

# UNIT I

## NOTES

### DEFINING THE MANAGERIAL JOB

#### 1.1 INTRODUCTION

Management book usually deals with managing other people. That one can manage other people is by no means adequately proven. But one can always manage oneself. Indeed, executives who do not manage themselves for effectiveness cannot possibly expect to manage their associates and subordinates. Management is largely by example. Executives who do not know how to make themselves effective in their own job and work set the wrong example.

Effectiveness is what executives are being paid for, whether they work as managers who are responsible for the performance of others as well as their own, or as individual professional contributors responsible for their own performance only. Without effectiveness there is no 'performance'. Ability to perform and survive depends increasingly on the effectiveness of the people.

To be reasonably effective it is not enough for the individual to be intelligent, to work hard or to be knowledgeable. It consists of small number of practices that managers should adopt, the practices that are presented and discussed in this book.

According to Peter Drucker the manager is a dynamic, life giving elements in business. His function is to co-ordinate efforts, encourage initiatives and keenness, use each man's ability and develop a dynamic and devoted team which functions as a single entity. He should be endowed with delicate and sensitive perceptions so that he understands the changing needs of the organization and those of organizational members.

#### 1.2 MANAGEMENT

Management is a process of designing and maintaining an environment in which individuals, working together in groups, accomplish their aims effectively and efficiently.

# NOTES

According to Peter Drucker, Management implies 'Effectiveness' and effectiveness involves a set of practices that can be learned. Such practices include:

- Management of time
- Focusing on employees and customers
- Building on strengths
- Identifying priorities
- Making effective decisions

Management also refers to the process through which the goals of the organization are attained by channeling the efforts of employees. It can be divided into four distinct but integrated activities, which includes planning (deciding what is to be done), organizing (deciding how it is to be done), leading (influencing behavior) and controlling (to make sure that plans are carried out). They are the general functions that managers perform.

## 1.3 MANAGERIAL JOB-DESCRIPTIVE DIMENSIONS

Generally the major activity of a manager includes managing and interacting with people, coaching low performers to improve their work, organizing job tasks, settling disputes and developing career paths for individual employees. They make decisions, allocate resources, and direct the activities of others to attain goals. They function on a relatively continuous basis to achieve a common goal or a set of goals.

### 1.3.1 General Functions of a Manager

The **planning** function encompasses defining an organization's goals, establishing an overall strategy for achieving these goals, and developing a comprehensive hierarchy of plans to integrate and coordinate activities.

Managers are also responsible for designing an organization's structure. We call this function **organizing**. It includes the determination of what tasks are to be done, which is to do it, how the tasks are to be grouped, who reports to whom and where the decisions are to be made. Thus, in essence, organizing function deals with matching organization structure to its goals and resources and the process is called "Organizational Design".

Every organization contains people, and it is management's job to direct and coordinate these people. This is the **leading** function. When managers motivate subordinates, direct the activities of others, select the most effective communication channel, or resolve conflicts among members, they are engaging in leading.

The final function that managers perform is **controlling**. After the goals are set; the plans formulated; the structural arrangements delineated; and the people hired, trained, and motivated, there is still the possibility that something may go amiss. To ensure that things are going, as they should, management must monitor the organization's performance.

Actual performance must be compared with the previously set goals. If there are any significant deviations, it is management's job to get the organization back on track.

### 1.3.2 Functional Dimensions: Henri Fayol

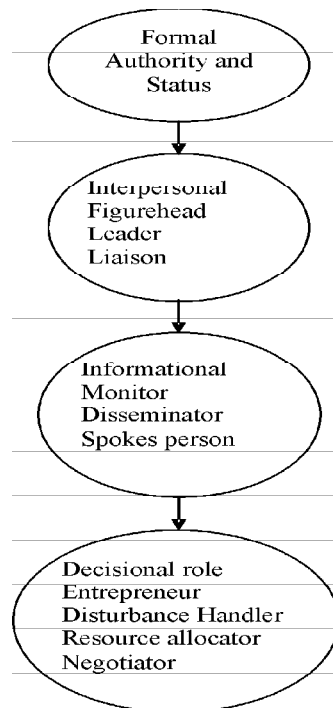
The other activities of a business enterprise that managers perform, according to Fayol, could be divided into six categories:

- Technical (Production, Manufacturing)
- Commercial (Buying, Selling, Exchanging)
- Financial (Obtaining and using capital)
- Security (Protecting of property and persons)
- Accounting (Balance sheet, stock taking, statistics, costing)
- Managerial (Planning, Organizing, Commanding, Co-coordinating, Control)

### 1.3.3 Henry Mintzberg Role Dimensions

Henry Mintzberg studied the activities of five chief executive officers of major corporations and found out that when business organizations give authority, they also convey certain amount of status. Executives then use this status to facilitate interpersonal relationships with supervisors, subordinates, peers and individuals outside but connected with the organization. Thus the managers are playing different roles. A role is an organized set of behaviors that are identified with a specific position.

Mintzberg developed a model of the related roles of managers and he called them "Management role constellation" (see exhibit 1.1)



**Exhibit 1.1 Managerial Role Constellation**

# NOTES

The real effect of Mintzberg's research is to highlight the changing and uncertain environment in which the manager operates.

## Ten Managerial Roles identified by Mintzberg

### Interpersonal Roles

- **Figurehead role**

The manager performs certain functions such as receiving important visitors and signing documents.

- **Leader**

The manager motivates and encourages subordinates.

- **Liaison role**

The manager establishes and maintains a network of relationships with outside persons to bring information and favors to the organization.

### Informational Roles

- **Monitor**

Seeks and receives information to obtain thorough understanding of organization and environment.

- **Disseminator role**

The manager must transmit much of the information received from outsiders or insiders to other organization members.

- **Spokes person**

Information about the organization must be transmitted to outsiders.

### Decisional Roles

- **Entrepreneurial role**

The manager acts as an initiator and designer of controlled change in the organization.

- **Disturbance handler role**

This role equips the manager to take corrective actions needed to resolve important and unexpected disturbances. He must seek solutions of various unanticipated problems like strike, natural disasters, accidents etc. Routine problems must also be dealt with simultaneously.

## NOTES

- **Resource allocator role**

The manager allocates the monetary and non-monetary resources of the organization. Specific activities include developing and monitoring budgets, forecasting future resource needs and problems in acquiring them.

- **Negotiator role**

The manager frequently must negotiate with outsiders in matters affecting the organization.

### 1.3.4 Gender, Leadership and Managerial job dimensions

To come to grips with the interesting and highly important interaction of gender, leadership and managerial effectiveness, no doubt the best place to start is with myths, misunderstandings and misconceptions pertaining to all three. The four greatest myths are:

- Task-oriented skills are more important for leadership effectiveness than are person-oriented skills.
- Male managers are more likely to possess task-oriented abilities than are female managers; whereas female managers are more likely to possess person oriented skills than are male managers.
- In order to maximize managerial effectiveness, men should be given the jobs that require task-oriented abilities and women should be given the jobs that require interpersonal skills.
- If women want to rise to the top levels of management, they need to be more like men.

**MYTH#1:** Task-oriented skills are more important for leadership effectiveness than are person-oriented skills.

Both task and person oriented skills are important for managerial effectiveness. Task orientation is related to abilities such as planning, organizing, decision-making, and problem solving. A lack of task-orientation can result in problems in areas such as showing initiative, getting paperwork done on time, delegating, and providing appropriate guidance to subordinates.

Person-orientation is related to effective listening, good interpersonal skills, and the ability to co-operate with others and to maintain group harmony. A lack of person-orientation can result in the inability to function as part of a team, in a lack of consideration for the needs and feelings of others, and subsequently in dissatisfaction of subordinates.

A leadership style that balances task and person- orientation keeps one dimension from overpowering the other. A manager whose task-orientation is not balanced with person-orientation can be overly aggressive, domineering, and autocratic. This type of person will try to resolve conflicts in an overly dominating or competitive manner. These types of

# NOTES

managers report that they have low job satisfaction and high job stress, and their subordinates report experiencing high stress with them.

Insensitivity to others, a cold, arrogant style, and being overly ambitious are the first, second, and fourth ranked reasons, respectively, for the derailment of fast-track executives. A manager who is person-orientation and not balanced with task-orientation can be overly accommodating and overly concerned with the needs and feelings of others. This type of manager will try to resolve conflicts by being overly obliging and will have difficulty conveying negative feedback to subordinates.

The optimal leadership style is one that is high in both task and person-orientation and in which these two dimensions are balanced with one another. This is known as an androgynous style. Because they have both task-oriented and person-oriented abilities, androgynous managers can function effectively in a broader range of situations.

Androgynous leaders are also very flexible. They are able to switch back and forth between task and person oriented leadership behaviors and will perform whatever role is not already represented in a group.

Androgynous managers try to resolve conflicts using an integrating or win-win approach. They report high job satisfaction and low job stress, and their subordinates report experiencing low stress in their interactions with team. Despite this, the culture of most organizations still fosters and rewards task-oriented skills to a greater extent than it does person-oriented ones.

**MYTH#2:** Male managers are more likely to possess task-oriented abilities than are female managers, whereas female managers are more likely to possess person-oriented skills than are male managers.

Due to gender-role socialization practices, in the general population, men are more likely to possess task-oriented or masculine characteristics than are women, whereas women are more likely to possess person-oriented or feminine characteristics than are men. However, this is not true for managers.

**MYTH#3:** In order to maximize managerial effectiveness, men should be given the jobs that require task-oriented abilities and women should be given the jobs that require interpersonal skills.

This approach is obviously based on stereotypes about the types of qualities that men and women possess, and doesn't make full use of the actual talents that individuals of both sexes may have. This approach is particularly detrimental to women's career advancement, however, because it tends to relegate them to certain types of positions and career paths that do not typically lead to the top echelons in organizations. Most managerial jobs actually require both task-oriented and person-oriented skills.

**MYTH#4:** If women want to rise to the top levels of management, they need to be more like men.

Male and female managers in comparable positions don't differ in their personality traits, leadership styles, or objective indicators of performance. Female managers have already adopted the strategy of acting like men and can be just as "tough" as male managers, but it need to act particularly tough to prove that they have the "right stuff". But no matter how much a woman tries to act like a man, she is still visibly a woman and others will expect her to behave like one.

Masculine behavior is viewed as more acceptable when coming from a man than from a woman. And female managers who behave in a "masculine" manner are often disliked, especially by their male subordinates. Because of this, female managers are particularly likely to benefit from androgynous management approach adopted by the organizations

### **Benefits of Androgynous Management**

- It will allow individuals to have their diverse skills recognized and to be judged on the basis of their abilities rather than on the basis of gender-role stereotypes.
- It will help the career advancement of women by not limiting the opportunities made available to them and by opening the doors to more women who do not fit the current notion of what a manager needs to be like.
- It will produce managers who are more flexible, co-operative, and creative, and who are better at managing conflicts and working on teams.
- It will allow organizations to deal more effectively with diversity issues and to remain more competitive in a global market.

### **1.3.5 Luthans description of effective and successful managers:**

FRED LUTHANS and his associates looked at the issue of what managers do from a somewhat different perspective. They asked the question: Do managers who move up most quickly in an organization do the same activities and with the same emphasis as those managers who do the best job? You would tend to think that those managers who were the most effective in their jobs would also be the ones who were promoted fastest. But that's not what appears to happen.

Fred Luthans and his associates studied more than 450 managers. What they found was that these managers all engaged in four managerial activities.

- Traditional Management: Decision-making, planning, and controlling.
- Communication: Exchanging routine information and processing paper work
- Human resource Management: Motivating, disciplining, managing conflict, staffing, and training.
- Networking: Socializing, politicking, and interacting with outsiders.

# NOTES

The “effective” manager studied spent thirty-two percent of his or her time in traditional management activities, twenty-nine percent communicating, twenty percent in human resource management activities, and nineteen percent networking. However the amount of time and effort that different manager spent on these four activities varied a real deal.

This study adds important insights to our knowledge of what managers do. On an average, managers spend approximately twenty to thirty percent of their time on each of the four activities: traditional management, communication, human resource management, and networking. However, successful managers don’t give the same emphasis to each of these activities, as do effective managers. In fact, their emphasis is almost the opposite. This challenges the historical assumption that promotions are based on performance, vividly illustrating the importance that social and political skills play in getting ahead in organization.

## 1.4 VARIOUS OTHER JOB CRITERIA DIMENSIONS

Some other functions that managers perform are Communication, Listening, Oral Presentation, Written Communication and many more.

### 1.4.1 Delegation as an important function of Manager:

A manager in an enterprise cannot himself carryout all the tasks necessary for the accomplishment of goals. His capacity to do work and take decisions is limited. Therefore, he assigns some part of his work to his subordinates and gives them necessary authority to make decisions within the area of their assigned duties. This downward pushing of authority to make decisions is known as delegating authority.

There are several advantages resulting from effective delegation:

- Delegation allows the manager more time for thinking and planning.
- The person closest to the activity should be better able to make decisions than a distant superior.
- Delegation tends to encourage initiative in subordinates and to make effective use of their skills. Initiative, in turn, improves morale.
- Delegation tends to reduce decision time, as it eliminates recommendations going upwards to the superior, where the decision is made, and subsequent downward communication.
- Delegation develops the skills of subordinates by permitting them to make decisions and apply their knowledge gained from training programs and meetings.

In order to delegate, the manager should have the following:

- Receptiveness – Willingness to delegate – welcomes the ideas of subordinate
- Willingness to allow them to make decisions
- Willingness to let others make mistakes
- Willingness to trust subordinates
- Should delegate only if they have means of getting feedback
- Reward effective delegation.



**1.4.2 Social Responsibilities of Managers and Ethics to be followed:**

- Responsibility towards shareholders
- Responsibility towards consumers
- Responsibility towards employees
- Responsibility towards creditors
- Responsibility towards the government
- Responsibility towards suppliers
- Responsibility towards competitors
- Responsibility towards general public – Example: Tata group of companies took up social project as part of its corporate policy. Tata Steel Rural Development Society adopted 32 clusters of village around Jamshedpur initially. Today it serves more than 800 villages in eight districts of Bihar, Orissa and M.P.

**NOTES****TSRDS includes**

- Building infrastructures such as construction of link roads
- Developing sources of water both for irrigation and domestic use.
- Helping farmers to adopt improved methods of cultivation and animal care.
- Construction of school buildings and community hall
- Promotion of rural industry and entrepreneurship
- Promotion of adult literacy
- Providing health and rural sanitation
- Providing health care and other facilities to under privileged.

**1.5 TIME DIMENSIONS IN MANAGERIAL JOB****1.5.1 Time Management**

Many of us let the time manage us rather than managing it. Time perhaps is the most important resource ever known to the human beings. Often we wonder how nice would it be if we could recall the past time. Interestingly this is the only resource, which is available in equal measure for everyone. However, we may find many persons finishing most days behind the clock. “As per Bill May, President of American Can Company” Time is the most valuable thing we deal with. It cannot be bought; it cannot be recaptured. It must be utilized with the highest degree of effectiveness possible. Time is the scarcest resource, and unless it is managed nothing else can be managed.

Time is a unique resource. Time cannot be saved; it can only be spent wisely. Time past is gone forever. It is nothing but getting the best out of our time. It is a unique resource. Time cannot be saved; it can only be spent wisely. Time is the most valuable resources available to a person. Time is also irreversible.

The concept has been viewed differently through the ages. Different cultures and different individuals in these cultures attach different meanings to time. In fact, the concept of time is an integral part of one's personality and culture. Immanuel Kant, the great

# NOTES

philosopher, believed time had no existence outside the human mind. Einstein described time as the fourth dimension.

The objective of time management is to increase and optimize the use of your discretionary time. Time Management actually relates to:

- Getting the best out of your time
- Time management is the same as managing your life
- Life management
- Time management
- Now management
- Prioritization
- Managing your mind
- Awareness

## 1.5.2 Major areas that help in the management of time

There are five major areas, which are imperative to improving the management of time:

- The way we spend our time is habitual in nature
- Setting personal goals
- Priorities
- Proper communication
- Procrastination

### 1.5.2.1 Habitual use of time

Man is indeed a creature of habit. The way we spend our time is largely habitual. Most managers do not consciously think about how they are spending their time. Douglass quotes that, "The way you spend your time determines how you live your life".

Learning to control our time means changing some of our time habit. Douglass suggests, keeping a record of how you spend your time for a week or two. At the end of each week, summarize what you did and check the percentage of time spent on goal-oriented, prioritized activity and how much activity was aimless, repetitive or of low priority.

Summarizing the log will give us a good idea as to whether we are controlling our own time or our time is being controlled by outside influences or habit.

Managers should generally spend an average day as given below:

Pay off time	- 50% of average day
Investment time	- 25% of average day
Organization time	- 15% of average day
Wasted time	- 10% of average day

**NOTES****1.5.2.2 Goal setting**

After making an analysis of how we are presently spending our time, it should be evident as to how our lives are balanced in relationship to the various aspects, which comprise our lives.

Plan the time by setting goals, goals about what we want to do, divided into long term and short term goals. Determine the time we plan to devote to each of the goals we set.

Emphasis should be given to two or three major thing we would like to do. The goals should be specific, subdivided into concrete objectives, as well as realistically attainable. That is set objectives, which are smart – SMART

- S – Specific
- M- Measurable
- A – Achievable
- R – Realistic
- T – Timed

**1.5.2.3 Priorities**

Once the goals are established, we need to set priorities. The process of setting priorities involves planning. The priorities should be set on a daily basis. By scheduling the time effectively we learn to avoid over-committing our self. Learning when and how to say “no” becomes important because our over commitment dilutes our effectiveness. Inability to concentrate on important goals is often due to devoting a little time to everything rather than committing a great deal of time to a few things.

Setting priorities forces to delegate responsibilities to others because to make best use of prime time.

**1.5.2.4 Communication**

Once habits have been analyzed, goals identified and priorities decided, do not mean that managers will automatically use their working hours in the most efficient way possible. The idea of communicating these goals and objectives to the subordinates also, should be in such a way that the goals planned will actually be carried out.

Effective communication will achieve clarity, understanding, commitment and creativity. For clarity and understanding to take place, the vertical channels of communication should be open. Subordinates have the right to know what their supervisors expect of them. They must be given relevant information, promptly, concisely and directly. Both upward and downward communication, from subordinate to supervisor should be there. This can be encouraged by the supervisor through ideas presented; by being flexible in accommodating improvements suggested by subordinates.

# NOTES

A constant, efficient communication network is necessary in order for subordinates to understand the organization's needs and goals.

## 1.5.2.5 Procrastination

Procrastination is a major stumbling block for almost everyone seeking to improve his use of time. There are three causes, which lead to procrastination:

- Unpleasantness
- Difficult projects
- Indecision

The solution lies in how the day's activities are scheduled. Those tasks, which we find most unpleasant and keep putting off, should be scheduled first. That way we can quickly get them out of the way, leaving you free to concentrate on the rest of the days work.

Other ways of dealing with unpleasant tasks are: analyzing the task to see what makes it unpleasant; tackling unpleasant tasks in small pieces, doing the task for five or ten minutes at a time; learning to recognize our few critical activities and focus our attention on doing those things first.

The second cause of procrastination, difficulty, calls for an approach of breaking down the difficult task into smaller units and focusing on one part at a time.

The third cause of procrastination is indecision. Everyone wants to make the right decision so as to avoid unsatisfactory results. The best thing to do is gathering all the information available; make the decision, and then move on from there.

Thus the real point of managing the time effectively is to carve out as satisfying and rich a professional and personal life as we possibly can.

## 1.5.3 Principles of Time Management

- Establish goals, both long-term and short-term
- Principles of brevity
- Principles of habit
- Principles of proper planning
- Principles of prioritization
- Principles of effectiveness
- Principles of equal distribution
- Time estimates
- Delegation of authority
- Management exception
- Proper implementation
- Follow up

## NOTES

**1.5.4 Some of the time wasters**

Time wasters can be classified as internal time wasters and external time wasters.

**1.5.4.1 Internal time wasters:**

- Poor communication-written and verbal
- Procrastination
- Inability to say 'No'
- Poor prioritizing
- Inadequate planning
- Failure to delegate

**1.5.4.2 External time wasters**

- Visitors
- Meetings
- Papers and correspondence
- Telephone
- Procedures and systems
- Travel
- Subordinates

**1.5.4.3 The other time wasters could be with regard to planning and process itself.****Planning:**

- Lack of clarity on objectives
- Shifting priorities
- Unrealistic time estimates

**Process:**

- Lack of clarity about the job requirements.
- Poor crisis management
- Inability to concentrate
- Ineffective delegation

**1.5.5 Pruning Time Wasters****1.5.5.1 Visitors**

Unplanned and unwelcome visitors are great time wasters and cause physical interruption. One way to put off the visitor is to stand up whilst the person is in the room. Alternatively the visitor may be asked to take an appointment before meeting. Some of the visitors interrupt just because you are visible to them.

# NOTES

## ***1.5.5.2 Meetings***

Effective organization of meetings is essential for successful management of time. The agenda start up and finish up time should be made known to all in advance. Adequate prior preparation by the participants, brief and well directed proceedings, concise action, minutes and systematic follow up action help to save time in meetings.

## ***1.5.5.3 Papers and correspondence***

Scrap all unnecessary forms, reports and returns. Ensure that the gains from every type of paperwork exceed the work involved. Use triplicate sets of internal memos, which have a section for reply. Word processors may be used to facilitate editing of reports, minutes, and etc. use of abstracts of long reports dictating machines, increase in reading speed, marking important points in the first reading, etc. also help to reduce time spent on paper work.

## ***1.5.5.4 Telephone***

Unplanned telephone conversations are generally longer than planned ones. Therefore, plan our calls both incoming and outgoing. An efficient and tactful secretary can protect a manager from too frequent and untimely telephone interruptions by taking messages without giving offence. An organization – wide habit and culture of brevity in conversations should be developed to save time and cost. Use of local extensions and switchboard can be helpful in reducing telephone interruptions.

## ***1.5.5.5 Travel***

Unnecessary travel should be avoided by making use of telex and telephone services. Very often unscheduled blocks of time become available to managers, for example, while waiting for a delayed flight. One can utilize these small time segments productively if one carries a book or report that needs to be read in such situations.

## ***1.5.5.6 Information***

Both lack of necessary information and excessive information can hamper the work of a manager. An effective management information system should be developed if the information available is incomplete and/or delayed and incorrect. Efficient records management can also be helpful. Subordinates can be instructed to submit information in a summarized form.

## ***1.5.5.7 Selective reading***

Reading is time-consuming and, therefore, a manager should read material, which is most relevant to his job. He must avoid the syndrome ‘I must know everything’ and should be able to understanding the importance attached to each work

## NOTES

We can manage ourselves with regard to time. It is the way in which we organize our work and manage our time that we differ from each other. Time constraint can be a source of stress. There are four Ds to be kept in mind for managing our work effectively with regard to time. They are:

- D - Dump
- D - Delay
- D - Delegate
- D - Do

There would certainly be papers that come to us over which we are not required to contribute. We can easily dump those. Certain matters do not require our immediate attention, delay those. Some matters can easily be passed on to our subordinates, delegate those and finally some matters have to necessarily be done by us alone, devote attention to those.

### 1.5.6 Effective Time Management Techniques based on task orientation

Managers tend to prefer to work on concrete tasks to more ambiguous ones. Simple tasks are finished before complex ones are even started. Short-term tasks are emphasized over long-term tasks. And the obvious result is that important long-term projects of a complex nature tend to be postponed.

#### Four kinds of tasks

The various tasks and projects that managers, as well as staff administrators perform can be classified according to the two key dimensions as given (see exhibit 1.2).

One dimension is degree of difficulty and the second is duration of effort. Degree of difficulty is broken down into simple tasks and ambiguous and hard to deal with tasks. Conversely, duration of effort is broken down into short-term tasks which can be completed in less than an hour, and long term tasks which can take days, weeks or even months to finish. Although these dimensions are shown as distinct subcategories, it might be more appropriate to view each dimension as a continuum between the two extreme points.

High consideration and low structure	High structure and high consideration
Low structure and low consideration	High structure and low consideration

**Exhibit 1.2. Two-dimensional view of tasks to be completed**

# NOTES

Many of the tasks that are found in cell 1 are the routine activities found in any job. These tasks have little ambiguity because they are simple and short term in nature. Since many of these tasks recur on a frequent basis, routine procedures and unconscious habits are used to handle many of them. Cell 3 tasks are complex, but they require only a short-term effort for accomplishment. Thus, these tasks have an intermediate amount of ambiguity, which is due to their complex nature.

Cell 2 tasks are the opposite of cell 3. These tasks are simple but unfortunately they require a long-term effort to complete. These tasks may also have an intermediate amount of ambiguity, which is due to the long-term effort required to complete them. Finally, cell 4 tasks are complex in nature and a long-term effort is required for completion. Obviously, these tasks are of a highly ambiguous nature and are avoided in favor of less ambiguous tasks.

Many approaches used to try to make progress on these high-ambiguity projects do not work very well. One approach is to first complete all of the routine and urgent tasks to get them out of the way. Unfortunately, this usually delays a manager from ever getting started on the more complex, long-term tasks because there is a never-ending supply of routine and urgent tasks.

Another approach is to simultaneously try to working on three or four special projects. This approach typically fails because the manager is spread so thin that no real progress is made on any of the projects.

Then there is the approach in which the manager promises to get started on some important project when things become less hectic and return to normal. This often doesn't work because the reality facing most managers is a never-ending barrage of interruptions, crisis and deadlines.

A final approach that some manager's use is to continually tell anyone who will listen about the great project they are about to start. Unfortunately, some of these people seem to have a much higher need to impress others with what they are planning to do rather than with what they actually done.

## 1.5.7 The Three Laws of Time and Effort Management

The Three Laws of Time and Effort Management provide solution to the above stated problem.

### 1. The Law for Planning our time

A difficult work task invariably appears greater when we are approaching them rather than when we are performing them. So, things we don't want to do only take half as long, cost half as much and often bring twice the rewards. Hence the managers should do planning



in such a way that twenty percent of their effort is spent in getting eighty percent of the reward rather than eighty percent of their time and effort being wasted in fetching only 20% of the rewards.

## **2. The Law for applying our effort**

The greatest sufferers from time pressure tend to be procrastinators. Whether pressure causes procrastination, or vice versa, no idea. What one must do is, apply effort. This is a more efficient way of dealing with time-related pressure than procrastination. Once we start working on a task, the time we need to devote to it seems to diminish. The sooner we start working on something, the less time we have to allow for it to be completed.

## **3. The Law for Investing our Talent:**

Managers can waste a lot of time and energy pursuing unprofitable, frustrating, time-consuming courses of action. But if they are smart and talented enough to distinguish among important and unimportant tasks, are able to measure performance in terms of reward and are able to apply their skills and competency systematically in accomplishing the objectives of these tasks, then in all probability, they would turn out to be successful.

### **1.5.8 Work measurement with relevance to time dimension**

After an employee has been selected for a job, has been trained to do it and has worked on it for a period of time, his work should be monitored and measured on a continuous basis such that not much of time is wasted in correcting the deviations after completion of the job. This means that managers should always take proactive measures rather than reactive measures to see that employee is fulfilling the job requirements in terms of results.

#### **Steps toward successful work measurement- organizing the work area**

To install an effective work measurement program, executives and employee fear must be neutralized. Any work measurement program is likely to encounter resistance from two groups:

- Executives
- Employees

The Executives fear that the program may expose ineffectiveness within his area of responsibility.

Employee fear is caused by misunderstanding, change, feelings of discrimination and doubt whether they can measure up to the program standards. To overcome these obstacles, an open and frank attitude must be maintained between both the groups.

# NOTES

To install an effective work measurement program, executives and employee fear must be neutralized. This can best be accomplished by following ten basic steps:

- Thoroughly Inform Executives and Employees of the objectives
- Review and analyze their operations
- Develop and discuss work simplification
- Instruct the employee and install the improved methods
- Compile and code the operations list
- Study and measure operations
- Install activity and attendance reporting
- Report and counsel management of the problem areas
- Plan and improve performance
- Improve and control operational activities

## 1.5.9 Benefits of work measurement process are

- Reduced effort and fatigue;
- Improved workstations;
- Workload redistribution because of imbalance, unimportance or work below the employee's skills;
- Job stability;
- Performance recognition;

## 1.5.10 Delegation and Time management

To achieve the most desirable results from a group or organization, leadership, attitude, the drive to work, and voluntary co-operation of the subordinates is required rather than dependence upon the application of absolute authority. The first prerequisite for building a smoothly operating team is the intelligence handling of delegation. This extends the effectiveness of managers.

### What is delegation?

Delegation is the passing on of responsibility by one person to another, for a given task. Delegation is not the abdication of responsibility; it is a continuing process requiring the managers to be available to give advice and assistance when needed. He should make sure that needed resources are available, check performance at agreed-upon dates, and generally remain involved as advisor, leader and sharer of responsibility. He should keep checks and controls on every task he delegates. The degree and kind of control varies of course with each subordinate. Some subordinates resent over control and do a good job without frequent checking. Others need the security of formalized periodic reports on their assignments.

Effective delegation requires patience and an initial investment of time. Delegation should not be viewed as an opportunity to get rid of unpleasant jobs or jobs in which the manager is not proficient.

The belief that 'tomorrow's CEO must be today's empowered manager' compelled 57-year old Rahul Bajaj, CEO of the two-wheeler giant Bajaj-Auto, to delegate his responsibility to successor systematically, in early 90's. Both the heirs apparent- his two sons Rajiv and Sanjiv are qualified enough to exchange the baton smoothly.

**There are several advantages resulting from effective delegation:**

- Delegation allows the manager more time for thinking and planning.
- The person closest to the activity should be better able to make decisions than a distant superior.
- Delegation tends to encourage initiative in subordinates and to make effective use of their skills. Initiative, in turn, improves morale.
- Delegation tends to reduce decision time, as it eliminates recommendations going upwards to the superior, where the decision is made, and subsequent downward communication.
- Delegation develops the skills of subordinates by permitting them to make decisions and apply their knowledge gained from training programs and meetings.
- Authority should be delegated to the extent necessary to accomplish results expected. Allowing managers to evade their responsibilities simply by getting someone else to assume the duties would break the single chain of command and leave no way of knowing who was accountable for what.

**What To Delegate?**

There are certain working rules in making good delegations. Here some common guidelines in the delegation of authority:

- The superior must understand, and agree with, the theory of delegation. Each subordinate should receive orders from and report to only one superior.
- Responsibilities should be assigned as far down the organizational structure as there are sufficient competence and information for effective decision-making and performance.
- Only decisions that cannot be made at a given level should be referred upward.
- Accountability cannot be delegated, as no superior can escape accountability for activities, performance and evaluation of subordinates through delegation.
- A clear definition of the scope, responsibility, authority, objectives, which may provide help, potential consequences and functional relationships, must be provided for every position. Delegation of authority for a whole job should be made whenever possible.
- There must be a clear chain of command from the ultimate source of authority to every position. Every subordinate must know who delegates authority and to whom matters must be referred.

# NOTES

- Authority must be commensurate with responsibility.
- Authority and responsibility must be accompanied by accountability for both managers and associates.
- Jobs must be delegated by the results wanted, the performance standard expected, and how the performance will be evaluated.
- Work should be delegated only to qualified people, or necessary job training should be provided.
- The manager should be accessible when subordinates have problem and should know what kinds of help they need.
- Thinking and goals should be shared with subordinates so they have background for making decisions on their own.
- Controls that indicate early difficulties should be checked periodically. Errors must be corrected and successes recognized as the subordinate makes progress.

Dale McConky, suggests the following items to be delegated to subordinates:

- Matters that keep repeating themselves
- Minor decisions most frequently made
- Parts of the job the supervisor is least qualified to handle
- Parts of the job that make the superior over specialized.

