

**UNIT-I**  
**SYLLABUS**

Definition of Management –managerial roles and skills – Evolution of Management – Scientific, human relations , system and contingency approaches – Management by Objectives (MBO) – Management by Exception (MBE) - Types of Business organization - Sole proprietorship, partnership, company-public and private sector enterprises - Special forms of ownership : Franchising -Licensing- Leasing- Corporate Expansion :mergers and acquisitions -Diversification, forward and backward integration –Joint ventures, Strategic alliance.

**OVERVIEW OF MANAGEMENT**

**DEFINITION**

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

**LEVELS OF MANAGEMENT**

The three levels of management are as follows

**1. The Top Management**

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

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

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

**2. Middle Level Management**

The branch managers and departmental managers constitute middle level. They are responsible to the top management for the functioning of their department. They devote more time to organizational and directional functions. In small organization, there is only one layer of middle

level of management but in big enterprises, there may be senior and junior middle level management. Their role can be emphasized as –

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

### **3. Lower Level Management**

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

- a. Assigning of jobs and tasks to various workers.
- b. They guide and instruct workers for day to day activities.
- c. They are responsible for the quality as well as quantity of production.
- d. They are also entrusted with the responsibility of maintaining good relation in the organization.
- e. They communicate workers problems, suggestions, and recommendatory appeals etc to the higher level and higher level goals and objectives to the workers.
- f. They help to solve the grievances of the workers.
- g. They supervise & guide the sub-ordinates.
- h. They are responsible for providing training to the workers.
- i. They arrange necessary materials, machines, tools etc for getting the things done.
- j. They prepare periodical reports about the performance of the workers.
- k. They ensure discipline in the enterprise.
- l. They motivate workers.
- m. They are the image builders of the enterprise because they are in direct contact with the workers.

### **FUNCTIONS OF MANAGEMENT**

Management has been described as a social process involving responsibility for economical and effective planning & regulation of operation of an enterprise in the fulfillment of given purposes. It is a dynamic process consisting of various elements and activities. These activities are different from

operative functions like marketing, finance, purchase etc. Rather these activities are common to each and every manager irrespective of his level or status.

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

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.

### 1. Planning

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

### 2. Organizing

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

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

### 3. Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of

business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O'Donell, "Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure".

Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, selection & placement.
- Training & development.
- Remuneration.
- Performance appraisal.
- Promotions & transfer.

#### 4. Directing

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

- Supervision
- Motivation
- Leadership
- Communication

- (i) Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.
- (ii) Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.
- (iii) Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.
- (iv) Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

#### 5. Controlling

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

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

#### ROLES OF MANAGER

Henry Mintzberg identified ten different roles, separated into three categories. The categories he defined are as follows:

##### **a) Interpersonal Roles**

The ones that, like the name suggests, involve people and other ceremonial duties. It can be further classified as follows

- Leader – Responsible for staffing, training, and associated duties.
- Figurehead – The symbolic head of the organization.
- Liaison – Maintains the communication between all contacts and informers that compose the organizational network.

##### **b) Informational Roles**

Related to collecting, receiving, and disseminating information.

- Monitor – Personally seek and receive information, to be able to understand the organization.
- Disseminator – Transmits all important information received from outsiders to the members of the organization.
- Spokesperson – On the contrary to the above role, here the manager transmits the organization’s plans, policies and actions to outsiders.

##### **c) Decisional Roles**

Roles that revolve around making choices.

- Entrepreneur – Seeks opportunities. Basically they search for change, respond to it, and exploit it.
- Negotiator – Represents the organization at major negotiations.
- Resource Allocator – Makes or approves all significant decisions related to the allocation of resources.
- Disturbance Handler – Responsible for corrective action when the organization faces disturbances.

## **EVOLUTION OF MANAGEMENT THOUGHT**

The practice of management is as old as human civilization. The ancient civilizations of Egypt (the great pyramids), Greece (leadership and war tactics of Alexander the great) and Rome displayed the marvelous results of good management practices.

The origin of management as a discipline was developed in the late 19th century. Over time, management thinkers have sought ways to organize and classify the voluminous information about management that has been collected and disseminated. These attempts at classification have resulted in the identification of management approaches. The approaches of management are theoretical frameworks for the study of management. Each of the approaches of management are based on somewhat different assumptions about human beings and the organizations for which they work. The different approaches of management are

- a) Classical approach,
- b) Behavioral approach,
- c) Quantitative approach,
- d) Systems approach,
- e) Contingency approach.

The formal study of management is largely a twentieth-century phenomenon, and to some degree the relatively large number of management approaches reflects a lack of consensus among management scholars about basic questions of theory and practice.

a) **THE CLASSICAL APPROACH:** The classical approach is the oldest formal approach of management thought. Its roots pre-date the twentieth century. The classical approach of thought generally concerns ways to manage work and organizations more efficiently. Three areas of study

that can be grouped under the classical approach are scientific management, administrative management, and bureaucratic management.

(i) Scientific Management. Frederick Winslow Taylor is known as the father of scientific management. Scientific management (also called Taylorism or the Taylor system) is a theory of management that analyzes and synthesizes workflows, with the objective of improving labor productivity. In other words, Traditional rules of thumb are replaced by precise procedures developed after careful study of an individual at work.

(ii) Administrative Management. Administrative management focuses on the management process and principles of management. In contrast to scientific management, which deals largely with jobs and work at the individual level of analysis, administrative management provides a more general theory of management. Henri Fayol is the major contributor to this approach of management thought.

(iii) Bureaucratic Management. Bureaucratic management focuses on the ideal form of organization. Max Weber was the major contributor to bureaucratic management. Based on observation, Weber concluded that many early organizations were inefficiently managed, with decisions based on personal relationships and loyalty. He proposed that a form of organization, called a bureaucracy, characterized by division of labor, hierarchy, formalized rules, impersonality, and the selection and promotion of employees based on ability, would lead to more efficient management. Weber also contended that managers' authority in an organization should be based not on tradition or charisma but on the position held by managers in the organizational hierarchy.

b) THE BEHAVIORAL APPROACH: The behavioral approach of management thought developed, in part, because of perceived weaknesses in the assumptions of the classical approach. The classical approach emphasized efficiency, process, and principles. Some felt that this emphasis disregarded important aspects of organizational life, particularly as it related to human behavior. Thus, the behavioral approach focused on trying to understand the factors that affect human behavior at work.

(i) Human Relations.

The Hawthorne Experiments began in 1924 and continued through the early 1930s. A variety of researchers participated in the studies, including Elton Mayo. One of the major conclusions of the Hawthorne studies was that workers' attitudes are associated with productivity. Another was that the



workplace is a social system and informal group influence could exert a powerful effect on individual behavior. A third was that the style of supervision is an important factor in increasing workers' job satisfaction.

(ii) Behavioral Science. Behavioral science and the study of organizational behavior emerged in the 1950s and 1960s. The behavioral science approach was a natural progression of the human relations movement. It focused on applying conceptual and analytical tools to the problem of understanding and predicting behavior in the workplace. The behavioral science approach has contributed to the study of management through its focus on personality, attitudes, values, motivation, group behavior, leadership, communication, and conflict, among other issues.

c) THE QUANTITATIVE APPROACH: The quantitative approach focuses on improving decision making via the application of quantitative techniques. Its roots can be traced back to scientific management.

(i) Management Science (Operations Research) Management science (also called operations research) uses mathematical and statistical approaches to solve management problems. It developed during World War II as strategists tried to apply scientific knowledge and methods to the complex problems of war. Industry began to apply management science after the war. The advent of the computer made many management science tools and concepts more practical for industry

(ii) Production and Operations Management.

This approach focuses on the operation and control of the production process that transforms resources into finished goods and services. It has its roots in scientific management but became an identifiable area of management study after World War II. It uses many of the tools of management science. Operations management emphasizes productivity and quality of both manufacturing and service organizations. W. Edwards Deming exerted a tremendous influence in shaping modern ideas about improving productivity and quality. Major areas of study within operations management include capacity planning, facilities location, facilities layout, materials requirement planning, scheduling, purchasing and inventory control, quality control, computer integrated manufacturing, just-in-time inventory systems, and flexible manufacturing systems.



d) **SYSTEMS APPROACH:** The simplified block diagram of the systems approach is given below.

The systems approach focuses on understanding the organization as an open system that transforms inputs into outputs. The systems approach began to have a strong impact on management thought in the 1960s as a way of thinking about managing techniques that would allow managers to relate different specialties and parts of the company to one another, as well as to external environmental factors. The systems approach focuses on the organization as a whole, its interaction with the environment, and its need to achieve equilibrium.

e) **CONTINGENCY APPROACH:** The contingency approach focuses on applying management principles and processes as dictated by the unique characteristics of each situation. It emphasizes that there is no one best way to manage and that it depends on various situational factors, such as the external environment, technology, organizational characteristics, characteristics of the manager, and characteristics of the subordinates. Contingency theorists often implicitly or explicitly criticize the classical approach for its emphasis on the universality of management principles; however, most classical writers recognized the need to consider aspects of the situation when applying management principles.

### **CONTRIBUTION OF FAYOL AND TAYLOR**

F.W. Taylor and Henry Fayol are generally regarded as the founders of scientific management and administrative management and both provided the bases for science and art of management.

Taylor's Scientific Management Frederick Winslow Taylor well-known as the founder of scientific management was the first to recognize and emphasis the need for adopting a scientific approach to the task of managing an enterprise. He tried to diagnose the causes of low efficiency in industry and came to the conclusion that much of waste and inefficiency is due to the lack of order and system in the methods of management. He found that the management was usually ignorant of the amount of work that could be done by a worker in a day as also the best method of doing the job. As a result, it remained largely at the mercy of the workers who deliberately shirked work. He therefore, suggested that those responsible for management should adopt a scientific approach in their work, and make use of "scientific method" for achieving higher efficiency.

The scientific method consists essentially of (a) Observation (b) Measurement (c) Experimentation and (d) Inference. He advocated a thorough planning of the job by the management and emphasized the necessity of perfect understanding and co-operation between the management and the workers both for the enlargement of profits and the use of scientific investigation and knowledge in industrial work. He summed up his approach in these words:

- Science, not rule of thumb
- Harmony, not discord
- Co-operation, not individualism
- Maximum output, in place of restricted output
- The development of each man to his greatest efficiency and prosperity.

The techniques which Taylor regarded as its essential elements or features may be classified as under: 1. Scientific Task and Rate-setting, work improvement, etc. 2. Planning the Task. 3.

Vocational Selection and Training 4. Standardization (of working conditions, material equipment

etc.) 5. Specialization 6. Mental Revolution. 1. Scientific Task and Rate-Setting (work study): Work study may be defined as the systematic, objective and critical examination of all the factors governing the operational efficiency of any specified activity in order to effect improvement. Work study includes.

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

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

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

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

(e) Rate-setting: Taylor recommended the differential piece wage system, under which workers performing the standard task within prescribed time are paid a much higher rate per unit than inefficient workers who are not able to come up to the standard set.

2. Planning the Task: Having set the task which an average worker must strive to perform to get wages at the higher piece-rate, necessary steps have to be taken to plan the production thoroughly so that there is no bottlenecks and the work goes on systematically.

3. Selection and Training: Scientific Management requires a radical change in the methods and procedures of selecting workers. It is therefore necessary to entrust the task of selection to a central personnel department. The procedure of selection will also have to be systematised. Proper attention has also to be devoted to the training of the workers in the correct methods of work.

4. Standardization: Standardization may be introduced in respect of the following.

(a) Tools and equipment: By standardization is meant the process of bringing about uniformity. The management must select and store standard tools and implements which will be nearly the best or the best of their kind.

(b) Speed: There is usually an optimum speed for every machine. If it is exceeded, it is likely to result in damage to machinery.

(c) Conditions of Work: To attain standard performance, the maintenance of standard conditions of ventilation, heating, cooling, humidity, floor space, safety etc., is very essential.

(d) Materials: The efficiency of a worker depends on the quality of materials and the method of handling materials.

5. Specialization: Scientific management will not be complete without the introduction of specialization. Under this plan, the two functions of 'planning' and 'doing' are separated in the organization of the plant. The 'functional foremen' are specialists who join their heads to give thought to the planning of the performance of operations in the workshop. Taylor suggested eight functional foremen under his scheme of functional foremanship.

(a) The Route Clerk: To lay down the sequence of operations and instruct the workers concerned about it.

(b) The Instruction Card Clerk: To prepare detailed instructions regarding different aspects of work.

