics. Whether it's a merger, restructuring, or the introduction of new technology, understanding how these changes affect group interactions is crucial for successful implementation. Leaders can use group dynamics principles to guide teams through transitions, ensuring that members feel supported and engaged.
- **Employee Engagement:** Group dynamics can influence employee engagement levels. When employees feel connected to their teams and believe their contributions are valued, they are more likely to be engaged and committed to their work. Organizations that foster positive group dynamics often see higher levels of job satisfaction and lower turnover rates.
- **Innovation and Creativity:** Diverse groups that embrace different perspectives can drive innovation and creativity. Group dynamics that encourage open dialogue and the sharing of ideas can lead to more creative solutions and improved problem-solving. Organizations that prioritize inclusive group dynamics are better positioned to adapt to changing market conditions.

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#### The Principles of Group Dynamics

If you want to improve your group dynamics, let's look at some of its most critical principles:

1. **Principle of Belongingness:** People in a group should have a strong sense of belonging if they want to communicate and collaborate for effective teamwork. Those who exert influence and those who were influenced need to engage with each other to understand each other better. When you develop a sense of belonging, you feel encouraged to give your best and support others as well. If everyone performs well, your group gets a morale boost.



2. **Principle of Perception:** If you want to implement a change in your group, you need to create a common perception among people that will make them accept the change with greater ease. It's providing a heads-up for your team and preparing them for a change. For example, there is a revision in your project deadline. You need to communicate with your team and inform them about the additional efforts they'll need to put, moving forward. If everyone is on the same page, it becomes easier to execute decisions.
3. **Principle of Conformity:** You won't always come across like-minded people in your group. People from various walks of life with diverse perspectives and viewpoints may think and work differently. If you want your group to function as an individual unit, you need to address individualistic tendencies. Group members need to conform to group norms and respect the essential rules that govern the group.
4. **Principle of Change:** Changes are constant in a group. To effectively bring about changes and implement them, your group needs to be well-coordinated and informed. Share all the relevant information concerning the plan, strategy and outcome of change amongst group members. State the expectations in advance so that there isn't any dissatisfaction later. A coordinated group is better prepared to deal with change.
5. **Principle of Readjustment:** The principle of change is responsible for the principle of readjustment. Changes in a particular part of a group are likely to cause tension in the other part. It can be managed by making readjustments in the related parts of the group. Essentially, the principle of readjustment emphasizes readjusting group dynamics after a change in group norms, objectives or delegation of responsibilities.
6. **Principle of Common Motives:** The core purpose of groups is to drive an organization's goals successfully. All the operations are geared towards achieving common targets. Problem-solving, strategizing and decision-making have to be done in a collaborative manner. You need to be on the same page as everybody else, otherwise, conflicts are likely to arise. Goals, milestones and timelines for any project should be set collaboratively. If not, every member should be aware of the expectations.
7. **Goal Orientation Principle:** A group survives only when their actions are goal-oriented. Everyone needs a direction to follow, otherwise, there will be confusion and chaos. The principle of common motives guides the goal orientation principle; all the tasks are geared towards meeting larger objectives. An operational hierarchy ensures that a group stays on track and makes progress.
8. **Principle of Power:** The principle of power plays out in different ways. The more attractive a group looks to someone, the more influence it exerts. For example, there is a new inner circle at the office and all the easy-going people are in it. An outsider is likely to be attracted by such a group because it exerts a certain kind of influence. The greater the power of a group, the greater its influence over its members and others.
9. **Continuous Process Principle:** Group functioning is a continuous process. Every group is formed in such a way that each individual is responsible for maintaining continuity, in addition to being accountable for their own actions. Groups should adjourn only upon the completion of tasks or after achieving their desired objectives. Until then, everyone should continue to work in harmony and ensure continuous operation.



**Make the Best of Group Dynamics**

As a manager or a team leader, you have the responsibility of bringing different people together and encouraging collaboration among them. It isn't easy to build effective teams but here are three habits you should adopt and practice.

- **Alignment on Plans:** Alignment leaves no room for ambiguity. Everyone is aware of the expectations and their responsibilities, which help them process in the right direction. Alignment on plans and goals creates a strong team dynamic. Start by writing down your plans, getting buy-in from decision-makers and communicating progress regularly.
- **Transparency on Progress:** Conflicts are inevitable in groups, especially when you don't expect someone to hamper your progress. Unless everyone's on the same page, individuals may not apprehend a possible problem. You need to prepare your team for all sorts of risks and surprises. Be transparent about your team's progress and share weekly updates with everyone. This way, no one will be thrown off and you can deal with problems in a more cohesive manner. Make sure that you communicate well and encourage everyone else to communicate too.
- **Accountability for Results:** A team that trusts each other grows together. If you want to strengthen your team dynamic, promote a culture of faith and interdependence. Communicate the need for accountability and encourage the 'sink and swim together' attitude. There should be mutual trust and understanding, which will also increase the willingness to work together. In a group, everyone is responsible for their own and others' actions.

**16.2 TYPES OF GROUPS:**

Groups can be categorized in several ways based on their formation, purpose, and the nature of relationships among members. Broadly, groups are classified into *Formal Groups*, *Informal Groups*, and *Other Classifications* such as *In-Groups* vs. *Out-Groups* and *Primary* vs. *Secondary Groups*. Each type plays a unique role in organizational and social dynamics.

**A. Formal Groups**

Formal groups are deliberately created by organizations to fulfill specific objectives. These groups are structured and defined by organizational policies, job roles, and the hierarchical structure.

- **Command Groups:** These are established by the organizational chart and represent the flow of authority and responsibility. For example, a marketing department or a finance team falls under this category. Each member reports to a designated supervisor, and the group is responsible for executing defined tasks within its functional area.
- **Task Groups:** These groups are formed to accomplish a particular task or project. Unlike command groups, task groups may consist of individuals from different departments or units brought together for a common goal, such as launching a new product or implementing a software system. Once the task is completed, the group may be disbanded.

**B. Informal Groups**

Informal groups emerge naturally and spontaneously based on personal relationships, shared interests, or social needs. These groups are not defined by the formal structure of the organization but can significantly influence workplace culture and morale.

- **Interest Groups:** These groups are formed when individuals unite over a common interest or concern. For instance, employees who come together to promote sustainability in the workplace or participate in a wellness club are part of an interest group. These groups can exist both inside and outside the organizational setting.
- **Friendship Groups:** Friendship groups develop based on personal relationships and mutual affection among members. These alliances often go beyond work-related interactions and may include socializing outside the workplace. Such groups contribute to a sense of belonging and emotional support.

### C. Other Classifications

Beyond the formal-informal divide, groups can also be understood through sociological and psychological lenses:

- **In-Groups vs. Out-Groups:** An *In-Group* is a group with which an individual identifies and feels a sense of loyalty and belonging. In contrast, an *Out-Group* is a group that the individual does not identify with and may even compete against. This distinction affects group dynamics, loyalty, communication, and conflict.
- **Primary vs. Secondary Groups:**
  - **Primary Groups** are characterized by close, personal, and enduring relationships. Examples include family members, close friends, or tightly-knit teams. Interaction in primary groups tends to be emotional and long-term.
  - **Secondary Groups** are larger and more impersonal, typically formed to achieve specific objectives. These include relationships with coworkers, classmates, or professional associations. The interaction is more formal and task-oriented compared to primary groups.

Understanding these types of groups is essential for managers and team leaders to foster effective collaboration, improve communication, and build a supportive organizational culture.

## 16.3 GROUP FORMATION:

### 4 Stages of Group Development

Understanding group dynamics is essential for anyone involved in team settings, whether in a corporate environment, educational institution, or community organization. One of the key aspects of group dynamics is the process of group development, which outlines how groups evolve over time. Various models have been proposed to explain these stages, with Tuckman's model being one of the most widely recognized. We will explore the stages of group development, including Tuckman's stages, as well as other notable models such as Gersick's Punctuated Equilibrium Model and Wheelan's Integrated Model of Group Development.

### Overview of Group Development Models

Group development models provide frameworks for understanding how groups form, evolve, and ultimately disband. These models are crucial for leaders and team members alike, as they offer insights into the challenges and dynamics that can arise at different stages of a group's lifecycle. By recognizing these stages, individuals can better navigate interpersonal relationships, enhance collaboration, and improve overall group performance.

While there are several models of group development, they generally share common themes, including the progression from initial formation to a more cohesive and productive state. The stages often reflect the emotional and social dynamics that occur as group members interact, establish roles, and work towards common goals.

### Tuckman's Stages of Group Development

Developed by Bruce Tuckman in 1965, Tuckman's model outlines five distinct stages of group development: **Forming, Storming, Norming, Performing, and Adjourning**. Each stage represents a different phase in the group's evolution, characterized by specific behaviors, challenges, and outcomes.

#### i) Forming

This is the first stage of group formation. During the initial stage, the members of the group do not have any clear idea. This first stage is characterised by a sense of uncertainty and awkwardness and perhaps anxiety. Participants may be unsure of what to do and how to do it. The "rules of the road"-group norms and standards have yet to be defined and participants are eagerly looking to find out what is okay and not okay.

This phase often shows as tentativeness or even some anxiety on the part of the participants. Leaders need to set the tone for group behaviour, activities, and interactions. High level of ambiguity is prevailing in the process. When members think about each other the process moves on to the next stage.

Most people are polite as they try to put their "best foot forward." The result is a superficial level of harmony and co-operation. This serves the purpose of getting the group started and off the ground in terms of motivation and commitment. Members may tend to verbalise how close they feel to each other, and may develop quite a group spirit due to successful task accomplishment.

Leadership at this point should be a combination of High Task/Low Relationship (Telling) in terms of teaching skills and establishing norms moving to High Task/High Relationship (Selling) to get everyone involved and interacting in the group. This stage is otherwise termed as the phase of the members "getting acquainted".

The Forming stage is the initial phase of group development, where members come together for the first time. During this stage, individuals are often polite and tentative as they seek to understand their roles within the group. Members may be focused on getting to know one another, establishing ground rules, and defining the group's purpose.

#### Key characteristics of the Forming stage include:

**Uncertainty:** Members are unsure about their roles and the group's objectives.

**Politeness:** Interactions are generally formal and courteous as members try to make a good impression.

**Dependency:** Individuals may rely heavily on the group leader for direction and guidance.

For example, in a new project team, members might spend the first few meetings discussing their backgrounds, skills, and expectations for the project. This stage is crucial for establishing a foundation for future collaboration.

## 10 ii) Storming

This is the second stage of group forming. It is characterised by individual assertive behaviour, which may result in some group instability. Participants have begun to feel comfortable enough with their new environment to take some risks in revealing more of their personalities. Each person wants to get a sense of individual importance and influence on the group — “finding a niche.” This becomes more evident as increasing responsibility is shifted to the group as they move into moderate levels of maturity. It involves conflict of the member's ideas.

One of the members assuming the leadership role tries to direct the group by bringing the members of the group together. The leadership style which may be most effective, are High Task/ High Relationship (Selling). Leaders should not be surprised if some conflicts develop in the group at this stage. This is a part of the natural process of the group becoming self-outstanding. This stage is otherwise called as the phase of “struggling forward.”

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The Storming stage is characterized by conflict and competition as group members begin to assert their individual personalities and opinions. This phase can be challenging, as differing viewpoints may lead to disagreements and tension within the group.

**Key characteristics of the Storming stage include:**

**Conflict:** Members may challenge each other's ideas and authority, leading to disputes.

**Power Struggles:** Individuals may vie for leadership roles or influence within the group.

**Emotional Responses:** Frustration and anxiety may arise as members navigate interpersonal conflicts.

For instance, in a marketing team brainstorming session, one member may strongly advocate for a particular strategy, while another may oppose it, leading to heated discussions. While this stage can be uncomfortable, it is essential for the group to address conflicts openly to move forward.

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## iii) Norming

This phase is otherwise called as “becoming personal”. Norming is the stage where the group is formed and structured completely. A growth of affection and establishment of personal relationships characterise this phase. Participants will begin to take responsibility for resolving conflicts and strengthening friendships. Group cohesiveness exists in this stage.

Cohesiveness relates to the togetherness of the members of the group. Each member realises his role and job to perform. The Leadership style, which may be most effective, is Low Task/ High Relationship (Participating) since the group is competent regarding tasks but needs assistance and support in terms of relationships.