Some times it may also happen that managers do not like to delegate the work. Such type of managers wastes time resource tremendously. The reasons why they do not delegate are:

- Lack of confidence in subordinates
- Lack of self-confidence
- Poor definition of duties
- Aversion to risk taking
- Fear of subordinates as competitors.
- An inflated self-image

Finally it can be concluded that managing time is all about making your day go right. There are days when things just do not seem to go the way you had planned it to be. It could be because of ineffective planning, ineffective delegation or ineffective control. Here are some of the **common mistakes** we do. Avoiding them will help us to increase our daily success both on and off the job, in less time and with less stress.

## 1.5.11 Certain tips to managers on time management

**Start your day without a plan of action.** Time management is all about doing the right things. If we do not schedule our day accordingly, chances of prioritizing wrong tasks are high! Unplanned activities will take up most of your time and at the end of the day, you will be back to where you have started! You will have worked hard but may not have done enough of right things. Time Management is not doing the wrong things quicker. That just gets us nowhere faster. Time Management is doing the right things.

**Get out of balance in your life.** Our lives are made up of Seven Vital Areas: Health, Family, Financial, Intellectual, Social, Professional, and Spiritual. We need to balance time effectively to ensure that we do not neglect any of these vital areas. If we don't take time for health, our family life and social life are hurt. If our financial area is out of balance, we will not be able to focus adequately on our professional goals, etc.

**Work with a messy desk or work area.** Studies have shown that the person who works with a messy desk spends, on average, one and a half hours per day looking for things or being distracted by things! Clean your desk and chances are that you will begin to work better and perhaps more effectively.

**Don't get enough sleep.** Research shows most people complain on a regular basis that they do not get enough sleep. Studies show that nearly 75% of us complain on a regular basis, all throughout our days that we are flat-out tired. For most people, the factor is lack of sleep, and even if they do get the quantity of sleep, but they lack the quality of sleep. Their days are filled with so much stress, they are out of control, working harder but maybe not smarter, that it's difficult to get a full night's sleep. If you plan your day, then work your plan, you will get more done, feel a higher sense of accomplishment, and experience less stress and enjoy a more restful night's sleep.

**Don't take a lunch break.** Most of us think that if we can skip the lunch and work through we will be able to produce better results. Studies have shown it may work just the opposite. Researchers opine that after doing what we do for several hours; we begin to "dull out". Once in a while it is perfectly fine to do so, but the issue is "how much more" productive we can be. It's advisable not to take the whole break if you are pressurized for time, take a 15-minute break to get charged up again to effectively handle the afternoon's challenges. This in turn will lead to the avoidance of procrastination!

#### **1.5.12 Some behavioral negativities of our own nature that prohibit us from maintaining timings and schedules are:**

People have a tendency to distrust in their own decisions, they fail to be guided by their inner voice, often ask other's opinions and set goals accordingly by changing their planning frequently, they create confusion and conflicting views, which ultimately opt for wrong choice and later on lament over it. Such nature also highlights their time mismanagement.

Some people cannot say "NO" to others because they do not have the strength of will to refuse, which disturbs their predetermined schedule, ultimately time management. Dawdling, dodging let go or shilly-shallying, escapism tendencies and inattentiveness affects time management, some people do not seem to learn the lesson inherent in their past life experiences and repeat the same mistakes again and again. That affects their future time management.

# NOTES

Some people are daydreamers and they live more in their dreams and thoughts than in their real life, obviously they remain inattentive most of the time, hence cannot keep the timings. In some people, absent-mindedness or forgetfulness tendencies often disturb their predetermined schedules. Some people have tendency of always thinking of the past. They linger in past memories that may affect their present schedule badly.

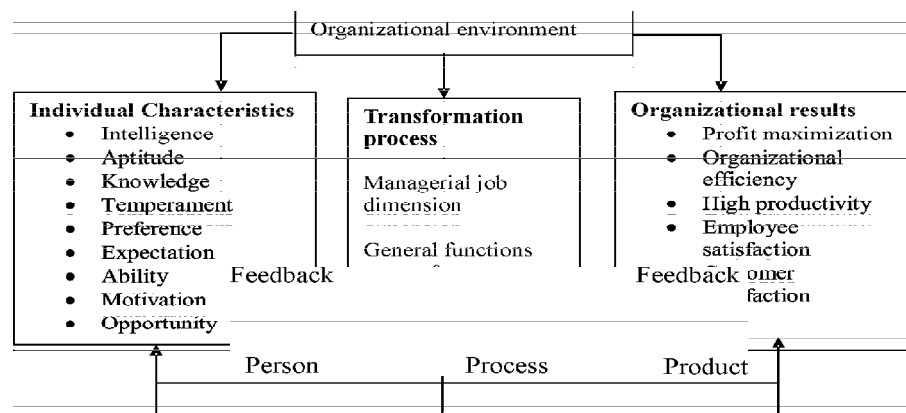
Lack of self confidence, self condemnation tendencies, guilt complex, fear, over anxiety, indecisiveness, dwindling mind, persistent mental thoughts are also some of the factors that can affect the time management.

Often the causes of “mismanagement -as discussed above” are more mental than physical. A bad relationship, poor self image, a history of abuse, stress, frustration and many other factors can change your overall attitude towards life which may directly impede your overall performance. Such tendencies are deep-rooted in mind and nurtured by excessive negative emotions.

It is needless to mention that these negative emotions are tremendously powerful. They can debilitate lives extremely by causing disparity in energy system, which triggers a sequence of emotional imbalance (i.e. frustration, melancholia, persistent agony, mental instability, uncontrolled anger, inferiority complex etc.), which ultimately culminates in ill health. “Balancing Emotions” will purge Negative Emotions in psyche and shape your innate behavior in a way to face every life challenge by avoiding pessimistic approach towards life; whilst you will be able to derive maximum life pleasure from whatever resources are available with you.

## 1.6 MANAGERIAL MODEL

Every business organization is a part of industry and has to operate in a given economic system and society. It receives inputs, transforms them and exports the outputs to the environment. The heuristic model (see exhibit 1.3) indicates how the various managerial characteristics and resourcefulness acting as inputs is being transformed into outputs through a transformation process.



**Exhibit 1.3. Heuristic Model Of Managerial Behavior & Performance**

## Determiners of Managerial Effectiveness

## NOTES

Understanding effective managerial performance requires answers to:

- What are the personal demands of the manager job?
- What sorts of people are effective managers?
- What people tend to fail?
- What is specifically causing success or failure?
- What are the products of effective management?

In sum it focuses on the person, process and products of effective management.

### The person

#### Qualities include

Ability to sustain defeat	Alert
Ambitious	Assertive
Capable of good judgment	Confident
Competitive	Creative
Decisive	Dedicated
Defensive	Dynamism
Emotional stability	Energetic
Extrovert	Fear of failure
Group oriented	Honest
Intelligent	Mentally strong
Optimistic	Pragmatic
Predictable	Realistic
Self-controlled	Tolerant

### The process

- Answers how managers manage successfully
- Manage work instead of people
- Plan and organize effectively
- Set goals realistically
- Decisions based on consensus but accept responsibility
- Delegate frequently and effectively
- Rely on others to help solve problems
- Communicate precisely
- Cooperate with others
- Display consistent and dependable behavior
- Win with grace
- Express hostility tactfully

# NOTES

## Product

These reflect on outcome of effective managing and include:

- Organizational efficiency
- High productivity
- Profit maximization
- Organizational stability
- Employee welfare
- Social welfare

## 1.7 MODEL OF MANAGERIAL EFFECTIVENESS

### 1.7.1 Heuristic Model

It's a function of ability and motivation of managers and opportunity given to them in the organizational environment to produce output. It involves personal characteristics and resourcefulness of managers, expectations on the individual by the structural, administrative and social environments of the organization and Feedback, incentive and rewards identified by organizational policies and practices.

### 1.7.2 Heroic Models of the manager

It involves planning, assigning, monitoring and coordinating the activities of the organization. Participative decision-making is lacking in this model. It is manager centered and the success relies heavily on control capabilities.

### 1.7.3 Manager as Master Technician

This model emphasizes more on technical knowledge for success. Individualistic attention and expectations are given more importance. Such model becomes applicable in organizations where knowledge of manager is very wide, interpersonal relations minimal and where subordinates are not committed, co-operative and highly dependent. The problems that usually crop up in such a situation is that objective solutions are ignored, subordinates confidence is undermined and organizational systems are overlooked

### 1.7.4 Manager as Conductor

Here the manager tries to resolve conflicts between managerial and subordinate thinking. Involvement in any activities of the organization is higher on the part of subordinates. A key feature of this model is that acceptance of subordinates precedes action. On the contrary there are also some weakness attached to this model. The first one would be getting subordinates to buy ideas may be time consuming. Next the subordinates may also vitiate action through resistance at discussion stage.



## NOTES

**1.7.5 Manager as a developer**

As per this model subordinates share managerial and task responsibility. Some of the merits of this model is that crisis management is possible, new opportunities can be assessed easily, knowledge and expertise sharing becomes possible, facilitates task performance through job challenge, creates opportunities for personal learning, develops teams with value sharing responsibility, continuous development of individual skills through work assignments becomes possible, discussions, training and lastly accomplishing common goal becomes more effective. This model helps all, expend efforts appropriately.

**1.8 EFFECTIVENESS CAN BE LEARNED**

To be effective is the job of the executive. 'To effect' and 'to execute' are, after all, near-synonyms. Whether he works in a business or in a hospital, in a government agency or in a labour union, in a university or in the army, the executive is, first of all, expected to get the right things done. And this is simply saying that he is expected to be effective. Intelligence, imagination and knowledge are essential resources, but only effectiveness converts them into results.

**1.8.1 Objectives of Effective Manager**

- Obtain, analyze, store, and use information to support decision-making
- Use information to contribute to meetings
- To understand role in relation to the organization, clients, customers and stakeholders.
- Identify, predict and monitor the needs of customers and stake holders
- Plan to meet stake holders requirements
- Promote healthy and safe working environment
- Encourage a philosophy of quality and undertake a quality audit.
- Manage continuous improvement and change

**1.9 EFFECTIVE MANAGER AS AN OPTIMIZER**

To optimize is to increase productivity for which the following four components should be given utmost attention by the managers.

- Mentoring
- Feedback
- Counseling
- Discipline

**1.9.1 Mentoring**

A mentoring relationship is defined as, "the relationship between an experienced manager and a junior employee, in which the manager helps his junior by sharing information

# NOTES

gained through experience with the organization.” The manager is called the mentor and his junior is called the protégé.

## 1.9.2 Feedback

Managers do measure actual performance, compare this measurement against standards, and identify and analyze deviations. But then, to make necessary corrections, they must develop a program for corrective action and implement this program in order to arrive at the performance desired.

## 1.9.3 Counseling

Employee counselling is a process whereby employees are guided by the manager in overcoming performance and personal problems. It is usually done through face-to-face meetings between the employee and the counsellor (manager).

## 1.9.4 Discipline

The managers should prompt an individual or a group to observe the rules, regulations and procedures, which are deemed necessary for the attainment of an objective.

## 1.10 APART FROM THE ABOVE MENTIONED COMPONENTS, ANY MANAGERS IN ORDER TO OPTIMIZE, SHOULD BE ABLE TO

- Solve problems by clarifying real issues
- Gain support of associates for implementing plans
- Generate enthusiasm for ideas and proposals
- Minimize conflicts and build group commitment
- Influence others and motivate
- Save time, energy and other resources
- Find alternatives to work with difficult people
- Give criticism when necessary and use praise to produce results
- Provide directions while maintaining flexibility

## 1.11 EFFECTIVE JOB BEHAVIOR WOULD BE FURTHER POSSIBLE WITH THE ADOPTION OF CERTAIN SKILLS

**They are:**

- Technical skills
- Human skills
- Conceptual skills
- Designing skills
- Communication skills
- Interpersonal skills
- Understanding perception, self concept, and expressing emotions
- Nonverbal and verbal skills

- Conflict management skills
- Problem solving skills
- Political skills
- Listening skills and feedback skills to build high performance

**When it comes to listening skills, the following six negative listening skills should be avoided by any manager:**

- The faker – the person who simply listens without understanding
- The interrupter – the person who interrupts while others speak.
- The intellectual or logic listener – the person listens to others, but have his own perceptions.
- The rebuttal maker- the person who put the same words against us, used by us
- The advice giver- constantly giving advice.

### **1.12 TEN STEPS TO BECOME AN EFFECTIVE MANAGER**

Are you an effective manager? If you see some room for improvement, there are practical steps that you can take to increase your effectiveness. Answering the following questions will help you translate your knowledge of management policies and principles into sound operating practices.

#### **1. What are the goals and objectives of the organization? Do your team members know what they are supposed to accomplish?**

In many companies, employees don't understand the overall purpose, function, or goals of the company, department, or unit in which they work. Unless employees understand where they are headed, agree with their departments or unit's goals and objectives, and believe that those goals are attainable, they won't be able to commit themselves to them. If effect, they won't be motivated.

The best way for people to become committed to a company's goals and objectives is for them to participate in setting those goals. When this is not possible, the manager or supervisor should make sure that each employee fully understands where the department is headed and how it plans to get there.

#### **2. What is your role in attaining these goals and objectives? What are your team member's roles?**

Once department's goals are defined then people should understand their duties and responsibilities in relation to these goals. A common practice in many organizations is to use job descriptions to define duties and responsibilities. But many job descriptions are too long and overstuffed with how-to-do-it instead of why-to-do-it. These descriptions are out date and fail to indicate the relative importance or priorities of duties and responsibilities.

# NOTES

## 3. What tools or resources will you have to work with in order to fulfill your role?

The resources allocated to a manager are often found in budgets, schedules, and timetables – essential tools for the overall planning process. Unless a manager knows the amount of money, materials, machinery, equipment, personnel, space and time allocated, he or she may not be able to use them effectively.

Participation in the initial process of allocating resources, establishing budgets, and setting up timetables and schedules will help to give the answer. For this reason, many companies today involve managers at all levels in the overall planning process. If a manager is to be held accountable for assets and resources and evaluated on his or her ability to use them, then, that person should know precisely what they are allocated. This makes manager assume full responsibility for the effective utilization of those assets and resources.

## 4. What procedures and rules will you have to follow?

Once a target has been set, with your part in reaching it clearly defined, and once you know what resources you will draw upon in reaching it, find out what the rules of the game are. Policies (ground rules) and procedures (the application and implementation of ground rules) define the limits within which you can operate. They control your own actions and eliminate the need for continuous surveillance by your head. As companies and organizations get larger, they increasingly need to replace a supervisor's "imposed control" with the manager's "self-imposed control".

An effective way to help your own employees understand the ground rules governing their jobs is to have them participate in establishing, reviewing, and modifying those rules and relating them to the changing goals and objectives of their own departments. Increased involvement makes for greater understanding and commitment.

## 5. How much authority do you have? How much do your team members have?

One problem that managers frequently encounter is a difference of opinion with an employee over the amount of authority that person can use in carrying out his or her duties and responsibilities. Employees often complain that their managers keep them under tight control, don't let them make decisions, and don't let them act on their own. They say that they have responsibility but no authority. On the other hand, some managers complain that their employees don't stand on their own two feet, don't make decisions on their own, and don't take responsibility for their actions. Instead, these managers say, employees can't agree on the scope of authority each person has.

One way to resolve this dilemma is for the employee and the manager to define ahead of time just how much authority the employee will have in carrying out his or her three or

four major duties and responsibilities. Many organizations use the following simple code to indicate the level of authority an employee has been given:

- A** The employee can act on his or her own.
- AA** The employee can act on his or her own, but is required to report to the manager about what he or she has done.
- SR** The employee is expected to check with his or her manager for suggestions and recommendations before acting.

In getting together with an employee to discuss the amount of authority he or she is given, the manager can also let the employee know how well he or she is growing and developing on the job. This type of process will induce growth in employee's knowledge, skill, and competence, which will help in performing his or her assigned tasks efficiently.

## **6. What are your relationships inside and outside of your department or organization?**

Formal organization charts and diagrams give some clues to the working relationship that exist in a company, but they show only one aspect of these relationships. For a true picture of your position in the network of company relationships, look beyond your reporting relationships up and down the line. Look at all the people with whom you must interact and coordinate activities. These people make up the informal organization and the various "publics" with whom you must deal. Clarifying these relationships in advance finding out who is involved, what functions are involved, and the nature of the relationships – will help improve your effectiveness as a team member and as a manager.

## **7. What criteria will be used to measure your performance?**

Jim Green, a manager, was unaware of the performance standard—later he was fired. Ideally, this should not have happened. But many times employees are unaware of the performance standards that are being applied to them. Even when employees think that they know the standards, those standards may actually be different from the ones their managers are using.

Performance standards are predictions of conditions that reflect satisfactory job performance. These conditions include results, symptoms, or efforts that can be measured in terms of such factors as quantity, quality, cost, and timeliness. Activities that fall below a performance standard reflect failure; those that exceed it reflect excellence.

Today, many companies make certain that all employees know not only their assigned duties and responsibilities, but also the specific standards of performance expected from them, before they actually begin performing their jobs. In addition, many companies also provide opportunities for employees to participate in setting the standards they will be

## NOTES

measured against. When employees have played an active part in setting these standards, they usually consider them to be fair and see them as factors over which they have some control. Because they understand the system of measurement that will be used, they can keep their own scores as they go along instead of waiting for their manager to give them feedback.

When new goals and objectives are established or when responsibilities change, new standards of performance may be needed to fit changing conditions. Whatever the changes, there should be no surprises. The manager and his employees must know “before the game starts” exactly how their performance will be measured, so they can continue to keep their own scores.

### **8. Will you receive feedback on how you are doing? Where, when, and how?**

Many companies have formal performance appraisal systems that provide periodic feedback on how an employee is doing on the job. Unfortunately, these are often once-a-year events – such as the end of a calendar year or the anniversary of a person’s employment – that require the completion of formal documents and involved paper processing.

People involved in any sport want to know how they are doing while they are playing the game. They aren’t content to wait until the game is over before they get feedback on their performance. Likewise, people in a company want feedback while they’re doing their jobs. Only by receiving ongoing feedback can they continue to fine-tune their efforts and improve their level of performance.

If you have been able to answer the first seven questions for your own job, you are now in a position to be able to stop at any time and assess where you are compared to where you had hoped to be, what aspects of your job you are performing well, and in what areas you should continue to improve. Ongoing feedback is the key, not a formal, once-a-year performance appraisal event.

### **9. Where and from whom can you or your team members receive help and support when it is needed?**

Generally, a manager should be considered as a coach, a counsellor or a support provider by his associates. However, such resources are not tapped. On the contrary, the manager is viewed as a threat or an obstacle.

How can managers solve this particular problem with their own employees? If you want to change this image so that your employees begin to look to you for coaching and counseling, periodically ask them this question: “What can I do more of, do less of, or do differently to be of help to you?” In addition, define the roles and availability of others in the organization who could also help them. After a while, your employees will begin to realize

that your primary role is to do whatever you can to make each and every one of them successful.

### 10. What rewards or recognition will you receive?

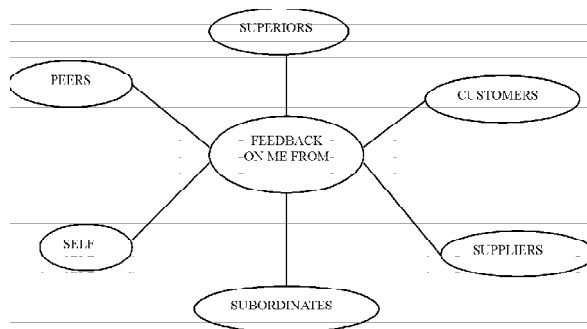
This may be the most important question: “Is it worth it?” Having performed effectively. You may justifiably wonder, “What can I expect to receive?” Continuity of employment and the possibility of receiving a wage increase are only two of the possible rewards and recognition that employees seek today. They also want the ability to see the results of their work contributing more responsibility, a greater sense of achievement, and the chance to acquire additional knowledge and skills, and knowledge about the opportunities that are available to them.

With this in mind, many companies are revamping their wage and salary plans to make sure that they directly reflect the accomplishments and contributions employees are making, rather than the energy they have expended or “time in grade”. One-time bonuses for specific accomplishments in a given time period have become more common in many organizations. Salary and wage systems are beginning to be more widely publicized so employees know where they stand and what’s ahead for them. In addition, wide spread posting of advancement and transfer opportunities has become a common practice in many companies today.

Have you been able to answer all ten questions? If so, you are on your way to becoming a more effective managers. Why? Because it’s one thing to know theories about how to manage, and it’s another to know exactly what’s expected in every facet of your job. Both are important, and both will help you to accomplish your goals more effectively.

### 1.13 FUNCTIONAL AND LEVEL DIFFERENCES IN MANAGERIAL JOB BEHAVIOR

Though all managers perform the same functions of planning, organizing, directing and controlling. There are levels among them. It is normal practice to categories managers into three levels consisting of top level managers, middle level managers and first line managers consisting of supervisors and foreman. The levels of managers are shown below (see exhibit 1.4).



**Exhibit 1.4 Levels Of Management**

# NOTES

## Top-level Management

Top-level management includes – Chief Executive Officer (CEO), Managing Directors, President and Vice President, Senior Level Managers (called executives). These top-level managers have the overall responsibility of the survival and welfare of the organizations. It is a biggest decision making body in the organization. They establish objectives and devise strategies to achieve the objectives. They carry out the analysis of the business environment both internal and external and assess its impact on the organization. The job of the top management is complex and risky and they are required to take unstructured decisions. They have maximum accountability and responsibility so also the authority.

Usually top management is a risky and challenging job. If it is a challenging job naturally there will be risk involved. Risk and challenge are directly proportional. The more challenging the job is, the more risk involved.

An illustration will help us understand better the nature of the job of top-level managers. Lets say, a top manager has been working for 5 years in the same organization and if in the first two years the organization has gained profit because of him. He receives praise from the management. Later, even if he commits a single mistake in the fifth year due to which the organization incurs some loss, the same management would fire him and demotivate him. They forget all the benefits earned by him for the company in the past. This is the generally the mindset of most of the organization. Eg. two years back the Managing Director of Maruthi Udyog Ltd., took a decision to decrease the price of the car, to increase the sales but it became vice versa. Sales got down. Because of this the management fired him out of his job. This shows how risky the top managerial job is and how risky it is to take decision.

## Middle level Managers

These will form the next layer of the management hierarchy. These are subordinates to top-level managers. Middle level managers include – Operation Manager, Plant Manager, Division head etc. Middle level managers have overall responsibility of implementation of the plan and controlling the activities. They are responsible for all the activities of the first line managers.

## First level Managers

These managers include foreman, supervisors, and section head or department manager. The operators or workers directly report to first line managers. These are responsible for controlling of operations plans prepared by middle level managers. They are responsible for outputs. Much of the time of line managers is spent in direct supervision of subordinates.



**1.14 SKILLS REQUIRED BY THE MANAGERS AT EACH LEVEL****NOTES****Technical – at supervisory role**

A technical skill is an ability to use a special proficiency or expertise relating to a method, process, or procedure. Accountants, engineers, and attorneys, for example, possess technical skills acquired through formal education. Most jobs have technical skill components. Some require formal education, while others allow skills to be acquired through appropriate training and job experience.

**Human – middle level**

Human skill is the ability to work well in co-operation with other persons. It emerges as a spirit of trust, enthusiasm, and genuine involvement in interpersonal relationships. A person with good human skill will have a high degree of self-awareness and a capacity to understand or empathize with the feelings of others. Since managers get things done through others, they must have good human skills to communicate, motivate and delegate.

**Conceptual – top level**

All good managers, ultimately have the ability to view the organization or situation as a whole and solve problems to the benefit of all concerned. This is a conceptual skill that draws heavily on one's mental capacities to identify problems and opportunities, gather and interpret relevant information, and make good problem-solving decision that serve the organizations' purpose.

**Top Managerial Level- Its significance**

The job of top managers is supposed to be risky and challenging. The main reason could be that it is they who need to continuously keep their organization and their people in pace with the changing and dynamic business environment.

**Change: What is it?**

- Change is the norm
- Change is unavoidable
- Task of the organization is to lead change.

In a period of rapid structural change, the only ones who survive are the change leaders. A change leader (Top Management) sees change as an opportunity. The following four components should be given more attention by the managers.

**1. Change Policies**

To be a change leader, it requires the willingness and ability to change what is already being done just as much as to do new and different things. Some of the change policies, which should be followed by the **top- level manager**, are listed belows:

# NOTES

## a. Abandon yesterday

The first need is to free resources from being committed to maintaining what no longer contributes to performance and no longer produces results.

## b. Organized Improvement

Work of an enterprise should be improved systematically and continuously. Continuous improvement in any area eventually transforms the operations. It leads to product, services and processes innovation.

## c. Exploiting Success

Problems cannot be ignored. Serious problems have to be taken care of. The change leaders have to focus on opportunities. The best opportunity for successful change is to exploit ones own successes and to build on them.

E.g. For Sony consumer electronics, no step was a big one. And not all of them were successful. By exploiting the success, each of these additional new products carried very little risk, so that even when it did not succeed there was not too much damage.

## 2. Piloting

For new improvements or for innovation first it has to be tested. The way to do this is to find somebody within the enterprise who really wants the new. "Everything new gets into trouble". So it needs champion. It needs somebody who says, "I am going to make this succeed".

A good way to pilot a new product or service is often to find a customer who really wants the new, and who is willing to work together on making truly successful the new product or the new service.

## 3. Changes And Continuity

Change leaders are however designed for change. Yet they still require continuity. People need to know where they stand, with whom they work and what they expect. They also need to know the values and the rules of the organization.

Change and continuity are thus poles rather than opposites. Balancing change and continuity requires work on information. There is a need for continuity in respect to the fundamentals of the enterprise.

## 4. Making The Future

The only policy likely to succeed is to try to make the future change of course have to fit the certainties. Within these restraints, however the future is still malleable. It can still be created.

**NOTES****I. Answer in brief**

1. Explain briefly the role of a manager?
2. What are the skills and competencies required to perform the managerial job?
3. What are the areas of managerial job that constitute the managerial job model?
4. What are the various level differences in managerial job?
5. How is manager different from a leader?
6. Who is a transformational leader?
7. Explain briefly the importance of time management.
8. Mention any two effective behaviors for managerial decision-making process.
9. When can a manager be called an optimizer?
10. Differentiate between efficiency and effectiveness.

**II. Answer the following in detail**

1. “Success of a Manager lies in the realization of ‘people philosophy’ or organizations”- Discuss.
2. Explain in detail about the effective managerial job behavior required for this century.
3. The job of Top-management is highly challenging and risky-Comment.
4. Explain the various functional and level differences in Managerial Job Behavior.
5. Discuss the strategies of bridging the gap in the process approach of managerial effectiveness.

**Chapter Summary**

- Management is the process of designing and maintaining an environment in which managers and individuals, working together in groups, accomplish their aims effectively and efficiently.
- Managers carry out various functions in an organization
- Managing is an essential activity at all organizational levels. However, the managerial skills required vary with organizational levels.
- The goal of manager should be to create surplus. They should aim at being productive. Their main concern is to achieve a favorable output input ratio within a specific time period, with due consideration for quality.
- Productivity implies effectiveness (achieving objectives) and efficiency (using the least amount of resources)
- The transformation process consists of the managerial functions, which also provide the framework for organizing knowledge in this chapter.
- Time management is one of the most important skills that should be practiced by every manager.

**Case Study: Olympic Toy Company, Chennai**

“I expect all the managers in my company to act completely rationally in every decision they make”, declared Shanti Rangarajan, vice-president of marketing for the Olympic Toy Company. “Every one of us, no matter what his or her position, is hired to be a professional

## NOTES

rationalist, and I expect all of us not only to know what they are doing and why but to be right in their decisions. I know that someone has said that a good manager needs only to be right in more than half of his or her decisions. But that is not good enough for me. I would agree that you might be excused for occasionally making a mistake. Especially if it is a matter beyond your control, but I can never excuse you for not acting rationally.”

“I agree with your idea, Madam”, said Manjeeth Singh, her advertising manager, “and I always try to be rational and logical in my decisions. But would you mind helping me and be sure of this by explaining just what ‘acting rationally’ is?”

1. Explain how the vice-president of marketing might describe what is involved in making rational decisions.
2. If Manjeet Singh declares that there is no way, one can be completely rational, what reply would you suggest then?

## UNIT II

### DESIGNING THE MANAGERIAL JOB

#### 2.1 INTRODUCTION

Human resources are the most important assets of an organization. The success or failure of an organization is largely dependent on the caliber of the managers and employees working therein. Without positive and creative contribution from the managers, the organization cannot progress and prosper. In order to achieve the goals or perform the activities of an organization, we need to identify and recruit managers with requisite skills, qualifications and experience. While doing so, the present as well as the future requirement should be kept in mind.

#### 2.2 RECRUITMENT

Recruitment is the process of locating and encouraging potential applicants to apply for existing and anticipated job opening. It is actually a linking function, joining together those with jobs to fill and those seeking jobs.

##### 2.2.1 Recruitment Goals

The recruitment process will work effectively only when there is a significant pool of candidates to choose from. Among these groups, we can select the right candidate based on the job specification. This may however not be easy due to non-availability of potential employees in the market. Therefore the organization should:

- Communicate the positions in such a way that jobseekers respond
- Provide enough information about the job that unqualified applicants can self-select themselves out of the job
- Reduce the cost and time spent on recruitment process (acknowledgement, application review, second letter, rejecting the applications and so on).
- Have a good recruiting program attracting the qualified and not the unqualified.

##### 2.2.2 Factors Affecting Recruitment Efforts

1. Every organization at one time or another is engaged in recruiting, adding on to the size of the organization, hence size of the organization is one of the factor (e.g.; infosys, wipro) affecting recruitment efforts.

# NOTES

2. Recruitment being conducted in the community where the organization is located will influence how many people have come for recruitment
3. Working conditions, salary and benefit packages offered by the organization will influence turnover and subsequently the need for future recruitment.
4. Finding quality employees has become tough.

## 2.2.3 Constraints On Recruitment

- Image of the organization
- Attractiveness of the job
- Internal organizational policies
- Government influence
- Recruiting cost

### Image of the Organization

The image of the organization is considered as a potential constraint because candidate may not be interested in pursuing job opportunities in a particular organization if the image is perceived low, then the chances of attracting a large pool, of applicants gets reduced.

### Attractiveness of the job

- An unattractive job may not lead to recruiting a large qualified pool of applicants
- Results in shortage of employees if the unemployment rate is low and a wide range of opportunities exist.
- If the job is hazardous, boring, anxiety-creating, low paying/lacking in promotion then attracting pool of qualified applicants may not be easy.

### Internal organizational policies

- Internal organization policies are nothing but promoting individual working in the organization wherever possible. This is done in order to fill all the positions within ranks except for the lowest level entry positions. One of the disadvantages is that, it reduces the no of applicants.

### Government influence

- Employers should no longer seek individuals based on non-job related factors such as physical appearance, sex, and religious background. Sometimes government policies come in the way of recruiting people as per the rules of the company.

### Recruiting cost

- The expenses involved for recruitment are more.
- A search for long periods of time is not possible because of budget restriction
- An organization uses various sources as interviewing employees over phone/video conferencing. This is done to reduce the traveling cost

### 2.2.4 Sources of recruitment

The sources of recruitment may be broadly divided into two categories: internal sources and external sources. Both have their own advantages and disadvantages. Let's examine these.

#### 2.2.4.1 Internal Recruitment

Persons who are already working in the organization constitute the 'internal sources'. Retrenched employees, retired employees, dependents of deceased employees may also constitute the internal sources. Whenever any vacancy arises, someone from within the organization is upgraded, transferred and promoted.

#### The advantages

- Helps in building a good public relation
- Helps to build morale
- Encourages good individuals who are ambitious
- Improves the probability of a good selection, since information on the individuals performance is readily available
- Cost is less
- Candidates who are chosen internally know the organization
- When carefully planned, promoting from within can also act as a training device for developing middle and top managers.