(c) The Time and Cost Clerk: To send all information relating to their pay to the workers and to secure proper returns of work from them.

(d) The Shop Disciplinarian: To deal with cases of breach of discipline and absenteeism.

(e) The Gang Boss: To assemble and set up tools and machines and to teach the workers to make all their personal motions in the quickest and best way.

(f) The Speed Boss: To ensure that machines are run at their best speeds and proper tools are used by the workers.

(g) The Repair Boss: To ensure that each worker keeps his machine in good order and maintains cleanliness around him and his machines.

(h) The Inspector: To show to the worker how to do the work.

6. Mental Revolution: At present, industry is divided into two groups – management and labour. The major problem between these two groups is the division of surplus. The management wants the maximum possible share of the surplus as profit; the workers want, as large share in the form of wages. Taylor has in mind the enormous gain that arises from higher productivity. Such gains can be shared both by the management and workers in the form of increased profits and increased wages.

Henry Fayol's 14 Principles of Management: The principles of management are given below:

1. Division of work: Division of work or specialization alone can give maximum productivity and efficiency. Both technical and managerial activities can be performed in the best manner only through division of labour and specialization.

2. Authority and Responsibility: The right to give order is called authority. The obligation to accomplish is called responsibility. Authority and Responsibility are the two sides of the management coin. They exist together. They are complementary and mutually interdependent.

3. Discipline: The objectives, rules and regulations, the policies and procedures must be honoured by each member of an organization. There must be clear and fair agreement on the rules and objectives, on the policies and procedures. There must be penalties (punishment) for non-obedience or indiscipline. No organization can work smoothly without discipline - preferably voluntary discipline.

4. Unity of Command: In order to avoid any possible confusion and conflict, each member of an organization must received orders and instructions only from one superior (boss).

5. Unity of Direction: All members of an organization must work together to accomplish common objectives.

6. Emphasis on Subordination of Personal Interest to General or Common Interest: This is also called principle of co-operation. Each shall work for all and all for each. General or common interest must be supreme in any joint enterprise.
7. Remuneration: Fair pay with non-financial rewards can act as the best incentive or motivator for good performance. Exploitation of employees in any manner must be eliminated. Sound scheme of remuneration includes adequate financial and nonfinancial incentives.
8. Centralization: There must be a good balance between centralization and decentralization of authority and power. Extreme centralization and decentralization must be avoided.
9. Scalar Chain: The unity of command brings about a chain or hierarchy of command linking all members of the organization from the top to the bottom. Scalar denotes steps.
10. Order: Fayol suggested that there is a place for everything. Order or system alone can create a sound organization and efficient management.
11. Equity: An organization consists of a group of people involved in joint effort. Hence, equity (i.e., justice) must be there. Without equity, we cannot have sustained and adequate joint collaboration.
12. Stability of Tenure: A person needs time to adjust himself with the new work and demonstrate efficiency in due course. Hence, employees and managers must have job security. Security of income and employment is a pre-requisite of sound organization and management.
13. Esprit of Co-operation: Esprit de corps is the foundation of a sound organization. Union is strength. But unity demands co-operation. Pride, loyalty and sense of belonging are responsible for good performance.
14. Initiative: Creative thinking and capacity to take initiative can give us sound managerial planning and execution of predetermined plans.

## **ORGANIZATION AND ENVIRONMENTAL FACTORS**

An organization is a group of people intentionally organized to accomplish a common or set of goals. Types of Business Organizations When organizing a new business, one of the most important decisions to be made is choosing the structure of a business. a) Sole Proprietorships:

The vast majority of small business starts out as sole proprietorships . . . very dangerous. These firms are owned by one person, usually the individual who has day-to-day responsibility for running the business. Sole proprietors own all the assets of the business and the profits generated by it. They also

assume "complete personal" responsibility for all of its liabilities or debts. In the eyes of the law, you are one in the same with the business.

Merits: • Easiest and least expensive form of ownership to organize. • Sole proprietors are in complete control, within the law, to make all decisions. • Sole proprietors receive all income generated by the business to keep or reinvest. • Profits from the business flow-through directly to the owner's personal tax return. • The business is easy to dissolve, if desired.

Demerits: • Unlimited liability and are legally responsible for all debts against the business. • Their business and personal assets are 100% at risk. • Has almost been ability to raise investment funds. • Are limited to using funds from personal savings or consumer loans. • Have a hard time attracting high-caliber employees, or those that are motivated by the opportunity to own a part of the business. • Employee benefits such as owner's medical insurance premiums are not directly deductible from business income (partially deductible as an adjustment to income).

b) Partnerships:

In a Partnership, two or more people share ownership of a single business. Like proprietorships, the law does not distinguish between the business and its owners. The Partners should have a legal agreement that sets forth how decisions will be made, profits will be shared, disputes will be resolved, how future partners will be admitted to the partnership, how partners can be bought out, or what steps will be taken to dissolve the partnership when needed. Yes, its hard to think about a "break-up" when the business is just getting started, but many partnerships split up at crisis times and unless there is a defined process, there will be even greater problems. They also must decide up front how much time and capital each will contribute, etc.

Merits: • Partnerships are relatively easy to establish; however time should be invested in developing the partnership agreement. • With more than one owner, the ability to raise funds may be increased. • The profits from the business flow directly through to the partners' personal taxes. • Prospective employees may be attracted to the business if given the incentive to become a partner.

Demerits: • Partners are jointly and individually liable for the actions of the other partners. • Profits must be shared with others. • Since decisions are shared, disagreements can occur. • Some employee benefits are not deductible from business income on tax returns. • The partnerships have a limited life; it may end upon a partner withdrawal or death.

c) Corporations

A corporation, chartered by the state in which it is headquartered, is considered by law to be a unique "entity", separate and apart from those who own it. A corporation can be taxed; it can be sued; it can enter into contractual agreements. The owners of a corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

Merits: • Shareholders have limited liability for the corporation's debts or judgments against the corporations. • Generally, shareholders can only be held accountable for their investment in stock of the company. (Note however, that officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes.) • Corporations can raise additional funds through the sale of stock.

• A corporation may deduct the cost of benefits it provides to officers and employees. • Can elect S corporation status if certain requirements are met. This election enables company to be taxed similar to a partnership.

Demerits: • The process of incorporation requires more time and money than other forms of organization. • Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations. • Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible from business income, thus this income can be taxed twice.

d) Joint Stock Company: Limited financial resources & heavy burden of risk involved in both of the previous forms of organization has led to the formation of joint stock companies these have limited dilutives. The capital is raised by selling shares of different values. Persons who purchase the shares are called shareholder. The managing body known as; Board of Directors; is responsible for policy making important financial & technical decisions. There are two main types of joint stock Companies.

(i) Private limited company.

(ii) Public limited company

(i) Private limited company: This type company can be formed by two or more persons. The maximum number of membership is limited to 50. In this transfer of shares is limited to members only. The government also does not interfere in the working of the company.



(ii) Public Limited Company: Its is one whose membership is open to general public. The minimum number required to form such company is seven, but there is no upper limit. Such company's can advertise to offer its share to genera public through a prospectus. These public limited companies are subjected to greater control & supervision of control.

Merits: • The liability being limited the shareholder bear no Risk & therefore more as make persons are encouraged to invest capital. • Because of large numbers of investors, the risk of loss is divided. • Joint stock companies are not affected by the death or the retirement of the shareholders.

Disadvantages: • It is difficult to preserve secrecy in these companies.

• It requires a large number of legal formalities to be observed. • Lack of personal interest. e) Public Corporations: A public corporation is wholly owned by the Government centre to state. It is established usually by a Special Act of the parliament. Special statute also prescribes its management pattern power duties & jurisdictions. Though the total capital is provided by the Government, they have separate entity & enjoy independence in matters related to appointments, promotions etc.

Merits: • These are expected to provide better working conditions to the employees & supported to be better managed. • Quick decisions can be possible, because of absence of bureaucratic control. • More Hexibility as compared to departmental organization. • Since the management is in the hands of experienced & capable directors & managers, these ate managed more efficiently than that of government departments.

Demerits: • Any alteration in the power & Constitution of Corporation requires an amendment in the particular Act, which is difficult & time consuming. • Public Corporations possess monopoly & in the absence of competition, these are not interested in adopting new techniques & in making improvement in their working.

f) Government Companies: A state enterprise can also be organized in the form of a Joint stock company; A government company is any company in which of the share capital is held by the central government or partly by central government & party by one to more state governments. It is managed b the elected board of directors which may include private individuals. These are accountable for its working to the concerned ministry or department & its annual report is required to be placed ever year on the table of the parliament or state legislatures along with the comments of the government to concerned department.

Merits: • It is easy to form. • The directors of a government company are free to take decisions & are not bound by certain rigid rules & regulations.

Demerits: • Misuse of excessive freedom cannot be ruled out.

### **Special forms of Ownership:**

#### **Franchising**

Franchising is a business arrangement in which the owner of a trademark, trade name, or copyright has licensed others to use it in selling goods or services. It can be sole proprietorship, partnership or company form.

#### **Advantages of franchises:**

- i. Personal ownership
- ii. An Established Business

A franchise offers the advantage of operating under the banner of an already established business. The ideas, the brand, the operating techniques and much more are already tried and tested and in place ready to be implemented again and again at a new location as each franchisee takes up the mantle.

- iii. A Known Brand

Operating under the banner of a franchise allows a franchisee to take advantage of the previously established brand of the business. This means there will (in theory) be far less work (and cost) involved in trying to establish and build on the brand of the business. It will already be known and trusted by the market and therefore should produce a steady stream of brand-loyal customers.

#### **Disadvantages of a Franchise**

- i. No Control

The first and most significant disadvantage of a franchise is the fact that the franchisee has no control of the business or how it is run (or very limited control). The rules of the business are already established and part of the franchise agreement. How the business operates is set out by the brand of the franchise and it is very rare that a new franchisee will be able to operate outside of these borders.

- ii. Tied to Suppliers

Operating a business, you'd probably like to keep costs down. Finding the cheapest suppliers to minimise your overheads and maximise your profits. But being part of a franchise means you'll be required to use the franchise supply network.

iii. Cut Of Your Profit

The franchisor will expect a cut of your profit. You do all the hard work and still have to pay them for the privilege of using their name (and support). When times are hard, this might mean a further reduction in already low profits and a struggle for your business.

### **Leasing**

A lease is a contractual arrangement calling for the lessee (user) to pay the lessor (owner) for use of an asset. Property, buildings and vehicles are common assets that are leased. Industrial or business equipment is also leased. A lease agreement is a contract between two parties, the lessor and the lessee. The lessor is the legal owner of the asset; the lessee obtains the right to use the asset in return for regular rental payments. The lessee also agrees to abide by various conditions regarding their use of the property or equipment. For example, a person leasing a car may agree that the car will only be used for personal use.

### **Licensing**

Licensing is a business arrangement in which one company gives another company permission to manufacture its product for a specified payment. There are few faster or more profitable ways to grow your business than by licensing patents, trademarks, copyrights, designs, and other intellectual property to others.

### **Corporate Expansion:**

#### **Mergers and Acquisitions - M&A**

Mergers and acquisitions (M&A) is a general term that refers to the consolidation of companies or assets through various types of financial transactions. M&A can include a number of different transactions, such as mergers, acquisitions, consolidations, tender offers, purchase of assets and management acquisitions. In all cases, two companies are involved. The term M&A also refers to the department at financial institutions that deals with mergers and acquisitions.

In a merger, the boards of directors for two companies approve the combination and seek shareholders' approval. After the merger, the acquired company ceases to exist and becomes part of

the acquiring company. In a simple acquisition, the acquiring company obtains the majority stake in the acquired firm, which does not change its name or legal structure.

### **Diversification**

Diversification is a corporate strategy to enter into a new market or industry in which the business doesn't currently operate, while also creating a new product for that new market.

### **Types of Diversification Strategy**

#### **Concentric Diversification Strategies:**

The introduction of new but related products in the new markets is considered as concentric diversification strategy. For example, the AT&T Company in America is involved in the application of concentric diversification strategy by adding cable lines for fast internet services across the country.

#### **Horizontal Diversification Strategies:**

Horizontal diversification occurs when new & unrelated products are provided to the existing customers. Horizontal diversification strategy is less risky than conglomerate diversification because of the fact that the current customers of the organization are already exposed.

#### **Conglomerate Diversification Strategies:**

Diversification strategies include conglomerate diversification in which new products are added in the pool of the business organization that are not related to the existing ones. There are certain organizations that are involved in the conglomerate diversification on the basis of expectation that they can earn profit by acquiring other firm and breaking & selling its parts in a piecemeal.