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In the Norming stage, the group begins to establish norms and cohesive relationships. Members start to resolve their differences, develop a sense of camaraderie, and agree on shared goals and processes. This stage is crucial for building trust and collaboration within the group.

Key characteristics of the Norming stage include:

**Collaboration:** Members work together more effectively, sharing ideas and responsibilities.

**Trust Building:** Relationships deepen as individuals become more comfortable with one another.

**Establishment of Norms:** The group develops shared expectations and guidelines for behavior.

For example, in a software development team, members may start to establish coding standards and communication protocols, leading to smoother collaboration and increased productivity. This stage sets the groundwork for high performance.

#### iv) <sup>10</sup>Performing

When the group has adapted itself to the group environment, performance takes place. This phase is termed otherwise as “working together”. The functional activities of the group are stated and members hold high co-ordination. The members try to pool their potential and give high productivity. This phase is characterised by harmony among group members. Participants look outwards to see how other people in the group are doing to make sure all are supported. Decision-making and problem-solving will be shared within the group.

At this stage, the group is mature enough to attend to its own needs both in terms of task and relationship matters. The leadership style, which would be most effective, would be Low Task/Low Relationship. Higher performance is achieved due to high interpersonal behaviour exhibited by the individuals.

<sup>4</sup> The Performing stage is where the group reaches its peak effectiveness. Members are fully engaged, working collaboratively towards common goals, and leveraging each other's strengths. The group operates with a high degree of autonomy and is capable of self-management.

**Key characteristics of the Performing stage include:**

**High Productivity:** The group achieves its objectives efficiently and effectively.

**Interdependence:** Members rely on one another's skills and expertise to accomplish tasks.

**Innovation:** The group is open to new ideas and approaches, fostering creativity.

For instance, a research team may successfully complete a complex project, with each member contributing their unique expertise to achieve outstanding results. This stage represents the culmination of the group's development journey.

#### v) <sup>10</sup>Adjourning

If the groups are formed temporarily, then another stage follows, called as Adjourning.

It is otherwise termed as transference. In adjourning stage, the group disperses after the group activity is completed. Here, priority is given to wrapping up of the activities rather than increasing performance. This final part of the group process is essential in making sure that the trip is not remembered as “just a fun couple days in the woods.”

It is important that participants be able to transfer the things which they have learned about themselves and being in a group back to their regular lives. This is accomplished through the debriefing process. In the permanent groups, the performances of the group members are high compared to the temporary group.

<sup>4</sup> The Adjourning stage, also known as the Mourning stage, occurs when the group disbands after achieving its goals. This phase can be emotional, as members reflect on their experiences and relationships formed during the group's lifecycle.

**Key characteristics of the Adjourning stage include:**

**Reflection:** Members evaluate the group's accomplishments and individual contributions.

**Closure:** The group may hold a final meeting or celebration to acknowledge their work.

**Transition:** Members prepare to move on to new roles or projects.

For example, a project team that has successfully launched a new product may hold a debriefing session to discuss lessons learned and celebrate their achievements before disbanding. This stage is important for providing closure and allowing members to transition smoothly to their next endeavors.

#### 16.4 GROUP COHESIVENESS:

This refers to the attractiveness which a group holds for its members, i.e., each group involves participation by members through loyalty and solidarity. This concept involves the "Stick-together" characteristics of groups and their impact on group members. Cohesiveness has been defined as "the resultant power of a group to think and act as a single unit in pursuit of a common objective(s)." Likert defines cohesiveness as "The attractiveness of the members to the group or resistance of the members to leaving it."

It is, in effect the sum total of force acting on group members. In a more refined definition, group cohesiveness is stated as "the attraction of members to the group in terms of the strength of forces on the individual member to remain active in the group and to resist leaving it."

To ascertain group cohesiveness, some dimensions are used, such as "whether workers feel a part of the group," "want to stay in the group", "stick together", "help each other", and "Get along together".

The level of cohesiveness appears to vary significantly among informal groups. Some groups may be tightly bound together by mutual support. Conformity to group standard tends to be high among these groups. Other groups may have only limited control and conformity.

Groups that are highly cohesive are capable of influencing individual behaviour. If, for example, the group norm is a high level of performance, the more cohesive group is likely to influence each member towards higher productivity. On the other hand, if the norm is low productivity, the highly cohesive group is likely to restrict the performance of individuals.

Several factors determine group cohesiveness. It may be higher when a majority of the following conditions are present:

- i) The members have a broad agreement concerning the goals and objectives the informal group will serve. Where groups have attained pre-established goals, they are likely to be highly cohesive units. This is because they have worked together in the past and because their efforts have resulted in achieving a desired goal. Thus, success and cohesiveness are interrelated. Failure in goal achievement discharges cohesiveness, and cohesive work groups are more likely to attain accomplishment of goals.
- ii) The size of the group is sufficient for interaction but is not too large to stymie personal attention. Normally, the optimum size of an informal organisation is from four to seven members. An inverse relationship exists between the size of the group and group cohesiveness. As the size of the group increases, its cohesiveness decreases. Because, there is a tendency for the group to breakdown into subgroups or cliques. On the other hand, smaller group tends to generate more individual satisfaction than larger ones,



because of the greater opportunities for participation and better understanding of group goals.

- iii) There is a satisfactory level of homogeneity in social status and social background among the members. Cohesiveness is the result of a certain similarity among members. Such as sex, similar family, social and cultural background. This cohesion may be destroyed by certain policies and activities of a management, such as the adoption of an unfair practice of promoting one and punishing another, or laying-off senior employees and retaining the newcomers in service. However, a threat from outside may break up a group, as happens when working hours are made longer, or when retrenchment occurs, or when wages are reduced, or when the usual benefits and privileges to which employees have long become habituated are withdrawn. In such circumstances, the membership of an informal group may abruptly increase.
- iv) Individual characteristics, cooperativeness, maturity and being an accepting person tend to develop cohesiveness and friendliness, while striving for prominence or being a suspicious, non-accepting person may inhibit unity. Naturally, groups are attractive if members feel secure in them, attain prestige from their membership of them, and enjoy social approval during interaction.
- v) There is a significant amount of communication and interaction among participating members.
- vi) There should be a capable and effective leadership, which reflects in its role in building and maintaining group cohesion.

Thus, a cohesive group is one in which members act toward an agreed goal, in which everyone assumes a position of responsibility with respect to its achievement. These characteristics are reflected in and reinforced by the existence of shared norms, morale and interrelated properties of esprit-de-corps, group atmosphere, self-involvement and an effective leadership.

As Cartwright and Zander point out – “The level of cohesiveness appears to have a direct influence upon the behaviour of the members of each informal group. In groups, for example, where cohesiveness is high, members appear to be more attentive to each other, adherence to group goals is at a high level, pressure on violators of group goals is strong and individual members find a strong sense of security and release from tensions as a result of their group affiliations.”

#### 16.5 CASE STUDIES - LEARNER CENTRIC ENGAGEMENT ACTIVITIES:

The following are the suggested case studies on Group Dynamics—each highlighting aspects of group formation, types, and cohesiveness within organizations. Also provided discussion questions and suggested learner centric activities for each of the five case studies. These will help learners to apply concepts of group dynamics, group types, formation, and cohesiveness through critical thinking and group engagement

##### 1. Google's Cross-Functional Project Teams

- **Group Type:** Formal Task Groups
- **Group Formation:** Based on skills, project requirements, and innovation goals
- **Group Cohesiveness:** Encouraged through open culture, shared purpose, and flat hierarchy
- **Case Summary:** Google frequently forms cross-functional teams to work on new product ideas—such as Gmail, Google Docs, or Moonshot projects under Google X. These teams



are often temporary, created for a specific goal, and composed of members from different departments like engineering, UX, and marketing. Despite their diversity, these teams often exhibit strong cohesiveness due to shared vision, team autonomy, and a culture that promotes open dialogue and experimentation. Google's use of agile methodologies also supports smooth group development through clear stages and feedback loops.

- **Learning Outcome:** Demonstrates how well-designed formal task groups can be innovative, high-performing, and collaborative.

#### Discussion Questions:

1. What factors contribute to successful group formation in Google's innovation teams?
2. How do cross-functional teams balance creativity with productivity?
3. At what stage in Tuckman's model might conflicts most likely arise in such teams, and how should leaders respond?

#### Activity:

- **Mini Project:** Form mock cross-functional teams in class. Assign each team a product development task (e.g., "Create a new app for remote team engagement") and have them define roles, goals, and collaboration tools. Reflect on the group formation process and dynamics after 20 minutes.

### 2. Southwest Airlines – Informal Groups and Culture

- **Group Type:** Informal Groups (Friendship & Interest Groups)
- **Group Formation:** Natural interactions, shared values, and company culture
- **Group Cohesiveness:** High—reinforced through humor, recognition, and peer bonding
- **Case Summary:**  
Southwest Airlines is famous for its employee-centric culture. Workers often form informal friendship and interest groups—supported by the company's policies and events—that help build loyalty and morale. Crew members even celebrate birthdays together and have inside jokes that make long flights more enjoyable. This social cohesion spills over into work performance, resulting in consistent customer satisfaction and operational teamwork.
- **Learning Outcome:** Highlights how informal group dynamics can improve organizational climate and job satisfaction.

#### Discussion Questions:

1. How do informal groups contribute to the formal objectives of the organization?
2. Can informal groups ever negatively impact formal work processes? How?
3. What leadership style supports the development of such positive informal dynamics?

#### Activity:

- **Role Play:** Split the class into groups of "managers" and "employees." Managers must come up with strategies to encourage positive informal bonding without affecting productivity. Employees can simulate group behaviors—some productive, some distracting—and reflect on how to strike the balance.

### 3. NASA Challenger Disaster

- **Group Type:** Formal Command Group with weak dissent culture
- **Group Formation:** Hierarchical team based on roles in mission management
- **Group Cohesiveness:** Excessively high; led to *groupthink*

- **Case Summary:**

Before the Challenger space shuttle disaster in 1986, NASA engineers and managers ignored critical warnings about faulty O-rings due to organizational pressure and a strong desire for consensus. Groupthink set in, where dissenting views were silenced or dismissed. The result was a tragic failure that became a textbook example of how excessive group cohesion without open dialogue can be fatal.

- **Learning Outcome:** Stresses the need to balance group cohesion with psychological safety and open communication.

**Discussion Questions:**

1. What symptoms of groupthink were visible in the NASA case?
2. How could leaders have encouraged dissent and independent thinking?
3. What group norms or structures could prevent such incidents?

**Activity:**

- **Debate:** Assign students to two groups. One side defends NASA's decision-making process (using external pressures), while the other critiques it from a group dynamics perspective. Conclude with lessons for modern organizations on avoiding groupthink.

**4. Zappos – Self-Managed Teams under Holacracy**

- **Group Type:** Self-organized formal task groups
- **Group Formation:** Emergent, based on roles and responsibilities instead of hierarchy
- **Group Cohesiveness:** Built through autonomy, role clarity, and shared accountability
- **Case Summary:**

Zappos adopted *holacracy*—a decentralized management system where authority is distributed among self-managed teams. Rather than traditional top-down decision-making, employees choose their roles and organize themselves into circles (task groups) to achieve outcomes. Though challenging initially, the model fosters ownership and innovation. Strong internal cohesion and trust are essential in this model, as there are no conventional managers to mediate conflicts.

- **Learning Outcome:** Provides insight into non-traditional group structures and how they influence group dynamics and effectiveness.

**Discussion Questions:**

1. What are the advantages and challenges of self-managed group structures?
2. How does the absence of formal hierarchy impact group roles and cohesion?
3. What personal qualities are important in members of such teams?

**Activity:**

- **Simulation Game:** Students simulate a holacracy by forming a team without a leader. Give them a problem-solving task (e.g., “Plan a student entrepreneurship fest”) with each person picking a role. Reflect on how decisions were made and how group cohesion evolved.

**5. Tata Group – Collaborative Inter-Subsidiary Task Forces**

- **Group Type:** Formal Command and Task Groups
- **Group Formation:** Formed for strategic initiatives across subsidiaries
- **Group Cohesiveness:** Developed through shared vision and group synergy
- **Case Summary:**

Tata Group often initiates cross-company collaborations—for example, Tata Motors working with Tata Steel and Tata Power to develop electric vehicles. These task forces

bring together experts from different domains. Despite their varied backgrounds, group cohesion is achieved through shared brand values, structured communication, and a unified long-term mission. Tata's ethical and collaborative culture supports smooth inter-group functioning.