#### The disadvantages

- It can also be dysfunctional to organization to utilize inferior internal source only because they are there, when candidates are available outside
- Generates infighting among the rival candidates for promotion, as well as decreases the morale of those not selected.

#### Methods of internal recruitment

##### Job Posting

The standard procedure followed for internal source of recruitment is to post any new job openings and to allow any current employee to apply for the position. The position notification can be communicated on a central "position open" bulletin board in the plants/office whenever required.

##### Employee referrals/recommendations

When the current employees are not interested in the position posted then they can use these notices for other individuals for the post, both within the organization as well as outside the organization -this is what is called employee referral.

# NOTES

## Advantages

- It gives realistic information about the job than by other agencies
- It is an excellent means of locating potential employees in those hard to fill position
- The employees who make referrals are given monetary reward.

## Disadvantages

- Recommending by the people may confuse friendship with the job performance
- Individuals like to have their friends join them at their place of employment due to economic reasons.
- Leads to nepotism-hiring individuals who are related to persons already employed by the organization
- Minimizes an organizations desire to add diversity to the work place.

## Promotion and transfers

Many organizations prefer to fill vacancies through promotions or transfers from within wherever possible. Promotion involves movement of an employee from a lower position to a high level position accompanied by change in duties, responsibilities, status and value.

A transfer on the other hand, involves lateral movement within the same grade, from one job to another. It may lead to changes in duties, responsibilities, working conditions but not necessarily salary.

### 2.2.4.2 External Recruitment

The external sources lie outside the organization. The search is done only when the position is not closed internally. Some of the advantages and disadvantages of this method are

#### The Advantages

- The organization has the freedom to select candidates from a large pool. People with requisite qualifications can be selected.
- It paves the way for innovation
- It helps in motivating internal employees to work hard and compete with external candidates. This creates competitive atmosphere.
- Talented people join senior managerial positions and help in the growth of the organization.

#### The Disadvantages

- Hiring cost can go substantially high.
- It takes time to advertise, to screen, to test and to select suitable employees.
- Existing employees, who have put in considerable service, may resist the process of filling up vacancies from outside.



- External selection may also end up hiring someone who does not 'fit' and who may not be able to adjust in the new set-up.

### Methods of External Recruitment

- Advertisements
- Employment agencies
- Students from colleges and universities
- Professional organization
- Cyberspace recruiting
- Unsolicited applicants
- Job fair

### Advertisement

The factors that influence the response rates to advertisement are

1. Image of the organization
2. Labor market
3. Degree to which specific requirements are included in the advertisement.

### Employment agencies

The three forms of employments are

1. Public/State
2. Private
3. Executive search

### State agencies/public agencies

- Most public agencies tend to attract and list individuals who have minimum training. Therefore public agencies tend to attract and place predominantly low-skilled employees.

### Private employment agencies

- The private agencies are believed to offer positions and applicants of higher caliber.
- Private agencies also provide a guarantee covering six months or a year as protection to the employer in case the applicant does not perform satisfactorily.
- The private agencies collect their fee either from the employees or the employer, or it can be split

### Students from colleges and universities

Educational institutions at all levels offer opportunities for recruiting recent graduates. These institutions provide employers an opportunity to witness a prospective employee's performance through cooperative arrangements. Educational institutions are an excellent

# NOTES

source of potential employees. High schools/vocational provide lower level applications. Business/secretarial schools provide administrative staff personnel. Two and four year college provide professional and managerial level persons

## Executive search

- The executive search/headhunter specialize in middle-level and top level executive placement.
- The distinguishing features of executive search are their fees. These agencies charge a certain percentage of the cost (cost to company) of recruitment from the candidate whom they refer in their client company.
- A fee up to 35% of the executive's first year salary is not unusual as a charge for finding and recruiting individuals.
- These firms do preliminary screening. It acts as a buffer for screening the candidates and keep prospective employer anonymous

## Cyber spacing

- The new arena for locating resumes of qualified employees is looking on Internet.
- Nearly half of all the major U.S companies use Internet facilities to recruit for positions from the entry-level jobs to senior executive posts.
- We now have web searches for both employee and employers to reduce the gap between them in the recruiting process

## Unsolicited applicants

- Unsolicited applicants are those which reach the employee by letter, telephone, or in person, constitute a source of prospective applicants.
- This source does provide an excellent supply of stock piled applicants.
- Even if there are no particular openings, when the applicants contact the organization the applications can be kept in the files for later need.
- Unsolicited application made by unemployed individuals has a short life.
- Applications from individuals who are already employed can be referred to many months later and can provide recruitment to applicants who are interested in considering other employment opportunities.

## Some of the other sources of recruitment efforts

- Temporary help services
- Employee leasing
- Independent contractor
- Outsourcing

## Temporary help services

- These temporary help services can be a source of employees when individuals are needed on a temporary basis.

**NOTES**

- These employees are particularly valuable in meeting short-term fluctuations in HRM needs.
- In addition to specific temporary help services, another quality source of temporary workers is older workers, those who have already retained or have been displaced by right sizing in many companies.
- When there is a need for temporary help somewhere in the organization these help services provide the needed talent pool.

**Employee leasing**

- Leased employees typically remain with an organization for longer periods of time.
- When an organization has a need for specific employee skills, it contracts with the leasing firm to provide a certain number of trained employees.
- The acquiring organization pays a flat fee for the employees.
- The leased employees are employees of the leased firm, hence the company is not responsible for benefits
- The employees are returned after the project is over; this eliminates the cost associated with layoffs/discharge.
- Even if one employee doesn't work out, the company can get a new employee or make arrangements to have it's fee returned

**Independent contractors**

- Independent contractors are none other than the consultants.
- Company's hire independent contractors to do very specific job within or outside the company premises.
- An independent contract arrangement benefits both the organization and the individual.
- The company saves cost associated with full time/part-time personnel like social security taxes etc.

**Outsourcing**

- Any activity in which the firm lacks internal expertise can be outsourced
- When the company does not have the time to deal with the situation.

**2.3 ORIENTATION****2.3.1 Definition**

Orientation refers to activities involved in introducing a new employee to the organization and his/her work unit. It expands the information received during the recruitment and selection stages, and helps to reduce the initial anxiety a new employee has when entering a new job.

Orientation can be done by any of the following people:

# NOTES

- Employee supervisor
- People in HRM

In most organization HRM takes charge of explaining such matters as overall organization policies. In dynamic organizations, orientation is imperative that the new employees understand what the organization is about.

## 2.3.2 Organization culture in relation to orientation

Every organization has its' unique culture. Culture includes the following

- Long standing
- Unwritten rules and regulations
- Communication among members
- Shared standards of relevance about the critical aspects of work that is to be done.
- How members should relate to peers, employees, bosses and outsiders.

## 2.3.3 CEO'S role in organization with regard to orientation

The senior managers become highly visible in the organization meeting and greeting employees and listening to employees concern. At the same time they are given the opportunity to talk about the company i.e., where it is going and how it is going to get there. In management terminology it is called "visioning".

- The CEO's first responsibility is to welcome new employees aboard and to talk to them about the job choice that they have made.
- The CEO is in a position to turn on these new employees by talking about what it is like to work for the organization.
- He also discusses what really matters in a company.
- The presence of CEO helps in sending truthful message that cares for its employees.
- He helps the new employees feel better, more comfortable and also removes the fear they have.

## 2.3.4 Role of human resource manager with regard to orientation

- The role of is to ensure that the appropriate components are in place.
- Based on the recruitment that takes place, there should be a systematic schedule of when the new employee should join a company.
- It is the duty of the HRM to instruct the new employees when to report for work, before their formal arrival.
- The HRM must be prepared to handle some of the more routine needs of the individuals (e.g., long list of questions about benefits)

## 2.4 SOCIALIZATION

## NOTES

### 2.4.1 Definition

Socialization refers to the process of adaptation. This aims at helping new managers adapt to their new organization and work responsibilities.

### 2.4.2 Purpose

The main purpose is to assist managers to fully understand what working is about in an organization. It helps them to understand and accept the behaviors that organization views as desirable.

### 2.4.3 Assumptions

- Strongly influences employee performance and organizational stability
- Organizational stability is increased through socialization
- New members suffer from anxiety
- Socialization does not occur in vacuum
- Individuals adjustment to new situation is remarkably similar

### 2.4.4 Stages of Socialization

- Pre-arrival
- Encounter
- Metamorphosis

#### Pre-arrival stage

- This stage explicitly recognizes each individual's set of organizational values, attitudes and expectations.
- In this stage success depends on the degree to which aspiring members have correctly anticipated the expectations and desires of those already working in different departments of the organization.

#### Encounter

- Individuals confront the possible dichotomy between their expectations about jobs and that of their colleague, their seniors and the organization in general.
- When expectations do not go hand in hand with reality the new manager must undergo socialization that will detach them from their previous assumption and replace these with the organizations standard.
- Socialization cannot solve all the expectation differences. If there were proper selection, including the realistic job preview, it would significantly reduce this problem.

# NOTES

## Metamorphosis

- In this stage the new manager must work out any problem discovered during the encounter stage.
- Here the new manager has become comfortable with the organization and their work team.
- As a result they feel confident that they have the competence to complete their job successfully.
- A successful metamorphosis will have a positive effect on the new managers productivity, commitment and turnover in the organization.

## 2.5 MANAGERIAL SKILL DEVELOPMENT

### 2.5.1 Executive Development

Executive development is a systematic process of growth and development by which the managers develop their abilities to manage. It is concerned with improving the performance of the manager by giving them opportunities to grow.

### 2.5.2 Objectives of Executive Development Programs

- To overhaul the management machinery.
- To improve the performance of the managers
- To identify the person with the required potential and prepare them for senior positions.
- To increase morale of the members of the management group.
- To increase versatility of the management group.
- To keep the executives abreast with the changes and developments in their respective fields.

### 2.5.3 Importance of Training Programs

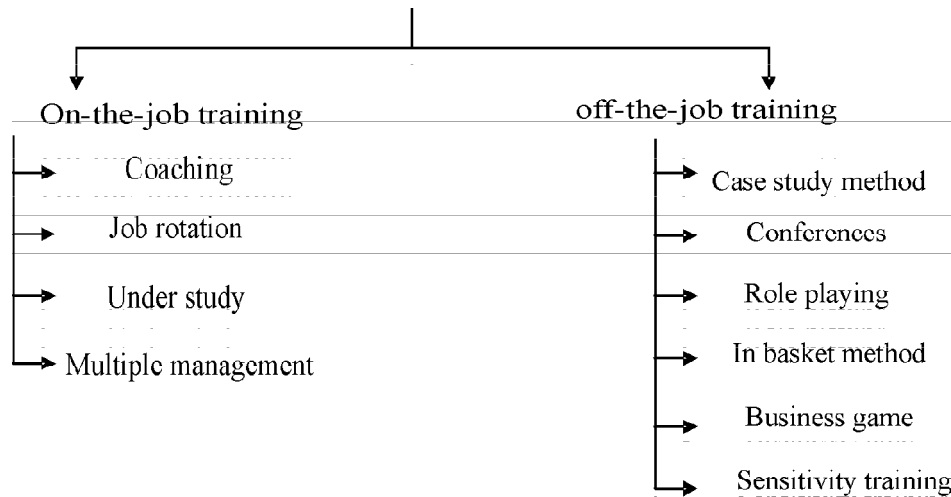
- Training is a learning experience in that it seeks a relatively permanent change in an individual that will improve the ability to perform on the job.
- Training involves change in skills, knowledge, attitude and behavior.
- Training implies a change in what employees know, how they work, their attitude towards their work, their interaction with their coworkers or superiors.

## 2.5.4 IMPORTANT METHODS OF EXECUTIVE DEVELOPMENT

### 2.5.4.1 *on the job training*

Under this method, the manager is placed on a regular job and the necessary skill is taught to perform the job efficiently. On the job training has the advantage of giving first hand knowledge and experience under the actual working condition (see exhibit 2.1).

## NOTES

**Exhibit 2.1 Important methods of executive development****1. Coaching**

In coaching the trainee is placed under a particular supervisor who acts as an instructor and teaches job knowledge and skills to the trainee. He tells him what he wants him to do, how it can be done and followed up while it is being done and corrects errors.

**2. Job Rotation**

The transferring of executives from job to job and from department to department in a systematic manner is called job rotation. He has to assume full responsibility and perform all kinds of duties. The idea behind this is to give him the required diversified skills and a broader outlook, which is important at the senior manager level.

**3. Under Study**

An understudy is a person who is training to assume at a future time, the full responsibility of the position held by his superiors. This method supplies the organization a person with as much competence as the superior to fill his post, which may fall vacant because of promotion, retirement or transfer.

**4. Multiple Management**

Multiple management is a system in which permanent advisory committee of managers study problems of the company and makes recommendations to the higher management. It is also called junior board of executive system. The committee discusses the actual problems and different alternative solutions are suggested.

# NOTES

## 2.5.4.2 *Off the Job Training*

### 1. The Case Study

Cases are presented on the basis of actual business situations that happen in various organizations. These trainees are given case for discussion. Then they are asked to identify the apparent and hidden problems for which they have to suggest solutions. This whole exercise improves the participant's decision-making skill by sharpening their analytical and judging skills.

### 2. Conferences

The conference method is another commonly used method for executive development. Topics such as human relations, safety education, customer relations, sales training and many more are often discussed, debated and spoken about at the conference. A conference may be divided into small groups for focused discussions. Participants are expected to air their opinions and thoughts freely. It aims to develop the managers in the areas of intellectual ability, practical judgment and social awareness.

### 3. Role Playing

A problem situation is simulated by asking the participant to assume the role of a person in managerial position in the organization. For example, a trainee might be asked to play the role of a supervisor who is required to discipline an employee smoking in the plant in violation of the rules. Another participant would assume the role of the employee. The individual playing the supervisory role would then proceed to take whatever action he deems appropriate. This action then provides the basis for discussion and comments by the groups. The whole play may be tape-recorded and the trainee may thus be given the opportunity to examine his or her performance.

### 4. In basket method

The trainees are first given background information about a simulated company, its products, key personnel, various memorandum, requests and all data pertaining to the firm. The trainee has to understand all this, make notes, delegate tasks and prepare memos within a specific amount of time.

### 5. Business games

Under this method, the trainees are divided into groups or different teams. Each team has to discuss and arrive at decisions concerning such subjects as production, pricing, research expenditure, advertising etc, assuming it to be the management of a simulated firm. The other teams assume themselves as competitors and react to the decisions. This immediate feedback helps to know the relative performance of each team.



## NOTES

**6. Sensitivity training**

The main objective of sensitivity training is the awareness and sensitivity of behavioral patterns of one self and others. The role-play by the trainee here is not a structured one as in role-play. It is a laboratory situation where one gets a chance to know more about himself and the impact of his behavior on others.

**7. Managerial grid**

It is a six-phase program lasting from three to five years. It starts with upgrading managerial skills, continues to group improvement, improve their inter group relations, goes into corporate planning, develops implementation method and ends with an evaluation phase.

**2.5.5 Systems Approach To Training**

- Determining training needs.
- Choose right approach.
- Define objectives of training efforts.
- Develop training program to meet the objectives.
- Identify individuals
- Conduct training
- Evaluate training out come with objectives.

**2.5.6 Methods of Training Evaluation**

- Post-training performance evaluation
- Pre- training performance evaluation
- Attitudinal change.
- Test scores.
- Improvement in production or methods of problem solving.

**2.6 MOTIVATION****2.6.1 Definition**

A manager gets result through other people. His effectiveness depends, to a large extent, on the willingness of his employees to do the assigned tasks with interest and enthusiasm. According to Scott, "Motivation is a process of stimulating people to action to accomplish desired goals". Motivation has three distinct features

- It results from a felt need
- It is goal directed
- It persist until the satisfaction of a need state occurs.

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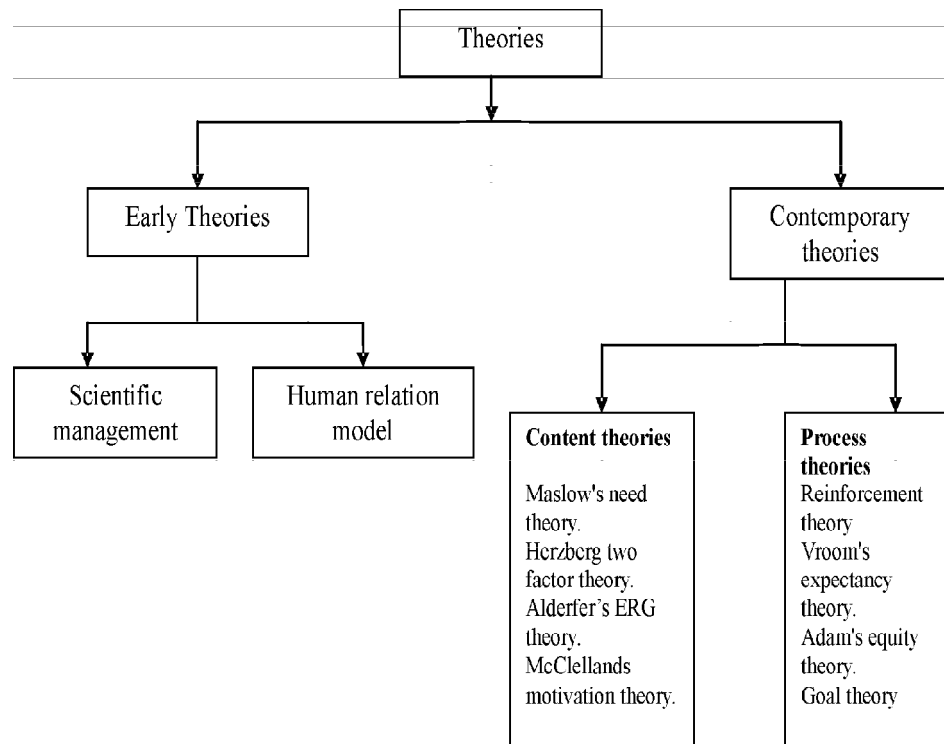
## 2.6.2 Meaning of motivation

Motivation is the set of processes that moves a person toward a goal. Thus, motivated behaviors are voluntary choices controlled by the individual employee. The supervisor (motivator) wants to influence the factors that motivate employees to higher levels of productivity

- Any influence that triggers, directs or maintains behavior
- The Process that account for an individual's intensity, direction and persistence of efforts towards attaining a goal.

## 2.6.3 Process and Content theories- Relationship with Managerial Motivation

Approaches understanding motivation differ because many individuals theorist have developed their own views and theories of motivation. They approach motivation from different perspective, with different ideas in mind and from different background. Motivation theories are classified into two, content theories and process theories (see exhibit 2.2). Process theories, as opposed to the content theories suggest that a variety of factors prove to be motivating, depending on the needs of individual, the situation the individual is in, and the rewards he expects for the work done.



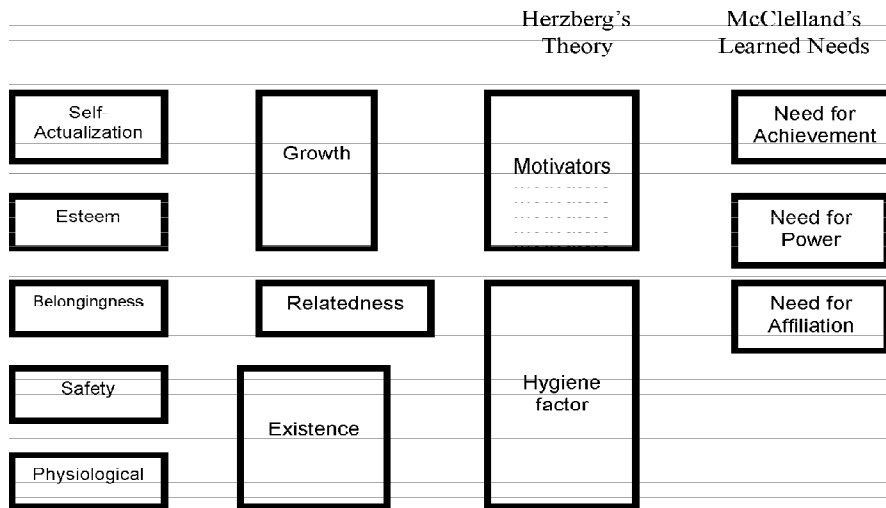
**Exhibit 2.2 Theories of Motivation**

### 2.6.3.1 Content Theories of Motivation

- This theory explains why people have different needs at different times (see exhibit 2.3)

#### Assumptions

- All Employees are alike
- All situations are alike
- There is one best way to motivate all employees



**Exhibit 2.3 Content theories of motivation**

#### Maslow's Hierarchy of Need Theory

- Each individual has needs, or feelings of deficiency that drive their behavior
- Once a need is satisfied, then it is no longer motivating
- Needs are in a hierarchy that an individual moves up as they satisfy levels of needs

#### Levels of Needs

- Physiological/Survival needs
  - Food, Clothing, Shelter, Air
- Security
  - Feel safe, absence of pain, threat, or illness
- Affiliation
  - Friendship, company, love, belonging
- First clear step up from physical needs
  - Esteem Needs

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- Self-respect, achievement, recognition, prestige
  - Cues a persons worth
- Self-Actualization
  - Personal growth, self-fulfillment, realization of full potential

## Managerial perspective

### Self-esteem needs

- Internal esteem factors such as self-respect, autonomy, achievement will act as an internal motivator for managers.
- Managers are also in need of external esteem factors such as status, recognition and attention in order to get refreshed and perform their work efficiently.

### Self Actualization Need

- The Drive to become what one is capable of becoming
- This includes Ones growth, potential and self-fulfillment

The above-mentioned two factors are important for a manager who is an achievement-oriented person.

### Alderfer's ERG Theory

- Consolidates Maslow's hierarchy of needs into 3 categories (see exhibit 2.4)
- Existence-physiological and security
- Relatedness-affiliation
- Growth-esteem and self-actualization
- Differs from Maslow's Hierarchy
- When unable to satisfy upper level needs, the individual will revert to satisfying lower level needs

structure	consideration
Low structure and low consideration	High structure and low consideration

**Exhibit 2.4 ERG Theory**

## NOTES

**Managerial perspective**

- Alderfer's growth need is closely related with Managerial Motivation.
- An intrinsic desire for personal development
- This include intrinsic component from Maslow's esteem and self actualization component

**McClelland's needs**

- The Theory envisages that each person has a need for all three (as well as others), but that people differ in the degree to which various needs motivate their behavior
- Needs are acquired through interaction with environment

**Types of Needs**

- NAch (Need for Achievement)-This is a motive to meet some standard of excellence or to compete with others.
- NAff (Need for Affiliation)-This describes a motive to develop and maintain close and meaningful relationships with others.
- NPow (Need for Power)-This is based upon desire to influence and control others and the environment

**Managerial perspective**

- Task managers show high on achievement and power need and low on affiliation
- People centered managers show high on affiliation need.

**Herzberg's Two-Factor Theory**

- Some variable prevent job dissatisfaction and some variables produce motivation
- Hygiene factors-basic needs that will prevent dissatisfaction e.g. ventilation, normal temperature, pay, parking etc.
- Motivators, when present cause high levels of motivation. Work gets more interesting, advancement and growth becomes possible.

**Managerial perspective**

The manager in an organization can be motivated by

- Challenging assignments
- Recognition.
- Responsibility
- Career growth

**2.6.3.2 Process Theories**

- Reinforcement Theory
- Expectancy Theory

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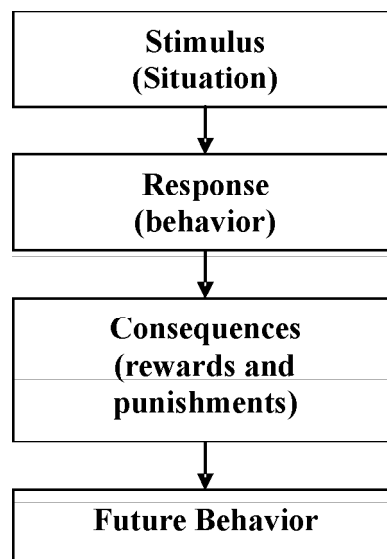
- Equity Theory
- Goal Setting Theory

## Reinforcement Theory

- Behaviors are functions of consequences that they produce (see exhibit 2.5)
- If a behavior is followed by a pleasant experience it will be repeated
- In order to change behaviors the consequences must be changed

## Types of Reinforcement

- Positive Reinforcement-rewards
- Negative Reinforcement-punishments



**Exhibit 2.5 Reinforcement Theory**

## Types of Rewards

- Extrinsic-external rewards such as money, fringe benefits, job security
- Intrinsic-internal satisfaction outcomes derived from doing work- Satisfaction

## Relation with Managers

- Managers are highly attracted by the intrinsic rewards and internal satisfaction that comes out of his work rather than monetary benefits

## Vroom's Expectancy Theory

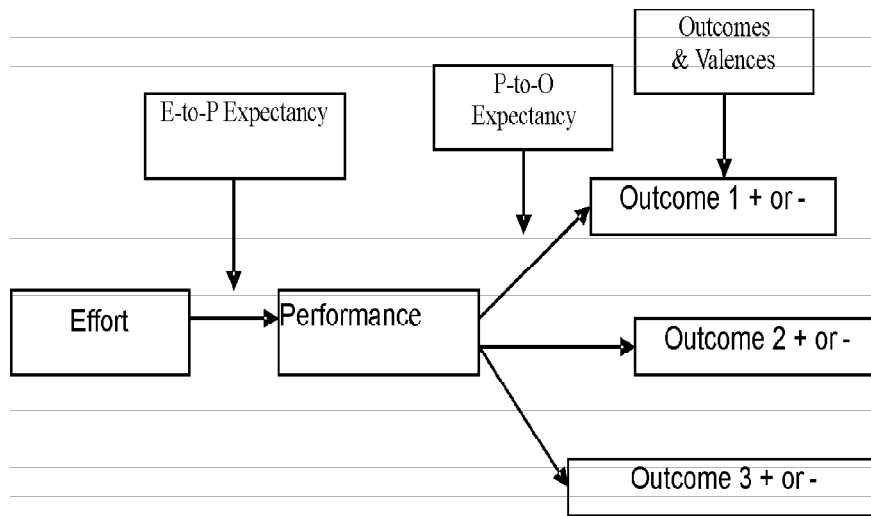
- Combines goal setting and reinforcement theories
- Three questions drive motivation
  - Will effort lead to performance?

- Will performance lead to reward?
- Will the reward be of value to the person?
- This theory is more applicable to both employees and managers (see exhibit 2.6)

## NOTES

### Terms

- Expectancy-increases the belief that employees effort will lead to successful performance
- Instrumentality-increases the belief that performance leads to valued rewards
- Valence-increases the expected value of outcomes resulting from desired performance



**Exhibit 2.6 Expectancy Theory of Motivation**

### Expectancy Theory in Practice

- Increasing the E-to-P expectancy
- Training, selection, resources, clarify roles, provide coaching and feedback
- Increasing the P-to-O expectancy
- Measure performance accurately, explain how rewards are based on past and present performance
- Increasing outcome valences
- Use valued rewards; individualize rewards preferred by the employees.

### Equity Theory

Stacy Adams has proposed this theory. According to this theory individuals try to find a balance between their inputs, viz amount of effort, time and energy expended to do the work and the corresponding output received in return for the work done, in the form of pay, incentives and other benefits. They compare this input-output ratio, with that of others,

# NOTES

in the same position, working both within the organization and outside. If the person's perceived ratio is not equal to the others he or she will strive to restore the ratio to equity.

## Elements of Equity Theory

- Outcome/input ratio
  - Inputs — what employee contributes (e.g. skill, time, effort)
  - Outcomes — what employees receive (e.g. pay, incentives)
- Equity evaluation
  - Compare outcome/input ratio with others who are in the same line.

## Goal Setting Theory

- Assignment of specific, results oriented, moderately difficult goals, combined with adequate feedback will provide motivation to work
- Employee participation in goal setting
- Receive rewards on the accomplishment of goals
- Provide competencies necessary for achievement of these goals

## Relation with Managerial motivation

- It is usual for employees to take lighter task first
- Managers who are highly achievement oriented will accept to take up heavier tasks

## 2.6.4 APPLICATION OF MOTIVATION THEORIES

Knowledge about the theories of motivation though useful is not enough to motivate employees at work situations. Managers must know specific ways, by which they could help and motivate their subordinates. Some amongst them is

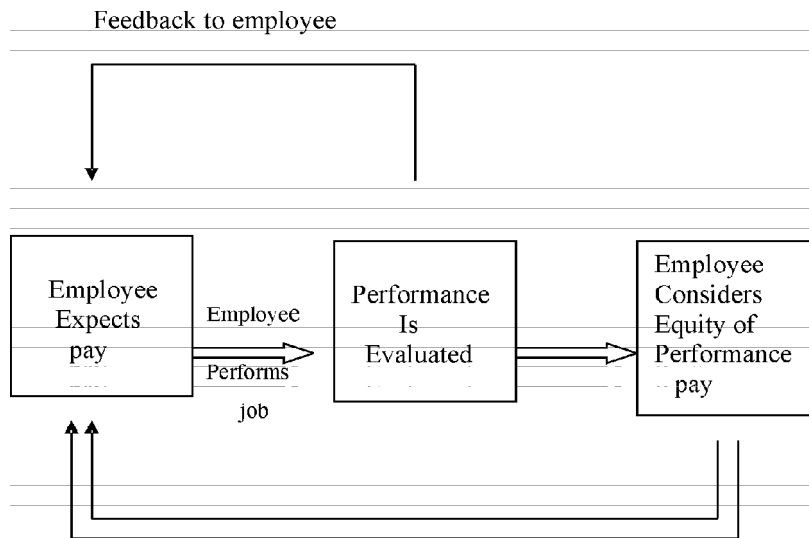
- Money
- Job design
- Participative Management
- Quality of work life
- Behavioral modification
- Others

## Money

Money is understood to be a powerful motivator for more than one reason. In the first place money is fundamental for completion of a task (see exhibit 2.7). The employee takes pay as a reward for his work, and the employer views it as a price for using the services of the employee. Second, as a medium of exchange, money is a vehicle by which employees can buy numerous need satisfying goods and services they desire. Third, money is one of the hygiene factors and improving maintenance factors is the first step in efforts directed towards motivation. Fourth, money also performs the function of a scorecard by



which employees assess the value that the organization places on their services and by which employees can compare their values to others. Fifth, reinforcement and expectancy theories attest to the value of money as a motivator.



**Exhibit 2.7 Pay and Performance relationship**

But, behavioral scientist thinks otherwise. They downgrade money as a motivator. They prefer, instead other techniques such as challenging jobs, goals, participation in decision-making and other non-monitory incentives for motivating employees. The conclusion is that money can motivate some people under some conditions i.e. money cannot motivate all people under all circumstances.

### Job design

Job design involves conscious efforts on the part of the management to organize tasks, duties and responsibilities into the unit of work in such a way that meets the needs of the employees and the organization. The design of jobs has a critical impact on organization and employee objectives. From the organization's perspective the way tasks and responsibilities are grouped can affect productivity and cost.

Poorly designed jobs may lead to lower productivity, employee turn over, absenteeism, complaints, sabotage, unionization, resignations and other problems. It was Herzberg who conceived job design as an important instrument to motivate employees.

### Job enrichment

First coined by Herzberg in his famous research with motivators and maintenance factors, job enrichment, has become a popular concept. It simply means adding a few more motivators to job to make it more rewarding. A job is enriched when the nature of

# NOTES

the job is exciting, challenging, and creative or gives the jobholder more decision making planning and controlling powers.