#### **Backward and forward integration:**

Backward and forward integration are strategic initiatives companies may perform to reduce risks and interdependencies with external business partners in the supply chain. Fundamentally, companies may increase their control over a wider scope of the supply chain by performing backward and/or forward integration, and increase their own decision-making power over key resources and competencies important to the competitiveness of the organization.

#### **Backward integration:**

Backward integration can involve a purchase of suppliers in order to reduce supplier dependency with regard to e.g. timely deliveries, quality concerns, innovation ability etc.

#### **Forward integration:**

Forward integration is a strategy in which companies expand their activities to control the direct distribution of their products. This might be required, if companies would potentially benefit from handling e.g. the shipping of own products directly to customers, or the retail selling of own brands in brand stores.

There might be various good reasons for companies to perform either backward or forward integration, but such strategic initiatives should always add specific value to the company, and should always be aligned with the overall strategy of the company and with customer needs and wants.

**Strategic Alliance:**

A strategic alliance is an arrangement between two companies that have decided to share resources to undertake a specific, mutually beneficial project. A strategic alliance is less involved and less binding than a joint venture, in which two companies typically pool resources to create a separate business entity. In a strategic alliance, each company maintains its autonomy while gaining a new opportunity.

**Joint Venture:**

When two companies invest funds into creating a third, jointly owned company, that new subsidiary is called a joint venture. Because the joint venture can access assets, knowledge and funds from both of its partners it can combine the best features of those companies without altering the parent companies. The new company is an ongoing entity that will be in business for itself, but profits are owned by the parents.

**Part A (ONE Mark)**

**Multiple Choice Questions**

**Online Examination**

**Part B**

**(2 Marks)**

1. What is Strategic Alliance? Give Example.
2. What is franchising? Give an Example.
3. List out the managerial functions.
4. Define Mergers and Acquisition and give example.
5. What is diversification?

**Part C (8 Marks)**

1. Enumerate the role and importance of management in the present society?
2. Explain the concept of scientific management as developed by Taylor and his followers.
3. Enumerate the merits and demerits of Partnership Firm.
4. Describe the managerial functions in detail?
5. Explain the term 'Corporate Expansion'. Why does a firm seek to grow?
6. Describe Henry Fayol's 14 principles of management?
7. Distinction between Company and Partnership.
8. Explain the evolution of management theory?
9. Discuss the different forms of ownership in detail?
10. Elaborate the roles and responsibilities of a manager?

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**UNIT-II**

Nature and purpose of planning – planning process – types of planning – objectives – setting objectives – policies – Planning premises – Strategic Management – Planning Tools and Techniques – Decision making steps and process - Organizing – Formal and informal organization – organization chart – organization structure – types – Line and staff authority – departmentalization – Span of Control - Delegation of authority – centralization and decentralization – System and process of controlling – budgetary and non-budgetary control techniques – use of computers and IT in Management control – Productivity problems and management – control and performance – direct and preventive control – reporting

**MEANING OF PLANNING**

Planning is an important managerial function in that there is no choice between planning and no planning. The choice is only in regard to the method and techniques used to plan. It is anybody's knowledge that we plan many things in our day to day lives. We plan to go on a holiday trip, plan our careers, and plan our investments and so on. Organizations are no exception. Lot of planning is done by managers at all levels. Lot of information has to be gathered and processed before a plan is formulated. In other words, a plan is like a puzzle. All the pieces have to be put together properly, so that they make sense.

**Importance of planning**

- a. To achieve objectives
  - ❖ While developing a plan, you have to ask yourself a few questions.
  - ❖ Why am I making this plan?
  - ❖ What am I trying to accomplish?
  - ❖ What resources do I need to execute the plan?



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### **OBJECTIVES OF PLANNING**

- (a) An improvement in the standard of living of the people through a sizable increase in national income within a short period of time;
- (b) A large expansion of employment opportunities for the removal of unemployment and for creating jobs and incomes;
- (c) A reduction in all types of social, economic and regional inequalities;

### **PLANNING PROCESS**

Planning involves a number of steps ranging from determining the objectives to follow-up action as detailed below.

#### **1. Establishing Objectives:**

Establishing the objectives is the first step in planning. Plans are prepared with a view to achieve certain goals. Hence, establishing the objectives is an important step in the process of planning. Plans should reflect the enterprise's objectives. Objectives should clearly define as to what is to be achieved by policies, procedures, rules, strategies, budgets and programmes. Plan must make sure that every activity undertaken contributes to the achievement of objectives.

The objectives fixed must clearly indicate what is to be achieved, where action should take place, who is to perform it, how it is to be undertaken and when it is to be accomplished. That is, managers should be able to restate the objectives of the firm in definite and clear terms that will motivate examination and evaluation of performance against targeted performance in the plan. Objectives should be measurable.

#### **2. Determining Planning Premises**

This is the second step in planning. Premises include actual forecast data, policies and plans of the enterprise. Planning involves looking into the future which necessitates the enterprise to know, how future conditions will affect its activities. Thus, forecasting is an important step in planning. There are two types of forecasting namely,

- Prediction of general economic conditions.

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- Prediction of market conditions for a specific product or service dealt with by the enterprise.

Keeping the general economic conditions in mind, a study of the industry is made. Then the manager proceeds to make a study of his company's share of the market. Forecasting will reveal those areas where control is lacking. Planning will be reliable when the forecast methods are accurate. Hence, the success of the planning depends very much upon the forecasts.

### **3. Determining Alternative Courses**

Determining alternative courses is the third step in the planning process. The planner should study all the alternatives, consider the strong and weak points of them and finally select the most promising ones.

### **4. Evaluating Alternative Courses**

Alternative courses so selected should be evaluated in the light of premises and goals. Evaluation involves the study of performance of various actions. Various factors such as profitability, investment requirements, etc., of such alternatives should be weighed against each other. Each alternative should be closely studied to determine its suitability.

Many other factors such as uncertain future trend, problems faced financially, future uncertainties renders the evaluation process, complex and difficult. Usually, alternative plans are evaluated against factors such as cost, risks, benefits, organizational facilities, etc. Computer based mathematical plans and techniques can also be utilized to identify best course of action.

### **5. Selecting the Best Course**

After having evaluated the various alternatives, the most suitable alternative is selected. With this, the plan can be considered to have been adopted. It is exactly the point at which decisions are made. Sometimes, in the best interests of the enterprise, several alternative courses can be adopted.

### **6. Formulating Derivative Plans**

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Planning is not complete as soon as the best course is selected. The main plan should be supported by a number of derivative plans. Within the framework of a basic plan, derivative plans are formulated in each functional area. Segregation of master plan into departmental, sectional and individual plans, helps to understand the real nature of future uncertainties. To make the planning process more effective, it should also provide for a feedback mechanism. These plans are meant for the implementation of the main plan.

### **7. Implementation of Plans**

Implementation of plans is the final step in the process of planning. This involves putting the plans into action so as to achieve the business objectives. Implementation of plans requires establishment of policies, procedures, standards, budgets, etc.

#### **TYPES OF PLANS**

##### **Operational Planning**

“Operational plans are about how things need to happen,” motivational leadership speaker Mack Story said at LinkedIn. “Guidelines of how to accomplish the mission are set.”

This type of planning typically describes the day-to-day running of the company. Operational plans are often described as single use plans or ongoing plans. Single use plans are created for events and activities with a single occurrence (such as a single marketing campaign). Ongoing plans include policies for approaching problems, rules for specific regulations and procedures for a step-by-step process for accomplishing particular objectives.

##### **Strategic Planning**

“Strategic plans are all about why things need to happen,” Story said. “It’s big picture, long-term thinking. It starts at the highest level with defining a mission and casting a vision.”

Strategic planning includes a high-level overview of the entire business. It’s the foundational basis of the organization and will dictate long-term decisions. The scope of strategic planning can be anywhere from the next two years to the next 10 years. Important components of a strategic plan are vision, mission and values.

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### **Tactical Planning**

“Tactical plans are about what is going to happen,” Story said. “Basically at the tactical level, there are many focused, specific, and short-term plans, where the actual work is being done, that support the high-level strategic plans.”

Tactical planning supports strategic planning. It includes tactics that the organization plans to use to achieve what’s outlined in the strategic plan. Often, the scope is less than one year and breaks down the strategic plan into actionable chunks. Tactical planning is different from operational planning in that tactical plans ask specific questions about what needs to happen to accomplish a strategic goal; operational plans ask how the organization will generally do something to accomplish the company’s mission.

### **Contingency Planning**

Contingency plans are made when something unexpected happens or when something needs to be changed. Business experts sometimes refer to these plans as a special type of planning.

Contingency planning can be helpful in circumstances that call for a change. Although managers should anticipate changes when engaged in any of the primary types of planning, contingency planning is essential in moments when changes can’t be foreseen. As the business world becomes more complicated, contingency planning becomes more important to engage in and understand.

### **PLANNING PREMISES**

Planning premises are certain assumptions about the future on the basis of which the plan will be ultimately formulated. Planning premises are vital to the success of planning as they supply pertinent facts and information relating to the future such as population trends, the general economic conditions, production costs and prices, probable competitive behaviour, capital and material availability, governmental control and so on.

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### **CLASSIFICATION OF PLANNING PREMISES**

Planning premises can be classified as under:

- (a) Internal and external premises.
- (b) Tangible and intangible premises.
- (c) Controllable and non-controllable premises.

**(a) Internal and external premises.** Premises may exist within and without the company. Important internal premises include forecasts, policies and programmes of organisation, capital investment in plant and equipment, competence of management; skill of the labour force; other resources and abilities of the organisation in the form of machines, money and methods, and beliefs, behaviour and values of the owners and employees of the organisation. External premises may be classified into three groups: (a) business environment, (b) factors which influence the demand for the products of the enterprise and (c) factors which affect the resources available to the enterprise. These external premises may include the following:

- (i)** General business and economic environment.
- (ii)** Technological changes.
- (iii)** Government policies and regulations.
- (iv)** Population growth.
- (v)** Political stability.
- (vi)** Sociological factors.
- (vii)** Demand for industry's product.

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*(b) Tangible and intangible premises.* Some of the planning premises may be tangible while some others may be intangible. Tangible premises are those which can be quantitatively measured while intangible premises are those which being qualitative in character cannot be so measured. Population growth, industry demand, capital and resources invested in the organisation are all tangible premises whose quantitative measurement is possible. On the other hand, political stability, sociological factors, business and economic environment, attitude, philosophies and behaviour of the owners of the organisation are all intangible premises whose quantitative measurement is not possible.

*(c) Controllable and non-controllable premises.* While some of the planning premises are controllable, some others are non-controllable. Because of the presence of uncontrollable factors, there is need for the organisation to revise the plans periodically in accordance with current developments. Some of the examples of uncontrollable factors are strikes, wars, natural calamities, emergency, legislation, etc. Controllable factors are those which can be controllable and normally cannot upset the well-thought out calculation of the organisation regarding the plan. Some of the examples of controllable factors are: the company's advertising policy, competence of management members, skill of the labour force, availability of resources in terms of capital and labour, attitude and behaviour of the owners of the organisation, etc.

### **PLANNING TOOLS AND TECHNIQUES**

Forecasting is the process of predicting what will happen in the future.

- Contingency planning involves identifying alternative courses of action that can be implemented, if and when an original plan proves inadequate because of changing circumstances.
- Scenario planning is a long-term version of contingency planning that involves identifying several alternative future scenarios or states of affairs that may occur, and then making plans to deal with each scenario should it actually occur.
- Benchmarking is a technique that makes use of internal and external comparisons to better evaluate current performance and identify possible actions to improve the future.

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- Staff planners are persons who take responsibility for leading and coordinating the planning function for the total organization or one of its major components.

### **Strategic management**

In the field of management, **strategic management** involves the formulation and implementation of the major goals and initiatives taken by an organization's top managers on behalf of owners, based on consideration of resources and an assessment of the internal and external environments in which the organization operates.

Strategic management provides overall direction to an enterprise and involves specifying the organization's objectives, developing policies and plans to achieve those objectives, and then allocating resources to implement the plans. Academics and practicing managers have developed numerous models and frameworks to assist in strategic decision-making in the context of complex environments and competitive dynamics. Strategic management is not static in nature; the models often include a feedback loop to monitor execution and to inform the next round of planning

### **DECISION MAKING**

Decision-making is an integral part of modern management. Essentially, Rational or sound decision making is taken as primary function of management. Every manager takes hundreds and hundreds of decisions subconsciously or consciously making it as the key component in the role of a manager. Decisions play important roles as they determine both organizational and managerial activities. A decision can be defined as a course of action purposely chosen from a set of alternatives to achieve organizational or managerial objectives or goals. Decision making process is continuous and indispensable component of managing any organization or business activities. Decisions are made to sustain the activities of all business activities and organizational functioning.