- **Learning Outcome:** Demonstrates how large conglomerates manage group dynamics across multiple organizational units.

#### Discussion Questions:

1. How does Tata manage group dynamics across different subsidiaries?
2. What leadership traits are essential in managing inter-departmental or cross-company teams?
3. How do shared values enhance group cohesion in a diversified business group?

#### Activity:

- **Strategic Collaboration Exercise:** Form groups representing different Tata companies (e.g., Tata Motors, Tata Steel, Tata Power). Give them a common objective (e.g., "Launch an eco-friendly smart car"). Have them map out how their roles integrate and how they'll maintain communication and unity.

#### 16.6 SUMMARY:

Group dynamics play a vital role in shaping how individuals interact, collaborate, and perform within an organizational setting. Understanding these dynamics is essential for managers and leaders aiming to build effective, high-performing teams. Group dynamics refer to the psychological and behavioral processes that occur within a group. When well-managed, they enhance team performance, improve decision-making, and contribute to better conflict resolution. Groups influence individual behavior significantly. The presence of shared norms, values, and expectations within a group can affect how individuals think, act, and contribute to organizational goals. A supportive and cohesive group environment can boost morale, motivation, and productivity.

Organizational groups can be classified into formal and informal types. Formal groups are created by the organization to achieve specific objectives. These include command groups, such as departments outlined in organizational charts, and task groups formed to complete a specific project. In contrast, informal groups arise naturally through social interaction. Interest groups are formed around shared concerns, while friendship groups are built on personal relationships that often extend beyond the workplace.

The development of groups follows a series of stages, commonly referred to as Tuckman's model: Forming, Storming, Norming, Performing, and Adjourning. These stages represent how a group evolves from initial formation to task completion and eventual dissolution, especially in temporary or project-based teams. Several factors influence group formation, including clearly defined goals, established norms, assigned roles, and the level of member interaction. Effective groups often display strong cohesion, which refers to the sense of solidarity and unity among members. While cohesive groups offer advantages such as improved communication, commitment, and satisfaction, they may also fall prey to groupthink—where the desire for consensus overrides critical evaluation.

To manage group behavior effectively, leaders should promote open communication, encourage diverse viewpoints, and set shared goals. By fostering a balanced, inclusive team

culture, they can enhance cohesion while avoiding the pitfalls of conformity. Overall, mastering group dynamics equips future managers with the tools to lead collaborative and resilient teams in complex business environments.

#### 16.7 TECHNICAL TERMS:

- **Group Dynamics:** The behavioral and psychological processes that occur within a group, influencing how members interact, communicate, and work together.
- **Formal Groups:** Created by organizations for specific goals (e.g., command groups, task groups).
- **Informal Groups:** Naturally formed based on social interaction or shared interests (e.g., interest groups, friendship groups).
- **Group Formation:** The process through which groups develop and evolve, often following stages such as Forming, Storming, Norming, Performing, and Adjourning.
- **Group Cohesiveness:** The degree of attraction and unity among group members, affecting group morale, collaboration, and overall performance.
- **Groupthink:** A situation where strong group cohesion leads members to prioritize agreement over critical thinking, often resulting in poor decisions.

#### 16.8 SELF ASSESSMENT QUESTIONS:

1. What are group dynamics, and why are they important in an organizational setting?
2. How can effective group dynamics enhance team performance and conflict resolution?
3. Explain how group behavior can influence individual attitudes and productivity in the workplace.
4. Differentiate between formal and informal groups with examples.
5. What are command groups and task groups? How do they contribute to organizational objectives?
6. Define interest groups and friendship groups. How do they differ from formal groups?
7. List and briefly describe the five stages of group development as proposed by Tuckman.
8. What are some key factors that influence group formation in an organization?
9. Define group cohesiveness. What are the benefits and drawbacks of high group cohesion?
10. What is groupthink, and how can it negatively impact decision-making?
11. As a future manager, what strategies would you use to promote group cohesion while avoiding conformity pressure?

#### 16.9 SUGGESTED READINGS & REFERENCES:

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**Dr. P.Adilakshmi**

## LESSON- 17

# TRANSACTIONAL ANALYSIS

160

### OBJECTIVES:

By the end of this lesson, learners should be able to:

- Identify and explain the three ego states: Parent, Adult, and Child.
- Understand the concept of transactions (complementary, crossed, and ulterior) in interpersonal communication.
- Evaluate the relevance of TA in managerial and leadership roles for effective communication and conflict resolution.
- Apply Transactional Analysis concepts in managerial communication and leadership.
- Use TA to improve team building, motivation, and employee engagement.
- Analyze how TA can be used to diagnose interpersonal issues and promote better collaboration in the workplace.
- Evaluate case-based examples where TA has improved organizational performance or workplace culture.

### STRUCTURE:

#### 17.1 Transactional Analysis

#### 17.2 Practical Implications for Managers

#### 17.3 Summary

#### 17.4 Technical terms

#### 17.5 Self Assessment Questions

#### 17.6 Suggested Readings

### 17.1 TRANSACTIONAL ANALYSIS:

#### 1. Introduction to Transactional Analysis (TA)

Transactional Analysis (TA) is a comprehensive theory of personality and communication developed by Dr. Eric Berne in the 1950s. It is based on the premise that individuals communicate through a series of social transactions that can be analyzed to reveal psychological dynamics. TA offers insights into human behavior, personality structures, and interpersonal interactions. What sets TA apart is its simplicity and applicability; it is a model that can be used not only by therapists but also by managers, educators, and leaders to understand and improve communication. In today's dynamic business environment, managers frequently face interpersonal challenges such as miscommunication, conflicts, and team disengagement. TA provides a practical tool to analyze these interactions and modify behaviors to foster more effective relationships.

#### 2. Origin and Evolution

The origins of TA lie in the psychoanalytical tradition, from which Dr. Eric Berne branched out to make psychological theories more accessible and behaviorally oriented. Dissatisfied with traditional Freudian analysis, Berne aimed to simplify complex psychological constructs by observing how people behave and speak during interactions. His landmark book, *Transactional Analysis in Psychotherapy* (1961), introduced the theoretical foundation of TA.

This was followed by Games People Play (1964), which popularized the theory for the general public. The basic philosophy of TA is humanistic and empowering. It assumes that every person is “OK”—meaning that all individuals have value and worth—and that everyone has the capacity to think and decide their own destiny. This belief underpins the TA approach, making it especially relevant in leadership, where promoting self-awareness and individual accountability is crucial.

### 3. Importance of TA in Management

In the context of management, TA is a powerful tool for understanding and improving communication, emotional intelligence, and interpersonal dynamics. It helps managers understand the psychological positions from which they and their employees communicate. By identifying ego states and patterns of interaction, leaders can reduce misunderstandings and build more effective workplace relationships. Managers can use TA to resolve conflicts, provide constructive feedback, and foster open dialogue within teams. Furthermore, it aids in developing empathetic leadership and emotionally intelligent decision-making. In times of organizational change or team restructuring, TA can be particularly helpful in navigating resistance, aligning expectations, and fostering trust.

#### 4. The TA Model: Three Ego States

In Transactional Analysis (TA), the ego state model is fundamental to understanding how people communicate and why misunderstandings or conflicts often arise. According to Dr. Eric Berne, each individual operates from three distinct ego states—Parent, Adult, and Child—regardless of age, background, or role. These states are not temporary moods or personalities, but deeply embedded systems of behavior, feeling, and thought.

##### 1. Parent Ego State

The Parent ego state consists of values, attitudes, and behaviors copied from authority figures, typically parents, teachers, or elders, during childhood. This ego state acts like a tape recorder, playing back the external messages a person received growing up. It can be further divided into:

- **Nurturing Parent:** Supportive, caring, protective, and affirming. A manager acting from this state might encourage team members and be sensitive to their needs.
- **Critical Parent:** Judgmental, directive, and rule-bound. A manager in this mode might criticize errors, enforce rules rigidly, or adopt a “my way or the highway” approach.

While the **Nurturing Parent** fosters emotional safety, the **Critical Parent** can create fear or rebellion if overused.

##### 2. Adult Ego State

The Adult ego state is rational, objective, and present-oriented. It processes information without emotional bias and makes decisions based on facts and logic. The Adult ego state resembles a computer, analyzing data from the environment, checking facts, and producing appropriate responses.

This is the most productive state for managerial roles. A manager operating from the Adult state listens, evaluates, and makes decisions based on evidence, not emotion. It helps in problem-solving, strategic thinking, and negotiation. The Adult also serves as a mediator between the Parent and Child ego states, balancing emotional impulses with practical reasoning.



### 3. Child Ego State

The **Child ego state** is the seat of emotions, creativity, spontaneity, and early emotional memories. It comprises feelings and behaviors formed in response to experiences as a child. The Child ego state is subdivided into:

- **Free Child:** Spontaneous, joyful, playful, and imaginative. This side brings innovation, enthusiasm, and out-of-the-box thinking.
- **Adapted Child:** Obedient, cautious, anxious, or rebellious, depending on how the individual learned to respond to authority and rules as a child.

In a workplace, the **Free Child** adds value in creative brainstorming or energizing team morale. However, the **Adapted Child**, when triggered, might display resistance, passive-aggressiveness, or emotional outbursts—especially under stress or criticism.

## 17.2 PRACTICAL IMPLICATIONS FOR MANAGERS:

Great leaders recognize their own ego state and the state from which others are operating. For instance, giving negative feedback from a Critical Parent to an employee in a Child ego state may lead to withdrawal or defiance. However, shifting to an Adult-to-Adult transaction ensures open dialogue and problem-solving. In team dynamics, encouraging Free Child expression (within boundaries) boosts innovation, while balancing it with Adult decision-making maintains order. The goal is not to eliminate any ego state but to **consciously choose the appropriate one** for the situation. Leaders who master this skill build stronger relationships, reduce conflict, and inspire better performance from their teams.

### Transactional Examples Between Ego States

In Transactional Analysis, communication between people is called a **transaction**. Each transaction is initiated from one ego state and directed toward another. The nature of the response determines whether the transaction is **complementary, crossed, or ulterior**.

#### 1. Complementary Transactions

These are smooth, expected interactions where the response comes from the ego state the message was aimed at. These lead to effective communication.

##### Example: Adult–Adult

- **Manager (Adult):** “Can you give me the updated sales report by 3 PM?”
- **Employee (Adult):** “Sure, I’ll have it ready before then.”

**Result:** Efficient, respectful, fact-based exchange.

##### Example: Nurturing Parent–Adapted Child

- **Manager (Nurturing Parent):** “You’ve done really well this quarter. I’m proud of your growth.”
- **Employee (Adapted Child):** “Thank you! That means a lot to me.”

**Result:** Positive recognition and acceptance reinforce motivation.

#### 2. Crossed Transactions

These occur when the response comes from an **unexpected ego state**, often leading to misunderstanding or conflict.

##### Example: Adult–Adult turns into Child–Parent

- **Manager (Adult):** “Can you update me on the project status?”
- **Employee (Child):** “Why are you always checking up on me? Don’t you trust me?”

**Result:** Conflict arises. The employee responded from the **Child** instead of the **Adult**, possibly due to perceived judgment or insecurity.

**Example:** Parent–Child crossed by Adult

- **Manager (Critical Parent):** “You never get things right the first time, do you?”
- **Employee (Adult):** “I’d appreciate more constructive feedback. What exactly should I improve?”

**Result:** Tension. The employee maintains Adult state, but the manager is operating from a harsh Critical Parent state.

### 3. Ulterior Transactions

These are complex interactions where **two messages** are being sent—one at the **social (explicit)** level, and one at the **psychological (hidden)** level. They often involve manipulation or emotional games.

**Example: Adult–Adult (Social) + Child–Child (Psychological)**

- **Manager (Adult):** “Would you mind staying a little late today to finish this task?”
- **(Hidden Child message):** “You’ll let me down if you don’t.”
- **Employee (Child):** “Fine, I guess I don’t have a choice...”

**Result:** The surface message appears rational, but the underlying emotional pressure pushes the employee into a reluctant “yes.”