## Job rotation

This involves shifting managers from one job to another. It reduces boredom and disinterest through diversifying the employee's activities. Managers with a wider range of skills give management more flexibility in scheduling work, adapting to changes, and filling vacancies. Some of the drawback of this method is that the training costs increases, work gets disrupted as managers take time to adjust to a new set-up, and it may demotivate intelligent and ambitious managers who seek specific responsibilities in their chosen specialty.

## Participation

Managerial participation at all levels encourages and permits contributions to decisions, goals and plans along with suggestions on how these can be implemented.

Participative management is compatible with motivation-hygiene and ERG theories of motivation. In terms of the two-factor theory, participative management could provide employees and managers with intrinsic motivation by increasing opportunities for growth, responsibility and involvement in the work itself. Similarly, the process of making and implementing a decision and then seeing how it works could satisfy the growth needs of the ERG theory.

## Quality of Work Life

The term "quality of work life" means different things to different persons. For eg, to a worker on an assembly line, it may just mean a fair day's pay, safe working conditions, and a supervisor who treats him with dignity. To a new entrant, it may mean opportunities for advancement, creative tasks, and a successful career.

Factors affecting quality of work life

- Adequate and fair compensation
- A congenial working environment
- Jobs aimed at developing and using employee skill and abilities
- An environment in which employees develop self-esteem and a sense of identity.
- Protection and respect for employee's rights to privacy and equity.
- A sensible integration of job career and family life and leisure time

## Behavior Modification

Organizational behavior modification is yet another technique of influencing behavior of people in organizations.

Step 1- Identification of critical behaviors

- Step 2-Measurement of the behaviors
- Step 3-Functional analysis of the behavior
- Step 4-Development of an intervention strategy
- Step 5-Evaluation to ensure performance improvement

### 2.6.5 other application of motivation theories

#### 1. Management by objectives (MBO)

It is defined as a process whereby superiors and subordinates jointly identify the common objectives (see exhibit 2.8), set the results that should be achieved by the subordinates assess the contribution of each individual in terms of results expected of him and integrate individuals with the organization so as to make best use of organizational resources.

##### Steps in MBO

- Setting objectives: To establish verifiable objectives for the organization as a whole and for various positions in the organization. The objectives are established at several stages.
- Developing Action Plan: The responsibility for achievement of each goal is fixed.
- Conducting periodic reviews: At frequent intervals the superior and subordinate review actual performance jointly.
- Appraising Annual performance: A thorough evaluation of individual
- Performance is done at the end of the year.

The Boss (Manager)	The Leader
<ul style="list-style-type: none"> <li>• He drives and orders.</li> <li>• He depends on his authority</li> <li>• He engenders fear.</li> <li>• He fixes blames and finds faults.</li> <li>• He knows all the answers.</li> <li>• He makes the work drudgery.</li> <li>• He believes in "I"</li> </ul>	<ul style="list-style-type: none"> <li>• He coaches and advises.</li> <li>• He depends on his confidence and goodwill.</li> <li>• He inspires enthusiasm.</li> <li>• He solves problems.</li> <li>• He consults and seeks advice.</li> <li>• He makes the work a game.</li> <li>• He believes in "We" and "You".</li> </ul>

#### Exhibit 2.8 Management by Objectives

**2. Flexible working hours** Also called as flexi time to suit the convenience of individual employees has often been pointed out as one of the techniques of motivation. It leads to

# NOTES

reduced absenteeism, increased productivity, reduced over time expenses, elimination of tardiness, a lessening in the hostility towards management etc.

**3. Two-tier pay system:** - This provides for offering significantly lower wage rates to newly hired employees than those already employed in the same job. For example, a junior lecturer in a university is paid less than a senior grade lecturer.

**4. Flexible benefits:** - These allow employees to pick and choose from among a menu of benefits package that is individually tailored to his or her own needs and situations.

## 2.6.6 Modern motivation techniques

Employee stock option scheme

- a) Compulsory offs on Saturdays and Sundays
- b) Family tour either domestic or foreign once in a year
- c) Dating allowance
- d) Free lunch
- e) Recreation program for children
- f) Crèche facility for women employees
- g) Free transport facility
- h) Celebration of important festivals

## 2.6.7 Manager's motivation tool kit

- Appraise, approval and recognition
- Trust, respect and high expectations
- Loyalty, given that it may be received
- Removing organizational barriers
- Job enrichment
- Communications

People have different needs at different times. Offer employees a choice of flexible rewards. Do not rely too heavily on financial rewards. They mainly address lower level needs. Managers who are highly achievement oriented will accept to take up heavier tasks.

## 2.7 PERFORMANCE APPRAISAL

### 2.7.1 Introduction

By means of human resource development activities, the manager develops the technical, managerial, behavioral knowledge, skill ability and values, which are necessary to perform present and future role. The process of performance appraisals helps the manager and management to know the actual performance level of manager when compared to standard level. Performance appraisal is the basis of HRD based on which promotions demotion, salary fixing etc. can be decided. It is the basis for the individual development.

### 2.7.2 Strategic Management and Performance Appraisal

Performance appraisal practice depends upon the strategy (Exhibit 2.9) adopted by the company.

Strategy	Performance appraisal	Appraiser
Stability, sustainable growth	Traditional	Superior
Expansion, diversification new product	Modern	360 appraisal
Retrenchment	Traditional	Superior

**Exhibit 2.9: Strategic Management and Performance Appraisal**

It is a method of evaluating the behavior of the manager in work spot, both qualitative and quantitative aspect. It is the degree of accomplishment of the task that makes up an individual job. It is different from effort. Performance is measured in degree of the result achieved.

### 2.7.3 Characteristic feature of performance appraisal

- Performance appraisal is the systematic description of the manager job relevant strength and weakness.
- Basic purpose is to find out how well the manager is performing the job.
- Appraisals are arranged periodically.
- Performance appraisal is a continuous process.
- Performance appraisal is followed by corrective measures

### 2.7.4 NEED FOR PERFORMANCE APPRAISAL

- Provides information about the performance rank. Helps in taking decisions regarding salary fixation promotion, transfer and demotion.
- Provide feedback information about the level of achievements and behaviors of subordinate.
- Prevent grievances and maintains discipline
- Creates and maintain satisfactory level of performance.
- Contributes to manager growth and development through training programs.
- Helps the superior to have proper understanding about their subordinates.
- Helps to adopt job changes with the help of continuous ranking.
- Facilitates fair and equitable compensation, based on performance.
- Facilitates in testing and validating selection tests, interview techniques, by comparing their scores with performance standards.
- Provides information for making decisions regarding layoff, retrenchment etc.

## NOTES

The appraisal model consists of three kinds of appraisals:

- ## Formal Comprehensive Review

- ### Progress or Periodic review

- ## Continuous monitoring

### 2.7.6 Performance Appraisal Process

[illegible]

### Exhibit 2.10: Performance Appraisal Process

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### 2.7.7 Performance appraisal methods

With the evolution and development of the appraisal system a number of methods or techniques of performance appraisal have been developed. They can be classified as

- Traditional method
- Modern method

#### 2.7.7.1 Traditional method

##### 1. Graphic rating scales

Individual performance is compared with the absolute standard. The judgment about the performance is recorded on the scale. It is an oldest and frequently used method. The appraisers are supplied with printed forms one for each. These forms contain a number of objectives, behavior traits and characters. These forms contain rating scales. Points are given to each item and they are added up to find the overall performance. Managers are ranked based on the total points they obtain and these are plotted in the graph.

##### 2. Ranking method

The managers are ranked from best to worst based on some characteristics. The rater first finds the manager with highest performance and the manager with lowest performance. Rates the former as the best and the later as poor. Thus all the employees in a group are given ranks.

Ranking can be easy and inexpensive, but its reliability and validity may be open to doubt. It is possible that low ranker in one group may turn to be superstar in another group. The limitation of the ranking method is that the size of the difference between individual being ranked is not well defined.

##### 3. Paired Comparison Method

This method is simple. Under this method the appraiser ranks the manager based on his performance in comparing with all the others in the group one at a time. It will be effective if the numbers of managers are less. The total number of comparison is given by the formula  $N(N-1)/2$ .

The limitation is that managers are simply compared with each other on the total performance rather than specific job criteria.

##### 4. Forced Distribution Method

It develops to prevent the rater from rating too high or too low. Under this method the rater after assigning the points to the performance of each manager has to distribute

# NOTES

the rating in a pattern to confirm frequency distribution. It eliminates central tendency and leniency biases. This method is based on the rather questionable assumption that all group of manager will have the same distribution of excellent, average and poor.

## 5. Check List Method

The checklist is a simple rating technique in which the supervisor is given a list of statements and is asked to check if the statements represent the characteristics and performance of each manager. There are three types of checklist

- **Simple checklist**

It consists of large number of statements and words. The raters are asked to mark positive or negative check. The negative checks are neglected and the positive checks are counted. The limitation is that the raters may interpret the statement and the word differently.

- **Forced checklist**

In this there are large number of statements in groups. Each group consists of 4 statements. 2 are favorable and 2 are unfavorable, some time 5 statements are given one is neutral. The rater has to select one from the favorable and one from unfavorable. The weight-age for the statement is not shown to the rater. There is a mixture of the positive and negative statements. Based upon the score they are ranked.

- **Weighted checklist**

The weighted checklist method involves weighting different items in the checklist, having a series of statements about an individual, to indicate that some are more important than others. The rater is expected to look into the questions relating to the employee's behavior and tick those traits that closely describe the employee behavior. Often the weights are not given to the supervisors who complete the appraisal process, but are computed and tabulated by someone else, such as a member of the personnel unit. In this method, the performance ratings of the employee are multiplied by the weights of weighted performance score of the employee. Weighted performance score is compared with the overall assessment standards in order to find out the overall performance of the employee.

## 6. Critical Incident Method

The critical incidents method of employee assessment has generated a lot of interest these days. The approach focuses on certain critical behaviors of an employee that make all the difference between effective and non-effective performance of a job. The incidents are recorded as and when they occur.



## 7. Essay Appraisal Form

In this, the rater is asked to write an essay about the manager's strength and weakness. Based upon that they are ranked. The major drawback of this method is that it is time consuming and subjective.

### 2.7.7.2 Modern Methods

#### 1. BARS (Behaviorally Anchored Rating Scales)

The bars method combines elements of the traditional rating scales and critical incident method \_ effective and ineffective behaviors are described more objectively. The method employs individuals who are familiar with a particular job to identify its major components. They then rank and validate specific behavior for each of the components.

The various steps involved in constructing BARS

- Collect critical incidents
- Identify performance dimensions
- Reclassification of incidents.
- Assigning scale values to the incidents
- Producing the final instrument.

#### 2. Assessment center

This method of appraising was first applied in German army in 1930. This is not a technique of performance by itself. It uses procedures that incorporate group and individual exercises. These exercises are designed to simulate the type of work, which the candidate will be expected to do. They participate in in-basket exercises, work groups, computer simulations, role-playing and other similar activities. Their performance in the situational exercises is observed and evaluated by a team of trained assessors.

#### 3. Management By Objective

MBO requires the management to set specific, tangible and measurable goals with each manager and then periodically discuss the latter's progress towards these goals. This technique emphasizes participative management viz. goals that are agreed upon both by the managers and their superiors. It is a kind of goal setting and appraisal program involving six steps

- Set the organization's goals
- Set departmental goals
- Discuss departmental goals
- Define expected results
- Performance reviews
- Provide feedback

## NOTES

# NOTES

## 4. Psychological Appraisal

It is conducted to assess the employee's behavioral and psychological aspect. It consists of in-depth interviews, psychological tests and discussion reviews. It is useful for decision making with regard to placement, career planning and training of managers.

## 5. 360-Degree Feedback

Where multiple raters are involved in evaluating performance, the technique is called 360-degree appraisal. The 360-degree technique is understood as systematic collection of performance data on an individual or group, derived from a number of stakeholders. The stakeholders are the immediate supervisors, team members, customers, peers, and self.

### 2.7.8 Problems of Performance Appraisal:

A completely error-free performance appraisal is only an ideal we can aim for. In reality most appraisals fall short of this ideal. This is often due to one or more actions that can significantly impede objective evaluation. It is briefly described below.

#### 1. Rating biases

The problem with subjective measure has the opportunity for biases

#### Halo effect

It is the tendency of the rater to depend on the rating of one trait or behavioral consideration. It takes place when one aspect of an individual's performance influences the evaluation of the entire performance of the individual. In an organization, a halo error occurs when an employee who works late constantly might be rated high on productivity and quality of output as well as on motivation.

#### The Error of Central tendency

Some raters play a safe role by rating all in the middle point of the rating scale and they avoid rating the people at both extremes of the scale.

#### The leniency and strictness

The leniency bias crops when some rater have tendency to be liberal in their rating by assigning higher rates consistently. Equally damaging is assigning low rate. It doesn't serve any purpose.

#### Personal prejudices

If the rater dislikes any employee or any group he may rate them low. Such decision affects the career of the manager.

**Recent effect**

The raters generally remember the recent action of the manager at the time of rating them. These recent actions may either be favorable or unfavorable. Such type of subjective performance appraisal has certain drawbacks like

- Less reliability and validity of the performance appraisal techniques.
- Negative rating affect interpersonal relation and industrial relation system.
- Absences of inter rater reliability.
- Gives rise to unpleasant situation at the time of feedback interview.

**2.7.9 How to minimize the problems**

The problems of performance appraisal can be minimized through the following means:

- By covering an open meeting with the appraisers and discussing the performance of the manager before an after performance review discussions.
- By encouraging every one to comment on each other's achievements and areas requiring improvement.
- The appraiser should be objective and speak the truth.
- By conducting counseling meeting with the managers to apprise them of their performance and consequences.

**2.8 Feedback**

Feedback is a planned, systematic intervention in the life of an individual who is capable of choosing the goal and the direction of his own development. Thus the purpose of counseling is to help the employee become aware of his own performance, his strengths and weaknesses, opportunities available for performance development and the threats in the form of technological change etc.

**2.8.1 360-Degree Feedback**

360-degree appraisal is basically a Multi-rater appraisal and feedback system. In this system, the employee is assessed periodically (once in a year and sometimes even half yearly) by a number of assessors including his supervisor, immediate subordinates, colleagues, internal customers and external customers (see exhibit 2.11).

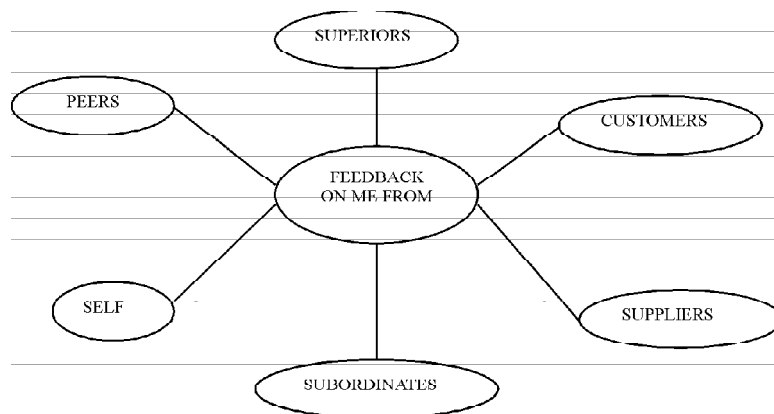
**Appraisers**

The appraiser may be any person who has thorough knowledge about the job contents to be appraised. The appraiser should be capable of determining what is more important and what is relatively less important. He should prepare reports and make judgments without bias. Typical appraisers are supervisors, peers, subordinates, employees themselves, users of service and consultants. Performance appraisal by all these appraisers is called "360 degree performance Appraisal".

**NOTES**

# NOTES

- **Supervisors:** Supervisors include superiors of the employee, other superiors having knowledge about the work of the employee and department head or manager. General practice is that immediate superiors appraise the performance, which in turn is reviewed by the departmental head or manager.
- **Peers:** Peer appraisal may be reliable if the work group is stable over a reasonably long period of time and performs tasks that require interaction. However, little research has been conducted to determine how peers establish standards for evaluating others or the overall effect of peer appraisal on the group's attitude.
- **Subordinates:** the concept of having superiors rated by subordinates is being followed in most organizations today, especially in developed countries. Such a novel method can be useful in other organizational settings too provided the relationships between superiors and subordinates are cordial.
- **Self Appraisal:** if individuals understand the objectives they are expected to achieve and the standards by which they are to be evaluated, they are to a great extent in the best position to appraise their own performance. Also, since employee development means self-development, employees who appraise their own performance may become highly motivated. Wipro and many other industries have implemented self-appraisal.



**Exhibit 2.11 360-Degree Feedback**

- The assessment is made in a questionnaire specially designed to measure behaviors considered as critical for performance
- Others do the Appraisal anonymously and the assessment is collected by an external agent (consultant) or specially designated internal agent (for example the HR Department).
- The assessment is consolidated. Feedback profiles are prepared and given to the employee.
- This type of multi-perspective evaluation is more complete and accurate than the traditional top-down evaluation.

## NOTES

**2.8.2 Importance of 360-degree feedback**

Superiors only see a part of a manager's performance, they need other perspectives to fill in the blanks. Subordinates, for example, can provide information on the leadership qualities of a manager. Customers are in a better position than anyone else to evaluate how employees perform with them.

A 360-degree evaluation is also valuable because people don't act the same towards everyone. The interpersonal skills of a manager are probably more accurately reflected in feedback from subordinates or peers than in feedback from his superiors.

Another important aspect of 360-degree feedback is the inclusion of self-evaluations. Ratings by others will probably be more accurate, but self-evaluations force employees and managers to sit down and think about their strengths and weaknesses.

360-degree feedback evaluations have the advantage of confidentiality. Since 360-degree feedback involves groups of raters, the results are anonymous. These results are therefore less likely to be biased or skewed either positively or negatively. The raters evaluate those dimensions or elements, of a person's performance that they know best.

360-degree feedbacks are known as multi-rater assessments since the number of evaluations is increased to include peers, supervisor and subordinates to offer a more balanced and comprehensive view and improve the quality of performance measures. Through the assessments, not only do organizations gain access to credible, quantitative information, but also the assessment provides reasonable benefits to the stakeholders including the supervisors, customers, employees, team members, leaders and managers.

**2.8.3 Objectives Of 360-Degree Feedback**

- Insight into the strong and weak areas of the candidate in terms of the effective performance of roles, activities, styles, traits, qualities, competencies knowledge, attitudes and skills, impact on others and the like.
- Identification of developmental needs and preparing developmental plans more objectively in relation to current or future roles and performance improvements for an individual or a group of individuals.
- Data generation to serve as a more objective basis for rewards and other personnel decisions.
- Alignment of individual and group goals with organizational vision, values and goals.
- Reinforcement of other change management efforts and organization effectiveness directed interventions.

# NOTES

## 2.8.4 360-degree feedback can be used for

- Self development and individual counseling
- Part of organized training and development
- Team building
- Performance management
- Strategic or organization development
- Validation of training and other initiatives
- Fixing Remuneration

## 2.8.5 Advantages of 360-Degree Feedback

- It is more objective than a one-person assessment of traits and qualities.
- It adds objectivity and supplements the traditional appraisal system.
- It is more participative and enhances the quality of HR decisions.
- It is suitable for new organizational cultures being promoted by most world-class organizations (participative culture, learning culture, quality culture teamwork, leadership culture etc)
- Provides quality and large quantity of detailed information about a person.
- It has morale boosting effect.

## 2.8.6 Phases Of Feedback Exercise

- Orientation
- Questionnaire distribution
- Monitoring and follow up
- Data feeding and reports
- Counseling

## 2.9 Career Development

### 2.9.1 The Concept of Career

Douglas T. Hall defines career as a sequence of work related activities that provides continuity, order and meaning in a person's life. There is also a subjective element in the concept of career. A career consists of the changes in values, attitudes and motivation that occur as a person progresses in his professional life.

A career can mean

- Advancement
- Profession
- Stability over time

### 2.9.2 Individual Vs Organizational Perspective

From an organizational or HRM point of view career development involves tracking career paths and developing career ladders. HRM seeks information to direct and to monitor

the progress of special groups of employees, and to ensure that capable professional, managerial and technical talent will be available to meet the organization's needs. Career development from the organizations perspective is also called organizational career planning.

In contrast individual career development or career planning focuses on assisting individuals to identify their major goals and to determine what they need to do to achieve these goals.

### **2.9.3 Career Development Vs Employee Development**

Career development looks at the long-term career effectiveness and success of organizational personnel. A successful career program in attempting to match individual's abilities and aspirations with the needs of the organization should develop managers with an objective to match the long term needs of the organization and address the dramatic changes that will take place over time in the business environment.

### **2.9.4 Career Development: Value For The Organization**

#### **1. Ensures needed talent will be available**

Changing staff requirements over the intermediate and long term should be identified when the company sets long term goals and objectives. Working with individual employees to help them align their needs and aspirations with those of the organization will increase the probability that the right people will be available to meet the organization's changing staff requirements.

#### **2. Improves the organization's ability to attract and retain talented managers**

Importantly career planning appears to be a natural response to the rising concern by employees for the quality of work life and personal life planning. Social values have changed that more members of the work force no longer look at their work in isolation. Their work must be compatible with personal, family interests and commitments. Career development should result in a better individual-organizational match for employees and result in fewer turnovers.

#### **3. Ensures that minorities and women get opportunities for growth and development**

Equal employee legislation and affirmative programs have demanded that minority groups and women receive opportunities for growth and development that will prepare them for greater responsibilities within the organization.

# NOTES

## 4. Reduces employee frustration

When organizations cut costs by downsizing, career paths, career tracks and career ladders often collapse. Career counseling can result in more realistic rather than raised employee expectations.

## 5. Enhances cultural diversity

Attracting and retaining the people from different cultures, enhances cultural diversity.

## 6. Promotes Organizational Goodwill

When employees think their organizations are concerned about their long-term well being, they respond in projecting positive images of the organization outside wherever they go and hence people may view it in a greater perspective.

### 2.9.5 Career Development: Value for the Individual

1. The process of career planning helps the individual to have the knowledge of various career opportunities, his priorities.
2. This Knowledge helps him select the career, which is suitable to his personality, lifestyles, preferences, family environment and which has scope for self-development etc.
3. It improves the efficiency and performance of the individuals.
4. Increases job satisfaction and enhanced employee commitment.
5. It satisfies employees esteem needs.

### 2.9.6 Career stages

A career, as mentioned before, includes many positions, stages and transitions just as a person's life does. It can be easily understood if we think of a career consisting of several stages. Most of us have gone or would go through the five stages (see exhibit 2.12).

#### Exploration Establishment Mid-Career Late Career Decline

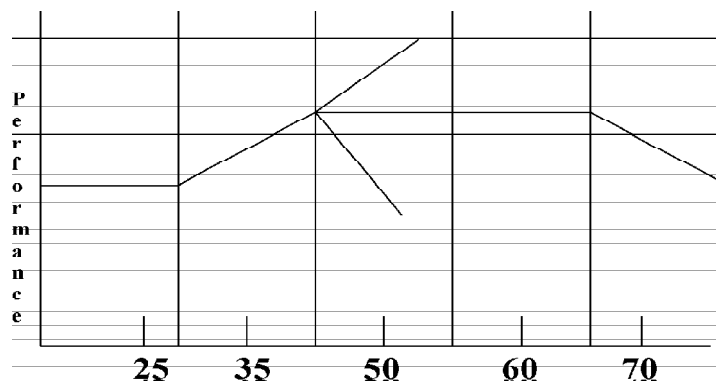


Exhibit 2.12 Stages in Career Development



## NOTES

**Exploratory stage**

As the term itself denotes it is a stage in which a person explores, possible career options for oneself and it happens usually in mid-twenties when one makes transition from education to earn i.e., work. Experiences suggest that several factors like the careers of the parents, their interest, and their aspirations for their children, and their financial resources shape the children's future career options. Since this stage occurs prior to employment, it has least relevance for the organization.

**Establishment stage**

This stage begins with choosing a job, or say, career, for oneself. This stage is marked by the first experiences on the job, acceptance and evaluation by peer groups. In this stage, one tries to make his/her mark and in the process commits mistakes, learns from mistakes, and gradually assumes increased responsibilities. However, one does not reach the summit or peak productivity at this stage. Putting it differently, this stage is like going up hill making lot of efforts, spending lot of time and energy all the while.

**Mid Career Stage**

This is a stage marked by improved performance, level off or starting deterioration. This is the stage when one is no longer seen as a learner. Hence, mistakes committed are viewed seriously and invite serious penalties. At this stage, some managers may feel plateaued. Plateauing is a condition of stagnating in one's current job. In one case, an executive at the age of 40 moved to journalism and was quite successful. Several such cases of career movement abound in the society.

**Late Career Stage**

This stage is usually a pleasant stage for those who continued to grow during the mid-career stage. Based on one's good performance during the earlier stage, one now enjoys playing the part of the elder statesman and command respect from younger employees. During this stage, the people do not have to learn but to suggest and teach others how to go about with their jobs. But for those who have either stagnated or deteriorated during the mid-career stage, the late career stage brings the reality for them that they are no longer required in the organization and therefore, it is better for them to direct themselves to retire.

**Decline Stage**

This is the final stage in one's career to retire from one's job or career. Impending retirement scares everyone but more to those who have sparkling career earlier. This is so because these persons have to step out of the limelight and give up a major component of their identity. On the contrary, decline stage is less painful for modest performers or failures. Their frustration associated with work is left behind.

# NOTES

## 2.9.7 Achieving Your Career Goals

- **Select your first job judiciously**

A power department is one where crucial and important organizational decisions are made. If we start out in such a department in an organization then we are more likely to advance in the organization and ultimately throughout our career.

- **Do good work**

Good work performance is a necessary condition for career success. A good work performance is no guarantee of success but without it the probability of a successful career is low.

- **Present the right image**

We should assess the organizations culture so that we get an idea of what are the organizations wants and values. Then we need to project that image in terms of style of dress, organizational relationships that should cultivate, shouldn't cultivate etc.

- **Learn the power structure**

Instead of just going through the organizational chart we need to find out "who's really in charge, which has the goods on whom, what are the major debts and dependencies". Once these aspects are learnt navigation through the power structure can be done with skill and ease.

- **Gain control**

Knowledge and expertise are particularly more effective resources to control. They make us more valuable to the organization and therefore more likely to gain job security and advancement.

- **Stay visible**

Since performance effectiveness is very subjective it's important that your boss and those in power in the organization are made aware of your contributions. Tactics adopted can be being seen at social functions and being active in professional associations.

- **Don't stay too long in your first job**

There is a choice in staying in your first job. One should have "really made a difference" in his first job if not should choose to move on to other jobs.

- **Find a mentor**

Evidence indicates that finding a mentor who is part of the organization's power core is essential to help you grow in your career.

## NOTES

- **Support your boss**

Don't undermine your boss. Don't speak negatively of him to others. If he is competent, visible and possesses a power base he or she is likely to be on the way up in the organization. In case he turns out to be incompetent you need to move to another job.

- **Stay mobile**

You are likely to move upward more rapidly if you indicate willingness to move to different geographic locations and across functional lines within the organization, or change organizations. Working in a slow, stagnant or declining organization should make mobility more important to you.

- **Think laterally**

'Lateral shifts are now a viable career consideration. They give a wide range of experiences, which enhances long-term mobility; also makes work more interesting and satisfying. So if we are not moving ahead in the organization then we have to consider a lateral move internally or externally.

- **Continue upgrading skills**

By focusing on current skills and continuing to learn new ones we can establish our value to the organization. It is managers who don't add value to an organization whose jobs are in jeopardy.

- **Develop network**

A network can prove to be a useful tool if your job is eliminated. Even if your job is in danger of being cut, having a network can prove beneficial in getting things done.

### I. Answer in brief

1. Define recruitment. How is it different from selection?
2. Bring out the factors which influence recruitment.
3. What are the philosophies of recruitment?
4. Why is managerial skill development considered important?
5. How does sensitivity training program help manager in behavior modification?
6. What is motivation?
7. How do you handle problem employees?.
8. Outline the appraisal process.
9. List out the various executive development methods.
10. Why is career development of managers considered important by the organization?

# NOTES

## Answer the following in detail

1. If you were the chairman of a company, what considerations would guide your judgement on the following employment issue:
  - a. Hiring of relatives of employees
  - b. Promoting from within Vs selecting the best from outside.
  - c. Hiring people recommended by the government.
2. Explain in detail the various sources of managerial recruitment
3. If you were to audit an existing performance appraisal system, What criteria would you use to judge its effectiveness?
4. Why is motivation a critical issue of interest to managers in organizations? Explain.
5. Evaluate the 360-degree feedback as a technique of appraisal.

## Chapter Summary

- The success or failure of an organization is largely dependent on the caliber of the managers and employees working therein. Without positive and creative contribution from the managers, the organization cannot progress and prosper.
- Recruitment is the process of locating and encouraging potential applicants to apply for existing and anticipated job opening. It is actually a linking function, joining together those with jobs to fill and those seeking jobs.
- Selection refers to the process of picking the right candidates from the pool of qualified applicants. It is significant as it has impact on work performance and employee cost.
- Executive development is a systematic process of growth and development by which the managers develop their abilities to manage. It is concerned with improving the performance of the manager by giving them opportunities to grow.
- Motivation is the set of processes that moves a person toward a goal. Thus, motivated behaviors are voluntary choices controlled by the individual employee. The supervisor (motivator) wants to influence the factors that motivate employees to higher levels of productivity
- The process of performance appraisals helps the manager and management to know the actual performance level of manager when compared to standard level. Performance appraisal is the basis of HRD based on which promotions demotion, salary fixing etc. can be decided.
- A successful career program in attempting to match individual's abilities and aspirations with the needs of the organization should develop managers with an objective to match the long term needs of the organization and address the dramatic changes that will take place over time in the business.

**Case Study: Mechanist's Indisciplined Behaviour****NOTES**

Dinesh, a machine operator, worked as a mechanist for Ganesh, the supervisor, Ganesh told dinesh to pick up some trash that had fallen from Dinesh's work area and dinesh, replied, "I won't do the janitor's work."

Ganesh replied, "when you drop it , you pick it up", dinesh became angry and abusive, Calling Ganesh a number of name in a loud voice and refusing to pick up the trash. All employees in the department heard Dinesh's comments.

Ganesh had been trying for two weeks to get his employees to pick up trash in order to have cleaner workplace and prevent accidents. He talked to all employees in a weekly departmental meeting and to each employee individually at least once. He started that he was following the instructions of the general manager. The only objection came from Dinesh.

Dinesh has been with the company for five years, and in the department for six months. Ganesh had spoken to him twice about excessive alcoholism, but otherwise his record was good. He was known to have quick temper.

This outburst by Dinesh hurt Ganesh badly. Ganesh told dinesh to come to the office and suspended him for one day .for insubordination and abusive language to a supervisor . Tthe decision was with in company policy and similar behaviours had been punished in other departments.

After Dinesh left Ganesh's office.Ganesh phoned the HR Manager reported about the punitive measure he had taken, and said that he was sending a copy of the suspension order for Dinesh's file.

**Questions**

1. How would you rate Dinesh's behaviour?  
What method of intervention would you use as a manager ? Why?
2. Do you asses any training needs of employees? If yes, what inputs should be embodied in the training programme?

# NOTES

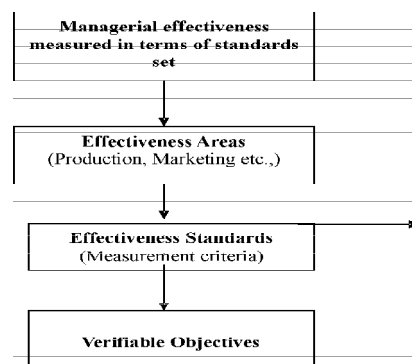
## UNIT III

### THE CONCEPT OF MANAGERIAL EFFECTIVENESS

#### 3.1 INTRODUCTION TO MEASURING MANAGERIAL EFFECTIVENESS

An important way of describing managerial effectiveness is in terms of effectiveness areas, effectiveness standards and objectives. Effectiveness areas indicate general output requirements of managerial position. The idea of effectiveness is based on the view that all managerial positions are best seen in terms of the output associated with it. For e.g., the areas could be in terms of sales level, production level, inventory control, best utilization of resources etc., the effectiveness areas emanate from the strategy of the firm to make its organizational structure operational.