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### **Definition of Decision Making**

According to the Oxford Advanced Learner's Dictionary the term decision making means - the process of deciding about something important, especially in a group of people or in an organization.

Trewatha & Newport defines decision making process as follows; **“Decision-making involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem”.**

### **PROCESS OF DECISION MAKING**

#### **Step 1: Identify the decision**

You realize that you need to make a decision. Try to clearly define the nature of the decision you must make. This first step is very important.

#### **Step 2: Gather relevant information**

Collect some pertinent information before you make your decision: what information is needed, the best sources of information, and how to get it. This step involves both internal and external “work.” Some information is internal: you’ll seek it through a process of self-assessment. Other information is external: you’ll find it online, in books, from other people, and from other sources.

#### **Step 3: Identify the alternatives**

As you collect information, you will probably identify several possible paths of action, or alternatives. You can also use your imagination and additional information to construct new alternatives. In this step, you will list all possible and desirable alternatives.

#### **Step 4: Weigh the evidence**

Draw on your information and emotions to imagine what it would be like if you carried out each of the alternatives to the end. Evaluate whether the need identified in Step 1 would be met or resolved through the use of each alternative. As you go through this difficult internal process, you’ll begin to favor certain alternatives: those that seem to have a higher potential for

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reaching your goal. Finally, place the alternatives in a priority order, based upon your own value system.

**Step 5: Choose among alternatives**

Once you have weighed all the evidence, you are ready to select the alternative that seems to be best one for you. You may even choose a combination of alternatives. Your choice in Step 5 may very likely be the same or similar to the alternative you placed at the top of your list at the end of Step 4.

**Step 6: Take action**

You're now ready to take some positive action by beginning to implement the alternative you chose in Step 5.

**Step 7: Review your decision & its consequences**

In this final step, consider the results of your decision and evaluate whether or not it has resolved the need you identified in Step 1. If the decision has *not* met the identified need, you may want to repeat certain steps of the process to make a new decision. For example, you might want to gather more detailed or somewhat different information or explore additional alternatives.

**ORGANIZING**

**Organizing** is the establishment of effective authority relationships among selected work, persons and work places in order for the group to work together efficiently. Or it is a process of dividing work into sections and departments.

- **Specialization and division of work.** The entire philosophy of organization is centered on the concepts of specialization and division of work. The division of work is assigning responsibility for each organizational component to a specific individual or group thereof. It becomes specialization when the responsibility for a specific task lies with a designated expert in that field. The efforts of the operatives are coordinated to allow the process at hand to function correctly. Certain operatives occupy positions of management at various points in the process to ensure coordination.

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- **Orientation towards goals.** Every organization has its own purposes and objectives. Organizing is the function employed to achieve the overall goals of the organization. Organization harmonizes the individual goals of the employees with overall objectives of the firm.
- **Composition of individuals and groups.** Individuals form a group and the groups form an organization. Thus, organization is the composition of individual and groups. Individuals are grouped into departments and their work is coordinated and directed towards organizational goals.
- **Continuity.** An organization is a group of people with a defined relationship in which they work together to achieve the goals of that organization. This relationship does not come to end after completing each task. Organization is a never ending process.
- **"FLEXIBILITY."** The organizing process should be flexible so that any change can be incorporated easily. It ensures the ability to adapt and adjust the activities in response to the change taking place in the external environment. The programs, policies and strategies can be changed as and when required if the provision for flexibility is made in the organizing process.

### **TYPES OF ORGANISATION**

As you might have guessed by now, there exist two types of organisation:

- Formal Organisation
- Informal Organisation

#### **Formal Organisation**

In every enterprise, there are certain rules and procedures that establish work relationships among the employees. These facilitate the smooth functioning of the enterprise. Further, they introduce a systematic flow of interactions among the employees. Effectively, all of this is done through a formal organisation.

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Notably, the management is responsible for designing the formal organisation in such a way that it specifies a clear boundary of authority and responsibility. Coupled with systematic coordination among various activities, it ensures achievement of organisational goals.

Again, the management builds the formal organisation. It ensures smooth functioning of the enterprise as it defines the nature of interrelationships among the diverse job positions. Additionally, these ensure that the organisational goals are collectively achieved. Also, formal organisation facilitates coordination, interlinking and integration of the diverse departments within an enterprise. Lastly, it lays more emphasis on the work to be done without stressing much on interpersonal relationships.

#### **Advantages**

- The formal organisation clearly outlines the relationships among employees. Hence, it becomes easier to rack responsibilities.
- An established chain of commands maintains the unity of command.
- As the duties of each member is clearly defined, there is no ambiguity or confusion in individual roles whatsoever. Further, there is no duplication of efforts which eliminates any wastage.
- In a formal organisation, there is a clear definition of rules and procedures. This means that behaviours and relationships among the members are predictable. Consequently, there is stability and no chaos existing in the enterprise.
- Finally, it leads to the achievement of organisational goals and objectives. This is because there exist systematic and well thought out work cultures and relationships.

#### **Disadvantages**

- Decision making is slow in a formal organisation. It is important to realise that any organisational need has to flow through the respective chain of commands before being addressed.

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- Formal organisation is very rigid in nature. This means that there prevails perfect discipline coupled with no deviations from the procedures. Hence, this can lead to low recognition of talent.
- Lastly, the formal organisation does not take into account the social nature of humans as it talks about only structure and work. Interestingly, we cannot eliminate this integral part of our nature. Hence, it does not entirely display the functioning of the organisation.

### **Informal Organisation**

It's easy to understand that if we interact with certain people regularly we tend to get more informal with them. This is because we develop interpersonal relationships with them which are not based solely on work purposes. Rather, these relationships might arise because of shared interests, like if you get to know that your colleague likes the same football club of which you're a fan of.

As a matter of fact, informal organisation arises out of the formal organisation. This is because when people frequently contact each other we cannot force them into a rigid and completely formal structure. Instead, they bond over common interests and form groups, based upon friendship and social interactions.

Unlike formal organisation, informal organisation is fluid and there are no written or predefined rules for it. Essentially, it is a complex web of social relationships among members which are born spontaneously. Further, unlike the formal organisation, it cannot be forced or controlled by the management.

Also, the standards of behaviour evolve from group norms and not predefined rules and norms. Lastly, as there are no defined structures or lines of communication, the interactions can be completely random and independent lines of communication tend to emerge in informal organisation.

### **Advantages**

- In this type of organisation, communication does not need to follow the defined chain. Instead, it can flow through various routes. This implies that communication in an informal organisation is much faster relative to formal organisation.

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- Again, humans are social animals. The needs to socialize exists deep within our existence. The informal organisation ensures that there is socialization within the enterprise. Consequently, members experience the sense of belongingness and job satisfaction.
- Informal organisation, getting true feedbacks and reactions is not easy. Hence, in informal organisation, various limitations of formal organisation is covered up.

#### **Disadvantages**

- The informal organisation is random and can result in the spread of rumours. Again, we cannot manage and control informal organisation. Consequently, this may result in chaos within the enterprise.
- It is important to realise that it is not possible to effect changes and grow without the support of the informal organisation. This can work in both ways, for growth or decline of the enterprise.
- To point out again, informal organisation conforms to group standards and behaviours. If such behaviours are against the organisational interests, they can eventually lead to disruption of the organisation.

#### **ORGANIZATIONAL CHART**

The definition of an organization chart or "org chart" is a diagram that displays a reporting or relationship hierarchy. The most frequent application of an org chart is to show the structure of a business, government, or other organization.

Org charts have a variety of uses, and can be structured in many different ways. They might be used as a management tool, for planning purposes, or as a personnel directory, for example. Perhaps your organization doesn't operate in a "command and control" style, but instead relies on teams.

There are four basic types of organizational charts:

1. Functional Top-Down
2. Divisional Structure
3. Matrix Organizational Chart

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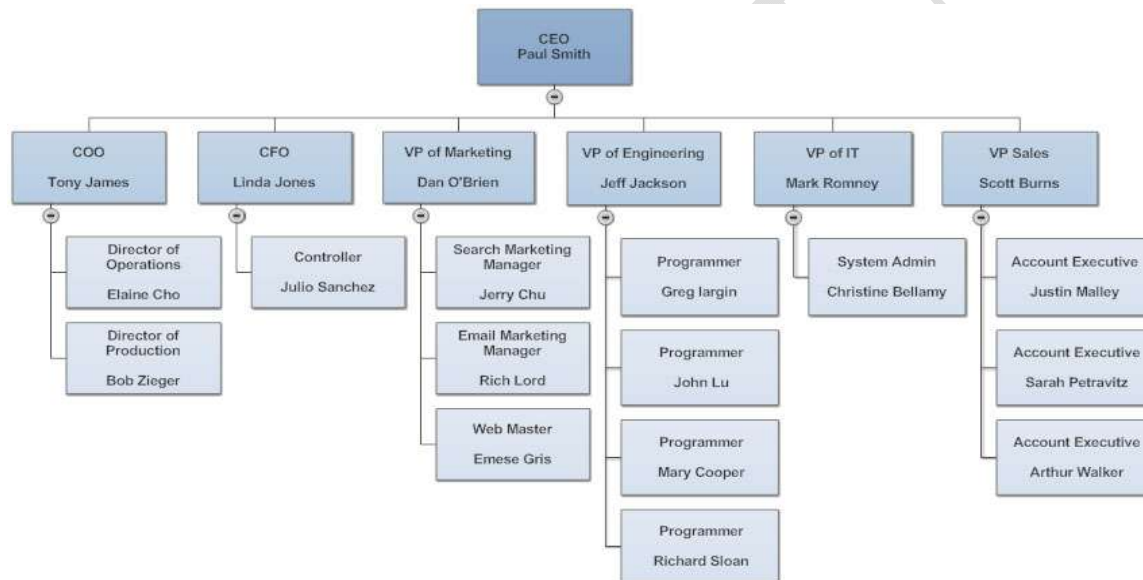
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#### 4. Flat Organizational Chart

An organizational structure is a visual diagram of a company that describes what employees do, whom they report to, and how decisions are made across the business. Organizational structures can use functions, markets, products, geographies, or processes as their guide, and cater to businesses of specific sizes and industries.



### ORGANIZATIONAL STRUCTURE

1. Functional Organizational Structure
2. Product-Based Divisional Structure
3. Market-Based Divisional Structure
4. Geographical Divisional Structure
5. Process-Based Structure
6. Matrix Structure
7. Circular Structure



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### **1. Functional Organizational Structure**

One of the most common types of organizational structures, the functional structure departmentalizes an organization based on common job functions.

An organization with a functional org structure, for instance, would group all of the marketers together in one department, group all of the salespeople together in a separate department, and group all of the customer service people together in a third department.

### **2. Product-Based Divisional Structure**

A divisional organizational structure is comprised of multiple, smaller functional structures (i.e. each division within a divisional structure can have its own marketing team, its own sales team, and so on). In this case -- a product-based divisional structure -- each division within the organization is dedicated to a particular product line.

This type of structure is ideal for organizations with multiple products and can help shorten product development cycles. This allows small businesses to go to market with new offerings fast.

### **3. Divisional Structure**

Another variety of the divisional organizational structure is the market-based structure, wherein the divisions of an organization are based around markets, industries, or customer types.

The market-based structure is ideal for an organization that has products or services that are unique to specific market segments, and is particularly effective if that organization has advanced knowledge of those segments. This organizational structure also keeps the business constantly aware of demand changes among its different audience segments.

### **4. Geographical Divisional Structure**

The geographical organizational structure establishes its divisions based on -- you guessed it -- geography. More specifically, the divisions of a geographical structure can include territories, regions, or districts.

This type of structure is best-suited to organizations that need to be near sources of supply and/or customers (e.g. for deliveries or for on-site support). It also brings together many forms of



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business expertise, allowing each geographical division to make decisions from more diverse points of view.

### **5. Process-Based Structure**

Process-based organizational structures are designed around the end-to-end flow of different processes, such as "Research & Development," "Customer Acquisition," and "Order Fulfillment." Unlike a strictly functional structure, a process-based structure considers not only the activities employees perform, but also how those different activities interact with one another.