### Why These Examples Matter for Managers

Understanding these transaction types allows managers to:

- **Maintain Adult–Adult communication** to build mutual respect.
- **Avoid triggering Child reactions** by softening Critical Parent tones.
- **Spot emotional games or manipulation** and redirect them into rational conversation.
- **Encourage complementary transactions** to keep interactions productive and clear.

### Games People Play

In TA, *games* are repetitive, manipulative patterns of interaction that often result in negative feelings. These games are **unconscious** and involve hidden (ulterior) transactions. People play games to **gain strokes** (attention / recognition), but often at the cost of healthy communication.

### Common Psychological Games (with workplace examples):

#### 1. “Yes, But...”

**Structure:** A person presents a problem, others offer solutions, and the person rejects each one.

- **Employee:** “I can’t seem to finish this project on time.”
- **Manager:** “Why don’t you delegate part of the work?”
- **Employee:** “Yes, but no one else knows how to do it.”
- **Manager:** “Could we extend the deadline?”
- **Employee:** “Yes, but then it will clash with another task...”

**Hidden Message:** “I want sympathy, not solutions.”

**Solution:** Move the conversation to Adult–Adult and ask: “*What are you willing to try differently this time?*”

#### 2. “If It Weren’t for You...”

**Structure:** A person blames their lack of success or happiness on someone else’s interference.

- **Employee:** “If it weren’t for my boss always micromanaging, I could actually get creative.”

**Payoff:** Avoids responsibility and stays in the Adapted Child ego state.

**Solution:** Shift to Adult: “What specific freedom or support do you need to take more ownership?”

### 3. “Now I’ve Got You, You SOB!”

**Structure:** One person waits for the other to make a mistake and then attacks them harshly.

- **Manager:** “You said this would be ready today. Why is it still pending? I knew I couldn’t count on you!”

**Payoff:** Release of pent-up frustration, reinforcement of Critical Parent dominance.

**Solution:** Encourage calm Adult response: “Let’s clarify expectations for next time.”

How to Shift Ego States Consciously (for Managers & Leaders)

Here’s how leaders can **identify their current ego state** and **shift deliberately** to one that fosters collaboration, trust, and productivity:

**From Critical Parent → Adult**

- **Signal:** You’re feeling judgmental or irritated.
- **Shift Tip:** Pause. Ask yourself: “*Is this reaction based on facts or assumptions?*”
- **Do This Instead:** Ask open-ended questions. Seek clarification rather than placing blame.

**From Adapted Child → Adult**

- **Signal:** You feel defensive, helpless, or victimized.
- **Shift Tip:** Take a breath. Center yourself in the present moment.
- **Do This Instead:** State your needs calmly. Say, “Here’s what I think would help solve the issue.”

**From Adult → Nurturing Parent (when appropriate)**

- **Signal:** Team morale is low, someone is emotionally hurt or stressed.
- **Shift Tip:** Add empathy to logic.
- **Do This:** Offer support like: “You’ve done great so far—what can I do to help you succeed?”

By mastering these **ego states**, **recognizing transactional patterns**, and **avoiding negative games**, leaders can:

- Foster healthier interpersonal relationships,
- Minimize conflict,
- Improve employee motivation,
- And create a culture of trust, clarity, and emotional intelligence.

The core of TA is the theory that each individual operates from **three distinct ego states—Parent, Adult, and Child**. These are not roles, but consistent patterns of thinking, feeling, and behaving. The **Parent** ego state comprises attitudes, values, and behaviors that individuals internalize from authority figures, especially during early childhood. It may be **nurturing**, encouraging growth and support, or **critical**, imposing rules and judgments. The **Adult** ego state is characterized by logical thinking, objective reasoning, and data-based decision-making. It is not influenced by emotional biases or past conditioning but operates in the present, analyzing facts and responding appropriately. The **Child** ego state reflects spontaneous feelings, emotional responses, and behaviors from early experiences. It may be

playful and imaginative (Free Child) or conforming and rebellious (Adapted Child). For managers, recognizing and operating from the Adult ego state is most productive, although nurturing Parent and Free Child behaviors also have their place in fostering team morale and creativity.

Table – 2.1

Transactional Analysis Summary		
Concept	Details / Example	Leader's Action / Strategy
<b>Parent Ego State</b>	<ul style="list-style-type: none"> <li>- Critical Parent: "You're always late."</li> <li>- Nurturing Parent: "You did a great job, I'm proud of your effort."</li> </ul>	Use Nurturing Parent to support. Avoid Critical Parent in stress.
<b>Adult Ego State</b>	<ul style="list-style-type: none"> <li>- Rational, logical response: "What's the reason for the delay? Let's analyze and solve it."</li> </ul>	Promote fact-based decisions. Stay calm and objective
<b>Child Ego State</b>	<ul style="list-style-type: none"> <li>- Free Child: "This is exciting!"</li> <li>- Adapted Child: "I'm sorry, I didn't mean to mess up!"</li> </ul>	Encourage Free Child for creativity. Guide Adapted Child with Adult logic.

### 5. Types of Transactions

In any interaction, the exchange between ego states constitutes a transaction. <sup>148</sup> There are three main types of transactions: complementary, crossed, and ulterior. Complementary transactions occur when the communication follows an expected and logical pattern, such as an Adult speaking to another Adult and receiving a rational response. These transactions are smooth and conducive to effective communication. Crossed transactions happen when the response does not come from the expected ego state. For example, a manager's Adult question may receive a defensive response from an employee's Child state. Such transactions often lead to breakdowns in communication or conflict. Ulterior transactions are more complex and occur on two levels—social and psychological. While the overt message may appear rational, the underlying, hidden message can come from a different ego state. These often lead to manipulation or confusion and can be damaging in workplace relationships if not addressed.

### 6. TA Tools and Concepts

Several additional concepts within TA enrich its utility for management. One of these is the concept of strokes, which are units of recognition or acknowledgment given during interactions. Strokes can be positive or negative, conditional or unconditional. A manager who provides regular positive strokes—such as praise or constructive <sup>105</sup> feedback—helps build an environment of trust and motivation. Another key concept is that of life scripts, which are unconscious life plans formed in childhood based on early messages and experiences. These scripts guide a person's behavior and life choices, often without conscious awareness. Managers who understand these can provide better coaching and mentoring by helping employees identify and revise unhelpful scripts. Games are repetitive patterns of behavior with a hidden psychological payoff, often negative. Recognizing these games allows managers to break dysfunctional cycles in team interactions. Another related concept is emotional rackets, which involve the habitual use of negative emotions as a defense or manipulation strategy. Identifying these allows managers to redirect focus to healthier emotional responses.

### 7. Applications of TA in Management and Leadership

TA has wide-ranging applications in leadership and organizational development. In conflict resolution, it helps identify the nature of ego states involved and guides individuals toward Adult-to-Adult conversations, which are more likely to result in constructive outcomes. In team building, TA fosters self-awareness and mutual understanding, enabling open communication and collaboration. The effective use of strokes can significantly improve employee motivation and engagement. Acknowledging and affirming employees not only enhances morale but also reinforces positive behavior. In coaching and mentoring relationships, TA supports managers in helping others identify their ego states and shift toward more productive ones. During performance evaluations or feedback sessions, applying TA principles ensures that feedback is framed constructively, avoiding the pitfalls of Parent-Child dynamics that can provoke defensiveness or resistance. Ultimately, TA allows leaders to create psychologically safe work environments where dialogue is authentic, growth is encouraged, and conflict becomes a pathway to progress.

Table – 2.2

Common Workplace Games (Psychological Transactions)			
Game Name	Structure	Impact	Break the Game by
“Yes, But...”	Seeks help but rejects every solution.	Frustrates problem solvers.	Respond from Adult: Ask, “What are you willing to try?”
“If It Weren’t for You...”	Blames others for personal limitation.	Avoids responsibility.	Encourage ownership: “What do you need to move forward?”
“Now I’ve Got You, You SOB!”	Waits for a mistake to attack.	Creates fear, resentment.	Stay Adult: Focus on solutions, not blame.

### 8. Case-Based Applications

Real-world scenarios bring TA concepts to life. Consider a manager who frequently operates from a Critical Parent ego state—issuing commands, criticizing mistakes, and micromanaging. The result is a disengaged and fearful team. Once the manager begins to self-reflect and intentionally operate from the Adult ego state—listening, asking questions, and offering positive strokes—the team responds with greater openness and initiative. In another case, a cross-functional team struggles with frequent miscommunications and emotional outbursts. The team leader, trained in TA, recognizes the crossed transactions and guides the team into Adult-to-Adult dialogues through structured feedback sessions. As a result, the team’s emotional climate stabilizes, and collaboration improves.

Table – 2.3

Shifting Ego States for Leaders			
From	To	Trigger / Signal	How to Shift
Critical Parent	Adult or Nurturing Parent	Feeling judgmental, harsh, “they should know better”	Pause, ask questions, use empathy
Adapted Child	Adult	Feeling defensive, ashamed, or victimized	Breathe, reframe situation, assert needs
Over-logical Adult	Nurturing Parent	When emotional support is needed	Add warmth: “I understand, how can I support you?”

Free Child (excessive)	Adult	Over-excitement, lack of focus	Refocus on goals: “Great idea—how do we implement this logically?”
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Transactional Analysis offers managers a practical framework for understanding themselves and others. It helps decode communication patterns, enhances leadership effectiveness, and builds stronger, healthier relationships in the workplace. For learners preparing for leadership roles, TA cultivates essential skills in emotional intelligence, feedback delivery, team development, and conflict resolution. By mastering TA principles, future managers can become more empathetic, adaptable, and impactful leaders who contribute not just to organizational performance but also to the well-being of their teams.

### 17.3 SUMMARY:

Understanding interpersonal dynamics is crucial for effective leadership and communication in management. Transactional Analysis (TA), developed by Eric Berne, is a psychological framework that helps decode human behavior and communication by analyzing interactions through three ego states: Parent, Adult, and Child. The Parent state reflects learned behaviors and authority, the Adult state processes rational thinking and present awareness, and the Child state represents emotions and reactions from childhood. Managers who recognize these ego states can communicate more consciously and adapt their leadership style effectively.

TA categorizes transactions—units of communication—into complementary, crossed, and ulterior. Complementary transactions lead to smooth communication, while crossed or ulterior ones can cause misunderstanding or conflict. By identifying these patterns, leaders can resolve interpersonal issues and enhance workplace harmony.

TA is highly relevant in managerial roles, aiding in team building, conflict resolution, and motivation. It encourages self-awareness and helps diagnose dysfunctional communication. Managers can use TA principles to promote a culture of mutual respect, engagement, and personal growth within teams. For instance, recognizing “scripts” (unconscious life plans) and “strokes” (units of recognition) can help in addressing employee behavior and enhancing performance.

Complementing TA is the Johari Window, a model developed by Joseph Luft and Harry Ingham, which promotes self-awareness and interpersonal effectiveness. The four quadrants—Open, Blind, Hidden, and Unknown Self—illustrate how individuals perceive themselves and how they are perceived by others. In leadership, expanding the Open Self through feedback and self-disclosure builds trust, emotional intelligence, and transparency.

Applying the Johari Window in managerial contexts enhances communication, collaboration, and team dynamics. It fosters a feedback-rich culture and helps leaders understand and manage diverse personalities. When used effectively, it contributes to leadership effectiveness, conflict management, and a more cohesive workplace environment.

Together, TA and the Johari Window offer powerful tools for MBA students and future leaders to understand themselves and others better, foster positive organizational behavior, and lead with empathy and clarity in dynamic business environments.



## 17.4 TECHNICAL TERMS:

- **Transactional Analysis:** A psychological theory and method of understanding human behavior and communication through the analysis of social transactions between ego states.
- **Parent Ego State:** The Parent ego state reflects behaviors, thoughts, and feelings copied from authority figures, often expressing judgment, rules, or nurturing attitudes.
- **Adult Ego State:** The Adult ego state is rational, objective, and data-driven, enabling individuals to assess situations and respond logically in the present moment.
- **Child Ego State:** The Child ego state embodies emotions, reactions, and behaviors learned during childhood, which may be playful, curious, fearful, or rebellious.
- **Strokes:** Units of recognition or attention that individuals give and receive, which influence their sense of value and motivation.
- **Scripts:** Unconscious life patterns or behaviors developed in early childhoods that guide an individual's decisions and interactions.
- **Interpersonal Relationships:** The dynamic and ongoing interactions and connections between two or more people, shaped by communication, emotions, and behavior.
- **Ego:** In Transactional Analysis, the ego is divided into three states—Parent, Adult, and Child—that govern how individuals think, feel, and behave in interactions.