When effectiveness areas are divided into sub-division, in concrete measurement criteria, effectiveness standards are said to have emerged. In other words, effectiveness areas can be broken down into effectiveness standards. When effectiveness standards are made more specific, they are called objectives. Objectives have time limits and numerical values are attached to them. Thus managerial effectiveness is made measurable, verifiable, operational and more specific with the help of effectiveness areas, standards and objectives (see exhibit 3.1).



**Exhibit 3.1 Measuring Managerial Effectiveness**

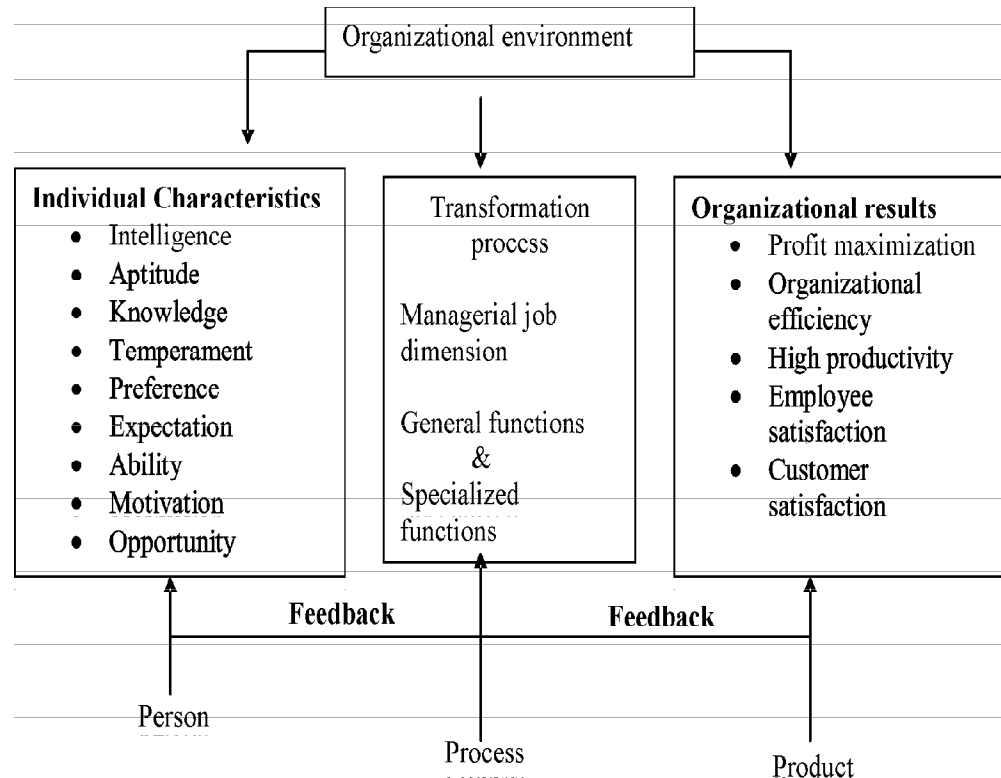
# NOTES

Managerial effectiveness is measured through comparing the actual standard set with the achieved standard. Both the standards will match perfectly provided the managers prove to be an effective delegator, frank and fearless, well-defined, award subordinates for good job, pro-active, innovative, energetic and adaptive in approach.

## 3.2 METHODS OF MEASURING MANAGERIAL EFFECTIVENESS

### 3.2.1 The Person, Process, Product Approaches – Bridging the gap

Every business organization is a part of industry and has to operate in a given economic system and society. It receives inputs, transforms them and exports the outputs to the environment. The person, process and product approach indicates how the various managerial characteristics and resourcefulness acting as inputs is being transformed into outputs through a transformation process (see exhibit 3.2).



**Exhibit 3.2 The Person, Process, Product Approach**

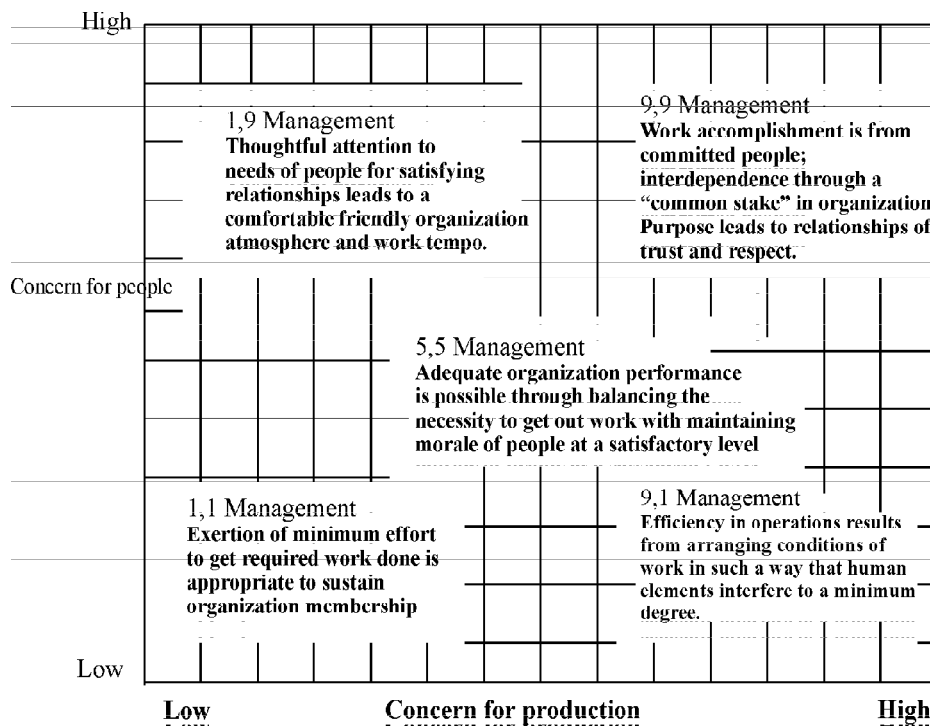
### 3.2.2 Managerial Grid

A graphic presentation of a two dimensional view of leadership style has been developed by Blake and Mouton (see exhibit 3.2). They proposed a Managerial Grid based on the styles of 'concern for people' and 'concern for production' which correspond to the Ohio State dimensions of consideration and initiating structure or the Michigan



'dimensions of employee centered and production centered. The picture shows a diagram of the Managerial Grid.

## NOTES



**Exhibit 3.2 Managerial Grid**

The grid identified five basic styles of leadership. The 9,1 (task management) leader is primarily concerned with production and has little concern of people. This person believes in getting work done at all costs. The 1,9 (country club management) leader is primarily concerned with people. The 5,5 (middle of the road management) leader represents a moderate concern for both. The 9,9 (team management) style demonstrates high concern for both production and people and is therefore the ideal approach to leadership. The 1,1 (impoverished management) has minimum concern for people and production. The model is useful to managers in as much as it helps them identify their current styles and develop the most desirable style.

But the belief that one leadership style is inherently superior to others is clearly contrary to the contingency idea of leadership. It seems unlikely that the 9,9 management style is appropriate for organizations experiencing different growth rates, labor relations, competition, and a host of other differentiating problems.

# NOTES

Apart from the above two methods certain global measures to measure managerial effectiveness has been identified.

## 3.3 GLOBAL MEASURES OF MANAGERIAL EFFECTIVENESS

Managerial Effectiveness can also be measured through

- Supervisory rankings
- Salary
- Hierarchical position

### Strengths of such a measurement

- Period of assessment is long, so it is fairly stable.
- It can be used for test – retest method for validation.
- Close monitoring by supervisor is there.
- Peer rankings form a basis of comparison.

### In General Electric Company the evaluator evaluates effectiveness based on

- Absence rate
- Separation rate
- Dispensary visit/Medical leave
- Disciplinary actions
- Suggestion submitted
- Grievance

### Weaknesses

- It suffers from deficiency
- Measures only a small portion of variance caused by behavior
- Variations are dependent on many other factors
- These factors are not controllable by managers.
- Subjective criteria need to be relied on.

### Certain other Industries

- Use observations.
- Use tests.
- Use statistical or correlation measurements.
- Personality inventories.
- Tests of abilities.

### Objective Personality and Interest Inventories

- Use questionnaire to test sociability, emotional stability, and general activity.
- Test re-test method used thereafter for validation.
- Matched group experimental design.

**Standard Oil Company-New Jersey****NOTES**

- Identification of managerial potential at an early stage.
- 3 measures of managerial effectiveness.
  - Position level.
  - Salary history.
  - Effectiveness ranking.

All the three combined constitute overall success.

**Leadership Ability Tests**

- Leader opinion questionnaire.
- Leader behavior description questionnaire.
- Subordinate behavior description questionnaire.
- Leadership and direct impact on conflict resolution also considered good assessment.
- Managerial grid.

**Multi rater Perceptions- 360-degree feedback.**

- Between group assessment.
- Multi trait – Multi rater matrix

**3.4 CURRENT INDUSTRIAL AND GOVERNMENT PRACTICES IN THE MANAGEMENT OF MANAGERIAL EFFECTIVENESS**

The government and industries have adopted certain practices to ensure the effectiveness of managers which involves completion of work on time, effective and efficient output, management of knowledge and information, careful preparations of meetings and presentations and follow-up with deviations and corrections to ensure that agreements and commitments have been fulfilled. Specifically some of those adopted are as follows:

- Sets up procedures to ensure high quality of work (e.g., review meetings).
- Arrange for training and executive development programs
- Involvement in career development program of its employees.
- Monitor the quality of work through performance appraisal.
- Verification of information through feedback.
- Checking the accuracy of one's own and others' work.
- Developing and using systems to organize and keep track of information or work progress.
- Carefully preparing for meetings and presentations.
- Organizing information or materials for others.
- Carefully reviewing and checking the accuracy of information in work reports (e.g., production, sales, financial performance) provided by management, management information systems, or other individuals and groups.

# NOTES

Some other areas, which require attention of both the government and the industries in the management of managerial effectiveness, would be:

## Developing Initiative

- **Drive** : High motivation for work and also encourage others to work towards a common goal.
- **Energy** : Enthusiastic in work place.
- **Self-starter** : Does jobs proactively and seizes the opportunities.

## Encouraging self management approach

- **Team player** : Works in a team, supports and encourages team members.
- **Leader** : Defines goals and standards of performance, delegates and allocates work according to abilities.
- **Develops subordinates** : Identifies, train and involves people in all activities.
- **Disciplined** : Maintains decorum of the workplace, has respect for seniors and juniors.

## Facilitating appropriate Communication

- **Articulate** : Can communicate (verbal & written) in a fashion, which is understood and appreciated by people.
- **Persuasive** : Sticks to a problem until it is resolved.
- **Supportive** : Supports subordinates in their work.
- **Confident** : Has confidence in his values and action.

By adopting these practices, the industries can definitely develop an effective manager. The skills and competencies of their managers would help them perform better in certain core areas like:

- **Ability to plan** : Formulate, plans and business goals.
- **Organize** : Divide jobs into logical entities.
- **Execute** : Works according to plans.
- **Meet Deadlines** : Follow a strict schedule and completes a job.

## 3.5 MANAGERIAL EFFECTIVENESS DEVELOPED THROUGH ORGANIZATIONAL INTERVENTIONS

**3.5.1 Organizational development (OD)** is not an easily definable single concept. Rather, it is a term used to encompass a collection of planned-change interventions, built on humanistic-democratic values, that seek to improve organizational effectiveness and employee well being. Organizational intervention becomes important because the mind set of both the managers and the employees should be able to accept changes. They should be willing to work in a constantly changing business environment.

### 3.5.2 OD Values

The OD paradigm values human and organizational growth, collaborative and participative process, and a spirit of inquiry. The change agent may be directive in OD; however, there is a strong emphasis on collaboration. Concepts such as power, authority, control, conflict, and coercion are held in relatively low esteem among OD change agents. The following briefly identifies the underlying values in most OD efforts:

- Respect for employees: Individuals are perceived as being responsible, conscientious, and caring. They should be treated with dignity and respect.
- Trust and support: The effective and healthy organization is characterized by trust, authenticity, openness, and a supportive climate.
- Power equalization: Effective organizations de-emphasize hierarchical authority and control.
- Confrontation: Problems shouldn't be swept under the rug. They should be openly confronted.
- Participation: Employees who are likely to be affected by a change are involved in the decisions surrounding that change. This will make them more committed to implementing those decisions

### 3.5.3 OD Interventions Techniques:

#### Sensitivity Training

It can go by a variety of names – laboratory training, sensitivity training, encounter groups, or T-groups (training groups) – but all refer to a method of changing behavior through unstructured group interaction. Members are brought together in a free and open environment in which participants discuss themselves and their interactive processes, loosely directed by a professional behavioral scientist. The group is process-oriented, which means that individuals learn through observing and participating rather than being told. The professional creates the opportunity for participants to express their ideas, beliefs, and attitudes. He or she does not accept – in fact, overtly rejects – any leadership role.

The objectives of the T-groups are to provide the subjects with increased awareness of their own behavior and how others perceive them, greater sensitivity to the behavior of others, and increased understanding of group processes. Specific results sought include increased ability to empathize with other, improved listening skills, greater openness, increased tolerance of individual differences, and improved conflict resolution skills.

If individuals lack awareness of how others perceive them, then the successful T-group can effect more realistic self-perceptions, greater group cohesiveness, and a reduction in dysfunctional interpersonal conflicts. Further, it will ideally result in a better integration between the individual and the organization.

## NOTES

# NOTES

## Survey Feedback

One tool for assessing attitudes held by organizational members, identifying discrepancies among member perceptions, solving differences is the survey feedback approach.

Everyone in an organization can participate in survey feedback, but of key importance is the organizational family — the manager of any given unit and those employees who report directly to him or her. All members in the organization or unit usually complete a questionnaire. Organization members may be asked to suggest questions or may be interviewed to determine what issues are relevant. The questionnaire typically asks members for their perceptions and attitudes on a broad range of topics, including decision making practices; communication effectiveness; coordination between units; and satisfaction with organization, job, peers, and their immediate supervisor.

The data from this questionnaire are tabulated with data pertaining to an individual's specific "family" and to the entire organization and distributed to employees. These data then become the springboard for identifying problems and clarifying issues that may be creating difficulties for people. In some cases, the manager may be counseled by an external change agent about the meaning of the responses to the questionnaire and may even be given suggested guidelines for leading the organizational family in-group discussion of the results. Particular attention is given to the importance of encouraging discussion and ensuring that discussions focus on issues and ideas and not on attacking individuals.

Process Consultation: No organization operates perfectly. Managers often sense that their unit's performance can be improved, but they are unable to identify what can be improved and how it can be improved. The purpose of process consultation is for an outside consultant to assist a client, usually a manager, "to perceive, understand, and act upon process events" with which he or she must deal. These might include workflow, informal relationships among unit members, and formal communication channels.

Process consultation (PC) is similar to sensitivity training in its assumption that organizational effectiveness can be improved by dealing with interpersonal problems and in its emphasis on involvement. But PC is more tasks directed than sensitivity training.

Consultants in PC are there to "give the client 'insight' into what is going on around him, within him, and between him and other people." They do not solve the organization's problems. Rather, the consultant is a guide or each who advises on the process to help the client solve his or her own problems.

The process consultant need not be an expert in solving the particular problem that is identified. The consultant's expertise lies in diagnosis and developing a helping relationship.

**Team Building:** Organizations are made up of people working together to achieve some common end. Since people are frequently required to work in groups, considerable attention has been focused in OD on team building.

Team building can be applied within groups or at the inter group level where activities are interdependent. Team building is applicable to the case of interdependence. The objective is to improve coordinative efforts of team members, which will result in increasing the group's performance.

The activities considered in team building typically include goal setting, development of interpersonal relations among team members, role analysis to clarify each member's role and responsibilities, and team process analysis. Team building attempts to use high interaction among group members to increase trust and openness. Team building activity can be similar to that performed by the process consultant; that is to analyze key processes that go on within the team to identify the way work is performed and how these processes might be improved to make the team more effective.

**Inter-group Development:** A major area of concern in OD is the dysfunctional conflict that exists between groups. As a result, this has been subject to which change efforts have been directed.

Inter-group development seeks to change the attitudes, stereotypes, and perceptions that groups have of each other. Stereotypes can have an obvious negative impact on the coordinative efforts between the departments.

Although there are the several approaches for improving inter-group relations, a popular method emphasizes problem solving. In this method, each group meet independently to develop lists of its perception of itself, the other group, and how it believes the other group perceives it. The groups then share their lists, after which similarities and differences are discussed. Differences are clearly articulated, and the groups look for the causes of the disparities.

Are the groups' goals at odds? Were perceptions distorted? On what basis were stereotypes formulated? Have some differences been caused by misunderstandings of intentions? How words and concepts been defined differently by each group? Answers to questions like these clarify the exact nature of the conflict. Once the causes of the difficulty have been identified, the groups can move to the integration phase – working to develop solutions that will improve relations between the groups.

Subgroups with members from each of the conflicting groups can now be created for further diagnosis and to begin to formulate possible alternative actions that will improve relations.

# NOTES

## 3.6 ADOPTION OF SKILLS BY MANAGERS FOR EFFECTIVE MANAGEMENT OF CORPORATE

Apart from those highlighted above certain additional skills should be practiced and developed by the managers in order to efficiently perform their responsibilities in a competitive driven business environment.

### **Problem solving:**

The ability to identify the information needed to clarify a situation, seek that information from appropriate sources, and use skillful questioning to draw out the information, when others are reluctant to disclose it.

- Identifies the specific information needed to clarify a situation or to make a decision.
- Gets more complete and accurate information by checking the multiple sources.
- Probes skillfully to get at the facts, when others are reluctant to provide full, detailed information.
- Routinely walks around to see how people are doing and to hear about any problems they are encountering.
- Questions others to assess whether they have thought through a plan of action.
- Questions others to assess their confidence in solving a problem or tackling a situation.
- Asks questions to clarify a situation.
- Seeks the perspective of everyone involved in a situation.
- Seeks out knowledgeable people to obtain information or clarify a problem.

**Analytical thinking:** The ability to tackle a problem by using a logical, systematic, sequential approach.

- Makes a systematic comparison of two or more alternatives.
- Notices discrepancies and inconsistencies in available information.
- Identifies a set of features, parameters or considerations to take into account, in analyzing a situation or making a decision.
- Approaches a complex task or problem by breaking it down into its component parts and considering each part in detail.
- Weigh the costs, benefits, risks and chances for success, in making a decision.
- Identifies many possible causes for a problem.
- Carefully weighs the priority of things to be done.

**Forward thinking:** The ability to anticipate the implications and consequences of situations and take appropriate action to be prepared for possible contingencies.

- Anticipates possible problems and develops contingency plans in advance.
- Notices trends in the industry or market place and develops plans to prepare for opportunities or problems.
- Anticipates the consequences of situations and plans accordingly.



## NOTES

- Anticipates how individuals and groups will react to situations and information and plans accordingly.

**Conceptual thinking:** The ability to find effective solutions by taking a holistic, abstract, for theoretical perspective.

- Notices similarities between different and apparently unrelated situations.
- Quickly identifies the central or underlying issues in a complex situation.
- Creates a graphic diagram showing a systems view of a situation.
- Develops analogies or metaphors to explain a situation.
- Applies a theoretical framework to understand a specific situation.
- Adjusts behavior, strategies according to changing environment and circumstances.
- Goes beyond conventional thinking and produces imaginative or unique response to a problem

**Strategic thinking:** The ability to analyze the organization's competitive position by considering market and industry trends, existing and potential customers (internal and external), and strengths and weaknesses as compared to competitors.

- Understands the organization's strengths and weaknesses as compared to competitors.
- Understands the industry and market trends affecting the organization's competitiveness.
- Has an in-depth understanding of competitive products and services available within the marketplace.
- Develops and proposes a long term (3-5 year) strategy for the organization based on an analysis of the industry and marketplace and the organization's current and potential capabilities to other competitors.

**Technical expertise:** The ability to demonstrate depth of knowledge and skill in a technical area.

- Effectively applies technical knowledge to solve a range of problems.
- Possesses an in-depth knowledge and skill in a technical area.
- Develops technical solutions to new or highly complex problems that cannot be solved using existing methods or approaches.
- Is sought out as an expert to provide advice or solutions in his/her technical specialization
- Keeps informed about cutting-edge technology in his/her technical area.

**Entrepreneurial orientation:** The ability to look for and seize profitable business opportunities; willingness to take calculated risks to achieve business goals.

- Notices and seizes profitable business opportunities.
- Stays abreast of business, industry and market information that may reveal many business opportunities.

# NOTES

- Demonstrates willingness to take calculated risks to achieve business goals.
- Proposes innovative business deals to potential customers, suppliers and business partners.
- Encourages and supports entrepreneurial behavior in others.

**Fostering innovation:** The ability to develop, sponsors, or support the introduction of new and improved method, products, procedures, or technologies.

- Personally develops a new product or service.
- Personally develops a new process or approach.
- Sponsors the development of new products, services, methods or procedures.
- Proposes new methods and technologies.
- Develops better, faster, or less expensive ways to do things.
- Works cooperatively with others to produce innovative solutions.

**Results Orientation:** The ability to focus on the desired result of one's own or one's unit's work's setting challenging goals, focusing effort on the goals and meeting or exceeding them.

- Develops challenging but achievable goals.
- Develops clear goals for meetings and projects.
- Maintains commitment to goals in the face of obstacles and frustrations.
- Finds or creates ways to measure performance against set goals.
- Exerts unusual effort over time to achieve a goal.
- Has a strong sense of urgency about solving problems and getting work done.

**Decisiveness:** The ability to make difficult decisions in a timely manner.

- Is willing to make decisions in difficult or ambiguous situations, when time is critical.
- Takes charge of a group when it is necessary to facilitate change, overcome an impasse, face issues, or ensure that decisions are made.
- Makes tough decisions (e.g., closing a facility, reducing staff, accepting or rejecting a high-stakes deal).

**Self Confidence:** Faith in one's ideas and capability to be successful; willingness to take an independent position in the face of any opposition.

- Is confident of own ability to accomplish goals.
- Presents oneself crisply and impressively
- Is willing to speak up to the right person or group at the right time, when he/she disagrees with a decision or strategy.
- Approaches challenging tasks with a "can-do" attitude.

**Stress Management:** The ability to keep functioning effectively when under pressure and maintain self control in the face of hostility or provocation.

- Remains calm under stress.

## NOTES

- Can effectively handle several problems or tasks at once.
- Controls his/her response when criticized, attacked or provoked.
- Maintains a sense of humor under difficult circumstances.
- Manages own behavior to prevent or reduce feelings of stress.

**Personality Credibility:** Demonstrated concern that one be perceived as responsible, reliable and trustworthy.

- Does what he/she commits to doing.
- Respects the confidentiality of information or concerns shared by others.
- Is honest and forthright with people.
- Carries his/her fair share of the workload.
- Takes responsibility for own mistakes; does not blame others.
- Conveys a command of the relevant facts and information.

**Flexibility:** Openness to different and new ways of doing things; willingness to modify one's preferred way of doing things.

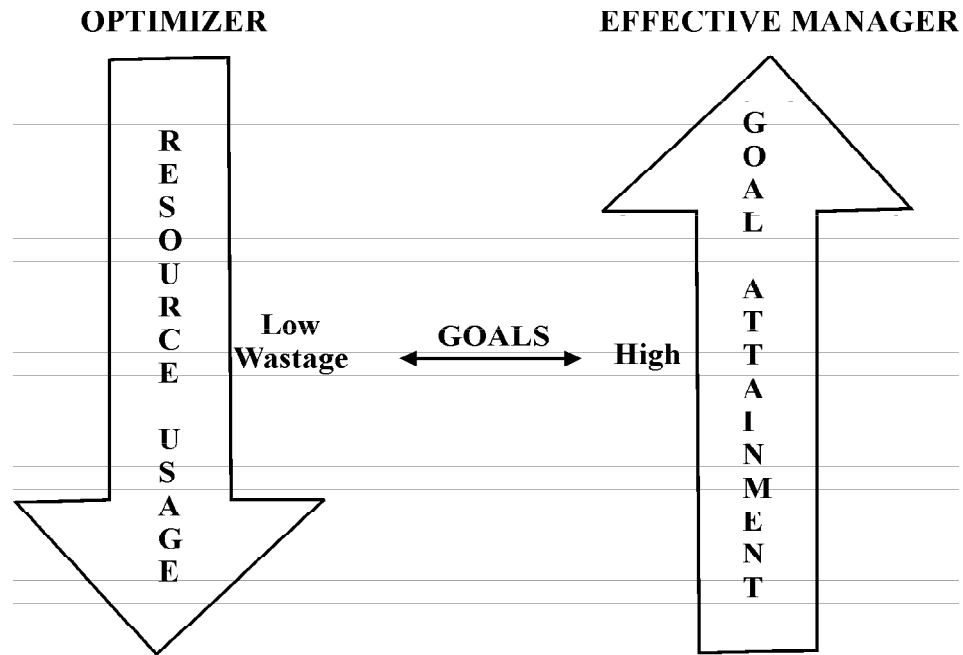
- Is able to see the merits of perspectives other than his/her own.
- Demonstrates openness to new organizational structure, procedures and technology.
- Switches to a different strategy when an initially selected one is unsuccessful.
- Demonstrates a willingness to modify a strongly held position in the face of contrary evidence.

### 3.7 EFFECTIVE MANAGER AS AN OPTIMIZER

Effective manager focuses on what he is doing and efficiency deals with how well he does with minimum wastage of resources. Since managers deal with input resource that is scarce such as money, people, equipment, and time, they should be more concerned about its efficient utility, minimizing resource cost and optimizing the output. It is easier to be effective if one ignores efficiency.

According to Campbell, in his behavioral approach, effective manager is said to be an optimizer in utilizing all available and potential resources. Effective managerial job behavior talks about as “any set of managerial actions believed to be optimal for identifying, assimilating and utilizing both internal and external resources towards the functioning of the organizational unit and sustaining in the long run, for which a manager has high degree of responsibility”. Therefore effective manager is expected to work as an optimizer by focusing on low waste and high goal attainment (see exhibit 3.3).

# NOTES



**Exhibit 3.3 Manager as an optimizer**

## I. Answer in brief

1. When can a manager be called an optimizer?
2. Write four self-assessment questions for increasing managerial effectiveness.
3. List out the core skills required to perform as an efficient manager?
4. What is strategic thinking?
5. Briefly explain the criteria based on which manager's performance can be measured.

## II. Answer the following in detail

Explain the steps required to enhance managerial effectiveness in government set-up.

1. Explain the person, process, product approach of measuring managerial effectiveness.
2. effectiveness.
3. How does managerial grid model help managers in identifying their current leadership styles and subsequently develop the most desirable style.
4. Explain the role of stress management in the management of managerial effectiveness.
5. Explain in detail the various skills required for a manager to perform in a competition driven business environment.

## Chapter Summary

- The idea of effectiveness is based on the view that all managerial positions are best seen in terms of the output associated with it. For e.g., the areas could be in terms of sales level, production level, inventory control, best utilization of resources etc., the effectiveness areas emanate from the strategy of the firm to make its organizational structure operational.

## NOTES

- Thus managerial effectiveness is made measurable, verifiable, operational and more specific with the help of effectiveness areas, standards and objectives
- Managerial effectiveness is measured through comparing the actual standard set with the achieved standard. Both the standards will match perfectly provided the managers prove to be an effective delegator, frank and fearless, well-defined, award subordinates for good job, pro-active, innovative, energetic and adaptive in approach.
- The person, process and product approach indicates how the various managerial characteristics and resourcefulness acting as inputs is being transformed into outputs through a transformation process.
- The managerial grid model is useful to managers in as much as it helps them identify their current styles and develop the most desirable style.
- The government and industries have adopted certain practices to ensure the effectiveness of managers which involves completion of work on time, effective and efficient output, management of knowledge and information, careful preparations of meetings and presentations and follow-up with deviations and corrections to ensure that agreements and commitments have been fulfilled.
- Organizational development is a term used to encompass a collection of planned-change interventions, built on humanistic-democratic values, that seek to improve organizational effectiveness and employee well being. Organizational intervention becomes important because the mind set of both the managers and the employees should be able to accept changes.
- Sensitivity refers to a method of changing behavior through unstructured group interaction.
- Strategic thinking is the ability to analyze the organization's competitive position by considering market and industry trends, existing and potential customers (internal and external), and strengths and weaknesses as compared to competitors.
- Effective managerial job behavior talks about as "any set of managerial actions believed to be optimal for identifying, assimilating and utilizing both internal and external resources towards the functioning of the organizational unit and sustaining in the long run, for which a manager has high degree of responsibility".

# NOTES

## UNIT IV

## NOTES

### ENVIRONMENTAL ISSUES IN MANAGERIAL EFFECTIVENESS

#### 4.1 MEANING AND NATURE OF ORGANIZING

Organization is an important management function and is the first step in implementing a plan or idea. Without efficient organization, no management can perform its function smoothly. Sound organization contributes greatly to the continuity and success of the enterprise. Organization as a process means bringing together physical, financial and human resources for accomplishing specific objectives. This becomes a major responsibility of manager.

#### 4.2 DEFINITION OF ORGANIZATION

Organization is defined as the management function of assigning duties, grouping tasks, establishing authority, and allocating resources to carry out a specific plan”.

#### 4.3 PURPOSE OF ORGANIZING

- Facilitates Administration- A well-defined organization facilitates both management and operation of the enterprise. It is only a sound organization that can remove all bottlenecks and drawbacks and make the administration meaningful.
- Facilitates growth and direction- an organization, if properly designed, can create conditions favorable for expansion and diversification of the activities of the undertakings. An alert manager anticipates the probable changes in the volume of sales, demand, profit etc., and can suitably adjust the organization and department operation. An efficient manager can also make arrangements to enter into new lines of business.
- Facilitates adoption of new technology- the technological changes also increasingly influence the modern organizations. The organization should be flexible to accommodate the newly developed techniques in the field of production, distribution, marketing etc.
- Stimulates creativity and initiative- A well knit organization provides an opportunity to the managers and other employees to display their talents. It also stimulates

# NOTES

their creative independent thinking which adds on to the effectiveness of the organization and consequently to the success of the business.

- Intensive use of human resource- because of the actual determination of job requirement, right persons is placed in the right positions. The employees need not sit ideal waiting for instructions, orders and guidance. All these factors facilitate intensive use of capital.

## 4.4 PROCESS OF ORGANIZING

Looking at organizing, as a process requires that several fundamentals be considered. In the first place, the structure must reflect objectives and plans, because activities derive from them. In the second place, it must reflect the authority available to an enterprise's management. Authority in a given organization is a socially determined right to exercise discretion; as such it is subject to change. In the third place, organization structure, like any plan, must reflect its environment. Just as the premises of a plan may be economic, technological, political, social, or ethical, so may be those of an organizational structure. It must be designed to work, to permit contributions by members of a group, and to help people gain objectives efficiently in a changing future. In this sense, a workable organization structure can never be static. There is no single organization structure that work best in all kinds of situation. In the fourth place, since the organization is staffed with people, the grouping of activities and the authority relationship of an organization structure must take into account the managers strengths and weaknesses. The structure must be designed around individuals and their aspirations. The organizational design should have a human-look rather than getting reduced to a hierarchial structure-oriented one. There is a fundamental logic to organizing. The organizing process consists of the following six steps:

- Establishing enterprise objectives
- Formulating supporting objectives, policies and plans.
- The identification and classification of required activities necessary to accomplish these
- Grouping of activities in the light of human and material resources necessary to attain objectives.
- Assignment of activity and responsibility and delegation of powers
- Coordination of different activities

## 4.5 REQUIREMENTS FOR AN EFFECTIVE ORGANIZATIONAL PROCESS

### 4.5.1 Communication System

Communication is essential to all phases of the organizational process for two reasons. It integrates all the managerial functions.