Process-based organizational structure is ideal for improving the speed and efficiency of a business, and is best-suited for those in rapidly changing industries, as it is easily adaptable.

### **6. Matrix Structure**

The main appeal of the matrix structure is that it can provide both flexibility and more balanced decision-making (as there are two chains of command instead of just one). Having a single project overseen by more than one business line also creates opportunities for these business lines to share resources and communicate more openly with each other -- things they might not otherwise be able to do regularly.

### **7. Circular Structure**

While it might appear drastically different from the other organizational structures highlighted in this section, the circular structure still relies on hierarchy, with higher-level employees occupying the inner rings of the circle and lower-level employees occupying the outer rings.

## **LINE AND STAFF AUTHORITY**

In many organizations, managers use authority by dividing it into line authority, staff authority and functional authority. These kinds of authority differ according to the kinds of power on which they are based.

**Line Authority:** Managers with line authority are those people in the organization who are directly responsible for achieving organizational goals. Line authority is represented by the

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standard chain of command starting with the board of directors and extending down activities of the organization that are carried out. Line authority is based primarily on legitimate power.

**Staff Authority:** Staff authority belongs to those individuals or groups in an organization who provide services and advice to line managers. The concept of staff includes all elements of the organization that are not classified as line. Advisory staffs have been used by decision makers from emperors and kings to dictators and parliaments over the course of recorded history.

### **DEPARTMENTALIZATION**

**Departmentalization** refers to the formal structure of the organization, composed of various departments and managerial positions and their relationships with each other. As an organization grows, its departments grow and more sub-units are created, which in turn add more levels of management.

#### **objectives of Departmentalization**

- To specialize activities.
- To simplify the process and operations of the organization
- To maintain control

Departmentalization of activities results in the increase in efficiency of the management and ultimately the enterprise. It is helpful in fixing responsibilities and accountability.

#### **Methods of Departmentalization**

1. **Departmentalization by Function:** When the creation of department is on the basis of specified functions, such as production, marketing, purchase, finance etc. In this method, all the activities related to a function or which are of similar nature are combined in a single unit, to give proper

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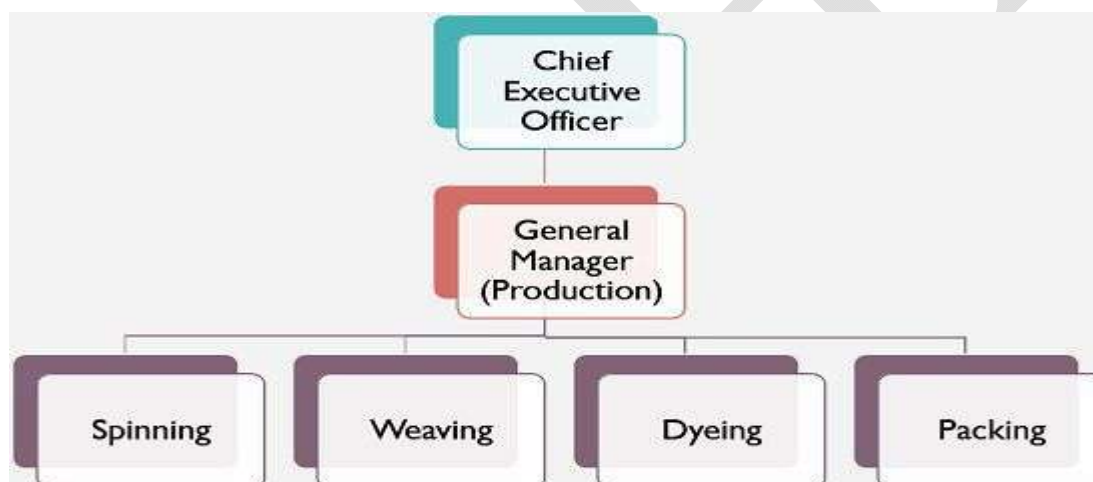
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directions to the entire group in one go.



2. **Departmentalization by Process:** In departmentation by the process, the activities are grouped as per the production processes. These departments require manpower and material so as to carryout operations.



3. **Departmentalization by Product:** When the activities related to product development and delivery are combined into a particular division, it is called as product departmentalization. It is

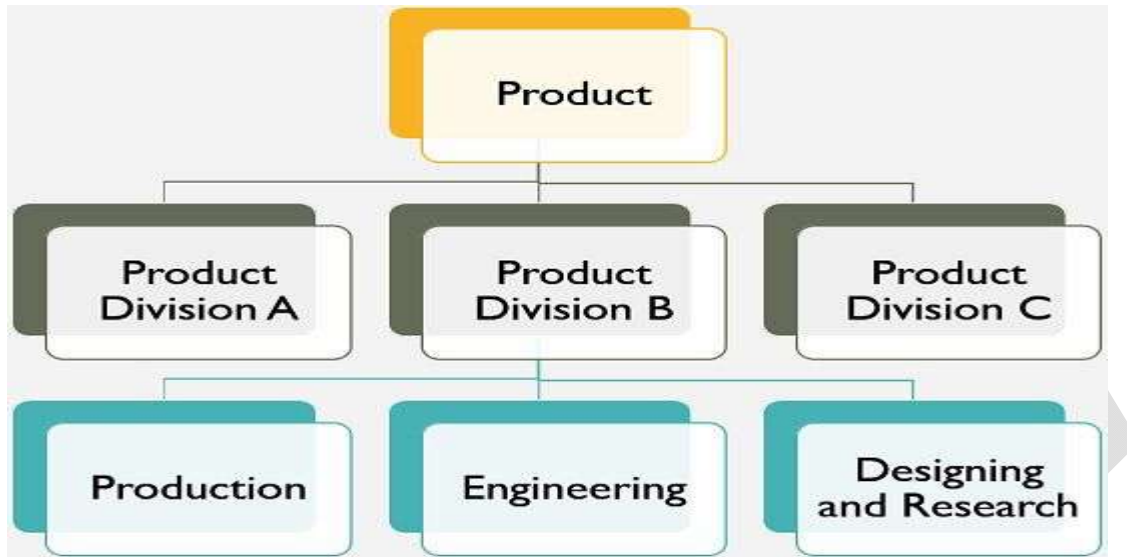
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appropriate for large-scale multi-product enterprises.



4. **Departmentalization by Customer:** The grouping of the organization according to the different classes of customer or clients. It focuses on special customer needs.



5. **Departmentalization by Territory:** When the division is based on the geographical area, it is called as territorial departmentalization. This is suitable for the organizations, that have widespread operations at different locations.
6. **Departmentalization by Project:** In project departmentalization, the organizational activities are classified by differentiated or special ventures or activities.

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The choice of departmentalization basis is influenced by the factors such as the degree of specialization, coordination, control, cost consideration, adequate attention to key areas, etc.

### **DELEGATION OF AUTHORITY**

Delegation of Authority means division of authority and powers downwards to the subordinate. Delegation is about entrusting someone else to do parts of your job. Delegation of authority can be defined as subdivision and sub-allocation of powers to the subordinates in order to achieve effective results.



### **ELEMENTS OF DELEGATION**

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

Authority always flows from top to bottom. It explains how a superior gets work done from his subordinate by clearly explaining what is expected of him and how he should go about it. Authority should be accompanied with an equal amount of responsibility.

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Delegating the authority to someone else doesn't imply escaping from accountability. Accountability still rest with the person having the utmost authority.

2. **Responsibility** - is the duty of the person to complete the task assigned to him. A person who is given the responsibility should ensure that he accomplishes the tasks assigned to him. If the tasks for which he was held responsible are not completed, then he should not give explanations or excuses. Responsibility without adequate authority leads to discontent and dissatisfaction among the person. Responsibility flows from bottom to top. The middle level and lower level management holds more responsibility. The person held responsible for a job is answerable for it. If he performs the tasks assigned as expected, he is bound for praises. While if he doesn't accomplish tasks assigned as expected, then also he is answerable for that.
3. **Accountability** - means giving explanations for any variance in the actual performance from the expectations set. Accountability can not be delegated. For example, if 'A' is given a task with sufficient authority, and 'A' delegates this task to B and asks him to ensure that task is done well, responsibility rest with 'B', but accountability still rest with 'A'. The top level management is most accountable. Being accountable means being innovative as the person will think beyond his scope of job. Accountability, in short, means being answerable for the end result. Accountability can't be escaped. It arises from responsibility.

#### **Differences between Authority and Responsibility**

<b>Authority</b>	<b>Responsibility</b>
It is the legal right of a person or a superior to	It is the obligation of subordinate to perform the work

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command his subordinates.	assigned to him.
Authority is attached to the position of a superior in concern.	Responsibility arises out of superior-subordinate relationship in which subordinate agrees to carry out duty given to him.
Authority can be delegated by a superior to a subordinate	Responsibility cannot be shifted and is absolute
It flows from top to bottom.	It flows from bottom to top

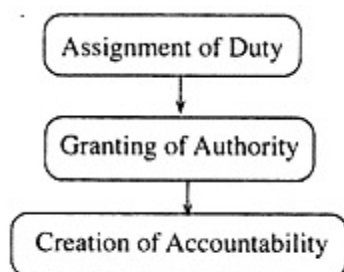
### **Features of Delegation of Authority**

1. Delegation means giving power to the subordinate to act independently but within the limits prescribed by the superior. Also, he must comply with the provisions of the organizational policy, rules, and regulations.
2. Delegation does not mean that manager give up his authority, but certainly he shares some authority with the subordinate essential to complete the responsibility entrusted to him.
3. Authority once delegated can be further expanded, or withdrawn by the superior depending on the situation.
4. The manager cannot delegate the authority which he himself does not possess. Also, he can not delegate his full authority to a subordinate.
5. The delegation of authority may be oral or written, and may be specific or general.
6. The delegation is an art and must comply with all the fundamental rules of an organization.



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**PROCESS OR ELEMENTS OF DELEGATION****Fig. 4.15: The Process of Delegation.****1. Assignment of Duties**

As one manager cannot perform all the tasks, he must allocate a part of his work to the subordinates. The sharing of duties between a manager and his subordinates can only be done when the work is divided into parts. In delegating duties, the manager has to decide what part of the work he will keep for himself and what parts should be transferred to his subordinates.

Defining the work of the subordinates by their superior manager is known as assignment of duties. It also covers defining of the results expected from the subordinates. The manager may assign various duties in terms of goals, functions or results.

Duties may also be assigned in terms of job description. Expressing the duties in terms of goals will probably result in more effective delegation, because it provides mental satisfaction to the subordinates of being involved in fulfilling a mission through the performance of certain allotted activities. Duties should be allocated according to the qualification, experience and aptitude of the subordinates.

**2. Granting of Authority**

If the delegated duties are to be discharged by the subordinates, they must be granted requisite authority for enabling them to perform such duties. Assignment of duties is meaningless unless adequate authority is given to the subordinates. The same rights and powers as would have been necessary on the part of a manager for his self-performance are to be conferred upon his subordinates.



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In the process of delegating authority, the executive gives power or permission to the subordinate to use certain rights— such as the right to spend money, to direct the work of other people, to use raw materials and other property, or to represent the organisation to outsiders. Effective delegation, however, requires that the limits of authority should be made clear to each subordinate.

The superior and the subordinate should clearly understand the subordinate's right to act, to request others to act, and to maintain discipline. The superior can delegate only that for which he has the authority and power to perform. He, however, does not give away the total authority; he only delegates a part of it, retaining the ultimate authority and responsibility to himself.

### **3. Creation of Obligation or Accountability for Performance**

The last step in the process of delegation of authority is the creation of moral compulsion or obligation on the part of the subordinates for the satisfactory performance of their duties. The subordinates to whom authority is delegated must be made answerable for the proper performance of the assigned duties and for the exercise of delegated authority.

The creation of obligation is—in real sense—assumption of responsibility by the subordinates. By accepting an assignment (i.e. a delegated task), a subordinate, in effect, gives his promises to do his best in carrying out his duties. His obligation to do the task assigned makes him accountable to the delegator for discharge of his duties.

As the manager himself remains ever accountable to his superior for the satisfactory performance of the work, he has to exercise control over the performance of his subordinates. This control is exercised through demanding accountability from the subordinates. Duty and authority can be delegated by a manager to his subordinates, but accountability flows from subordinates to the superior in an upward direction.