## 17.5 SELF-ASSESSMENT QUESTIONS:

1. What are the three ego states in Transactional Analysis, and how do they influence your communication in a professional setting?
2. How can you identify complementary, crossed, and ulterior transactions in daily workplace interactions? Give one practical example.
3. In what ways can understanding ego states help managers communicate more effectively and resolve conflicts within teams?
4. How can the concepts of 'strokes' and 'scripts' be applied to improve employee motivation and engagement?
5. Describe a situation where using TA helped—or could have helped—diagnose an interpersonal issue and improve team collaboration.
6. Reflect on a personal or team experience where applying either TA or the Johari Window positively impacted communication or performance.

## 17.6 SUGGESTED READINGS:

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**Dr. P.Adilakshmi**

## LESSON- 18

# JOHARI WINDOW

20

### OBJECTIVES:

By the end of this lesson, learners should be able to:

- Understand the concept and framework of the Johari Window model.
- Apply the Johari Window model to enhance interpersonal relationships in a managerial context.
- Use the model to promote feedback culture, trust-building, and self-disclosure within teams.
- Analyze how Johari Window contributes to emotional intelligence, leadership effectiveness, and conflict management.

### STRUCTURE:

#### 18.1 Johari Window

#### 18.2 Case Studies - Learner Centric Engagement Activities

#### 18.3 Summary

#### 18.4 Technical Terms

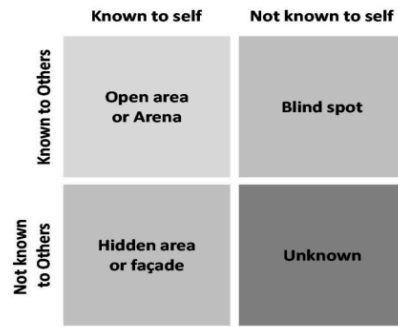
#### 18.5 Self Assessment Questions

#### 18.6 Suggested Readings

#### 18.1 JOHARI WINDOW:

The **Johari Window**, developed in 1955 by **Joseph Luft and Harrington Ingham**, is a powerful psychological tool designed to enhance **self-awareness**, improve **communication**, and foster **interpersonal effectiveness**. The name "Johari" is a blend of the creators' first names. Originally developed as a model for self-help and group dynamics, it has become widely adopted in leadership training, organizational behavior, and management development.

At its core, the **Johari Window** presents a **4-quadrant framework** that maps knowledge about an individual in terms of what is known or unknown to the person and to others. These four areas represent different aspects of self-awareness and social interaction which are depicted in Figure 1.



### The Johari Window Model

Figure 1

#### 2. Blind Area (Unknown to self but known to others)

This includes aspects that others perceive in the individual but the person does not recognize themselves—like tone, habits, unconscious biases, or leadership gaps.

##### Managerial Application:

Managers often have blind spots regarding their leadership style. For instance, a manager may believe they are approachable, but team members may find them intimidating or unresponsive. Regular **360-degree feedback**, open-door policies, and active listening sessions can reduce the Blind Area. By acknowledging and addressing blind spots, managers build credibility and model a growth mindset for their teams.

#### 3. Hidden Area (Known to self but unknown to others)

This area consists of private information—such as personal values, insecurities, ambitions, or past experiences—that individuals choose not to disclose.

##### Managerial Application:

While it's not necessary for managers to reveal everything, **selective self-disclosure** can humanize them and build stronger rapport with team members. For example, a manager sharing their past struggles or leadership journey can inspire others and create an environment of psychological safety. This is especially effective in mentoring and coaching roles.

#### 4. Unknown Area (Unknown to both self and others)

This represents latent abilities, unexplored talents, repressed feelings, or potential waiting to be discovered.

##### Managerial Application:

Managers can reduce this area by encouraging **challenging assignments, training programs, and creative problem-solving**. For example, an employee might not realize they have negotiation skills until they are put in a client-facing role. Similarly, managers might discover leadership capabilities in themselves when managing a crisis. Fostering a culture of continuous learning helps individuals and organizations unlock this hidden potential.

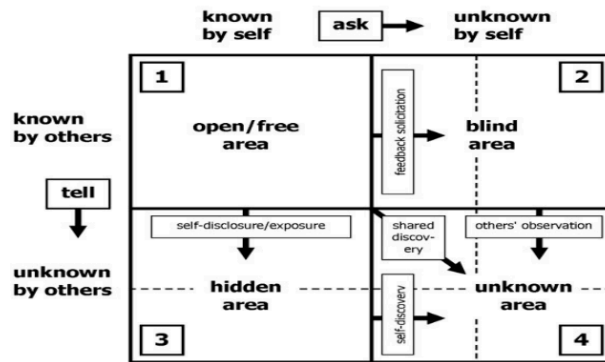


Figure 2

The Johari Window model (Figure 2) visually illustrates how self-awareness and interpersonal understanding can improve through communication and feedback. It consists of four quadrants. The **Open Area** represents traits known both to oneself and others and grows through open communication and feedback. The **Blind Area** includes aspects that others perceive but the individual is unaware of; it can be reduced by seeking feedback and being open to others' observations. The **Hidden Area** covers what one knows about themselves but chooses not to share with others; this area shrinks through self-disclosure and building trust.

The **Unknown Area** contains untapped potential or unconscious traits, which neither the individual nor others are aware of, and can be explored through self-discovery, shared experiences, and external observations. The model emphasizes actions like telling, asking, feedback solicitation, and self-reflection to expand the Open Area, leading to better communication, teamwork, and personal growth.

Strategic Importance for Managers

Understanding and applying the Johari Window equips managers with a **framework for team development, conflict resolution, and authentic leadership**. Here's how it aligns with key managerial competencies:

- **Leadership Development:** By increasing self-awareness and reducing blind spots, managers become more empathetic and adaptive leaders.
- **Performance Management:** Using feedback to improve behavior and outcomes fosters a feedback-rich culture focused on growth.
- **Team Building:** Open communication and shared self-discovery enhance team trust, cohesion, and psychological safety.
- **Change Management:** Self-aware managers are better equipped to handle resistance to change, as they understand both their internal reactions and those of others.

Advantages of the Johari Window for Managers

- Promotes **authentic leadership** through transparency and empathy
- Enhances **interpersonal communication** within teams
- Builds **trust and rapport** between managers and employees
- Supports **personal development** through reflection and feedback

- Improves **team effectiveness** by reducing misunderstandings
  - Encourages **innovation** by tapping into unknown areas of potential
- Challenges and Limitations

Despite its usefulness, the Johari Window has certain **limitations** that managers must be aware of:

- **Cultural barriers** may affect the level of openness and feedback acceptance in diverse teams.
- Individuals **may be reluctant to self-disclose** due to fear of judgment or lack of trust.
- Feedback may not always be accurate or constructive, requiring **skilled facilitation**.
- Without **psychological safety**, employees may remain closed off, limiting the model's effectiveness.

To mitigate these challenges, managers should create a **safe, respectful, and inclusive environment** where honest feedback is welcomed and valued. They must also model vulnerability and openness themselves, encouraging others to do the same.

Supporting Tools and Best Practices

To implement the Johari Window effectively, managers can integrate several tools and practices:

- **360-Degree Feedback Systems**
- **Team Reflection Sessions**
- **One-on-One Development Conversations**
- **Peer Coaching and Mentoring**
- **Personality Assessments (like MBTI, DISC)**
- **Leadership Retreats and Workshops**

The **Johari Window** is more than just a theoretical model; it is a **strategic leadership tool** that helps managers cultivate **self-awareness**, nurture **team cohesion**, and build **trust-driven organizations**. By deliberately expanding the Open Area through feedback and disclosure, managers can create empowered teams that communicate effectively, adapt swiftly, and innovate continuously. Whether in day-to-day team interactions or during major organizational transitions, the Johari Window provides managers with the clarity and insight needed to lead with purpose and authenticity.

## 18.2 CASE STUDIES - LEARNER CENTRIC ENGAGEMENT ACTIVITIES:

Here are some **real-life managerial scenarios and case examples** that illustrate the **effective use of the Johari Window** in leadership and organizational settings. These examples span across industries and managerial levels, helping to contextualize how the model plays out in real business situations.

Case Example 1: Tech Manager Unlocking Team Potential (Open & Unknown Areas)

### Scenario:

A project manager at a mid-sized software company noticed that while the team was technically competent, innovation and initiative were lacking. The manager suspected team members were not fully aware of their own potential and that there were hidden capabilities yet to be discovered.

**Context:** A software project manager introduced team-building and reflection exercises. This helped uncover hidden talents (like UI/UX skills) and unknown capabilities (like public speaking). The Open Area expanded, improving team performance and collaboration.

**Application of Johari Window:**

- The manager introduced team-building exercises and personal reflection sessions.
- Team members were encouraged to share skills and hobbies outside of their job roles.
- One junior developer revealed experience with UI/UX design—previously hidden to others (Hidden Area).
- Another discovered a talent for presenting ideas during a brainstorming session (Unknown Area revealed).

**Outcome:**

The team diversified responsibilities, saw a 25% improvement in project ideation quality, and the developer with UX skills was moved to a cross-functional innovation team. The **Open Area expanded** for both manager and team, increasing trust and performance.

**Discussion Questions:**

1. What strategies did the manager use to help reduce the Hidden and Unknown Areas?
2. How can a manager create a psychologically safe environment that encourages such self-disclosure?
3. In what ways can discovering hidden talents influence team dynamics and innovation?

Can you recall a time when a hidden skill of yours or someone else's became visible? How did it affect the situation?

Case Example 2: Executive Receiving 360° Feedback (Blind Area)

**Scenario:**

A senior executive in a multinational firm believed her leadership style was empowering. However, a high attrition rate among her direct reports told another story.

**Application of Johari Window:**

- A 360-degree feedback exercise was implemented as part of a leadership development program.
- Feedback revealed she was perceived as micromanaging, often interrupting others during discussions—issues she was unaware of (Blind Area).
- After acknowledging this, she took executive coaching to improve her listening and delegation skills.

**Outcome:**

Within 6 months, her team engagement scores improved by 40%, and turnover decreased significantly. This shows how reducing the Blind Area through feedback leads to **transformational self-awareness and leadership growth**.

**Context:** A senior executive received 360-degree feedback revealing micromanagement behaviors she was unaware of. She engaged in coaching to address these blind spots and saw improved retention and engagement.

**Discussion Questions:**

1. Why is the Blind Area particularly challenging for senior leaders to manage?
2. How can structured feedback tools like 360-degree reviews reduce the Blind Area?

3. What are some best practices for receiving feedback without defensiveness?
4. What steps can leaders take after receiving critical feedback to ensure behavioral change?

Case Example 3: Manager Building Psychological Safety in a New Team (Hidden & Open Areas)

**Scenario:**

A newly appointed marketing manager inherited a team with low morale and minimal communication. Team members were hesitant to speak up in meetings.

**Application of Johari Window:**

- The manager initiated weekly "open talks" where team members could voluntarily share personal motivations, challenges, and aspirations.
- She also modeled self-disclosure by sharing her own early career insecurities and lessons learned.
- Team members gradually began revealing personal insights and concerns that were previously hidden (Hidden Area reduced).

**Outcome:**

The team became more cohesive and collaborative. Brainstorming sessions improved, and campaign ideas became more diverse. This demonstrates how **managers who open up create space for others to do the same**, expanding the Open Area.

**Context:** A marketing manager used open talks and personal storytelling to encourage self-disclosure from team members. This reduced the Hidden Area and improved trust and creativity.

**Discussion Questions:**

1. How did the manager model the behavior they expected from the team?
2. Why is self-disclosure important for team development?
3. What might be the risks and benefits of revealing personal stories in a managerial context?
4. How would you balance openness with maintaining professional boundaries?

Case Example 4: Leadership Workshop in a Manufacturing Company

**Scenario:**

A traditional manufacturing firm wanted to develop mid-level managers to become more people-oriented leaders.