- For example, the objectives set in planning are communicated so that an appropriate organization structure can be derived.



## NOTES

- Communication is essential in the selection, appraisal and training of managers to fill their roles in this structure.
- Similarly, effective leaderships and the creation of environment conducive to motivation depend on communication.
- It is through communication that one determines whether events and performance conform to plans.

Thus, it is communication that makes managing possible. The second purpose of communication system is:

- To link the enterprise with its external environment, where many of the claimants are customers, upon whom virtually all business exist.
- To see that the needs of customers are identified; this knowledge enables the firm to provide products and services at a profit.
- To know about the degree of competition and be aware of other potential threats and constraining factors.

### 4.5.2 External Variables

Effective managers will regularly scan the external environment. They do not have any control over it and cannot bring any change into any of the variables in the external environment. Therefore, they do not have any alternative but to respond to it.

### 4.5.3 Outputs

It is the task of managers to secure and utilize inputs efficiently. In this process, the inputs are transformed into outputs through the managerial functions, considering the external variables. The kinds of outputs will vary with the enterprise; they can be different from each other in terms of their products, services, profits, satisfaction or integration of their goals.

The organization must indeed provide utmost “satisfactions” to its employees and customers if it hopes to retain and elicit contributions from its members. It must contribute to the satisfaction, not only with regard to basic material needs (for e.g., employees’ needs to earn money for food and shelter or to have job security) but also of needs for affiliation, acceptance, esteem and or perhaps even self actualization so that one can use his or her potential at the work place.

Another output is goal integration. As noted above, the different claimants to the enterprise have very divergent and, often directly opposing, objectives. It is the task of managers to resolve conflicts and integrate these aims.

### 4.5.4 Reenergizing the System

Finally, it is important to notice that in the systems model of operational management some of the outputs become input again. Thus, the satisfaction of the employees and managers

# NOTES

becomes an important human output. Similarly, profits, the surplus of income over costs, are reinvested in cash and capital goods such as machinery, equipment, buildings and inventory.

## 4.6 ORGANIZATIONAL CLIMATE

According to Joe Kelly, “Climate may be thought of as the perception of the characteristics of an organization.” Organizational climate conveys the impressions people have of the organizational internal environment within which they work.

Organizational climate is the manifestation of the attitudes of organizational members toward the organization itself. Organizational climate is a relatively enduring quality of the internal environment that is experienced by its members, influences their behaviour, and can be described in terms of the values of a particular set of characteristics of the organization.

Organizational climate can be defined as “a set of characteristics that describe an organization and that: a) distinguish one organization from another, b) are relatively enduring over a period of time, and c) influence the behavior of people in the organization”.

### 4.6.1 Characteristics of Organizational Climate

The nature of organizational climate will be clear from its following characteristics:

**General Perception:** Organizational climate is a general expression of what the organization is. It represents the summary perception, which people have about an organization.

**Qualitative Concept:** It is an abstract and intangible concept. It is difficult to explain the components of organizational climate in quantifiable units.

**Distinct Identity:** It reflects how an organization is different from other organizations. It gives a distinct identity to the organization.

**Enduring quality:** It is built up over a period of time. It represents a relatively enduring quality of the internal environment that is experienced by the organizational members.

**Multi – dimensional concept:** There are several dimensions of the concept of organizational climate such as individual autonomy, authority structure, leadership style, pattern of communication, degree of conflicts and cooperation, etc.

### 4.6.2 Dimensions of Organizational Climate

It is very difficult to measure organizational climate because it is a multi dimensional concept. The important components that collectively represent the climate of an organization are as discussed below (see exhibit 4.1).

**Member’s Orientation:** The dominant orientation of an organization is the main concern of its members, and this is an important determinant of climate. If the dominant orientation

or concern is to adhere to established rules and regulations, the climate will be characterized by achievement.

**Interpersonal relationships:** An organization's interpersonal relations are reflected in the ways informal groups are formed, and operate to satisfy the social needs of members. If informal relations supplement the formal procedures, the organization will be benefited. But if some powerful groups develop who acquire power in the organization, they may displace the goals of the organization. Conflicts in the organization might also be common.

**Individual freedom:** If the individuals are given sufficient freedom or autonomy to work and exercise authority, there will be efficiency in operations. Self-control will lighten the burden of the higher-level executives.

**Degree of control:** The control systems may be either rigid or flexible. If the control is rigidly followed, there will be impersonal or bureaucratic atmosphere in the organization. The scope for self-regulation will be the minimum.

**Type of structure:** It clarifies who is to direct whom and who is responsible to whom. It serves as the basis of inter-personal relations between superiors and subordinates. If the authority is centralized at the top level, the scope for participation in decision-making by the subordinates will be low. Where authority is delegated to the subordinates, there will be an atmosphere of participative decision-making.

**Management orientation (style):** The dominant style of managers and superiors may be task – oriented. If the task-orientation is predominant, the leadership style will be autocratic. The employees will have to increase their productivity of face punishment. Their morals will be low in the long run.

**Reward system:** The system of rewards and punishments is an important component of organizational climate. When the rewards are based on merit and productivity, there will be an atmosphere of competition among employees for higher performance. They will put more and more hard work to develop themselves and earn higher rewards such as increments and promotions. But if the rewards are based on the pleasure of the boss, there will be biasness in the distribution of rewards. The meritorious employees will get discouraged.

**Communication:** Communication is concerned with the flow of information, its direction (top-down, bottom-up, horizontal) its members (selectivity or to everyone concerned), its mode (formal or informal), and its type (instructions or feedback).

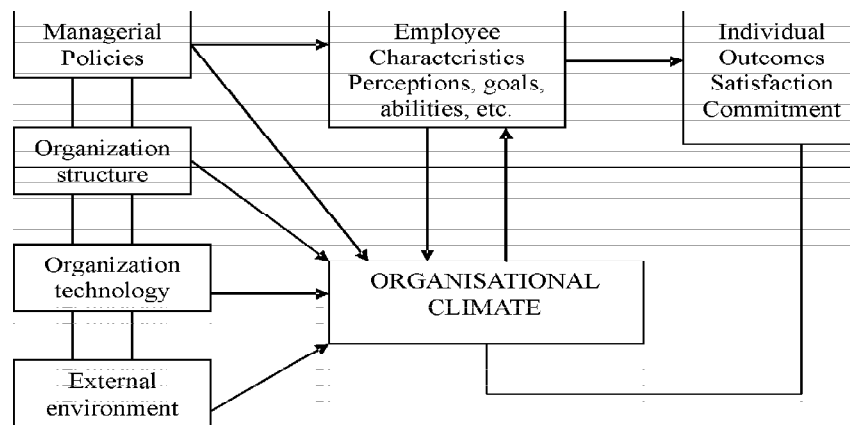
**Conflict Management:** Differences among people and groups in organizations are not uncommon. If they are managed effectively, there will be an atmosphere of cooperation in the organization. If they are suppressed or not handled properly, people will be unhappy and there will be an atmosphere of distrust and non-cooperation.

# NOTES

**Degree of trust:** The degree of trust or lack of trust among various members and groups in the organization affects the climate. If there is mutual trust between different individuals, groups and also between management and workers, there will be peace in the organization. The members will cooperate with one another for the attainment of organizational objectives.

**Risk – taking:** How members respond to risks and whose help is sought in situations involving risk are important in any organization. If individuals feel free to try out new ideas without fear, they will not hesitate in taking risks. Such an atmosphere will be conducive to innovative ideas.

The above dimensions often overlap with each other; they are not mutually exclusive. The way in which these dimensions operate in an organization also indicates the underlying philosophy of its management.



**Exhibit 4.1 Dimensions of organizational climate**

## 4.6.3 Factors influencing Organizational Climate

Organizational climate is a manifestation of the attitudes of organizational members towards the organization. These attitudes are based upon such things as management policies, supervisory techniques, and the “fairness” of management, labour’s reactions to management, and literally anything that affects the work environment. Lawrence James and Allan Jones have classified the factors that influence organizational climate into five major components

- Organizational context – mission, goals and objectives, function, etc.
- Organization structure – size, degree of centralization and operating procedures.
- Leadership process – leadership styles, communication, decision-making and related processes.
- Physical environment – employee safety, environmental stresses and physical space characteristics.
- Organizational values and norms – conformity, loyalty, impersonality and reciprocity.

## Organizational Context

In practice it is not difficult to observe the management philosophy of an organization. It will be evident from the goals, policies and functions of the organization and the manner in which the goals are put into operation. For instance, the reputation of a particular company regarding the treatment of employees would provide some indication of the managerial philosophy regarding the utilization of human resources. This philosophy of management is expressed by policies, rules, and regulations and, of course by the actions of managers. The reaction of the employees and the degree to which they agree with management's philosophy is critical to the development of a favorable climate. If management is able to match employees' goals to organizational goals it is most likely to put a positive influence on climate. The management's attitude towards employees is indeed a major determinant to the overall organizational climate.

## Organization Structure

The organization structure of a company also represents management philosophy which influences the organizational climate an organization structure is the framework of authority-responsibility relationships in an organization. It clarifies who is to supervise whom and who is responsible to whom. It serves as the basis of inter-personal relationships between the superiors and the subordinates and the peers.

The type of structure the management follows is critical to organizational climate. If the top management feels the need of giving greater importance to the subordinates, it will follow a decentralized structure. There will be fewer layers in the organizational hierarchy and participative decision-making will be encouraged. The organizational climate will be conducive to the development of the employees. The autocratic leadership as compared to democratic leadership in a decentralized structure will control the employees.

## Leadership process

The type of leadership prevailing in the organization is vital to the organizational climate. Every employee has to interact with his superior or boss for necessary instructions and guidance. It is immediate superior who allows (or disallows) the subordinate to participate in decision making, gives assignments, does performance appraisals, conducts performance reviews, interprets policies, determines pay increments, and decides who has the potential to be promoted. These functions are inherent in managing and every manager is concerned with these functions.

The relationship between superior and subordinate is not only of an interpersonal nature, but it also represents the primary interface between the organization and the employee. Therefore all managers should be aware of the possible influence on climate when deciding the type of leadership (autocratic or participative) to be provided to the subordinates (see exhibit 4.2). The effectiveness of leadership style is determined mainly

## NOTES

# NOTES

by the particular situation. If the workers are not satisfied with the type of leadership provided, effective communication will be hindered and their morale will also be low. Therefore, every manager must consider the likely impact of this style of functioning on the organizational climate.

Leadership Style	Nature	Effect on Climate
Authoritarian	Management directs. Threats and punishment are employed to enforce orders. Downward communication.	Insecurity amongst employees is high. Morale is poor with high rates of absenteeism and turnover.
Paternalistic	Basically authoritarian but permits some two-way communication between superior – subordinate. Rewards and threats are employed to enforce orders.	Productivity better as compared with the authoritarian style but morale remains on the lower side. Absenteeism and turnover are high.
Consultative	Orders are issued and goals set after consultation with employees. Teamwork to some extent is encouraged.	Productivity is good and morale fair. Absenteeism and turnover are low.
Participative	Employees are fully involved in setting goals and two-way communication is the norm.	Productivity and morale are both very satisfactory.

## Exhibit 4.2 Leadership and Climate- a link

### Physical environment

The working conditions and physical space characteristics also influence the organizational climate. An employee working in a relatively quiet, clean, and safe environment will probably have a more favorable perception of the organizational climate than one who works in a noisy, dirty and dangerous environment. Many people consider size and location of the building of the company, nature of city (e.g. metropolitan) and even weather before joining an organization. It is obvious that many factors contributing to external work environment affect the climate of an organization and consequently affect the level of job satisfaction.

It has been observed that office décor; office size and the physical space allotted to a person at work etc. have an important influence to the development of a favorable attitude towards the job.

### Organizational Values and Norms

Over a period of time, every organization develops a culture of its own. Culture is the social or normative glue that holds an organization together. It expresses the values or social ideals and beliefs that organization members come to share. In the words of Bro

Uttal, “Organization culture is a system of shared values (what is important) and beliefs (how things work) that interact with a company’s people, organization structures, and control systems to produce behavioral norms (the way we do things).” The above quotation suggests that organizations have different culture – goals and values, managerial styles, and norms – for carrying out activities.

### Values

Every organization has a distinctive set of values, spoken and unspoken, which govern the way people interact with one another. Although there might not always be a monolithic and universally accepted set of standards, nevertheless most of the people working in an organization seem to have a pretty good idea of what the culture at large considers important. Many of these value standards stem from the words and deeds of the managers in their day-to-day operations.

The formal value system determines the types of behaviors to be encouraged and rewarded and those to be discouraged and punished. The values are communicated through policies, rules and regulations of the organization. Besides, the organizational members may develop informal values. These may apply to actions and behaviors within the work group. The values of both formal and informal groups are very powerful in determining the climate of an organization which may be conservative or progressive.

### Norms

Behavioral norms are usually well known and well accepted in an organization; people don’t pay them much conscious attention. Only when someone violates a strongly emplaced norm, do the onlookers become highly aware of the norm. There are probably too many behavioral norms in a typical organization to count, and most of them are unconsciously understood and enforced. The norms include: ways to speak to persons in authority; styles of dress; patterns of protocol in staff meetings; inter-actions between men and women; established methods for disagreeing with the boss; the considerations of arriving and leaving on time, and working extra hours without pay. If such norms are observed, the organizational climate will be steady and conducive to cooperation and participation in the organization.

#### 4.6.4 Overt & Covert factors of Organization climate

Even though organizational culture and organizational climate are sometimes used interchangeably, some important differences between two concepts have been recognized. According to Bowditch and Buono, “Organizational culture is concerned with the nature of beliefs and expectations about organizational life, while climate is an indicator of whether those beliefs and expectations are being fulfilled.” Basically, organizational climate reflects a person’s perception of the organization to which he belongs.

# NOTES

Richard M. Hodgetts has classified organizational climate into two major categories. He has given an analogy with an iceberg where there is a part of the iceberg that can be seen from the surface and another part that is under water and is not visible. The visible part that can be observed or measured include the structure of hierarchy, goals and objectives of the organization, performance standards and evaluations, technological state of the operations and so on. They are called overt factors. The second category contains factors that are not visible and quantifiable and include such subjective areas as supportiveness, employee's feelings and attitude, values, morale, personal and social interaction with peers, subordinates and superiors and a sense of satisfaction with the job. They are called covert factors. Both of these categories are shown below (see exhibit 4.3).

<b>Overt Factors:</b>
Hierarchy
Financial resources
Goals of organization
Skills and abilities of personnel
Technological state
Performance standards
Efficiency measurement
<b>Covert Factors:</b>
Attitudes
Feelings
Values
Norms
Interaction
Supportiveness
Satisfaction

## Exhibit 4.3 Overt and Covert Factors of organizational climate

While some of the factors are easily measured by quantitative methods, others have to be assessed subjectively simply by asking employees relevant questions as to how they feel about certain factors relating to organizational climate. A number of questions are prepared and the questionnaire is given to the workers to respond. Their responses are generally measured on a scale of 1 to 5 where 1 means generally a strong disagreement with the essence of the question and 5 means a strong agreement. For example, a question such as, "In this organization, promotions are given entirely on the basis of merit and contribution to the organization", could elicit a response on the following scale:

1. Strongly disagree
2. Moderately disagree
3. Neutral (No opinion)
4. Moderately agree
5. Strongly agree



These responses can be tabulated and conclusions can be drawn about how the employees feel about the process of promotion.

Likert, who developed a profile of organizational climate by isolating six variables, with each variable having four dimensions and each dimension containing five degrees or levels, has done considerable work in this area. Organizational variables developed by Likert are: Leadership style, motivation, Communication, goal setting and control. Based upon the inputs so received from the employees, the organization can determine the type and state of the existing climate and the changes that can be undertaken to achieve the desired climate.

## 4.7 LEADERSHIP

### 4.7.1 Meaning of Leadership

In the words of Louis A. Allen, “A leader is one who guides and directs other people. He gives the efforts of his followers a direction and purpose by influencing their behavior”. Managers at all levels must perform this function of leadership to lead the subordinates towards organizational goals. Leadership is the physical process influencing followers or subordinates and providing guidance to them. It is always related to a situation, which means a leader may be effective in one situation while ineffective in another. To be effective, a leader should change his leadership style depending upon the requirements of the situation.

Leadership is a process of influence on a group. It is an important part of a manager's job. Leadership is the ability of a manager to induce subordinates to work with confidence and zeal. It is the driving force, which get things done by others. A good leader achieves maximum cooperation from the group members by providing two-way communication and by motivating. He is also able to coordinate the activities of the followers to achieve common objectives.

Leadership can be an important modifier of behaviour of people working in the organization. Effective leadership is necessary for inspiring the people to work for the accomplishment of given objectives.

### 4.7.2 Importance of Leadership

The significance of leadership in management will be clear if we study the functions, which are performed by a leader. The functions are as follows:

**Determination of goals:** A leader performs the creative function of laying down goals and policies for the followers. He acts as a guide in interpreting the goals and policies.

# NOTES

**Organization of activities:** A good leader divides organization activities among the employees in a systematic manner. The relationships between them are clearly laid down. This reduces the chances of conflict between them.

**Achieving coordination:** A leader integrates the goals of the individuals with the organizational goals and creates a community of interests. He keeps himself informed about the working of the group. He shares information with the group for the coordination of its efforts.

**Representation of workers:** A leader is a representative of this group. He takes initiative in all matters of interest to the group. He also attempts to fulfill the psychological needs of his followers.

**Providing guidance:** A leader guides the subordinates towards the achievement of organizational objectives. He is available for advice whenever a subordinate faces any problem.

**Inspiration of employees:** A good leader inspires the subordinates for better performance. Motivation is necessary for getting the desired work from the subordinates. The leader motivates the employees by providing them economic and non-economic rewards.

**Building employees' morale:** Good leadership is indispensable for high employee morale. The leader shapes the thinking and attitudes of the group. He develops good human relations and facilitates interactions among the members of the group. He maintains voluntary cooperation and discipline among followers.

**Facilitating change:** Leadership is the mechanism to convince workers about the need for change. Dynamic leadership is the corner stone of organizational change. An effective leader is able to overcome resistance to change on the part of workers and thus facilitates change.

## 4.7.3 Characteristics of leadership

Leadership is a process of influence: Leadership is a process whose important ingredient is the influence exercised by the leader on group members. A person is said to have an influence over others when they are willing to carry out his wishes and accept his advice, guidance and direction. Such successful leaders are able to influence the behaviour, attitudes and beliefs of their followers.

- **Leadership is related to a situation:** Leadership styles will be different under different circumstances. At one point of time, the subordinates may accept the autocratic behaviour of the leader while at a different point of time and under a different situation, only participative leadership style may be successful.

- **Leadership is the function of stimulation:** Leadership is the function of motivating people to strive willingly to attain organizational objectives. Leaders are considered successful when they are able to subordinate the individual interests of the employees to the general interests of the organization. A successful leader allows his subordinates to have their individual goals set up by themselves in such a way that they do not conflict with the organizational objectives.

- **Leadership gives and experience of helping attain the common objectives:** Under successful leadership, every person in the organization feels that his operation, however minor it may be, is vital to the attainment of organizational objectives. It happens when the manager's feels the importance of individuals gives them recognition and tells them about the importance of activities performed by them.

- **Employees must be satisfied with the type of leadership provided:** Only short-term productivity of employees can increase by pressure and punishment. This approach is not in the long-term interests of the organization. Force generates counter-force which results in a decreased long-term productivity. Long-term interest of the organization are best served when managers allow subordinates to influence their behaviour, particularly when subordinate are knowledgeable and competent.

#### 4.7.4 Leadership Theories

##### 4.7.3.1 Trait Theory Of Leadership

Trait theory seeks to determine universal personal characteristics of effective leaders. Numerous physical, mental and personality traits were researched during the period from 1930 to 1950. Leaders were characterized by a wide variety of traits ranging all the way from neatness to nobility.

In late 1940's Ralph Stogdill reported on the basis of at least fifteen studies that leaders possess intelligence, scholarship, dependability in exercising responsibilities, activity and social participation and socio-economic status. Persons who are leaders are presumed to display better judgement and engage themselves in social activities. The study of the lives of successful leaders reveals that they possessed many of these traits. Some of the important traits of an effective leader are discussed as below:

1. **Intelligence:** This trait seems to hold up well than any other. Leaders generally have somewhat higher level of intelligence than the average of their followers. They possess the ability to think scientifically, analyze accurately and interpret clearly and precisely the problems before them in terms of different aspects and perceptive.
2. **Physical features:** Physical characteristics and level of maturity determine personality of an individual, which is an important factor in determining success of

# NOTES

leadership. Height, weight, physique, health and appearance of an individual are important for leadership to some extent.

3. **Inner Motivation Drive:** Leaders have relatively intense achievement type motivational drives. They have the inner urge to keep accomplishing something. To initiate suitable activities at proper time is the habit of a leader. He works hard more for the satisfaction of inner drives than for extrinsic material rewards.
4. **Maturity:** Leaders generally have broad interests and activities. They are emotionally mature and have balanced temperaments avoiding menacing extremes so that they may not become thoughtless victims of the circumstances. They also have high frustration tolerance.
5. **Vision and Foresight:** A leader can't maintain his influence unless he exhibits his trait of looking forward well in advance and imagination for handling his followers. So he should imaginatively visualize trends and devise his policies and programmes with foresight based on logical programmes.
6. **Acceptance of Responsibilities:** A reliable leader is one who is prepared to shoulder the responsibility for the consequences of any steps he contemplates or takes. He is always aware of the duties and obligations associated with the position he holds.
7. **Open-mind and Adaptability:** A leader is ready to absorb and adopt new ideas and views of others as may be demanded by the situation. Flexibility is the other name for open-mindedness, which makes the leader more identified with the group.
8. **Self-confidence:** a good leader has conceptual clarity about the things he is going to do. He has confidence in himself whenever he initiates any course of action. Self-confidence is essential to motivate the followers and boost up their morale.
9. **Human Relations Attitude:** A good leader is considerate of the followers as his success as a leader largely depends on the cooperation of the people. He always tries to develop social understanding with other people. He is constantly busy in achieving the voluntary cooperation of the followers.
10. **Fairness and Objectivity:** A good leader is fair and objective in dealing with subordinates. He must be free from bias and prejudice while becoming emotionally involved with the followers. Honesty, fairplay, justice and integrity of character are expected of any good leader.

## 4.7.3.2 Behavioral Theory Of Leadership

The behavioral approach is based on the premise that effective leadership is the result of effective role behavior. A leader uses conceptual, human and technical skills to influence

the behavior of his subordinates. There is a dynamic interaction between the leader and the followers, and leaders produce different styles while dealing with the employees.

Some of the important contributions in this regard include Ohio State Studies, Michigan University Studies and Managerial grid of Blake and Mouton. The behavioral scientists don't concentrate on the traits of leaders; rather they study the activities of leaders to identify their behavioral patterns.

The behavioral approach has failed to explain why a particular leadership behavior is effective in one situation, but fails in another situation. Thus, situational variables are not considered. In practice, it is the situation, which determines the effectiveness of a particular leadership style.

### Michigan Studies

The Institute for Social Research at the University of Michigan conducted empirical studies to identify styles of leader behavior that results in higher performance and situation of a group. As a result of these studies, two distinct styles of leadership were identified:

- **Production-centered (task oriented) leadership:** The production-oriented leaders emphasize productivity by the use of procedures, rules and close supervision of subordinates. They concentrate on the technical aspect of the job; employees are seen as tools to accomplish the goals of the organization.
- **Employee-centered (Relation oriented) leadership:** The employee-centered leaders concentrate on human relations and emphasize delegation of authority, concern for employees' needs, welfare, advancement, etc. Leaders who are described as employee-oriented stress the relationship aspect of the job. They feel that every employee is important and take interest in everyone, accepting their individuality and personal needs.

### Ohio State Leadership Studies

The leadership studies initiated by the Bureau of Research at Ohio State University attempted to identify various dimensions of leader behavior. Ultimately, these studies narrowed the description of leader behavior to two dimensions: Initiating Structure and Consideration (see exhibit 4.4).

**Initiating structure** refers to the leader's behavior in delineating the relationship between him and members of the work-group and in endeavoring to establish well-defined patterns of organization, channels of communication, and methods or procedures. On the other hand, **consideration** refers to behavior indicative of friendship, mutual trust, respect, and warmth in the relationship between the leader and the member of his staff.

# NOTES

High consideration and low structure	High structure and high consideration
Low structure and low consideration	High structure and low consideration

## Exhibit 4.5 Structure-Consideration Model

The research studies also showed that initiating structure and consideration are two distinct dimensions and not mutually exclusive. A low score on one does not require high score on the other. Thus, leadership behavior can be plotted on two separate axes rather than on a single continuum. The four quadrants show various combinations of initiating structure and consideration and a manager can adopt any one style.

### 4.7.3.3 Situational Theory Of Leadership

This theory advocates that leadership is strongly affected by the situation from which a leader emerges and in which he works. It is based on the assumptions that there exists an interaction between a group and its leader and that people tend to follow the leader who is capable of fulfilling their aspirations. Thus, leader is a means of achieving the goals of the group and its members. He recognizes the needs of the situation and then acts accordingly.

The focus in the situational approach to leadership is on observed behavior and not on any hypothetical inborn or acquired ability or potential for leadership. The emphasis is on the behavior of leaders and their followers and the type of the situation. In other words, a person becomes a leader not only because of his personal attributes, but also because of various situational factors and the interactions between the leader and the group members.

### Fiedler's Contingency Model

The situational theory contends that there is no one best style of leadership universally applicable to all situations. A leadership style may be effective under one situation and ineffective under the other. Fiedler identified two basic styles of leadership and on the basis of the study tried to analyze their effectiveness under different situations: (i) task-oriented or controlling, structuring leadership under which the leader gains satisfaction from seeing tasks performed; and (ii) relationship-oriented or considerate leadership under which the leader tries to achieve good interpersonal relations with the subordinates.

**Least-preferred co-worker scale (LPC):** Fiedler developed a least preferred coworker scale to measure the two basic styles, viz., task-oriented and relationship-oriented. In developing this scale, Fiedler asked the respondents to identify the traits of a person with whom they could work least well.

Fiedler found that low-LPC leaders emphasize completing task successfully, even at the expense of interpersonal relationships, gaining self-esteem through task completion and valuing job performance. High-LPC leaders emphasize good interpersonal relationships, are more considerate, derive major satisfaction from relationships with other, and are not influenced by success or task accomplishment. Low LPC reflects task-oriented leadership and high LPC reflects relationship-oriented leadership.

**Situational Variables:** Fred E. Fiedler analyzed three major situational variables, which exert powerful influence on the leader's behavior and his effectiveness. The three variables are:

- (i) **Leader-member relations:** these refer to the compatibility between group members and managers. If group members respect the manager and also feel a personal attachment, then formal authority is less important in getting work accomplished.
- (ii) **Task structure:** The nature of jobs and how tasks are structured influence leadership. If tasks are highly structured, with formal guidelines and well-defined expectations, authority is also formalized and both managers and employees will be at ease with a directive style of leadership. If tasks are unstructured, such as in creative research labs, group members and managers expect less directive leadership with more conciliatory behavior.
- (iii) **Position power:** The position power of leaders is influenced by organizational culture, the formality of management hierarchy and the style of work environment. Therefore, the values and beliefs of employees and managers, the philosophy of top management towards leadership and the prevailing attitude towards leadership will partially determine what style is acceptable.

#### 4.7.5 Leadership as an Influence Process

Leadership is the process of influencing others to get the job done effectively over a sustained period of time. Leaders play a crucial role in influencing the work behaviour of employees in the system. The term influence is a nebulous concept; however, it could be described as the power to shape the potential behaviour of others, as desired.

#### Three types of Influence Patterns

There are three ways people are influenced – compliance, identification and internalization.

Compliance occurs when people are influenced to do something against their will because they have been coerced into doing it. People may obey because the repercussions of failure to do so may have serious consequences, as for example, stoppage of their increments, or a bad report that might jeopardize their future career in the organization.

# NOTES

Identification relates to the situation when people perform what the leader wants them to because they like him or her and want to put forth the effort to please the person. This liking may be either because the leader is attractive, likeable, acts as a role model or possesses qualities that are valued and draw the admiration of others in the organization. Such a leader has charisma and people voluntarily behave in functional ways when they identify themselves with him.

Internalization occurs when followers are convinced that acting as the leader's directions serves their interest best.

## 4.7.6 Leadership Styles

### Charismatic Leader

**Definition:** Followers make attributions of heroic or extraordinary leadership abilities When they observe certain behaviors.

*How do charismatic leaders actually influence followers?* It is a **four-step** process. It begins by the leader articulating an appealing vision. The vision provides a sense of continuity for followers by linking the present with a better future for the organization. The leader then communicates high performance expectations and expresses confidence that followers can attain them. This enhances follower self-esteem and self-confidence. Next, the leader conveys, through words and actions, a new set of values and, by his or here behavior, sets an example for followers to imitate. Finally, the charismatic leader makes self-sacrifices and engages in unconventional behavior to demonstrate courage and convictions about the vision.

### Key characteristics of charismatic leaders

1. **Vision and articulation.** Has a vision—expressed as an idealized goal. – that proposes a future better than the status quo; and is able to clarify the importance of the vision in terms that are understandable to others.
2. **Personal risk.** Willing to take on high personal risk, incur high costs, and engage in self-sacrifice to achieve the vision.
3. **Environmental sensitivity.** Able to make realistic assessments of the environmental constraints and resources needed to bring about change.
4. **Sensitivity to follower needs.** Perceptive of others' abilities and responsive to their needs and feelings.
5. **Unconventional behavior.** Engages in behaviors that are perceived as novel and counter to norms.



## NOTES

**Transactional and Transformational leader**

**Transactional Leaders:** Leaders who guide or motivate their followers in the direction of established goals by clarifying role and task requirements.

**Transformational Leaders:** Leaders who inspire followers to transcend their own self-interests and who are capable of having a profound and extraordinary effect on followers. Transactional and transformational leadership shouldn't be viewed as opposing approaches to getting things done. Transformational leadership is built on top of transactional leadership—it produces levels of follower effort and performance that go beyond what would occur with a transactional approach alone. Moreover transformational leadership is more than charisma. “The purely charismatic leader may want followers to adopt the charismatic's world view and go no further; the transformational leader will attempt to instill in followers the ability to question not only established views but eventually those established by the leader.”

Characteristics of Transactional and Transformational Leaders

**Transactional Leader**

1. **Contingent Reward:** Contracts exchange of rewards for effort, promises rewards for good performance, recognizes accomplishments.
2. **Management by Exception (active):** Watches and searches for deviations from rules and standards, takes corrective action.
3. **Management by Exception (passive):** Intervenes only if standards are not met.
4. **Laissez-Faire:** Abdicates responsibilities, avoids making decisions.

**Transformational Leader**

1. **Charisma:** Provides vision and sense of mission, instills pride, gains respect and trust.
2. **Inspiration:** Communicates high expectations, uses symbols to focus efforts, expresses important purposes in simple ways.
3. **Intellectual Stimulation:** Promotes intelligence, rationality, and careful problem solving.
4. **Individualized Consideration:** Gives personal attention, treats each employee individually, coaches, and advises.

**Visionary leader**

**Definition:** - The ability to create and articulate a realistic, credible, attractive vision of the future for an organization or organizational unit that grows out of and improves upon the present.