Principles of Delegation of Authority

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1. **Principle of Functional Definition:** An organization is comprised of different functional departments, each contributing to the organizational goals and, in turn, have their specific objectives. Thus, clearly defined objectives of each department, the expected results, the specific activities to be performed and intradepartmental relationships help the manager to determine the requirements of that specific position.
2. **Principle of Result Expected:** Before actually delegating the authority to the subordinate, the manager must know the purpose of such delegation and the results expected from it. The goals, targets and the standard of performance must be clearly defined to direct the actions of the subordinate towards the accomplishment of a given task in a required manner. This principle helps in determining the authority to be delegated which is sufficient for completing the responsibility.
3. **Principle of Partitivity of Authority and Responsibility:** This principle states that the responsibility and the authority co-exists. This means, if the subordinate is assigned certain responsibility, he must be given some level of authority i.e. power to perform his responsibility. Thus, both the responsibility and the authority shall be clearly defined to the subordinate, so that he knows what he is required to do within the powers delegated to him.
4. **Principle of Unity of Command:** According to this principle, every subordinate should have a single supervisor from whom he gets the authority and to whom he is solely accountable. This means the subordinate should get the instructions from a single superior and perform those

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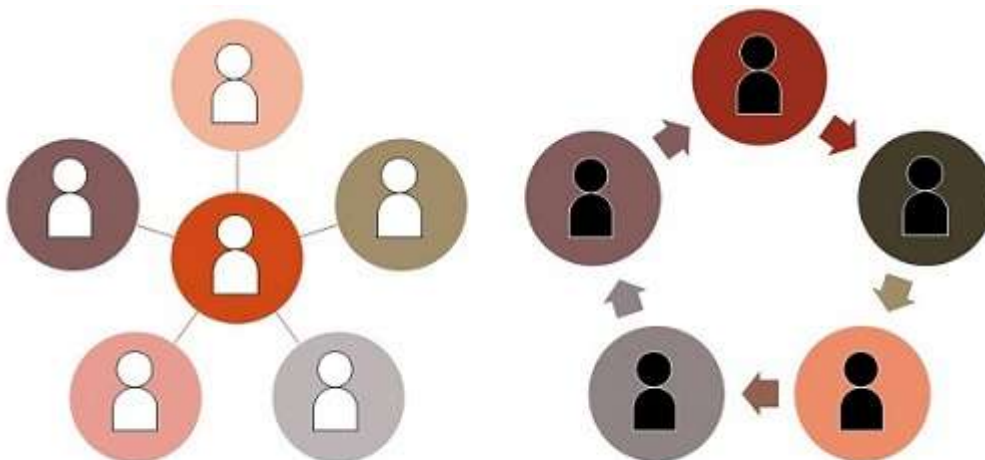
responsibilities as assigned by him. In case, if the subordinate is required to report to more than one boss, then there may be a conflict and delay in the managerial operations.

5. **Principle of Absoluteness of Responsibility:** This principle asserts that responsibility cannot be delegated. This means even after delegating the authority to the subordinate to perform certain tasks on the manager's behalf; the manager will be solely responsible for the doings of the subordinate. In other words, whatever actions being taken by the subordinate, the manager will be accountable to his senior. Thus, the responsibility is absolute and remains with the superior.
6. **The Scalar Principle:** There are clear lines of authority in the organization, i.e. who is under whom. This helps the subordinate to know, who delegates the authority to him and to whom he shall be accountable. Also to whom he shall contact in case things are beyond his control. Thus, this principle asserts, that there should be a proper hierarchy in the organization.
7. **Principle of Exception:** According to this principle, the subordinate shall be given complete freedom to perform his responsibilities under the purview of his authority. The manager should not interfere in between his work and must allow him to do even if he commits mistakes. But in some exceptional cases, the managers can interfere and even withdraw the authority delegated to the subordinate.

### **CENTRALIZATION AND DECENTRALIZATION**

**Centralization** of authority means the power of planning and decision making are exclusively in the hands of top management.

On the other hand, **Decentralization** refers to the dissemination of powers by the top management to the middle or low-level management.



## **CENTRALIZATION VS DECENTRALIZATION**

Centralization

### **DIFFERENCE BETWEEN CENTRALIZATION AND DECENTRALIZATION**

1. Comparison Chart
2. Definition
3. Key Differences
4. Conclusion

Comparison Chart

#### **BASIS FOR COMPARISON**

#### **CENTRALIZATION**

#### **DECENTRALIZATION**

Meaning

The retention of powers and authority with respect to planning and decisions, with the top management, is known as Centralization.

The dissemination of authority, responsibility and accountability to the various management levels, is known as Decentralization.

Involves

Systematic and consistent reservation of authority.

Systematic dispersal of authority.

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<b>BASIS FOR CENTRALIZATION</b>		<b>DECENTRALIZATION</b>
Communication Flow	Vertical	Open and Free
Decision Making	Slow	Comparatively faster
Advantage	Proper coordination and Leadership	Sharing of burden and responsibility
Power of decision making	Lies with the top management.	Multiple persons have the power of decision making.
Implemented when	Inadequate control over the organization	Considerable control over the organization
Best suited for	Small sized organization	Large sized organization

### CONTROLLING

Controlling is one of the important functions of a manager. In order to seek planned results from the subordinates, a manager needs to exercise effective control over the activities of the subordinates. In other words, the meaning of controlling function can be defined as ensuring that activities in an organization are performed as per the plans. Controlling also ensures that an organization's resources are being used effectively & efficiently for the achievement of predetermined goals.

- Controlling is a goal-oriented function.
- It is a primary function of every manager.
- Controlling the function of a manager is a pervasive function.

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## **IMPORTANCE OF CONTROLLING**

After the meaning of control, let us see its importance. Control is an indispensable function of management without which the controlling function in an organization cannot be accomplished and the best of plans which can be executed can go away. A good control system helps an organization in the following ways:

### **1. Accomplishing Organizational Goals**

The controlling function is an accomplishment of measures that further makes progress towards the organizational goals & brings to light the deviations, & indicates corrective action. Therefore it helps in guiding the organizational goals which can be achieved by performing a controlling function.

### **2. Judging Accuracy of Standards**

A good control system enables management to verify whether the standards set are accurate & objective. The efficient control system also helps in keeping careful and progress check on the changes which help in taking the major place in the organization & in the environment and also helps to review & revise the standards in light of such changes.

### **3. Making Efficient use of Resources**

Another important function of controlling is that in this, each activity is performed in such manner so as in accordance with predetermined standards & norms so as to ensure that the resources are used in the most effective & efficient manner for the further availability of resources.

### **4. Improving Employee Motivation**

Another important function is that controlling help in accommodating a good control system which ensures that each employee knows well in advance what they expect & what are the standards of performance on the basis of which they will be appraised. Therefore it helps in motivating and increasing their potential so to make them & helps them to give better performance.

### **5. Ensuring Order & Discipline**

Controlling creates an atmosphere of order & discipline in the organization which helps to minimize dishonest behavior on the part of the employees. It keeps a close check on the activities of

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employees and the company can be able to track and find out the dishonest employees by using computer monitoring as a part of their control system.

#### **6. Facilitating Coordination in Action**

The last important function of controlling is that each department & employee is governed by such pre-determined standards and goals which are well versed and coordinated with one another. This ensures that overall organizational objectives are accomplished in an overall manner.

#### **FEATURES OF CONTROLLING**

- An effective control system has the following features:
- It helps in achieving organizational goals.
- Facilitates optimum utilization of resources.
- It evaluates the accuracy of the standard.
- It also sets discipline and order.
- Motivates the employees and boosts employee morale.
- Ensures future planning by revising standards.
- Improves overall performance of an organization.
- It also minimises errors.

#### **PROCESS OF CONTROLLING**

Control process involves the following steps as shown in the figure:

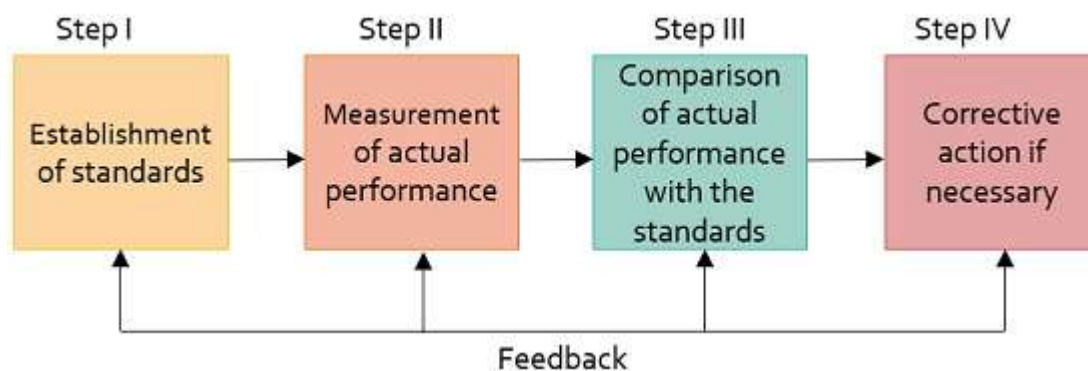


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- **Establishing standards:** This means setting up of the target which needs to be achieved to meet organisational goals eventually. Standards indicate the criteria of performance. Control standards are categorized as quantitative and qualitative standards. **Quantitative standards** are expressed in terms of money. **Qualitative standards**, on the other hand, includes intangible items.
- **Measurement of actual performance:** The actual performance of the employee is measured against the target. With the increasing levels of management, the measurement of performance becomes difficult.
- **Comparison of actual performance with the standard:** This compares the degree of difference between the actual performance and the standard.
- **Taking corrective actions:** It is initiated by the manager who corrects any defects in actual performance.

#### **ADVANTAGES OF CONTROLLING**

- Saves time and energy
- Allows managers to concentrate on important tasks. This allows better utilization of the managerial resource.
- Helps in timely corrective action to be taken by the manager.
- Managers can delegate tasks so routinely chores can be completed by subordinates.

#### **TECHNIQUES OF CONTROL**



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### **1. Personal Observation**

Personal observation of actual performance of the subordinates at the work place is the most effective, direct and oldest method of control.

The managers need to hold discussion with the persons whose work is being controlled and they should watch the actual operations.

Personal observation largely involves the evaluation of human performance. Therefore, the success of personal observation as a tool of control depends upon how much information a manager can collect through this method.

### **2. Budgetary Control**

‘Budgetary Control’ is the process of utilizing budgets for comparing the actual performance with the corresponding budget performance in order to find out the deviations, and to remove the deviations by either adjusting the budget estimates or correcting the causes of deviations.

A budget is a highly useful tool for controlling the day- to-day operations of the enterprise. It provides a standard by which actual performance can be evaluated to find out the deviations from the planned results. This information enables the managers to take corrective action for bringing the actual results in conformity with the plans. Budgetary control is an effective and widely used control technique.

#### **Characteristics**

**The important features of Budgetary Control are as follows:**

1. Budgetary control formulates a plan or fixes a target of performance that becomes the basis of measuring the progress of activities in the organisation.
2. It tries to evaluate the results of the activities in terms of quantity so that the actual result can be compared with the budgeted result.
3. It draws attention of the managers on deviation between what is planned and what is being achieved so that required actions can be taken to remove the deviation and to implement the objectives of the activities. Thus, it does not control the activities directly; but points out where control and corrective measures are necessary.

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6. Budgetary control system needs a lot of paperwork which the technical personnel may resent. Actually, it does not fit with their own areas of specialisation. So, the applicability of budgetary control process may be limited.

### 3. Break-even Analysis

‘Break-even Analysis’ is an important technique of cost control. It is an analysis of the inter-relationships among the cost of production, volume of production and the amount of profits. It is also known as ‘Cost-Volume Profit Analysis’. Costs are of two types—fixed and variable. The relationships are shown on a chart called ‘Break-even Chart’ as given in Fig. 8.4.

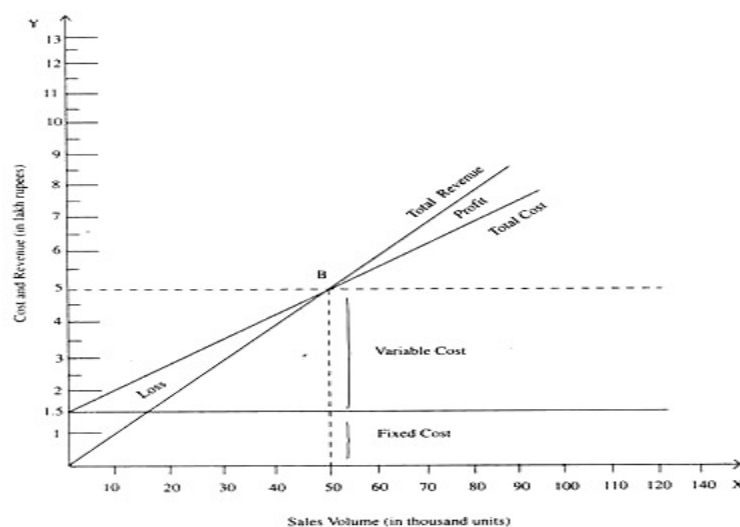


Fig. 8.4: Break-even Analysis.