**Application of Johari Window:**

- A workshop on the Johari Window model was conducted.
- Managers practiced giving and receiving feedback in structured sessions.
- Many discovered habits that were counterproductive, such as abrupt communication or reluctance to delegate (Blind Areas).
- They also learned the importance of **constructive feedback culture** in minimizing interpersonal friction.

**Outcome:**

Post-workshop surveys indicated improved team trust, better inter-departmental communication, and a noticeable drop in conflict-related escalations. The Johari Window became part of the company's **ongoing leadership development toolkit**.



**Context:** Managers in a traditional firm participated in a Johari-based workshop to improve self-awareness and communication. Feedback exercises revealed behavioral gaps that were then addressed.

**Discussion Questions:**

1. What role does organizational culture play in the success of Johari Window practices?
2. How do team exercises in controlled environments help reduce Blind and Hidden Areas?
3. What follow-up practices can ensure continued improvement after a workshop?
4. Have you ever participated in a workshop that changed your perception of yourself or others? Share your experience.

Case Example 5: Startup Co-Founders Resolving Conflict

**Scenario:**

Two co-founders of a startup were experiencing growing tension—one felt unheard, while the other believed the team lacked direction.

**Application of Johari Window:**

- A mentor facilitated a Johari-based dialogue where each co-founder listed what they believed others saw in them and invited feedback.
- The first co-founder realized he had been dominating meetings unintentionally (Blind Area), while the second admitted to withholding concerns to avoid confrontation (Hidden Area).
- Both agreed to weekly alignment check-ins and a rotating leadership role in meetings.

**Outcome:**

Conflict reduced, communication improved, and investor confidence increased as the leadership dynamic stabilized. This is a strong example of how the Johari Window fosters **honest dialogue in high-stakes partnerships**.

**Context:** Two startup founders used the Johari Window model during a conflict resolution session to address miscommunication and misaligned perceptions. They implemented regular check-ins to stay aligned.

**Discussion Questions:**

1. How did the Johari Window framework help uncover hidden causes of conflict?
2. Why is alignment between co-founders critical in early-stage companies?
3. What regular practices can co-founders or managers adopt to reduce friction?
4. Can you think of a situation where personal blind spots caused conflict in a team? How was it resolved?

Key Takeaways for Managers from These Cases:

- **Feedback is powerful:** Use it to uncover blind spots and realign your self-perception with others' views.
- **Transparency builds trust:** Sharing even small personal insights makes you more relatable and opens others up.
- **Self-awareness boosts leadership:** The more managers understand themselves, the more effective they become in handling diverse people and situations.

- **Facilitate discovery:** Help team members explore and unlock unknown talents by offering challenges, rotating roles, and supportive feedback.

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#### Example of Johari Window

To illustrate the concept of the Johari window model in a better way, let us go through the following example:

An organization recruits new employee 'A', seeing a specific skill set in him. 'A' being new to the company as well as to the team, is unfamiliar with people, organization and working. This leads to a shrunk arena and the blind area, whereas the hidden field and the unknown region is vast. Let us see its representation on the Johari window:

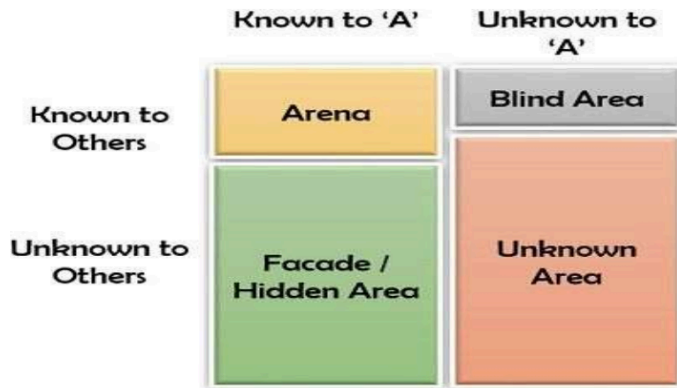


Figure 3

After a year, 'A' becomes familiar to the organization and with each member of his team. He has managed to gather maximum information about his co-workers, and the company and the others now have a fair idea of his abilities, behaviour, skills and attitude. This ultimately expands the arena or the open area, and decreases the hidden field as well as the unknown area as shown in the below Johari window:

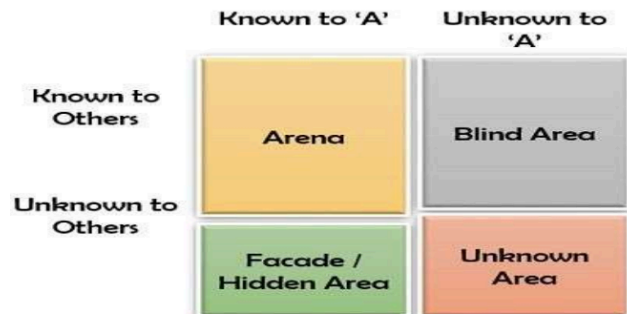


Figure 4

The above change in the Johari window of 'A' in one year shows that with constant interaction, regular feedback, cordial interpersonal relations, personal improvement increases transparency and develops trust among the employees.

As we know that all the four quadrants are unique but to maintain transparency and cordial relations within a team, it is essential to maximise the arena or the open area.

Thus, the Johari window aims at the improvement of interpersonal relationships, behaviour, attitude and skills within an organization by continually assessing the scope of growth.

### 18.3 SUMMARY:

<sup>108</sup> The Johari Window, developed by Joseph Luft and Harry Ingham, is a powerful model that promotes self-awareness and interpersonal effectiveness. It comprises four quadrants — Open, Blind, Hidden, and Unknown Self — representing how individuals perceive themselves and how they are perceived by others. In leadership, expanding the Open Self through honest feedback and self-disclosure strengthens trust, emotional intelligence, and transparency.

When applied in managerial contexts, the Johari Window enhances communication, collaboration, and team dynamics. It supports the creation of a feedback-rich culture and equips leaders to better understand and manage diverse personalities. Used effectively, it significantly contributes to leadership effectiveness, conflict resolution, and a more cohesive workplace environment.

Together, the Johari Window and Transactional Analysis provide future leaders with insightful tools to deepen self-understanding, foster healthy relationships, and lead with empathy, clarity, and emotional intelligence in today's dynamic business landscape.

### 18.4 TECHNICAL TERMS:

- **Johari Window:** A self-awareness tool that helps individuals understand their relationship with themselves and others through four distinct areas: Open, Blind, Hidden, and Unknown.
- **Open Self:** The part of an individual's personality that is known both to themselves and to others, promoting transparency and trust.
- **Blind Self:** Traits or behaviors that others can see but the individual is unaware of, often revealed through feedback.
- **Hidden Self:** Information or feelings that an individual keeps private and does not reveal to others.
- **Unknown Self:** Aspects of an individual's personality or potential that are unknown both to themselves and to others.

### <sup>5</sup> 18.5 SELF-ASSESSMENT QUESTIONS:

1. What is the Johari Window model, and how does it help in understanding self-awareness and interpersonal dynamics?
2. Which quadrant of the Johari Window do you think needs the most development in your case, and why?
3. How can feedback and self-disclosure be used strategically to expand the 'Open Self' and build trust within teams?

4. In what ways does the Johari Window support leadership development, emotional intelligence, and effective team management?
5. Reflect on a personal or team experience where applying either TA or the Johari Window positively impacted communication or performance.

#### 18.6 SUGGESTED READINGS:

- **Hay, J. (2009).** Working It Out at Work: Understanding Attitudes, Behaviours and Emotions in the Workplace (2nd ed.). Sherwood Publishing.
- **Luft, J., & Ingham, H. (1955).** The Johari Window: A Graphic Model of Interpersonal Awareness. University of California.
- **Goleman, D. (1995).** Emotional Intelligence: Why It Can Matter More Than IQ. Bantam Books.
- **Pianesi, A., & Shani, A. B. (2007).** Unfreezing the Johari Window: An Experiential Approach for Developing Self-Awareness in Leaders. Journal of Management Education, 31(3), 423–448. <https://doi.org/10.1177/1052562906298033>
- **MindTools. (n.d.).** The Johari Window: Using Self-Discovery and Communication to Build Trust. Retrieved from <https://www.mindtools.com>

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## LESSON- 19

# ORGANISATIONAL CHANGE

### 21 OBJECTIVES:

By the end of this lesson, learners will be able to:

- Define organizational change and understand its significance in modern business environments.
- Describe the process of organizational change, including the key stages involved (e.g., Lewin's Change Model, Kotter's 8-Step Change Model).
- Identify the internal and external factors that drive organizational change, such as technological advancements, market competition, leadership shifts, and employee needs.
- Recognize common forms of resistance to change within an organization, including individual and organizational-level resistance.
- Explain the reasons for resistance to change, such as fear of the unknown, loss of control, bad timing, and lack of trust.
- Explore effective strategies to overcome resistance to change, including communication, participation, support, negotiation, and leadership involvement.
- Analyze real-life examples or case studies where organizations successfully implemented change by managing resistance effectively.
- Develop critical thinking and problem-solving skills to design change management strategies in hypothetical organizational scenarios.

### STRUCTURE:

#### 19.1 Introduction to Organizational Change

#### 19.2 Process of Organizational Change

#### 19.3 Factors Influencing Organizational Change

#### 19.4 Resistance to Change

#### 19.5 Overcoming Resistance to Change

#### 19.6 Engaging Activities for Learners

#### 5 19.7 Summary

#### 19.8 Technical Terms

#### 19.9 Self Assessment Questions

#### 19.10 Suggested Readings

### 19.1 INTRODUCTION TO ORGANIZATIONAL CHANGE:

112 Organizational Change refers to the process through which a company or institution modifies its structures, strategies, operational methods, technologies, or organizational culture to achieve desired outcomes, adapt to external changes, or improve performance. Organizational change refers to the deliberate efforts made by an organization to modify or improve its structures, strategies, processes, technologies, or culture. The main goal is to move from a

current state to a desired future state to enhance organizational effectiveness, competitiveness, and sustainability.

In simple terms, it's any alteration in the way an organization functions, whether it's small (like adopting a new software) or large-scale (like restructuring departments or merging with another company). It can be **reactive** (responding to external/internal pressures) or **proactive** (initiating improvement before issues arise).

#### *TYPES OF ORGANIZATIONAL CHANGE:*

- **Strategic Change** involves redefining the organization's long-term goals, mission, or overall direction to adapt to evolving market conditions or competitive pressures. For instance, a retail company may decide to transition from traditional brick-and-mortar stores to an online-first strategy, aligning itself with changing consumer behavior and technological advancements.
- **Structural Change** refers to modifications in the organizational hierarchy, job roles, or reporting relationships. This type of change is often aimed at improving communication, agility, or efficiency. An example would be flattening the organizational structure to reduce layers of management, thereby speeding up decision-making and fostering a more collaborative work environment.
- **Technological Change** encompasses the adoption or integration of new technologies to enhance productivity, streamline operations, or improve service delivery. For example, a manufacturing firm may implement automation to increase production efficiency, or an organization may shift to cloud computing to improve data accessibility and collaboration.
- **People-Oriented Change** focuses on transforming employee behavior, skills, or mindsets through initiatives such as training programs, leadership development, or cultural transformations. An example of this would be fostering a culture of innovation and continuous learning, where employees are encouraged to think creatively and embrace ongoing personal and professional growth.

#### *Importance of Organizational Change:*

- **Adapting to dynamic market conditions:** Adapting to dynamic market conditions is essential for organizational success, as markets are constantly evolving due to shifting consumer trends, global events, and competitive pressures. Embracing change allows businesses to stay agile and responsive, ensuring they remain relevant, competitive, and capable of meeting the ever-changing needs of their target audience.
- **Enhancing efficiency and innovation:** Enhancing efficiency and innovation is vital for sustainable growth and staying competitive in today's fast-paced market. By adopting new processes and technologies, organizations can streamline operations, cut costs, and boost productivity. This efficiency frees up resources for innovation, enabling teams to create new solutions, products, and adapt quickly to market shifts. Embracing tools like automation, data analytics, and AI fosters a culture of continuous improvement, driving long-term success.
- **Staying competitive:** Staying competitive requires organizations to embrace change and innovation. Agile companies can quickly adapt to market shifts, customer needs, and new technologies, allowing them to outperform rivals. This adaptability boosts performance, enhances customer satisfaction, and builds a strong brand. Additionally, forward-thinking firms attract top talent seeking growth and impact. Embracing change is key to long-term success and sustained competitiveness.