# NOTES

## Qualities of a vision

The key properties of a vision seem to be inspirational possibilities that are value centered, realizable, with superior imagery and articulation. Visions should be able to create possibilities that are inspirational, unique, and offer a new order that can produce organizational distinction. Desirable visions fit the times and circumstances and reflect the uniqueness of the organization. People in the organization must also believe that the vision is attainable. It should be perceived as challenging yet workable.

## Qualities of a Visionary Leader

What skills do the visionary leaders exhibit?

- First is the ability to explain the vision to others. The leader needs to make the vision clear in terms of required actions and aims through clear oral and written communication.
- Second is to be able to express the vision not just verbally but through the leader's behavior. This requires behaving in ways that continually convey and reinforce the vision.
- The third skill is being able to extend the vision to different leadership contexts. This is the ability to sequence activities so the vision can be applied in a variety of situations.

## Team Leader

Leadership is increasingly taking place within a team context. As teams grow in popularity, the role of the leader in guiding team members takes on heightened importance. Here we shall consider the challenge of being a team leader and review the new role that team leaders take on.

The challenge for most managers is to learn to become an effective team leader. They have to learn skills such as the patience to share information, to trust others, to give up authority, and understanding when to intervene. Effective leaders have mastered the difficult balancing act of knowing when to leave their teams alone and when to intercede.

A meaningful way to describe the team leader's job is to focus on the following four specific roles:

- First, team leaders are **liaisons** with external constituencies. These include upper management, other internal teams, customers, and suppliers. The leader represents the team to other constituencies, secures needed resources, clarifies others' expectations of the team, gathers information from the outside, and shares this information with team members.

## NOTES

- Second, team leaders are **troubleshooters**. When the team has problems and asks for assistance, team leaders sit in on meetings and help try to resolve the problems. This rarely relates to technical or operation issues because the team members typically know more about the tasks being done than does the team leader. Where the leader is most likely to contribute by asking penetrating questions, helping the team talk through problems, and by getting needed resources from external constituencies.
- Third, team leaders are **conflict managers**. When disagreements surface, they help process the conflict. What's the source of the conflict? Who is involved? What are the issues? What resolution options are available? By getting team members to address questions such as these, the leader minimizes the disruptive aspects of intra-team conflicts.
- Finally, team members are **coaches**. They clarify expectations and roles, teach, offer support, cheerlead, and do whatever else is necessary to help team members improve their work performance.

### Mentoring

A mentor is a senior employee who sponsors and supports a less-experienced employee (a protégé). The mentoring role includes coaching, counseling, and sponsorship. As a *coach*, mentors help to develop their protégés' skills. As *counselors*, mentors provide support and help bolster protégés' self-confidence. And as *sponsors*, mentors actively intervene on behalf of their protégés; lobby to get their protégés visible assignments and to facilitate protégés rewards such as promotions and salary increases.

*Why would a leader want to be a mentor?* There are personal benefits to the leader as well as benefits for the organization. The mentor-protégé relationship gives the mentor unfiltered access to the attitudes and feelings of lower-ranking employees. Protégés can be an excellent source of potential problems by providing early warning signals. They provide timely information to upper managers that short-circuit the formal channels. So the mentor-protégé relationship is a valuable communication channel that allows mentors to have news of problems before they become common knowledge to others in upper management.

**Self-leader:** A set of processes through which individuals control their own behavior

*How do leaders create self-leaders?* The following have been suggested:

1. **Model self-leadership.** Practice self-observation, setting challenging personal goals, self-direction, and self-reinforcement. Then display these behaviors and encourage others to rehearse and then produce them.
2. **Encourage employees to create self-set goals.** Having quantitative, specific goals is the most important part of self-leadership.

# NOTES

3. **Encourage the use of self-rewards to strengthen and increase desirable behaviors.** In contrast, self-punishment should be limited only to occasions when the employee has been dishonest and destructive.
4. **Create positive thought patterns.** Encourage employees to use mental imagery and self-talk to further stimulate self-motivation.
5. **Create a climate of self-leadership.** Redesign the work to increase the natural rewards of a job and focus on these naturally rewarding features of work to increase motivation.
6. **Encourage self-criticism.** Encourage individuals to be critical of their own performance.

## 4.7.7 Leadership Vs Manager

Leadership is the ability to enthuse the followers towards a definite goal. It is the process of stimulating members of the group towards a particular direction. Leadership is a part of management, but not all of it. A manager requires planning and organizing. A strong leader can be a weak manager because he is weak in planning or some other managerial duty.

Earl P. Strong is of the opinion that leadership in business is not synonym of the boss. He makes the following distinctions between the two terms (see exhibit 4.6):

The Boss (Manager)	The Leader
<ul style="list-style-type: none"> <li>• He drives and orders.</li> <li>• He depends on his authority</li> <li>• He engenders fear.</li> <li>• He fixes blames and finds faults.</li> <li>• He knows all the answers.</li> </ul>	<ul style="list-style-type: none"> <li>• He coaches and advises.</li> <li>• He depends on his confidence and goodwill.</li> <li>• He inspires enthusiasm.</li> <li>• He solves problems.</li> </ul>
<ul style="list-style-type: none"> <li>• He makes the work drudgery.</li> <li>• He believes in "I"</li> </ul>	<ul style="list-style-type: none"> <li>• He consults and seeks advice.</li> <li>• He makes the work a game.</li> <li>• He believes in "We" and "You".</li> </ul>

**Exhibit 4.6 Manager and Leader-the difference**

## 4.8 WORK GROUPS

A group consists of two or more people working together on a regular basis to achieve common goals. Organizations achieve their goals by allocating tasks to group of people who are held responsible for accomplishing them. Through the division of labor among the various groups, and the coordination of their activities, organizations function in an efficient, effective and orderly manner. Groups provide synergy to the organization.

#### 4.8.1 Synergy through Groups

Synergy enables employees to develop expert skills and perform their tasks efficiently. By repetitively performing the same operations, employees improve their skill at work and complete their tasks faster and better. Managers are responsible for integrating and coordinating specialized activities of the members of different groups in the organization. A work group can be described as a collection of individuals working towards a common goal and who are interdependent to a significant degree as they relate to, and interact with, one another in the performance of their tasks.

#### 4.8.2 Different types of groups

Formal and informal groups exist in organizations. Formal groups are sets or collections of employees whom the organization relies upon to work together to get the job done smoothly and efficiently.

**Formal groups** are organized by the hierarchy and are subject to rules and regulations. In other words, formal groups are officially put together for a specific purpose by the organization and bound by its policies. Formal groups could be temporary or permanent. Temporary groups, such as task forces working on particular projects, and committees formed to brainstorm ideas for problem solving, are disbanded on completion of their task.

**Informal groups** on the other hand, are groups that emerge at random as a result of interactions among the members of the formal group and discovery and development of common interests. In other words informal groups are not organized by the system, but randomly developed on their own at the work place, because of common interests and mutual liking among the members of the formal group. Members from different units of the organization, or members from within the same formal group may develop friendships and form their own informal groups. Members of the informal groups could also interact with each other outside the work place.

#### **Psychological groups – an extension of informal groups**

In some informal groups, members may develop a high level of sentiment or affinity and become aware of one another's needs and potential contributions. Such a group is called a psychological group. A psychological group evolves when the informal group members become very close-knit; evince a sense of pride in being a member of the group from which they derive a sense of identity; are sensitive to other's needs, and at the same time, are aware of their strengths and personalities; and develop strong feelings of togetherness or oneness among themselves. A strong "we" feeling and a "we" orientation among the group members is characteristics of psychological groups.

# NOTES

The three forms of informal groups or cliques, as they are sometimes referred to, are the horizontal clique, where individuals of similar positions and from the same work area develop affinities and become a group; the vertical clique, where individuals from different hierarchical levels, but from within the same department, become members of a group; and the random clique, where people from different levels and departments form an informal group.

**Virtual Groups:** The virtual group is an outcome of the advances in information technology. Here, group members work together electronically through networked computers. Team-oriented software has facilitated information sharing, decision-making and solving complex problems through virtual groups.

## Other categories of Groups

In addition, groups can be categorized as (1) interacting, coacting and counteracting, (2) open and closed, (3) membership and referent, and (4) in and out groups.

## Interacting, Co-acting, and Counteracting Groups

In the interacting group the workflow is usually sequential and each member is dependent on another to do the work, as in an assembly line. In co-acting groups, members work independently of one another, as in a job shop. Counteracting groups have the main function of reconciling differences, resolving conflicts and disputes.

## Open and Closed Groups

In open groups the composition of the membership changes frequently with the arrival of new members and departure of old ones. The new entrants bring fresh perspectives and viewpoints towards solving problems, as a result of which solutions tend to be creative. The time horizon for activities is short and not geared towards the long term. Closed groups, on the other hand, have stability and permanence, with status relationships among members being well established and defined. Long term planning and long-range projects are feasible because of knowledge of the history of the institution and past events.

## Membership and Referent Groups

Membership group is the one to which a member actually belongs, and the referent group is the one that the member would like to be in.

### 4.8.3 Reason why an individual desires to be a member of the group

Individuals want to be a member of a group since it offers them a sense of belonging and security. In addition, they gain status and prestige, which enhance their self-esteem. Goals are also more easily attained as a group than individuals acting alone. Groups also

wield much power and influence, as evidenced by what unions can wrest from the management by their powers in numbers.

#### 4.8.4 Group Effectiveness

An effective group can be defined as one, which, over extended periods of time achieves a high level of task performance and keeps its human resources intact as well. Task performance refers to the effective achievement of the goals set for the group, and human resources maintenance to the high morale and satisfaction experienced by group members, their sense of pride in belonging to the group, and their psychological commitment to the group and its goals. Thus, group effectiveness refers to the task accomplishments of the group while it simultaneously maintains itself as a cohesive, satisfied and well-integrated unit.

#### Factors influencing Group Effectiveness

Certain characteristics of the group, the types of tasks they perform, the work setting, the technology used and the operating dynamics of the group within the work setting, all have an influence on group effectiveness. We examine group effectiveness through Input-group processes-Output model (see exhibit 4.7).

Inputs	Throughputs (Group processes)	Outputs
<b>Organizational setting</b> - Work environment, Seating, Layout - Work flow - Group size - Reward system	Norms & cohesion	Task performance - Quality - Quantity - Timeliness
<b>Nature of task/ Technology</b> - Task Complexity - Analyzability of procedures	Decision making procedures	Human Resources Maintenance
<b>Group members' characteristics and composition</b> - Skills, Abilities, Experience - Work Values - Status Congruence - Number of members	Task & Maintenance Roles	- Group Morale - Member Satisfaction

**Exhibit 4.7 An Input-throughput-Output Model of Group Effectiveness**

#### Inputs

The inputs constitute (1) certain factors in the organizational setting, as for instance, the work environment, seating arrangements, layout of the work place, how work flows within the system, the size of the group, and the reward systems; (2) the level of complexity

# NOTES

of the task to be performed; (3) technology and (4) group members' composition in terms in size, ability, experience and work orientation.

## Organizational Setting

If group members are in close proximity to one another in the work setting, they would interact more, and sentiments and affinities would develop faster. If the work flow technology makes them very interdependent, then again, interactions will be more frequent, there will be more communication among the members, and norms will soon develop as to who should do what, and what kinds of activities are expected of the members, when, and in what sequence. Usually, smaller groups are likely to be more cohesive since there is greater scope for much closer interactions among the group members, and the individuals are more likely to adhere to the group norms.

## Nature of Task

The complexity of the task and the analyzability of the procedures involved in performing the task are two important variables influencing group processes and group effectiveness. The group's task could be complex and demand high-level skills from its members to perform the many operations in completing the job. Easy and readily available solutions for the performance of such tasks may not exist to determine the most effective way of accomplishing the goal. The group processes would vary based on the extent of task complexity and analyzability and they in turn, would ultimately impact the group's total effectiveness.

## Technology

Technology is the means by which the effort put in is turned into a final product. It could be manual, mechanical, or electronic, all of which facilitate the transformation of materials into outputs. It is important to use the right and efficient technology.

## 4.8.5 Group Processes and Member Characteristics and Composition

### Group processes

Group processes refer to all aspects and dynamics that result in task performance and member satisfaction. Some of these are the norms developed in groups, group cohesiveness, decision-making processes used by the group and extent of task and maintenance activities performed by the group members.

The range of skills and ability of the group members, their orientation towards work, their needs and motivations to belong to the group and be accepted as group members, their value systems of right and wrong, and judgment of the correct and incorrect procedures, influence the group processes. Homogeneity among group members, in terms of status congruence and such other factors, also have an effect on the processes. How problems



are solved, who makes decisions for the group, what kinds of norms are developed, and the extent of group cohesiveness are all a function of the group members characteristics and the group's composition.

### **Norms and Cohesion**

Cohesive group members subscribe to the same norms and goals as the company; the task performance of the group will be high both in terms of quantity and quality. Such groups will also experience high morale and satisfaction, as members continue to be committed to the group goals.

### **Decision Making Processes**

Decision-making is important for successful task performance in any organizational system. Leadership abilities, task attributes, status issues, group member's characteristics and the group decision making process itself, are all important determinants of the quality of decisions. The decision-making style and process influence how the decisions made are accepted and implemented. All these factors, then, determine how effectively tasks are performed and member satisfaction and commitment to the group are achieved.

### **4.8.6 Task and Maintenance Functions and Roles of Group Members/leaders**

Task and maintenance activities form an integral part of the group processes and serves the twin purposes of successful task performance and effective group maintenance, thus contributing to group effectiveness. *Task functions* refer to the activities that need to be attended to for the effective execution of the job. These include such activities as initiating ideas, seeking opinions, providing information, clarifying problems and summarizing the discussions of the group. *Maintenance functions* refer to activities that need to be taken care of to maintain the group's social relationships, cohesion and satisfaction.

#### **Task roles**

In effective groups, the roles that are undertaken by group members as they work towards their group goals. They are the roles of

- Idea Initiator
- Information Seeker
- Information Provider
- Problem Clarifier
- Summarizer
- Consensus tester.

# NOTES

## Maintenance Roles

Maintenance activities take care of the socio-emotional side of group members. The major roles undertaken to ensure proper performance of the maintenance activities in the group are:

- Harmoniser
- Gatekeeper
- Supporter
- Compromiser
- Standards monitor

## Self-Oriented Roles

The self-oriented roles refer to some group members' concerns about their own status and identity in the group. The self-oriented roles are:

- Aggressors
- Blockers
- Recognition Seekers
- Dominators
- Avoiders

## Output

Outputs constitute the successful task performance of the group as well as its human resources maintenance. Successful task performance is a function of the task roles performed by group members as also the norms of high quality of performance maintained by the group. A cohesive group that subscribes to the norms of the organization is bound to perform well.

Member satisfaction and high group morale are attained through the maintenance functions performed by the group members. Group cohesion and the establishment of norms to which the members conform also enhance member satisfaction. High morale and group satisfaction are reflected in the pride felt by group members in belonging to the group and their commitment and loyalty to the group and its goals. Goodwill and cohesiveness among members, and adaptability to internal changes are the hallmarks of high morale and efficient performance.

## Teams

Teams represent groups of people who work together and are accountable for achieving the goals set for them. Teamwork involves members working in a coordinated manner, utilizing a variety of skills to accomplish the job and assuming collective responsibility for getting it completed successfully and on time.

Teams are usually small in size, possess a mix of skills, make their own decisions about planning, setting standards, scheduling, budgeting, training and the like, and the team leaders and members are held accountable and responsible for the task assigned to the group.

### Teams Vs Groups

The main difference between teams and groups is one of direct accountability for results. Teams and their members are assigned a job and held accountable for the results, while groups through committed to the goals of the organization, are supervised by a hierarchical superior.

### Advantages

Their performance level is high and their operations will be efficient.

Because of their joint collaboration, they are creative, remain flexible and adapt to changes as needed, and operate within a flat structure.

### Types of Teams

Depending on the nature of the tasks performed there could be several types of teams or work groups. Common among them are problem-solving teams, cross-functional teams, self-managing teams and virtual teams.

**Problem solving teams:** These teams, comprising a few members from a single unit (usually five to twelve), meet regularly for a few hours every week or so to find ways for continuously improving the quality of the operations and processes. Common examples of these are Quality circle and Total Quality Management both aimed at improving processes and structure for the purpose of providing a better product or service.

**Cross-functional teams:** These consist of members brought together from different functional areas to work on a common task or concern. The advantage this enjoys is the combined benefit of functional experience and systems thinking. Further, better coordination, easy tracking of work, better quality and flow of information, speed of performance and increased productivity, are the other benefits that accrue.

**Self-Managing Teams:** These teams, comprising 10 or 15 members, plan, organize, execute and evaluate their own performance. They are empowered to manage themselves without any external supervision. Each member is trained to perform several different roles from which efficiencies are derived. These multi-skilled personnel respond to changes very fast and turn out high quality output. A high degree of involvement, participation and cohesion, arising out of their values and matching the culture of the organization, are the hallmarks of self-managing teams.

# NOTES

The autonomous work group is one that a manager establishes or structures in the work setting. A group whose members allocate roles and responsibilities amongst themselves, without any outside supervision, manages the work. These self-managed teams are responsible for the end product and are given complete autonomy, even to the extent of establishing individual member's pay and necessary training programs. The advantages include more cooperation among group members and increased member satisfaction with lower rates of absenteeism and turnover, the costs of restructuring the workplace in manufacturing plants to facilitate the operation of the autonomous work groups may be high.

**Virtual teams:** These teams convene and operate through electronically linked members. This is a cost effective means of overcoming the constraints of time and space and solving critical issues. That there are no face-to-face interactions among members could at times pose a problem.

## Team effectiveness

Team effectiveness is also a function of task performance (i.e., effective task accomplishment) and member satisfaction (i.e., emotional support among team members that upholds their pride in belonging to the group). However, teams also experience problems as they work together. New members may not feel comfortable and may take considerable time to settle down and fit in before becoming effective. Some members may engage in dysfunctional behavior.

**Team Building:** Both intra-group and inter-group effectiveness can be increased through teambuilding, a technique that uses a series of steps to bring the group members together, makes them share their perceptions of each other and understand each other's point of view. Team building helps develop a strong and high performing group of member.

Team building efforts help members resolve their problems and work together in a cooperative and collaborative mode. Team building helps develop greater organizational effectiveness.

## 4.9 COMPETITION

### 4.9.1 Competitiveness: the new benchmark for economic strategy

Competitiveness is a hot issue for many countries and companies. Competitiveness is *"The degree to which a country can, under free and fair market conditions, produce goods and services which meet the test of international markets, while simultaneously maintaining and expanding the real incomes of its people over the long-term"*. This could only be achieved under increased productivity.

#### 4.9.2 Competitiveness factors and conditions

## NOTES

The World Competitiveness Report suggests eight major factors, which influence the competitiveness of companies and nations:

**Domestic economy:** The more competition there is in the domestic economy the more productive and competitive the domestic firms are likely to be abroad and higher value-added will be added to productivity and country prosperity.

**Internationalization:** Openness for international economic activities increases a country's economic performance. Export-led competitiveness is often associated with growth-orientation in the domestic economy. Higher integration with the international economy results in more productive resource allocation and higher living standards.

**Government:** Government policies concentrate on creating a competitive environment for enterprises and on providing macro-economic and social conditions that are predictable and thus minimizing the external risks for economic activities. It is flexible in adapting its economic policies to a changing international environment.

**Finance:** A well-developed, internationally integrated financial sector in a country supports its international competitiveness. The efficiency of the financial sector is best measured by the narrowness of the "spread" between the rates of interest that borrowers pay, and the rate that depositors receive. A narrower "spread" means either that depositors receive higher interest rates, or that borrowers pay less. The financial sector performs more efficiently when the spread declines, whether it is borrowers or lenders who benefit.

**Infrastructure:** A well-developed infrastructure supports economic activity. It includes the availability of natural resources and functional business systems, information technology, transport, communication and education, and an efficient protection of the environment.

**Management:** A competitive product and service reflects managerial ability, its long-term orientation, ability to adapt to changes in the competitive environment, a level of entrepreneurship and skill for integration and differentiation of business activities.

**Science and technology:** Competitive advantage can be built on efficient and innovative application of existing technologies. Investment in research and innovative activities creating new knowledge is crucial for a country in a more mature stage of economic development.

**Quality of people:** A skilled labor force with a positive attitude increases a country's productivity and competitiveness. Education, the technical ability of labor, the quality of management and efficiency all contribute to competitiveness. All this means that to pursue a competitive strategy many coordinated changes in human resource development are simultaneously needed rather than a few high profile initiatives in one or two areas.

# NOTES

It should be emphasized here that openness to global markets and the internationalization of economies play an increasing role in productivity and competitiveness enhancement.

## 4.9.3 Growing Competition-Managerial Perspective

Survival in highly competitive and fragmented markets requires producers to focus on both price and non-price factors such as quality, innovation, adherence to standards and rapid response as the basis for competitive advantage. In an effort to meet these new demands firms are deploying a range of innovations including advanced equipment and reconfiguration of both their internal organization and their external relationships. The literature on the nature of such innovations and the competitive forces driving firms to adopt them is extensive, but less emphasis is given to questions of how particular firms can choose and effectively implement them. Yet research consistently highlights this area as problematic and points to many influential factors including manufacturing strategy (or its absence), financial, industrial relations, and project management. One area, which receives regular attention of this kind, is 'middle management' — an organizational grouping that is often seen as a problem and as the source of resistance. It is clear that in a transition from essentially hierarchical organizational forms characterized by high division of labor and extensive use of bounded autonomy, decision rules and standard procedures to more fluid and flexible forms this group is likely to be extensively involved.

Business managers, need a perspective that allows them to look across the world and recognize commonalities or see opportunities for economies. They've got to be able to play a game of global chess with competitors who may take profits from one-market and cross-subsidize losses in another. They've got to have a big, strategic world view, and be able to see broad cross-market trends and commonalities.

Functional managers with worldwide responsibilities really have to know their specialty—whether it's technology, R&D, or people. They must know where best practice is and how to leverage it. "What's this technology they have developed in Japan that can quickly move to Europe?" or "Who is this key person in Europe who can transfer to Japan to drive this initiative?" So they've got to be the pollinators, the cross-fertilizers, very much in touch with their expertise and with what's happening around the world.

The CEO were generally looked up as the grand strategic architect, sitting on top of the company and defining the priorities and making the strategic investments. Historically, that was the role. But now the world is so complex and so fast moving that you can't haul all the information to the top for someone to make all those calls. In a world that's moving in nanoseconds, empowerment is driving more strategic decisions down to people who are closest to the customers, competitors, and technology changes. So the general manager's role really is less about managing *content* and more about managing or framing context, creating an environment in which these people can negotiate the best solution for the organization.

#### 4.9.4 Implications on the quality of human resources and management competence

## NOTES

One of the key forces in the process of helping organizations to become more competitive will be played by the human resource management function. This means that this function will have to serve more and more as a “strategic organizational development” advisor to senior management in creating a learning organizational culture to facilitate positive changes. HRM must redefine its role from the more traditional administrative orientation to a more proactive catalyst for change to become a “professional service business within a business” rather than an administrative personnel function.

To raise company competitiveness, productivity improvement and human resource development must be inseparable. It is important for employers and managers to motivate workers by adopting personnel policies conducive to productive behaviour, humanistic management practices and open communication.

A casual relationship exists between effective managers in an organization and that organization’s success. Competitive and productive companies are always distinguished by their effective and competent management. What is competent management and what is the role of managers?

If we look into the evolution of the definition of management at the beginning and middle of this century, management was defined as planning, organizing, creating, controlling, motivating and communicating (Henri Fayol, Peter Drucker). Later on it was considered as the ability to manage people effectively: creating people who are proud and happy to work with you and excel at the things they do. Then there was a focus on management of processes, which lead to the creation of effective organizations, change management, developing and implementing effective strategies and changing organizational cultures (Tom Peters, Robert Waterman, Rosabeth Moss Kanter).

Finally, more and more specialists agreed that the most constructive view of management would be an integration of all of the above: good management focus their efforts not just on the tasks that they are managing, but also on the individuals with whom they are working and on organizations they are working with. Indeed, effective managers should be able to understand the business environment, think strategically, be client-oriented, organize and manage all major resources (particularly people), use available management methods and techniques, create and build organizations and a strong culture. What is even more important is that good management should be able to recognize the global environmental changes, be both proactive and reactive, change organization structure, systems and management style when necessary.

Management practice and management development are not exempt from the effects of increasing globalization of the economy, structural changes and trade liberalization that

## NOTES

are sweeping across the world, and the rapid advance of production and communication technologies. All these have brought on a production system that is flexible, network-based, lean and competitive to serve a market characterized by end customers whose preferences are internationalized, demanding more product differentiation and specialization.

These trends in the domestic and international environment require that the managers become even more entrepreneurial and continuously upgrade their capabilities to enable them to adapt their practice and business to the very dynamic, highly competitive world. The most competitive organizations become flatter, more project and network-oriented, lean and knowledge-based. The organizations of the future will be intelligent networks very different from today's hierarchical structures and will look more like an organism. The authority distribution would be also modified. Change in any organization happens at the edge where the company interfaces with the customer and the competition, and the managers at the front end have a detailed knowledge of the situation, but often little authority to instigate change.

Indeed, one of the toughest resources to acquire and sustain is knowledge or intellectual capital. This may be the only sustainable competitive advantage in the future and, because companies cannot innovate, they cannot analyze and they cannot make judgment and produce knowledge - only people can do these things - the most important resources will always be people. This is where the role of management must be changed in the new knowledge-based organization. The managers' role in the intelligent network is not as an overseer of others' activities but to coach others; a provider of tools; a facilitator; a doer in their own right and someone who is comfortable only to interfere by exception and use their authority sparingly and trust people.

A new manager should also become an inventor, and if one agreed that the most enlightened definition of innovation is "commercialization of creativity", it would help to understand how and why an organization is creative and how people apply creative skills in the workplace to support commercially successful activities. If creativity is about knowledge management and if knowledge management is the basis for a successful strategy, how can we encourage thorough and purposeful development of people, and particularly, managers become the key issue and objective of management development for global alliances and network organizations.

Challenged by higher productivity and competitiveness enterprises, the more advanced economies have embarked on "participatory productivity drives" by enhancing the role of workers and teambuilding. Leading car manufacturers, for example, are now organizing their plants into smaller groups of workers, the results are wider participation in decisions-making, better working conditions, increased job satisfaction and, finally, higher productivity and competitiveness. Furthermore, experiences of the "humanization of work" movement



in the industrialized countries show that an improvement of working conditions leads, in many cases, to higher productivity.

Management is also expected to assume a more prominent role in a less centralized business environment in human development. The future managers should have better ability to manage horizontally; to focus more on work environment than administrative commands; to deal with people; and possess necessary organizational and motivational skills. They should be more aware of new wage systems; rules and regulations on health; safety; taxation; education and training policies and practices; and international labour standards. New managers should be better at delegating and supporting initiatives and creativeness of employees. They should be able to take risks and even permit mistakes. They should be able to create a learning environment.

Moving to more innovative organizations requires more flexibility and creativity from managers. Their underlying principle should stem around their emphasis on “people and ideas” and not on “politics and procedures”. Thus, the efficient use of available human resources and their development is central to the effective management for better productivity and competitiveness.

#### **4.10 MANAGERIAL STYLES:(ALSO REFERRED AS LEADERSHIP STYLES)**

##### **1.The formal style:**

Skillful use of formal style will involve a good working knowledge, of the laws of the land, rules and regulations and aggregates the willingness to use former power of rooms to get what one wants. Increasingly, the use of former power has been managed where many management’s and organizational development thinkers, developers and practitioners believe in order to map of the need for competency mapping with that of roles that are deployed by respective individual. The use of power is still a potent means to influence our original events provided those in word recognize the use of former power as being legitimate.

##### **2. The political style:**

The political style of behaviour relies principally on informal influence to get things done and has different but something complimentary strategies. The first of these is the formation of alliance and usually those that all originally powerful groups or individuals accept and agreed and mutual self-interest. These alliances will usually be convert but occasionally strong groups which will form an overt that they want to put them in an unchangeable position. The basis of relationship within such an arrangement is usually proud negotiations, for the promotion and support of some goal or object and of mutual benefit of all parties. If an individual reasons to deploy negative behaviour so that it can benefit one’s own group, it is foolhardy and is detrimental to the opposite group as a behavioral disposition. Then the alliance might well be broken on the parties will tend to

# NOTES

compete against rather than support each other's activities. The second basis of the style of influence relies on the use of information. Information tends to be used in the strategic way. Distortions of information, including impression management, posturing propaganda rumour mongering under strategic use of lying are ways in which the quality of information in which the quality of information is manipulated to have maximum effect on the target.

## 3. Open style:

The open style of influence in behaviour, can generally be seen to be the style that organizational development specialist advocated. Essentially it offers an idea of the – individual being aware of him, as a person with feelings, attitudes, knowledge, skills and behavioral responses, being prepared to share this awareness of him, and behave in ways that are coherent. Organizations should create climates of trust and acceptance or the employees. But by its very nature an open approach also involves being prepared to express feelings of hostility, anger and confrontation and not just feelings of love and support. In dealing with the reality, it is hoped that a much more insightful understanding of the problems can be developed and that solutions to problems will be long-term, since they deal with fundamentals as supposed to peripheral issued. In a sense, the open style of behaviour can be seen as the opposite of a political style of behaviour, since it values reveals the use of standard issues.

## 4. The laissez faire style:

The laissez faire behaviour is essentially a style of non-intervention in events when things are going well and according to plan. It is perhaps the most difficult style to get managers to consider, because it seems like an application of manageable responsibility. In fact it is fairly close to the principle of management by exception.

### 4.10.1 Roles of effective leaders

#### 1. Make a commitment at all levels-especially at the top level:

Research clearly shows that strong leadership is paramount in creating a positive organizational climate for nurturing the management and helping in its growth. Senior management leadership is vital throughout the competency measurement and improvement process. By senior management, we mean the organizational level that can realistically foster cross-functional, mission-oriented performance improvements, from senior operating or functional managers in the various acquisition and program offices throughout a federal agency, to the secretary or administrator of the agency. Senior managements should have frequent formal and informal meetings with employed and managers to show their support for improvement efforts implementation initiatives. Also, they should frequently review progress and the results of improvement efforts.

**2. Develop organizational goals:**

Goals need to be specified and publicized to be able to provide focus and direction to the organization. Vision statement and strategic/tactical plans (including systematic ways to evaluate competency based performance) are important for methodically planning the targeted competency based performance improvements. To be meaningful, they must include measurable objectives along with realistic timetables for their achievement.

**3. Offer training in improvement techniques:**

Training should be provided to appropriate personnel to help them properly make process improvements. The scope of training should include the operation of integrated project improvement teams, the role employees play in exercising sound business judgment, and the specific techniques for making process improvements (e.g. flowcharts, benchmarking, cause and effect diagram etc.,) comprehensive training is need to expand the employees' technical capabilities and to achieve "buy-in" for undertaking meaningful improvement efforts. Use of facilitators can provide "just-in-time" training to members of process action teams.

**4. Establish a reward and recognition systems to foster competency based performance improvements:**

In our view, organizations should tie any reward and recognition system to competency based performance improvement as measured by the competency maps. Thus, employee incentives will tend to reinforce the organizational objectives being measured by the competency maps. While handing out rewards to individual employees has its own place, certain group reward and recognition systems are needed to encourage integrated, cross-functional teams of employees, customers and managers to undertake targeted competency based performance improvement.

**5. Break down organizational barriers:**

To overcome unfounded fears about the perceived adverse effects of competency based performance measurement and improvement, we believe that the official uses of the competency maps need to be spelled out to all the employees and managers.

**4.10.2 Co- ordination, the essence of Managerial role**

Some authorities consider coordination to be a separate function of the manager. It seems more accurate, however, to regard it as the essence of Managership, for achieving harmony among individual efforts made towards the accomplishment of group goals. Each of the managerial functions is an exercise contributing to coordination.