In this chart, the X-axis represents the sales volume in thousand units, while the Y-axis represents the cost of production and sales revenue in lakh rupees. The fixed cost line is horizontal to the X-axis and the total cost line is drawn vertically from the intersection of fixed cost line at the Y-axis.

The revenue line has been drawn through the zero point on the Y-axis. The point ‘B’ at which the total revenue line intersects the total cost line is known as ‘Break-even Point’(BEP). At this point there is no profit and no loss. The spread to the right of this point represents profit and the

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spread to the left represents loss. The volume of sales is 50,000 units at which the total cost and total revenue (Rs. 5 lakhs) are equal.

$$\text{BEP} = \text{Fixed Costs} / \text{Sale Price per unit} - \text{Variable Cost per unit}$$

#### **4. Ratio Analysis**

A 'Ratio' is an arithmetical relationship between two figures. 'Ratio Analysis' is a study of ratios between various items or groups in the financial statement of an organisation. With the help of such analysis, the efficiency of financial performance of an enterprise can be judged. It measures financial condition, profitability and efficiency of the enterprise. This analysis is an important technique to exercise control over the departments of an enterprise. Some important examples of Ratio Analysis are the analysis of Liquidity Ratio, Leverage Ratio, Turnover Ratio, Profitability Ratio, Valuation Ratio, etc.

#### **5. Cost Control**

'Cost Control' is an important technique for financial controlling process. The technique of cost control involves the determination of the standard in respect of each item of cost, ascertainment of the actual costs regarding those items, detection of variations in order to determine the responsibility, cause, extent and cost of each variance, and then taking necessary action to ensure that the actual costs conform to the standard costs in future.

Control over costs can be effectively exercised not in total but in the various components or elements of the total cost of any job. Therefore, first of all, it is necessary to control each element of the total cost.

#### **6. Internal Audit**

'Internal Audit' is an effective technique of financial and managerial control. It means the independent process of verifying and evaluating the accounting, financial and other functions of the business organisation. Internal Audit is carried out by the managers themselves or by the special staff appointed for this purpose.

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Compared to ‘External Audit’ that remains unconcerned with the operational aspect of the organisation, internal audit is much broader in scope and concerned with the whole range of activities of the organisation.

Thus internal audit, in addition to ensuring that the accounts properly reflect the facts, evaluates the policies, procedures and effectiveness of the methods, the use of authority, special problems. However, recently the system of internal audit has been developed to a new height by organising a centralised audit unit with a view to supplying greater and wider control information to the managers. In managing such unit, accounting qualifications alone are not sufficient, but greater emphasis is being given to managerial skill and experience. In order to avoid biasness, internal auditors in many organisations are selected from the rank of the line managers.

### **7. Statistical Reports**

The analysis of ‘Statistical Reports’ is a very important tool of control. Often quantitative control is exercised on the basis of analysis of the statistical reports prepared by different managers or higher authorities of an organisation.

### **8. Management Audit**

None of the control techniques evaluates the quality of management. Since the quality of management ultimately brings success or failure of an organisation, this quality should be assessed. ‘Management Audit’ is an attempt for this purpose.

Management Audit is an overall and scientific evaluation of the quality of management. It is an independent and critical examination of the entire management process. It is a systematic search and appraisal of the efficiency and effectiveness of the managers of an enterprise. It locates the deficiencies in the performance of management functions. Therefore, management audit is a comprehensive and constructive review of the performance of the management team of an organisation.

### **9. Return on Investment**

‘Return on Investment’ (ROI) is a useful tool of controlling overall performance of an enterprise. It is also called ‘Return on Capital Employed’ (ROCE). The basic aspect of this

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technique is that profit is taken not as an absolute figure but is considered in relation to the invested capital.

Rate of return is calculated by dividing the net profits by the total amount of investment. It can be computed in respect of historical data so as to reveal the rate of return realised, or it may be applied to budgeted data to give a projected rate of return.

### **10. Network Techniques**

‘Network Techniques’ are being widely utilised as control systems. In such technique a project or programme is broken down into small activities which are arranged in a technological sequence. Various activities should be accomplished according to the sequence.

**There are two popular network techniques:**

- (i) ‘Programme Evaluation and Review Technique’ (PERT), and
- (ii) ‘Critical Path Method’ (CPM).

### **11. Responsibility Accounting**

‘Responsibility Accounting’ is the technique of accounting wherein the performance of various employees is evaluated by ascertaining how far they have implemented the predetermined targets set for the departments, units, sections, or divisions for which they are responsible.

The use of responsibility accounting focuses attention on management by objective rather than management by domination. Each employee is responsible for his area of operation and for effective control. He must know what his costs should be and what his costs were.

### **12. Zero-Base Budgeting**

‘Zero-base Budgeting’ (ZBB) is comparatively a newer concept in business and non-business budgeting. It was applied for the first time in the USA in 1971. Since then it has been used by a number of states and business enterprises in the USA and other countries.

## **USE OF COMPUTERS AND IT IN MANAGEMENT**

**Computers** make it possible for companies to organize and manipulate massive amounts of information productively. Larger corporations may use multiple SQL Server databases to oversee data operations while smaller businesses might take advantage of the data manipulation

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features in applications such as Microsoft Access.

In virtually every business, a computer is an essential tool for running the day-to-day operations, enhancing productivity and communicating with customers, suppliers and the public. Managers use computers for a variety of reasons, including keeping their teams on track, budgeting and planning projects, monitoring inventory and preparing documents, proposals and presentations. Managers need to understand not only the basic functions of the corporate software tools used in the office but also the Internet and other external computing tools that can improve the way they manage their departments.

### **Business Planning**

Business planning can take up a lot of a manager's time, but computer programs make it easier. From using email programs like Outlook or Google Mail to set appointments, tasks and deadlines to using financial tools to develop budgets and project proposals, using computers to plan the day-to-day activities of a business is essential. Managers also use the Internet to research their industries, the competition and to look for ideas to help them create plans to engage customers, win more business and succeed in the competitive world of business.

### **Record Keeping**

Managers keep track of a lot of information that is vital to the company's success. From customer records to financial records to employee records, the data a company has to store are seemingly endless. Using computers to store and manage documents, files and records reduces the amount of physical storage a company needs and also allows managers to have easy access to their files using simple document search methods.

## **UNIT II**

### **PART B QUESTIONS**

1. Define planning
2. What is meant by planning premises?

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3. List out the types of plans
4. Write short note on departmentalization
5. Define delegation of authority
6. What is meant by organizational structure?
7. Write a short note on line and staff authority
8. Give the meaning of controlling
9. What is meant by formal organization?
10. Write a note on informal organization

**PART C QUESTIONS**

1. Explain the types of planning with chart
2. Discuss the objectives and importance of planning
3. Briefly explain the steps involved in planning premises
4. Explain the process of decision making with chart
5. Explain the principles of delegation in detail
6. Describe the elements of delegation in detail.
7. Briefly explain the types of organization with suitable examples.
8. Define centralization and how it is distinguished from decentralization
9. Discuss the techniques of controlling in detail
10. Discuss the role of computer and IT in management



**UNIT-III**

**SYLLABUS**

Importance of organizational Behaviour – OB Model - Attitudes – Components – Attitude and Behaviour– Job attitudes – Values – importance – Terminal and Instrumental values – Generational Values – Personality and values. Personality – Types – Factors influencing personality – Theories – Perceptions – Importance – Factors influencing perception – Judging others, perception and individual decision making

**1. MEANING OF OB**

Organisational Behaviour is the study of Human Behaviour. The study is about behaviour in organisations and knowledge about human behaviour would be useful in improving an organisation's effectiveness.

Organizational Behaviour means the study of the behaviour of individuals and Group of Organizations and Organizations as they act and interact to attain desired outcomes.

**Definition**

“Organisational Behaviour is directly concerned with the understanding, prediction and control of human behaviour in organisations”.

Organizational Behaviour is the study of the behaviour of individuals and groups and organizational structure have on behaviour within organization, to apply such knowledge to improve organization performance.

**Scope of Organisational Behaviour**

The scope of Organisational Behaviour,

- Individuals
- Group of Individuals
- Organisation/Structure





There are many possibilities to develop their own Skill and Knowledge and also give confident to exposes the better productivity in the Organisation.

### **Individual**

Organisations are the associations of Individuals. Study of Individuals includes aspects such as personality, perception, attitudes, values, job satisfaction, learning and motivation.

### **Group of Individuals**

Group of Individuals includes aspects such as group dynamics, conflicts, communication, leadership and power and politics.

### **Organisation/Structure**

The study of Organisation/Structure is the aspects formatting Organisation Structure, Organisation Change and Organisation Development.

### **Nature of Organizational Behaviour (OB)**

Organizational behaviour is an applied behavioural science that is built on contributions from a number of behavioural disciplines such as psychology, sociology, social psychology, anthropology

and economics. So now students let's see how these disciplines are related to organisational behaviour.

### **Psychology**

Psychology is the study of human behavior which tries to identify the characteristics of individuals and provides an understanding why an individual behaves in a particular way. This thus provides us with useful insight into areas such as human motivation, perceptual processes or personality characteristics.

### **Sociology**

Sociology is the study of social behavior, relationships among social groups and societies, and the maintenance of social order. The main focus of attention is on the social system. This helps us to appreciate the functioning of individuals within the organization which is essentially a socio-technical entity.

### **Social Psychology**

Social psychology is the study of human behaviour in the context of social situations. This essentially addresses the problem of understanding the typical behavioural patterns to be expected from an individual when he takes part in a group.

### **Anthropology**

Anthropology is the science of mankind and the study of human behaviour as a whole. The main focus of attention is on the cultural system, beliefs, customs, ideas and values within a group or society and the comparison of behaviour among different cultures.

### **Economics**

Any organization to survive and sustain must be aware of the economic viability of their effort. This applies even to the non-profit and voluntary organizations as well.

### **Political Science**

Although frequently overlooked, the contributions of political scientists are significant to the understand arrangement in organizations. It studies individuals and groups within specific conditions concerning the power dynamics. Important topics under here include structuring Of Conflict, allocation of power and how people manipulate power for individual self-interest etc.

**Models of Organizational behavior:**

The five models of organisational behaviour are the:

- Autocratic model,
- Custodial model,
- Supportive model,
- Collegial model and
- System model.

**Autocratic model**

Autocratic model is the model that depends upon strength, power and formal authority.

In an autocratic organisation, the people (management/owners) who manage the tasks in an organisation have formal authority for controlling the employees who work under them. These lower-level employees have little control over the work function. Their ideas and innovations are not generally welcomed, as the key decisions are made at the top management level.

The guiding principle behind this model is that management/owners have enormous business expertise, and the average employee has relatively low levels of skill and needs to be fully directed and guided. This type of autocratic management system was common in factories in the industrial revolution era.

One of the more significant problems associated with the autocratic model is that the management team is required to micromanage the staff – where they have to watch all the details and make every single decision. Clearly, in a more modern-day organisation, where highly paid specialists are employed an autocratic system becomes impractical and highly inefficient.

The autocratic model is also a detractor to job satisfaction and employee morale. This is because employees do not feel valued and part of the overall team. This leads to a low-level of work performance. While the autocratic model might be appropriate for some very automated factory situations, it has become outdated for most modern-day organisations.

**Custodial model**

The custodial model is based around the concept of providing economic security for employees – through wages and other benefits – that will create employee loyalty and motivation.

In some countries, many professional companies provide health benefits, corporate cars, financial packaging of salary, and so on – these are incentives designed to attract and retain quality staff.

The underlying theory for the organisation is that they will have a greater skilled workforce, more motivated employees, and have a competitive advantage through employee knowledge and expertise.

One of the downsides with the custodial model is that it also attracts and retains low performance staff as well. Or perhaps even deliver a lower level of motivation from some staff who feel that they are “trapped” in an organisation because the benefits are too good to leave.

### **Supportive model**

Unlike the two earlier approaches, the supportive model is focused around aspiring leadership.

It is not based upon control and authority (the autocratic model) or upon incentives (the custodial model), but instead tries to motivate staff through the manager-employee relationship and how employees are treated on a day-to-day basis.