- **Meeting customer expectations:** Meeting customer expectations is vital for business success, and embracing change is key to staying aligned with evolving consumer needs. As preferences shift, businesses must adapt their products, services, and experiences accordingly. By using customer feedback, market research, and new technologies, companies can offer more personalized and efficient solutions. This focus on continuous improvement enhances customer satisfaction, builds loyalty, and strengthens brand reputation in a competitive market.

## 19.2 PROCESS OF ORGANIZATIONAL CHANGE:

The process of <sup>97</sup>organizational change involves a structured approach to shifting an organization's strategies, structures, operations, <sup>97</sup>or culture to adapt to internal <sup>97</sup>or external pressures. It typically begins with identifying the need for change, followed by setting clear objectives and planning the transition. Implementation involves engaging stakeholders, allocating resources, and managing resistance through effective communication and training.

Continuous monitoring and feedback help refine the change process, ensuring alignment with goals. Successful <sup>99</sup>organizational change fosters innovation, improves performance, and enhances adaptability in a dynamic business environment. It is essential for long-term growth, competitiveness, and the ability to meet evolving market demands.

<sup>99</sup>Organizational change should be structured and planned. Two widely used models are **Lewin's 3-Step Model** and **Kotter's 8-Step Model**.

### <sup>88</sup>A. Lewin's 3-Step Model of Change

Developed by **Kurt Lewin**, this model presents change as a three-stage process:

1. **Unfreezing:** <sup>37</sup>Unfreezing is the first stage in the process of organizational change, aimed at preparing the organization to embrace transformation. This phase involves breaking down the existing status quo by creating awareness of current challenges or inefficiencies and highlighting the need for a new approach. Key actions include clearly communicating the reasons for change, involving leadership and key stakeholders to build trust and support, and addressing any resistance or uncertainty. For example, conducting meetings to explain why existing methods are outdated and how change can lead to better outcomes helps create a sense of urgency and readiness for the transition ahead.
2. **Changing (Transition):** The Changing or Transition stage is where the actual transformation takes place, as employees begin adopting new behaviors, processes, or tools. This phase involves guiding the organization through the shift by providing necessary training and resources, offering support to ease the transition, and fostering open communication for feedback and clarification. Leadership plays a crucial role by modeling the desired changes and encouraging a positive attitude toward the new direction. For example, this could involve rolling out new software and conducting training sessions to ensure employees are comfortable and proficient in using it, paving the way for successful implementation.
3. **Refreezing:** Refreezing is the final stage of organizational change, focused on stabilizing the organization in its new state and reinforcing the changes made. In this phase, new behaviors, processes, and practices are solidified to become part of the organizational culture. Key actions include celebrating successes to build morale, recognizing and



rewarding individuals who embrace the change, and updating systems, policies, and procedures to support the new way of operating. For example, incorporating the new methods into standard operating procedures and performance reviews helps ensure that the change is sustained and becomes a permanent part of the organization's workflow.

#### **B. Kotter's 8-Step Model of Change**

Developed by **John Kotter**, this model provides a more detailed approach to implementing change successfully:

1. **Create Urgency:** Creating a sense of urgency is the first and most critical step in initiating change. It involves helping employees and stakeholders understand why change is necessary and why it must happen now. By presenting compelling data, market trends, or customer feedback that highlight potential risks or missed opportunities, organizations can motivate people to act. For example, showcasing declining customer satisfaction scores or increasing competition can effectively drive home the need for immediate transformation.
2. **Form a Powerful Coalition:** To successfully lead change, it's essential to build a coalition of influential leaders and stakeholders who are committed to driving the initiative forward. This team should include individuals from various departments who possess credibility, authority, and leadership skills. A cross-functional change leadership team can help champion the change across the organization, address resistance, and maintain momentum. For instance, forming a group with representatives from HR, operations, IT, and sales ensures broad support and perspective.
3. **Create a Vision for Change:** A clear and inspiring vision helps align efforts and gives people a sense of direction and purpose during the change process. This vision should articulate what the organization aims to achieve and why the change matters. A compelling vision, such as "Becoming the most customer-centric tech company," helps unify the team and encourages them to work together toward a common goal.
4. **Communicate the Vision:** Once the vision is developed, it must be communicated effectively and consistently to all stakeholders. This involves using multiple communication channels, including newsletters, town hall meetings, team discussions, and one-on-one conversations. Repetition and transparency are key to reinforcing the message and ensuring understanding. For example, leaders might share progress updates during weekly team meetings to keep the vision top of mind.
5. **Remove Obstacles:** Identifying and eliminating barriers that hinder change is crucial for maintaining progress. These obstacles can be structural, such as outdated systems or policies, or behavioral, like resistance from employees. Addressing these challenges might involve revising company policies, reallocating resources, or directly engaging with resistant team members to understand their concerns. For example, updating legacy policies that no longer align with the new direction helps smooth the transition.
6. **Create Short-Term Wins:** Short-term wins provide tangible evidence that the change is working and help build credibility and momentum. These quick successes can motivate teams, silence skeptics, and demonstrate the benefits of the new approach. For instance, launching a successful pilot project that delivers measurable improvements shows stakeholders that the change is achievable and worthwhile.

7. **Build on the Change:** It's important not to declare victory too soon. Instead, organizations should use the momentum from early wins to drive further improvements. This involves analyzing what worked, identifying areas for further enhancement, and expanding successful initiatives across the organization. For example, after a successful pilot, the same practices can be rolled out to other departments or locations to scale the impact.
8. **Anchor the Changes in Corporate Culture:** For change to be lasting, it must become part of the organization's culture. This means embedding the new values and behaviors into everyday practices, policies, and norms. Organizations can reinforce the change through onboarding programs, performance evaluations, leadership development, and ongoing training. For instance, integrating the new approach into employee evaluations ensures that the change is sustained and becomes the "new normal."

Organizational change is essential for ensuring long-term survival and success, as it enables companies to adapt to evolving internal and external environments. This change can take various forms, including strategic, structural, technological, or people-oriented transformations. To navigate these shifts effectively, organizations often rely on established models such as Lewin's Change Management Model and Kotter's 8-Step Process, which provide structured approaches to implement change. When managed effectively, change initiatives can minimize disruption and resistance while maximizing employee adoption and overall organizational alignment.

### 19.3 FACTORS INFLUENCING ORGANIZATIONAL CHANGE:

Organizational change is influenced by a combination of internal and external factors. These drivers often determine the urgency, direction, and scope of change initiatives.

#### A. Internal Factors (Within the Organization):

- **Leadership Changes:** Leadership changes within an organization can significantly influence the direction and pace of change. A new leader often brings fresh perspectives, different priorities, and a revised strategic vision. For instance, a newly appointed CEO might initiate a digital transformation by restructuring departments, introducing new technologies, or redefining organizational goals to align with a more future-oriented approach.
- **Organizational Culture:** Organizational culture plays a critical role in shaping how receptive a company is to change. A rigid and risk-averse culture may resist innovation and hinder transformation efforts, while a flexible, open, and innovative culture is more likely to embrace and even drive proactive change. Organizations with a strong change-oriented culture tend to adapt more quickly to evolving market dynamics.
- **Employee Behavior and Attitudes:** Employee behavior and attitudes are also vital internal drivers of change. When employees exhibit low motivation, disengagement, or dissatisfaction, it often signals the need to reassess leadership styles, communication strategies, or HR policies. For example, high employee turnover may prompt leadership to implement more employee-centric practices, such as flexible work arrangements, wellness programs, or enhanced recognition systems.

- **Performance Gaps:** Performance gaps serve as clear indicators that organizational change is necessary. If an organization is underperforming in areas such as sales, product quality, or customer service, it must undertake corrective actions. For example, a steady decline in customer satisfaction may lead to a complete redesign of service processes to enhance responsiveness and efficiency.
- **Resource Constraints:** Resource constraints can also compel an organization to initiate change. Limitations in financial resources, outdated infrastructure, or a shortage of skilled personnel may require operational adjustments or strategic shifts. For instance, a company facing talent shortages might invest in automation or upskilling programs to maintain productivity and competitiveness.

#### B. External Factors (Outside the Organization):

- **Technological Advancements:** Technological advancements are a powerful external driver of organizational change. Rapid developments in areas such as artificial intelligence, automation, and cloud computing compel businesses to adopt new tools and processes to stay competitive, efficient, and relevant. For example, many traditional retailers have embraced e-commerce platforms and digital payment systems in response to the growing consumer preference for online shopping, driven by advancements in digital technology.
- **Market Competition:** Market competition constantly pressures organizations to innovate and evolve. When rival companies launch superior products or adopt more efficient business models, others are often forced to adapt or risk losing market share. A notable example is how traditional automotive firms have accelerated their investment in electric vehicle (EV) technology and sustainable mobility solutions in response to Tesla's market disruption and consumer demand for greener alternatives.
- **Economic Conditions:** Economic conditions <sup>161</sup> also play a significant role in shaping organizational strategies. Factors like inflation, recession, interest rates, and currency fluctuations can directly impact consumer spending, investment decisions, and operational costs. During periods of economic downturn, for instance, companies may resort to cost-cutting measures such as downsizing or streamlining operations to ensure financial sustainability.
- **Regulatory and Legal Changes:** Regulatory and Legal Changes can necessitate significant organizational shifts to ensure compliance and avoid penalties. Changes in labor laws, environmental regulations, or tax policies require businesses to adjust their practices, policies, and reporting mechanisms. For example, the increasing emphasis on Environmental, Social, and Governance (ESG) standards has led many companies to modify their operations, supply chains, and disclosures to align with global sustainability norms and legal expectations.
- **Social and Demographic Shifts:** Social and Demographic Shifts influence both the workforce and consumer behavior, prompting organizations to adapt accordingly. The growing presence of Millennials and Gen Z in the workplace has led to a cultural transformation in organizations, with greater emphasis on flexibility, remote work, inclusivity, and work-life balance. Similarly, changing customer values and expectations around sustainability, personalization, and social responsibility are reshaping marketing and product strategies.

- **Globalization:** Globalization has expanded the geographical reach and operational complexity of modern organizations. As companies enter international markets, they must navigate diverse regulatory environments, cultural differences, and logistical challenges. This requires changes in supply chain management, human resources policies, product customization, and localized marketing efforts to successfully operate across borders and cater to a global customer base.

#### 11 19.4 RESISTANCE TO CHANGE:

*Resistance to change is a natural human and organizational response to disruption.* Understanding its nature is key to managing it effectively. Resistance to change refers to the **opposition, reluctance, or pushback** from individuals or groups when asked to change behavior, roles, or work processes.

Resistance to change is a natural and often expected reaction when individuals or groups are asked to alter familiar behaviors, roles, or work processes. It represents a psychological and organizational pushback that can slow down or derail transformation efforts if not understood and managed properly.

##### Forms of Resistance:

- **Overt Resistance** is the most visible and direct form of opposition to change. It includes actions such as strikes, vocal complaints, protests, or open defiance of new systems and policies. For instance, employees may stage walkouts or refuse to use a newly implemented technology system, making their dissatisfaction clearly known.
- **Covert Resistance** is more subtle and harder to detect. It includes behaviors such as procrastination, absenteeism, spreading misinformation, or deliberately ignoring new procedures. An example of covert resistance might be employees quietly undermining a change initiative by continuing with old practices or intentionally delaying the adoption of new processes.
- **Passive Resistance** occurs when individuals do not overtly oppose the change but lack genuine commitment or enthusiasm. They may comply superficially without engaging or contributing positively. For example, an employee may follow new procedures simply to avoid conflict but make no effort to understand or support the broader goals of the change.

##### Reasons for Resistance:

- **Fear of the Unknown** is a common reason people resist change. When employees are uncertain about what the change entails or how it might affect their roles, they may experience anxiety and reluctance, preferring the familiarity of the status quo over the ambiguity of the future.
- **Loss of Control** can also trigger resistance, as individuals may feel that decisions are being imposed on them without their input or involvement. This lack of agency can lead to feelings of resentment and disengagement, especially if the change is perceived as top-down and authoritarian.
- **Job Security Concerns** are particularly relevant in cases involving automation, restructuring, or outsourcing. Employees may fear that these changes will render their skills obsolete or lead to job loss, prompting them to resist any initiative that threatens their livelihood.
- **Lack of Trust in Leadership** undermines the credibility of change efforts. If employees are skeptical about the intentions, competence, or transparency of management, they are

more likely to question the rationale behind the change and resist participating in its implementation.