Even in the case of a church, individuals often interpret similar interests in different ways, and their efforts towards mutual goals do not automatically mesh with the efforts of

# NOTES

others. The central task of the manager is, therefore, to reconcile differences in approach, timing, effort or interest and to harmonize individual goals to contribute to organization goals.

## I. Answer in brief

1. Define organization.
2. Why is organization considered important?
3. List out the various steps involved in organizational process
4. What is organizational climate?
6. List out the various dimensions of organizational climate.
7. List out the characteristics of leadership.
8. How is transformational leader different from a transactional leader?
9. How are norms and group cohesion related to performance?
10. What are the factors that influence the competitiveness of the firm?

## II. Answer the following in detail

1. Explain the differences between a leader and the manager.
2. Describe the overt and covert factors that influence the quality and strength of organizational climate.
3. Explain the role of group cohesiveness in managerial effectiveness
4. Explain in detail the role of managers in growing global competition.
5. You have just taken the charge as a new manager of an existing work group. What would you do or how would you operate in the group to understand its dynamic and assess its effectiveness?

## Chapter Summary

- Organization is an important management function and is the first step in implementing a plan or idea. Without efficient organization, no management can perform its function smoothly.
- Organization is defined as the management function of assigning duties, grouping tasks, establishing authority, and allocating resources to carry out a specific plan”.
- A well-knit organization provides an opportunity to the managers and other employees to display their talents. It also stimulates their creative independent thinking
- Organizing, as a process requires several fundamentals to be considered. In the first place, the structure must reflect objectives and plans, because activities derive from them. In the second place, it must reflect the authority available to an enterprise’s management. In the third place, organization structure, like any plan, must reflect its environment.
- Organizational climate conveys the impressions people have of the organizational internal environment within which they work.

**NOTES**

- The type of leadership prevailing in the organization is vital to the organizational climate. Every employee has to interact with his superior or boss for necessary instructions and guidance.
- A leader is one who guides and directs other people. He gives the efforts of his followers a direction and purpose by influencing their behavior. Time management is one of the most important skills that should be practiced by every manager.
- Leaders who inspire followers to transcend their own self-interests and who are capable of having a profound and extraordinary effect on followers are called transformational leaders.
- A strong “we” feeling and a “we” orientation among the group members is characteristics of psychological groups.
- Cohesive group members subscribe to the same norms and goals as the company; the task performance of the group will be high both in terms of quantity and quality.
- Factors as how critical the quality of the decision is for the success of the project, the extent to which the leader possesses the necessary information and expertise, the complexity of the problem itself, the acceptance of the leaders suggestion by the groups and the extent to which member’s cooperation is important and necessary for implementing the decision should all be taken into consideration in determining the extent to which the manager should get involved in the group discussions and decision making.
- Research clearly shows that strong leadership is paramount in creating a positive organizational climate for nurturing the management and helping in its growth.

# NOTES

# UNIT V

## NOTES

### DEVELOPING THE WINNING EDGE

#### 5.1 INTRODUCTION TO SELF- MANAGEMENT

In a dynamic and uncertain environment, managers must be trained to be capable of managing their professional and personal life in a systematic manner. The self-management skill is a key factor in ensuring a stress-free, fruitful and enjoyable working. Studies highlight that majority of managers fail to achieve a successful personal and professional life, due to poor management of self.

##### 5.1.1 Twelve-step self-management model

Why some people are successful in achieving their goals and others are not? This is mainly due to the attitude, determination and lack of understanding in how to go about achieving the goal. Richard Dobbins and Barrie Pettman in their paper titled “Self-Development have highlighted the nine basic skills for business success” published in the Journal of Management Development in 1997. The twelve steps that enable people to set plan and achieve goals have been prescribed. These are:

1. Make a decision that you desire to achieve the goal.
2. Believe that you will achieve the goal
3. Write down your goal on paper
4. Be honest with yourself
5. Analyze your present position
6. Use deadlines
7. Identify the hurdles that stand in your way
8. Identify the skills you will need
9. Identify those people from whom you will need cooperation
10. Make a complete business plan
11. Visualize the perfect outcome and put in consistent effort to achieve it
12. Execute your plan with patience and persistence.

##### 5.1.2 Importance of self –management

In a changing world of work and given growing preference for flexible work schedules, involvement and empowerment measures, all managers need to acquire self-management

# NOTES

skills. All the modern management practices may not deliver desired results if managers of the organization lack self-management skills.

## 5.2 NEGOTIATION

Negotiation is defined as a process in which two or more parties exchange goods or services and attempt to agree on the exchange rate for them. The terms **negotiation** and **bargaining** are used interchangeably.

### 5.2.1 Bargaining Strategies

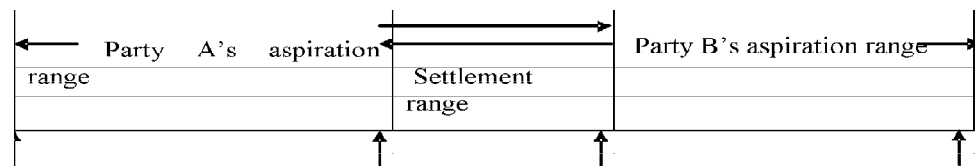
There are two general approaches to negotiation-

1. Distributive bargaining
2. Integrative bargaining

#### Distributive bargaining

**Definition:** - Negotiation that seeks to divide up a fixed amount of resources; a win – lose situation. Probably the most widely cited example of distributive bargaining is in labor management negotiations over wages. Typically, the labor's representatives come to the bargaining table determined to get as much money as possible out of management. Since every rupee more that labor negotiates increases management's costs, each party bargains aggressively and treats the other as an opponent who must be defeated.

The essence of distributive bargaining is depicted in exhibit 5.1



**Exhibit 5.1 Distributive Bargaining**

Parties A and B represent two negotiators. Each has a *target* point that defines what he or she would like to achieve. Each also has a *resistance* point, which marks the lowest outcome that is acceptable - the point below which they would break off negotiations rather than accept a less-favorable settlement. The area between these two points makes up each one's aspiration range. As long as there is some overlap between A and B's aspiration ranges, there exists a settlement range in which each one's aspirations can be met.

When engaged in distributive bargaining, one's tactics focus on trying to get one's opponent to agree to one's specific target point or to get as close to it as possible. Examples of such tactics are persuading your opponent of the impossibility of getting to his or her



## NOTES

target point and the advisability of accepting a settlement near yours; arguing that your target is fair, while your opponent's isn't; and attempting to get your opponent to feel emotionally generous toward you and thus accept an outcome close to your target point.

### Integrative Bargaining

**Definition:** - Negotiation that seeks one or more settlements that can create a win-win

**Solution.** A sales representative for a women's sportswear manufacturer has just closed a Rs.15,000 order from a small clothing retailer. The sales rep calls in the order to her firm's credit department. She is told that the firm can't approve credit to this customer because of a past slow-payment record. The next day, the sales representative and the firm's credit manager meet to discuss the problem. The sales representative doesn't want to lose the business. Neither does the credit manager, but he also doesn't want to get stuck with an uncollectible debt. The two openly review their options. After considerable discussion, they agree on a solution that meets both their needs: the credit manager will approve the sale, but the clothing store's owner will provide a bank guarantee that will ensure payment if the bill isn't paid within 60 days. This sales-credit negotiation is an example of **integrative bargaining**. In terms of intraorganizational behaviour, all things being equal, integrative bargaining is preferable to distributive bargaining. Why? Because the former builds long-term relationships and facilitates working together in the future. It bonds negotiators and allows each to leave the bargaining table feeling that he or she has achieved a victory. The managers also play the role of a negotiator in the organization. The managers in order to maintain the image of the organization and earn profit from their clients constantly should adopt integrative bargaining. Distributive bargaining, on the other hand, leaves one party a loser. It tends to build animosities and deepen divisions when people have to work together on an ongoing basis.

Why, then, don't we see more integrative bargaining in organizations? The answer lies in the conditions necessary for this type of negotiation to succeed. These include parties who are open with information and concerned, a sensitivity by both parties towards other's needs, and a willingness by both parties to maintain flexibility. Since these conditions often don't exist in organizations, it isn't surprising that negotiations often take on a win-at-any-cost dynamic (see exhibit 5.2).

# NOTES

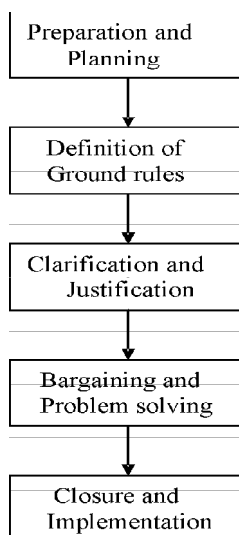
Bargaining Characteristics	Distributive Bargaining	Integrative Bargaining
Available resources	Fixed amount of resources to be divided	Valuable amount of resources to be divided
Primary motivations	I win, you lose	I win, you win
Primary interests	Opposed to each other	Convergent or congruent with each other
Focus of relationships	Short term	Long term

**Exhibit 5.2 Distributive versus Integrative Bargaining**

## 5.2.2 The Negotiation process

A simplified model of the negotiation process is explained (see exhibit 5.3). It views negotiation as made up of five steps:

1. Preparation and planning
2. Definition of ground rules
3. Clarification and justification
4. Bargaining and problem solving and
5. Closure and implementation.



**Exhibit 5.3 The Negotiation Process**

## NOTES

**Preparation and planning**

Before you start negotiating, you need to do your homework. What's the nature of the conflict? What's the history leading up to this negotiation? Who's involved and what are their perceptions of the conflict?

What do you want from the negotiation? What are your goals? You also have to prepare an assessment of what you think of the other party. What are they likely to ask for? How entrenched are they likely to be in their position? What intangible or hidden interests may be important to them? What might they be willing to settle on? When you can anticipate your opponent's position, you are better equipped to counter his or her arguments with facts and figures that support your position.

Once you've gathered your information, use it to develop a strategy. For example, expert chess players have a strategy. They know ahead of time how they will respond to any given situation. As part of your strategy, you should determine yours and the other side's best alternative to a negotiated agreement. Conversely, you shouldn't expect success in your negotiation effort unless you're able to make the other side an offer they find attractive.

**Definition of Ground Rules**

Once you've done your planning and developed a strategy, you're ready to begin defining the ground rules and procedures with the other party over the negotiation itself. Who will do the negotiating? Where will it take place? What time constraints, if any, will apply? To what issues will negotiation be limited? Will there be a specific procedure to follow if an impasse is reached? During this phase, the parties will also exchange their initial proposals or demands.

**Clarification and justification**

When initial positions have been exchanged, both you and the other party will explain, amplify, clarify, and justify your original demands. This needn't be confrontational. Rather, it's an opportunity for educating and informing each other on the issues, why they are important, and how each arrived at their initial demands. This is the point at which you might want to provide the other party with any documentation that helps support your position.

**Bargaining and Problem Solving**

The essence of the negotiation process is the actual give-and-take in trying to hash out an agreement. It is here where concessions will undoubtedly need to be made by both parties.

# NOTES

## Closure and Implementation

The final step in the negotiation process is formalizing the agreement that has been worked out and developing any procedures that are necessary for implementation and monitoring. For major negotiations—which would include everything from labor – management negotiations to bargaining over lease terms to buying a piece of real estate to negotiating a job offer for a senior-management position—this will require hammering out the specifics in a formal contract. For most cases, however, closure of the negotiation process is nothing more formal than a handshake.

### 5.2.3 Issues in Negotiation

The four contemporary issues in negotiation are:

#### The Role of Personality Traits in Negotiation

Can you predict an opponent's negotiating tactics if you know something about his or her personality? It's tempting to answer Yes to this question. For instance, you might assume that high-risk takers would be more aggressive bargainers who make fewer concessions. Surprisingly, the evidence doesn't support this intuition.

Overall assessments of the personality- negotiation relationship find that personality traits have no significance direct effect on either the bargaining process or the negotiation outcomes. This conclusion is important. It suggests that you should concentrate on the issues and the situational factors in each bargaining episode and not on your opponent's personality.

#### Gender Differences in Negotiation

Do men and women negotiate differently? And does gender affect negotiation outcomes? The answer to the first question appears to be No. The answer to the second is a qualified Yes. A popular stereotype is that women are more cooperative in negotiations than men. However, men have been found to negotiate better outcomes than women. This difference might be due to men and women placing divergent values on outcomes. Women probably due to lack of power typically hold the belief that women are “nicer” than men in negotiations in most large organizations. In situations in which women and men have similar power bases, there shouldn't be any significant differences in their negotiation styles.

The evidence suggests those women's attitudes toward negotiation as negotiators appear to be quite different from men's. Managerial women demonstrate less confidence in anticipation of negotiating and less satisfied with their performance after the process is complete, even when their performance and the outcomes they achieve are similar to those for men.

## Cultural Differences in Negotiations

## NOTES

Although there appears to be no significant direct relationship between an individual's personality and negotiation style, cultural background does seem to be relevant. Negotiating styles clearly vary across natural cultures.

The French like conflict. They frequently gain recognition and develop their reputations by thinking and acting against others. As a result, the French tend to take a long time in negotiating agreements and they aren't overly concerned about whether their opponents like or dislike them.

The Chinese also draw out negotiations but that's because they believe negotiations never end. Just when you think you've pinned down every detail and reached a final solution with a Chinese executive, that executive might smile and start the process all over again. Like the Japanese, the Chinese negotiate to develop a relationship and a commitment to work together rather than to tie up every loose end.

Americans are known around the world for their impatience and their desire to be liked. Astute negotiators from other countries often turn these characteristics to their advantage by dragging out negotiations and making friendship conditional on the final statement.

The cultural context of the negotiation significantly influences the amount and type of preparation for bargaining, the relative emphasis on task versus interpersonal relationships, the tactics used, and even where the negotiation should be conducted.

### 5.2.4 Third-Party Negotiations

To this point, we've discussed bargaining in terms of direct negotiations. Occasionally, however, individuals or group representatives reach a stalemate and are unable to resolve their differences through direct negotiations. In such cases, they may turn to a third party to help them find a solution. There are four basic third-party roles: mediator, arbitrator, conciliator, and consultant.

A **mediator** is a neutral third party who facilitates a negotiated solution by using reasoning and persuasion, suggesting alternatives, and the like. Mediators are widely used in labor-management negotiations and in civil court disputes.

The overall effectiveness of mediated negotiations is fairly impressive. The settlement rate is approximately sixty percent, with negotiator satisfaction at about seventy-five percent. But the situation is the key to whether mediation will succeed; the conflicting parties must be motivated to bargain and resolve their conflict. Additionally, conflict intensity can't be too high; mediation is most effective under moderate levels of conflict. Finally, perceptions

# NOTES

of the mediator are important; to be effective, the mediator must be perceived as neutral and noncoercive.

An **arbitrator** is a third party to dictate an agreement. Arbitration can be voluntary (requested) or compulsory (forced on the parties by law or contract). The big plus of arbitration over mediation is that it always results in a settlement. Whether or not there is a negative side depends on how “heavy-handed” the arbitrator appears. If one party is left feeling overwhelmingly defeated, that party is certain to be dissatisfied and unlikely to graciously accept the arbitrator’s decision. Therefore, the conflict may resurface at a later time.

The authority of the arbitrator varies according to the rules set by the negotiators. The big plus of arbitration over mediation is that it always results in a settlement.

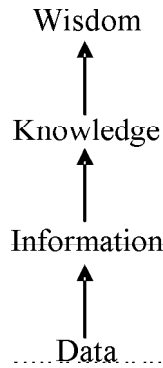
A **conciliator** is a trusted third party who provides an informal communication link between the negotiator and the opponent. Conciliation is used extensively in international, labor, family, and community disputes. Comparing its effectiveness to mediation has proven difficult because the two overlap a great deal. In practice, conciliators typically act as more than mere communication conduits. They also engage in fact finding, interpreting messages, and persuading disputants to develop agreements.

A **consultant** is a skilled and impartial third party who attempts to facilitate problem solving through communication and analysis, aided by his or her knowledge of conflict management. In contrast to the previous role, the consultant’s role is not to settle the issues but, rather, to improve relations between the conflicting parties so that they can reach a settlement themselves. Instead of putting forward specific solutions, the consultant tries to help the parties learn to understand and work with each other. Therefore, the approach has a longer-term focus: to build new and positive perceptions and attitudes between the conflicting parties.

## 5.3 KNOWLEDGE MANAGEMENT

### 5.3.1 Meaning of knowledge

Knowledge is the power/capacity for effective action. The organized data are information. The processed information in the actionable form is referred to as knowledge. The knowledge becomes wisdom when it is used for a good cause of a large number of people. The hierarchy of the knowledge is (see exhibit 5.4). Knowledge can be classified into two; they are tacit knowledge and explicit knowledge.

**Exhibit 5.4 Knowledge Hierarchy****Tactic knowledge Vs. Explicit Knowledge**

Explicit knowledge is formal knowledge, which is available in books, reports, audio tapes, video tapes, CDs etc. tactic knowledge is the potential of an individual and which needs to be mined or exploited by means of face-to-face discussions, interviews etc. tactic knowledge can be shared and exchanged.

**5.3.2 Knowledge Management**

Kael Wiig- a consultant coins the term knowledge management. He coined this term in an International Labor Organization Sponsored Conference in 1986. Knowledge management is, “a systematic, explicit and deliberate building, renewal and application of knowledge to maximize an enterprise knowledge related effectiveness and returns from its knowledge assets”.

Thus, knowledge management is continuously creating and upgrading organizational knowledge in order to maximize the returns from its knowledge assets.

Knowledge management helps the organization to

- Improve organizational effectiveness;
- Improve the returns;
- Build competencies/competitive advantage/distinctive competencies
- Create greater value for core businesses
- See the opportunities and exploit them.

Knowledge management is a process of organizing and distributing an organization’s collective wisdom so the right information gets to the right people at the right time. When done properly, KM provides an organization with both a competitive edge and improved organizational performance because it makes its employees smarter.

# NOTES

- Knowledge management is increasingly important today for at least three reasons.
- First, in many organizations, intellectual assets are now as important as physical or financial assets. Organizations that can quickly and efficiently tap into their employees' collective experience and wisdom are more likely to "outsmart" their competition
- Second, as baby boomers begin to leave the workforce, there's an increasing awareness that they represent a wealth of knowledge that will be lost if there are no attempts to capture it.
- And third, a well-designed KM system will reduce redundancy and make the organization more efficient.

*How does an organization record the knowledge and expertise of its employees and make that information easily accessible?* It needs to develop computer databases of pertinent information that employees can readily access; it needs to create a culture that supports and rewards sharing; and it has to develop mechanisms that allow employees who have developed valuable expertise and insights to share them with others.

Knowledge Management has become one of the most significant developments – If not indeed the most significant development – in management and organization theory in recent years. It is increasingly claimed that knowledge is 'the most important factor in economic life'. Multiple sub perspectives and approaches constitute knowledge management as a phenomenon – information management and organizational learning are the two important of these. A firm's competitive advantage depends more than anything on its knowledge, or, to be slightly more specific, on what it knows, how it uses what it knows, and how fast it can know something new'.

Factors that place Knowledge on the top of the agenda of Management

- Wealth is increasingly perceived to be derived from knowledge and intangible assets. Company's value in recent years has come to be increasingly dependent on knowledge assets, intellectual capital and intellectual property.
- Endemic change and the need of organizational learning. The global pace of change requires organizations and the people within them must be continually learning.
  - Advantage through innovation and knowledge creation. Competitive advantage is seen to be gained through innovation, which in turn depends on knowledge creation, knowledge sharing and knowledge application.
  - Knowledge interdependence – the need for cross- boundary knowledge sharing. Organizations in all sectors have become more mutually dependent.
  - Technology limits and potential. The limits of traditional 'Information Systems' having been recognized, there are also the potentials of communications technologies and the internet, and for the emergence of knowledge technologies.



## NOTES

- Thus at the practical level, Knowledge Management focuses on a set of processes and practices. Management tools or technologies support some of these. They address a wide range of knowledge processes that fall under five headings: creating, sharing, sourcing, mapping and measuring (see exhibit 5.5).

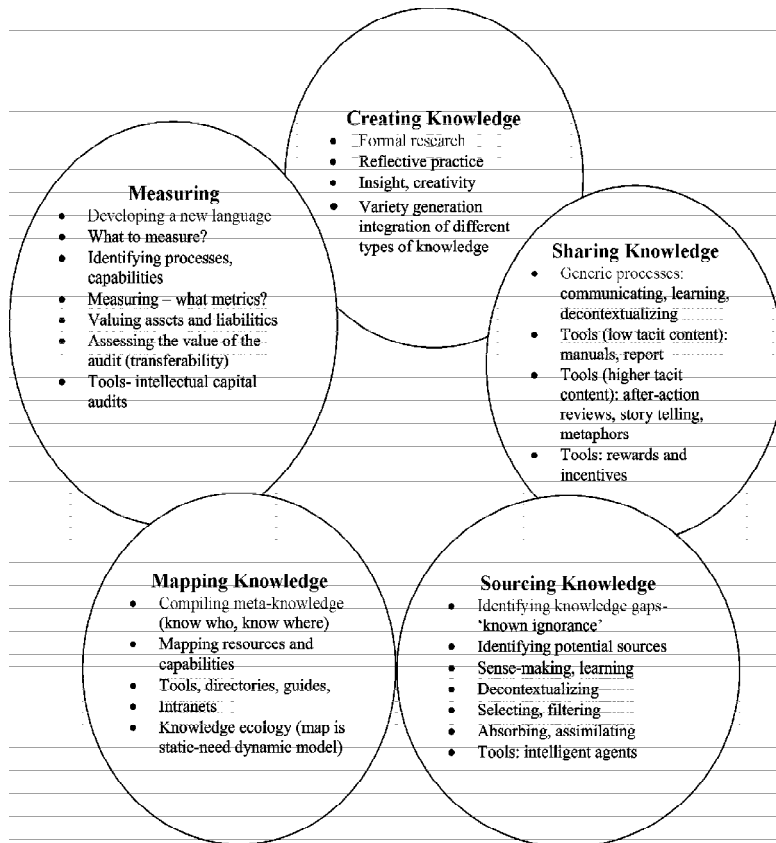


Exhibit 5.5 Knowledge Process

### 5.3.3 Individual knowledge conversion process

Individual knowledge conversion takes place between tacit knowledge and explicit knowledge. According to Nonaka and Takeuchi (1995) knowledge conversion is based on four modes:

**Socialization:** Knowledge is converted from tacit to tacit through sharing and exchanging experiences and technical skills.

**Externalization:** Tacit knowledge is converted into explicit concepts like analogies, models, generalization etc.

**Combination:** Knowledge is converted from explicit to explicit by reconfiguration of existing information by infusing modifications, additions, delegations, sorting, combinations and categorizations. This effort results in the creation of new or improved knowledge.

# NOTES

**Internalization:** Knowledge is converted from explicit to tactic. This is related learning by reading, listening and doing. This stage helps the individual to conceptualize the knowledge from his own perspective through the interaction of his own cognition. Thus, the individual internalizes the explicit knowledge and converts it into tactic knowledge.

## 5.3.4 Organizational knowledge creation process

The individual knowledge conversion interacts with another dimension i.e., time and produce five phases of organizational knowledge creation. These five phases include:

**Sharing Tactic Knowledge:** Interaction among individual employees in the form of meetings, discussions and conflict over ideas provides for exchange and sharing of tactic knowledge. Thus, tactic knowledge held by most of the employees become the organizational knowledge.

**Creating Concepts:** The cognitive process of each employee crystallizes the shared tactic knowledge into models, concepts and words.

**Justifying Concepts:** The new concepts generated by individuals need to be tested in practice and justified for further validity and justified for further validity and practical implementation. This stage justifies whether the new concepts ideas are worthwhile for the organization and the society.

**Building an Arche Type:** The tested concepts are converted into tangible or concrets (archetype) or prototype operating mechanism.

**Cross-leveling knowledge:** Knowledge created, developed and modeled is further cycled by another organization or department. Other departments and organizations should have the autonomy to develop the knowledge further for the benefit of the organization, society and humanity at large.

The knowledge conversion process – both individual and organizational can be synchronized in the following stages:

- Sharing of the ideas/opinions through tacit-to-tacit conversion.
- Developing new knowledge by tacit-tacit and cognitive interaction of a team of employees.
- Creating concepts and justifying them by tactic-explicit conversion.
- Securing new and existing knowledge.
- Building a theory or model.
- Experimenting and testing models.
- Combine available knowledge.
- Cross-leveling knowledge for further explicit-tactic-explicit conversion.

### 5.3.5 Knowledge Management Process

## NOTES

Knowledge Management Process involves the continuous interaction among organization's knowledge assets, intellectual capital and leadership. The four dimensions of intellectual capital is presented as below:

<b>Human Capital:</b> It is the skills, knowledge, abilities, values, commitment, attitude and aptitude of organization's people. It comprises of explicit conceptual knowledge as well as tacit knowledge.
<b>Structural capital:</b> It involves all explicit rules based knowledge embedded in the organization's work process and systems encoded in written policies, shared databases of best practices, patents and copyrights.
<b>Social capital:</b> It is reflected in the ability of groups to collaborate and work together. Social capital makes workers into colleagues; it is the stock of active connections among people, the trust mutual understanding and shared values and behaviors that make cooperative action possible.
<b>Customer capital,</b> which captures all client relationships.

Beckmans has proposed an eight-stage knowledge management process. These stages include:

**Identify stage:** This stage includes identification of competencies necessary for organizational success.

**Collect stage:** This stage includes acquiring existing knowledge, skills, experience etc. to possess the competencies.

**Select stage:** This stage deals with the assessment of value of collected knowledge against the standard requirements for success.

**Store stage:** This stage takes the nuggets of knowledge, classifies them and includes them in the organizational existing knowledge.

**Share stage:** This stage makes the new and existing organizational knowledge accessible for employees.

**Apply stage:** This stage enables employees to apply knowledge in organizational activities/operations, decision-making, problem solving, exploiting opportunities etc.

**Customer acceptance:** This stage involves obtaining customers acceptance/clients approval for the products/services produced/developed based on the knowledge.

**Create stage:** This stage involves development of new knowledge through observation, feedback, brainstorming, and failures in the previous events.

# NOTES

## 5.4 CREATIVITY AND INNOVATION

An important factor in managing people is creativity. A distinction can be made between creativity and innovation. The term creativity usually refers to the ability and power to develop new ideas. Innovation, on the other hand, usually means the use of these ideas. In an organization this can mean a new product, a new service, or a new way of doing things.

### 5.4.1 The Creative Manager

All too often it is assumed that most people are noncreative and have little ability to develop new ideas. This assumption, unfortunately, can be detrimental to the organization, for in the appropriate environment virtually all people are capable of being creative, even though the degree of creativity varies considerably among the individuals.

Generally speaking, creative people are inquisitive and come up with many new and unusual ideas; they are seldom satisfied with the status quo. Although intelligent, they not only rely on the rational process but also involve the emotional aspects of their personality in problem solving. They appear to be excited solving a problem, even to the point of tenacity. Creative individuals are aware of themselves and capable of independent judgment. They object to conformity and see themselves as being different.

Unquestionably, creative people can make great contributions to an enterprise. Change as any manager knows is not always popular. Moreover, change frequently has undesirable and unexpected side effects. Similarly, unusual ideas, pursued stubbornly, may frustrate others and inhibit the smooth functioning of an organization. Finally, creative individuals may be disruptive by ignoring established policies, rules, and regulations. As a result creativity of most individuals is probably underutilized. However, individual and group techniques can be effectively used to nurture creativity, especially in the area of planning. But creativity is not a substitute for managerial judgment it is the manager who must determine and weigh the risks involved in pursuing unusual ideas and translating them into innovative practices.

### 5.4.2 The Creative Process

The creative process is seldom simple and linear. Instead, it generally consists of four overlapping and interacting phases: (1) unconscious scanning, (2) intuition, (3) insight, and (4) logical formulation.

The first phase, **unconscious scanning**, is difficult to explain because it is beyond consciousness. This scanning usually requires an absorption in the problem, which may be vague in the mind. Yet managers working under time constraints often make decisions prematurely rather than dealing thoroughly with ambiguous ill-defined problems.

The second phase, **intuition**, connects, the unconscious with the conscious. This stage may involve a combination of factors that may seem contradictory at first. For example,

in the 1920s Donaldson Brown and Alfred Sloan of General Motors conceived the idea of a decentralized division structure with centralized control – concepts which seem to contradict each other. Yet the idea makes sense when one recognizes the underlying principles of (1) giving responsibility of the operations to the general manager of each division, and (2) maintaining centralized control in head quarters over certain functions. It took the intuition of two great corporate leaders to see that these two principles could interact in the managerial process. Intuition needs time to work. It requires that people find new combinations and integrate diverse concepts and ideas. Thus, one must think through the problem. Intuitive thinking is promoted by several techniques such as brainstorming and synectics.

**Insight**, the third phase of the creative process, is mostly the result of hard work. For example many ideas are needed in the development of a usable product, a new service, or a new process.

The last phase in the creative process is **logical formulation** or verification. Insight needs to be tested through logic or experiment. This may be accomplished by continuing to work on an idea or by inviting critiques from others. Brown and Sloan's idea of decentralization.

#### 5.4.3 Techniques to enhance creativity

Creativity can be taught. Creative thoughts are often the fruits of extensive efforts, and several techniques are available to nurture those kinds of thoughts, especially in the decision-making process. Some techniques focus on group interactions; others focus on individual actions.

**Brainstorming:** One of the best-known techniques for facilitating creativity has been developed by Alex F Osborn, who has been called “the father of brainstorming”. The purpose of this approach is to improve problem solving by finding new and unusual solutions in the brainstorming session; a multiplication of ideas is sought. The rules are as follows:

1. No ideas are ever criticized
2. The more radical the ideas are, the better.
3. The quantity of idea production is stressed.
4. The improvement of ideas by others is encouraged.

Brainstorming, which emphasizes group thinking, was widely accepted after its introduction. However, the enthusiasm was dampened by research, which showed that individuals could develop better ideas working by themselves than could work in-group.

**Synectics:** Originally known as the Gordon technique, this system was further modified and became known as synectics. In this approach, the members of the synectics team are

# NOTES

carefully selected for their suitability to deal with the problem, a problem that may involve the entire organization.

The leader of the group plays a vital role in this approach. In fact, only the leader knows the specific nature of the problem. This person narrows and carefully leads the discussion without revealing the actual problem itself. The main reason for this approach is to prevent the group from reaching a premature solution to the problem. The system involves a complex set of interactions from which a solution emerges – frequently the invention of a new product.

## 5.4.4 Innovation and Entrepreneurship

Recently, innovations and entrepreneurship have received considerable attention. It may be an appealing thought to get rich quick, often by establishing new companies. Peter Drucker suggests that innovation applies not only to high-tech companies but also equally to low-tech, established businesses. Worthwhile innovations are not a matter of sheer luck; it requires systematic and rational work, well organized and managed for results.

What does entrepreneurship imply? It suggests dissatisfaction with how things are and awareness of a need to do things differently. Creativity and innovation in one's work, helps a person to be a successful entrepreneur. Innovation comes about because of some of the following situations.

- The unexpected events, failure, or success
- The incongruous – what is assumed and what really is
- The process or task that needs improvement
- Changes in the market or industry structure
- Changes in demographics.
- Changes in meaning or in the way things are perceived
- Innovation based on knowledge

Innovations based solely on bright ideas may be very risky and are, at times, not successful. The most successful innovations are often the mundane ones. Innovation is not only relevant to high-tech firms but also crucial for old-line, traditional companies, which may not survive without the infusion of innovation. Managers in such companies must create an environment that fosters entrepreneurial spirit and actions.

### I. Answer in brief

1. How do self management skills enable managers to plan and achieve goals?
2. Define the term negotiation.
3. What are the pre-conditions for negotiations?
4. What is the role of consultant in negotiation?
5. What is knowledge management?