- **Bad Timing or Poor Communication** can also hinder successful change. Introducing new initiatives during periods of peak workload, or without adequate explanation and engagement, can create confusion, stress, and frustration among employees, making them more resistant to the change.
- **Inadequate Skills or Training** often causes employees to resist because they feel unprepared or incapable of adapting. Without proper support, learning opportunities, or resources, individuals may fear failure and thus avoid engaging with the change process altogether.
- **Previous Negative Experiences** with past change initiatives can breed cynicism and skepticism. If employees have seen previous efforts fail or result in negative outcomes, they may be less willing to invest in or support new changes, expecting similar disappointments.

## 19.5 OVERCOMING RESISTANCE TO CHANGE:

Successfully managing resistance involves planning, empathy, engagement, and consistent follow-through.

### Strategies to Overcome Resistance:

- **Effective Communication** is the cornerstone of overcoming resistance to change. Clearly and consistently sharing the purpose, benefits, and expectations of the change helps build understanding and trust. Using various communication channels—such as open forums, emails, visual aids, and leadership messaging—ensures the message reaches everyone. Importantly, communication should be two-way, encouraging questions, feedback, and dialogue to address concerns and misunderstandings.
- **Participation and Involvement** empower employees by including them in the change process from the outset. When individuals are involved in planning and decision-making, they are more likely to feel a sense of ownership and less threatened by the unknown. For example, inviting staff to participate in pilot programs for new systems allows them to contribute to the success of the change and feel valued in the process.
- **Training and Support** are vital for building confidence and competence during a transition. Providing employees with the necessary tools, resources, and emotional backing helps them adapt more easily. This can include workshops, on-the-job training, counseling services, or help desks, all designed to reduce anxiety and ensure people feel prepared for the new way of working.
- **Leadership Role Modeling** is essential for setting the tone and demonstrating commitment to change. When leaders visibly adopt and support the desired changes, it builds credibility and encourages others to follow suit. Leadership behavior should consistently reflect the new values, systems, and culture to inspire and reassure employees throughout the process.
- **Negotiation and Incentives** can be useful, especially when the change may involve perceived or actual losses for employees. Offering rewards, compromises, or benefits—such as early retirement packages, flexible schedules, or bonuses for achieving transition milestones—can help ease resistance and foster a more cooperative attitude.



- **Implementing Change in Phases** allows the organization to introduce adjustments gradually rather than all at once. This step-by-step approach gives employees time to understand, accept, and adapt to each stage. It also provides an opportunity to identify and correct problems early, reducing the risk of widespread disruption.
- **Celebrating Short-Term Wins** helps maintain momentum and boost morale. Acknowledging early successes, such as team achievements or individual contributions, reinforces the value of the change and builds a sense of progress. Recognizing and rewarding these small victories also encourages others to get on board with the change.
- **Reinforcing and Institutionalizing Change** ensures that new behaviors and practices become a permanent part of the organizational culture. This involves aligning systems such as performance appraisals, promotions, training, and rewards with the desired changes so that they are consistently supported and sustained over time.

Resistance to change is not inherently negative; in fact, it can serve as a valuable indicator of areas that require greater clarity, communication, or adjustment. Rather than being dismissed, resistance should be understood and addressed thoughtfully, as it often highlights genuine concerns or gaps in the change process. Successful change management goes beyond implementing new systems or structures—it fundamentally revolves around people.

Understanding human behavior, addressing emotional responses, and fostering engagement are just as critical as technical execution. Leading change effectively requires a clear vision, empathetic leadership, strategic planning, and persistent effort. Leaders must guide their teams with patience and purpose, ensuring that the transition is not only operationally successful but also embraced and sustained by the people it impacts.

## 19.6 ENGAGING ACTIVITIES FOR LEARNERS:

### Activity 1: Change Scenario Roleplay (Self-Learner Version)

**Objective:** Gain insight into different perspectives on organizational change and develop empathy and problem-solving skills.

#### Instructions for Self-Learner

1. **Choose a Change Scenario:** Select a realistic organizational change situation <sup>99</sup> such as the introduction of new software, company downsizing, or a shift to a remote work policy.
2. **Assign Roles to Yourself:** Mentally step into the shoes of different stakeholders—Manager, Resistant Employee, Change Champion, and HR Representative.
3. **Journal the Roleplay:** For each role, write a short script or bullet points expressing their perspective, concerns, and suggestions regarding the change. Think about:
  - How would the Manager justify the change and address concerns?
  - What fears or objections might the Resistant Employee raise?
  - How would the Change Champion support the transition?
  - What support or reassurance would HR offer?
4. **Reflection & Debrief:** After completing the roleplay, reflect on the following:
  - What were the main sources of resistance?
  - Which arguments or strategies seemed most effective in reducing opposition?
  - What emotions or challenges came up during the role-switching?

**Outcome:** This activity helps build a well-rounded understanding of how different roles perceive and respond to change. It sharpens communication, empathy, and conflict resolution skills, which are critical in real-world change management scenarios.

#### Activity 2: Lewin's Iceberg Analysis (Self-Learner Version)

**Objective:** Apply Lewin's Change Management Model to a real-life experience to better understand the stages of change: **Unfreezing**, **Change**, and **Refreezing**.

##### Instructions for Self-Learner:

Reflect on a recent change you've experienced in your life—this could be personal (e.g., adopting a new habit), academic (e.g., shifting study methods), or professional (e.g., adapting to a new work environment).

**Task:** Write a short reflection answering the following:

- **Unfreezing:**  
What triggered the need for change?
  - Example: "I realized my old study routine wasn't effective after scoring poorly on a major test."
- **Change:**  
What actions did you take to make the change?
  - Example: "I started using time-blocking techniques, digital flashcards, and weekly planning to manage my study sessions more efficiently."
- **Refreezing:**  
Has the new behavior or situation become stable? Or is it still evolving?
  - Example: "The new study habits have now become part of my regular routine, but I'm still adjusting and improving the process based on feedback."

##### Reflection:

After writing your responses, reflect on how this model helped you break down and understand the change process. Consider journaling your feelings, challenges, and what helped the change stick (or what's still a work in progress).

##### Outcome:

This activity encourages deeper self-awareness, helping you analyze your own adaptability and the psychological journey behind change. It also builds a personal connection to Lewin's model, making the concept more memorable and applicable in real-life situations.

#### Activity 3: Change Resistance Mapping

**Objective:** Identify possible sources of resistance to organizational change and explore practical strategies to address them using a fictional scenario.

##### Scenario for Self-Learner:

Imagine you're a consultant for a fictional company, "PayRight Solutions", which is shifting from a manual payroll system to an automated digital payroll platform. Employees are showing signs of resistance.

##### Task:

As an individual learner, take the following steps:

- **List Potential Resistances:**



Reflect and write down possible reasons why employees might resist this change.

Consider:

- Fear of job loss or reduced relevance
- Lack of technical skills
- Comfort with the old system
- Distrust in technology or management
- Poor communication about the change

- **Suggest Strategies to Overcome Resistance:**

For each resistance point, propose a practical solution. For example:

- **Skill gaps?** → Provide hands-on training and tutorials
- **Fear of job loss?** → Reassure with role clarity and upskilling opportunities
- **Poor communication?** → Create FAQs, hold regular Q&A sessions

- **Summarize Your Approach:**

Write a short summary (as if you're preparing a presentation) describing your change management strategy.

- Example: "My approach focuses on building trust through transparent communication, empowering employees with training, and celebrating early wins to demonstrate the system's value."

**Reflection:**

Think about how mapping resistance helped clarify where change efforts should focus. Consider how this framework can apply to real-life changes you've seen or experienced.

**Outcome:**

This activity strengthens your ability to diagnose resistance and design thoughtful, empathetic responses—an essential skill for leading or managing change effectively.

### **Mini Case Study** **Tata Motors' Transformation**

**Context:**

Tata Motors, once lagging behind due to an outdated product line and poor design perception, was facing intense competition from global automotive players. The brand struggled to keep up with evolving consumer expectations and modern design standards.

**Change Initiative:**

To counter these challenges, Tata Motors initiated a significant transformation. It invested heavily in new technologies and modern product designs, launching vehicles like the Tata Nexon and Harrier that reflected a bold new design language. The company also formed a strategic partnership with Jaguar Land Rover (JLR) to bring in global design expertise and elevate its product quality. Additionally, Tata Motors focused on sustainability, making strong moves into the electric vehicle (EV) space.

**Challenges:**

The transformation faced internal and external hurdles. Traditional teams within the company, long accustomed to legacy systems and design methods, resisted the shift. Externally, the market remained skeptical of Tata's ability to revamp its brand and deliver premium-quality vehicles.

**Actions Taken:**

To overcome these challenges, Tata's leadership played a critical role by clearly communicating the vision, urgency, and long-term benefits of the transformation. The company also invested in training and upskilling employees, particularly in the areas of modern design thinking and customer research. To build morale and drive innovation, internal recognition and rewards were given to teams contributing to breakthrough ideas and product development.

**Results:**

The efforts paid off. Tata Motors successfully redefined its brand image, gained positive consumer perception, and recorded increased sales. It also emerged as a strong player in the Indian EV market, marking a successful shift toward a more innovative and future-ready organization.

**Discussion Questions:**

1. What type of change was this (strategic, technological, etc.)?
2. What resistance might have occurred?
3. Which change management strategies did Tata Motors use effectively?

**19.7 SUMMARY:**

Organizational change plays a vital role in helping companies remain competitive and resilient in the face of shifting market conditions and internal dynamics. This evolution can take multiple forms—ranging from strategic reorientation and structural realignment to technological upgrades and workforce development. To manage these transitions effectively, many organizations turn to proven frameworks like Lewin's three-stage model or Kotter's 8-step methodology, which offer clear guidance for navigating change. When approached thoughtfully, such efforts can reduce disruption, ease employee concerns, and align the organization toward a shared future vision.

While often viewed as a barrier, resistance to change can actually uncover areas where deeper explanation, support, or engagement is needed. It should not be dismissed but rather explored, as it can reflect valid fears or past negative experiences. True change management is not just about new tools or processes—it's about understanding people and fostering their commitment to the journey. Success requires leaders to be transparent, emotionally intelligent, and consistent in their efforts. With the right mindset and communication, organizations can turn resistance into resilience and ensure change is not only implemented—but truly embraced.

**19.8 TECHNICAL TERMS:**

- **Organisational Change:** A deliberate shift in structure, strategy, processes, or culture to improve performance and adapt to evolving environments.
- **Change Process:** A structured sequence of steps an organization follows to plan, implement, and sustain change effectively.
- **Legacy Systems:** Outdated technologies or processes that hinder innovation and efficiency, often requiring replacement or integration during change initiatives.
- **Resistance to Change:** The pushback or hesitation from individuals or groups when faced with new processes, roles, or technologies.

- **Overcoming Resistance to Change:** Involves using communication, inclusion, support, leadership to reduce fear and encourage buy-in for new initiatives.
- **Emotional Intelligence:** The ability to understand and manage one's own emotions and empathize with others, crucial for leading and navigating organizational change.

### 19.9 SELF-ASSESSMENT QUESTIONS:

1. How would you define organizational change in your own words?
2. Why is it important for businesses to embrace change in today's environment?
3. What are the key stages in Lewin's Change Model?
4. Can you summarize Kotter's 8-Step Change Model and explain how it ensures successful transformation?
5. List at least three internal and three external factors that can drive organizational change.
6. What are the common ways employees or teams resist organizational change?
7. How do overt, covert, and passive resistance differ from one another?
8. What psychological or emotional reasons might cause people to resist change?
9. How can a lack of trust in leadership or poor communication fuel resistance?
10. Which strategies are most effective in reducing resistance to change, and why?
11. How does involving employees early in the process help build commitment?
12. Can you recall a real or studied example of an organization that successfully managed change?
13. What actions made their change initiative successful despite initial resistance?
14. Imagine you are leading a change to introduce automation in your company. How would you handle resistance?
15. What steps would you include in your change plan to ensure both operational and emotional alignment?

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