Quite opposite to the autocratic model, this approach states that employees are self-motivated and have value and insight to contribute to the organisation, beyond just their day-to-day role.

The intent of this model is to motivate employees through a positive workplace where their ideas are encouraged and often adapted. Therefore, the employees have some form of “buy-in” to the organisation and its direction.

### **Collegial model**

The collegial model is based around teamwork – everybody working as colleagues (hence the name of the model).

The overall environment and corporate culture need to be aligned to this model, where everybody is actively participating – is not about status and job titles – everybody is encouraged to work together to build a better organisation.

The role of the manager is to foster this teamwork and create positive and energetic workplaces. In much regard, the manager can be considered to be the “coach” of the team. And as coach, the goal is to make the team perform well overall, rather than focus on their own performance, or the performance of key individuals.

The collegial model is quite effective in organisations that need to find new approaches – marketing teams, research and development, technology/software – indeed anywhere the competitive landscape is constantly changing and ideas and innovation are key competitive success factors.

### System model

The final organisational model is referred to as the system model.

This is the most contemporary model of the five models discussed in this article. In the system model, the organisation looks at the overall structure and team environment, and considers that individuals have different goals, talents and potential.

The intent of the system model is to try and balance the goals of the individual with the goals of the organisation.

Individuals obviously want good remuneration, job security, but also want to work in a positive work environment where the organisation adds value to the community and/or its customers.

The system of model should be an overall partnership of managers and employees with a common goal, and where everybody feels that they have a stake in the organisation.

### Components of Attitudes:

There are the following three basic components of attitudes:

- **Cognitive or informational components (Ideas, Beliefs & values, Information):** In the context of components of attitudes cognitive or informational components is an essential elements because on the basis of such component an individual can develop his own attitudes in a positive way or negative way. In fact on the basis of gathering different types of information from the environments. An individual can exchange his own ideas, beliefs, value thought and opinion etc, to the other person & that basis he can also able to develop his attitude in a positive or negative way. On the whole, it is clear that informational components is an essential component for the development of attitudes.
- **Emotional Components (Feeling of likes & dislikes, Positive & Negative):** On the basis of emotional component an individual can able to develop his own attitudes against the objects in the positive & negative way. In fact emotional components of an individual refers to his own emotional opinion or feedback against an object as a feeling of likes or dislikes, bad or good, favorable or unfavorable way. On the whole it is clear that on the basis of emotional element an individual can be able to develop his own attitudes in a positive or negative ways. Favorable or unfavorable way, but according to the environment circumstances. In the context of attitudes

emotional elements takes an essential place to develop attitudes ability in a positive or negative way.

- **Behavioral Component (Tendency to Behave):** It is a last but one of the most vital aspect of attitudes because on the basis of behavioral component an individual can able to behave against an object in a positive or negative way. favorable or unfavorable, Bad or good manner. **For example:-** If an individual has a positive feeling he will be likely to behave positively. On other hand if and individual has a negative feeling against an object then he will be likely to behave negatively. On the whole it is clear that the tendency to behave of an individual is properly based upon the feeling of an individual. If he feels negatively against the object then he will be likely to behave negatively. But while he feel positively against the object then he will be likely to behave positively.

### Types of Attitudes

#### 1) Job Satisfaction

- A collection of positive and/or negative feelings that an individual holds towards his or her job.

#### 2) Job Involvement

- Identifying with the job, actively participating in it, and considering performance important to self-worth.

#### 3) Organizational Commitment

- Identifying with a particular organization and its goals, and wishing to maintain membership in the organization
- Affective, normative, and continuance commitment – Note: what are these? Why are they different? Please be sure you know J

#### 4) Perceived Organizational Support

- Degree to which employees feel the organization cares about their well-being.

#### 5) Employee Engagement

- An individual's involvement with, satisfaction with, and enthusiasm for the organization.

### Values

According to M. Haralambos, "A value is a belief that something is good and desirable". Values are conscious or unconscious motivators and justifiers of the actions and judgment.

The values of a culture may change, but most remain stable during one person's lifetime.

The characteristics of values are:

1. These are extremely practical, and valuation requires not just techniques but also an understanding of the strategic context.
2. These can provide standards of competence and morality.
3. These can go beyond specific situations or persons.
4. Personal values can be influenced by culture, tradition, and a combination of internal and external factors.
5. These are relatively permanent.
6. These are more central to the core of a person.

**Instrumental Value:** Instrumental values reflect the means to achieve goals; that is, they represent the acceptable behaviour to be used in achieving some end state. Instrumental values identified by Rokeach include ambition, honesty, self-sufficiency and courageousness.

Instrumental value refers to a single belief that always takes the form: I believe that such and such a mode of conduct (example Honesty, courage, etc.) is personally and socially preferable in all situations with respect to all objects. An instrumental value is a tool or means for acquiring a terminal value.

**Terminal Value:** Terminal values, in contrast, represent the goals to be achieved, or the end states of existence. Rokeach identified happiness, love, pleasure, self-respect, and freedom among the terminal values.

### Personality – Types

#### Definition of personality

Personality is a concept that we use in our routine working while dealing with people. Personality means how a person affects others and how he understands and views himself as well as the pattern of inner and outer measurable traits and the person-situation interactions (Fred Luthans).

According to Stephen P. Robbins, personality is the sum total ways in which an individual reacts and interacts with others. It may be defined as those inner psychological characteristics that both determine and reflect how a person responds to his environment. Personality can be defined as those inner psychological characteristics that both determine and reflect how a person responds to the environment. The term personality has been derived from the Latin word 'per sonare' which means to speak through. This Latin word denotes the mask, which the actors used to wear in ancient Greece and Rome.



It is also related with social status of the individual, as the person with high social status is having good personality.

### **DETERMINANTS OF PERSONALITY**

These determinants of personality can be classified into following categories:

#### **1) Biological Factors**

- a) Heredity
- b) Brain
- c) Physical Features

#### **2) Family and Social Factors**

- a) Home Environment
- b) Family Members
- c) Social Groups

#### **3) Cultural Factors**

#### **4) Situational Factors**

#### **5) Other Factors**

- a) Temperament
- b) Interest
- c) Character

#### **1. Biological factors:**

The ways an individual sense the external event data, interpret and respond to them are general biological characteristics of human biological system. The study of biological contribution to personality can be divided into,

**Heredity:** It is transmission of the qualities from ancestor to descendant through a mechanism lying primarily in the chromosomes of the germ cells. These qualities are present in a person by birth.

Heredity refers to those factors like physical stature, facial attractiveness, sex, temperament, muscle composition, energy level and biological rhythms etc. that were determined at conception.

**Brain:** It plays very important role in shaping personality. The structure of brain determines personality. People normally say that a person with more number of lines on his brain is more intelligent. Different people will give value to different things. For some beauty is more valuable

than intelligence. However, no conclusive proof is available so far about the nature of relationship between brain and personality.

**Physical Features:** Another factor that contributes to personality formation is physical characteristics of an individual. While defining personality some individuals give higher weights to physical features of an individual. The external appearance includes height, weight, colour, facial features etc of the individual while determining his personality. The normal belief is that the healthy person is lazy and the thin is angry determines the individual personality.

2. Family and Social Factors: Family plays an important role in early personality development. The infant acquires those behaviour patterns that depend upon the socio-economic level of the family, family size, birth-order, race, religion, parent education level, geographic location etc. Social factors include the person's interaction with other people throughout his life. The family and social factors are categorized as below,

**Home environment:** A child will have soft personality if he will grow in a warm, loving and protective environment. And if everybody in the family is busy in their life and have no concern for each other then the infant will have rigid personality. The key variable is not the parents per se rather the type of environment that is generated for the child.

**Family Members:** Parents and other family members have strong influence on personality development of the child. Parents have more impact than other members of the family do in building the child's personality. We generally see that small children behave like their parents. The relationships between the parents and children are higher than the children and teachers in building child's personality.

**Social Group:** In addition to home environment and family members, there are other influences from the social placement of the family. Social groups include the person's interaction with other people which starts with playmates during childhood and continue with peers at work, associates and other work groups. The internal and external work environment continues to influence the people personalities, perception and behaviour throughout his life.

3. Cultural Factors: Culture is sum total of learned behaviour traits which are manifested and shared by the members of the society. The culture within which a person is brought up is very important determinant of behaviour of a person. Culture is a unique system of perception, beliefs, values, and norms, patterns of behaviour and code of conduct that influence the behaviour of the individual. It

determines what a person is and what a person will learn. The way of talking and dressing sense of Hindus and Muslims are entirely different, as they are prone to different cultures. Each culture trains its members to behave in the ways that are acceptable to the group. The difference among individual behaviour is also based upon socio-economic classes, ages, education, professions and geographic regions. As skilled have different behaviour pattern than the unskilled workers do.

4. Situational Factors: An individual personality is generally stable and consistent; it may change in different situations. An individual life is unique in terms of events and experience, but these experiences sometimes change the structure of the entire personality of an individual. Suppose there is a worker who is very fond of doing work. But sometime due to overload he becomes frustrated from the existing job. Due to this changed situation, his personality composition also changes. Thus demand of different situation may call for different aspects of one's personality.

5. Other Factors:

a) Temperament: It is the degree to which one responds emotionally. It is distributed according to normal distribution.

b) Interest: An individual has many interests in various areas. Top executives in any organization do not have common interest. Thus the organization should provide them job rotation and special training programs to satisfy their interest.

c) Character: It means honesty. It is very important requirement for responsible jobs. It is resistance to stealing and cheating others. It is likely that an individual may not steal in normal circumstances, but this can be the demand of undesirable circumstances.

d) Schema: It is an individual's belief, frame of reference, perception and attitude which the individual possesses towards the management, job, working condition around him, pay scale, fringe benefits, compensation mechanism, and development towards religion, government and satisfaction gained from environment. Thus the complete behavior of an individual is dependent upon the external stimuli.

e) Motives: These are the inner drivers of an individual. They represent goal directed behavior of individual. Motives help in determining one's behavior towards a goal. Thus, the above factors

affect the formation and development of personality. At each stage of the life every individual learns from the environment he lives in and the persons he interacts with.

**Following are five personality traits of an individual:**

**1. Openness to experience**

Individuals with openness to experience are generally very active, have a tremendous inclination towards creativity and aesthetics and listen to their heart i.e. follow their inner feelings. Such individuals are generally open to new learnings, skill sets and experiences. People who score high on openness are quite broadminded and modern in their outlook as compared to individuals who score low on the same parameter. Such individuals are conservative, reluctant to changes and have a traditional approach in life.

**2. Conscientiousness**

As the name suggests, individuals with a Conscientiousness personality trait listen to their conscience and act accordingly. Such individuals are extremely cautious and self disciplined. They never perform any task in haste but think twice before acting. People with this personality trait are generally methodical and tend to become perfectionists in the long run. People who score high on conscientiousness are proactive, goal oriented and self disciplined. They strive hard to accomplish goals and objectives within the stipulated time frame. Individuals who scoreless are little laid back and are not much goal oriented.

**3. Extraversion and Introversion**

Carl Jung popularized both the terms - “Extraversion” and “Introversion”.

a. Extraversion: Extraversion refers to a state where individuals show more concern towards what is happening outside. Such individuals love interacting with people around and are generally talkative. They do not like spending time alone but love being the centre of attraction of parties and social gatherings. Such individuals love going out, partying, meeting people and often get bored when they are all by themselves. They admire the company of others and hate staying alone.

b. Introversion: Introversion, on the other hand refers to a state when an individual is concerned only with his own life and nothing else. Such individuals do not bother about others and are seldom interested in what is happening around. They prefer staying back at home rather than going out and spending time with friends. Such individuals speak less and enjoy their own company. You would

never find them in meetings, clubs, parties or social get-togethers. They generally do not have many friends and tend to rely on few trusted ones.

#### 4. Agreeableness

Agreeableness is a personality trait which teaches individuals to be adjusting in almost all situations. Such individuals do not crib and face changes with a smile. They accommodate themselves to all situations and are friendly and kind hearted. People who score high on agreeableness are ready to help others and flash their trillion dollar smile whenever a problem arises. Individuals who score low on agreeableness on the other hand find difficulties in adjusting with others and are little unfriendly.

#### 5. Neuroticism

Neuroticism is a trait where individuals are prone to negative thoughts such as anxiety, anger, envy, guilt and so on. Such individuals are often in a state of depression and do not know how to enjoy life. They always look at the negative sides of life and find extremely difficult to cope up with stress.

#### Authoritarianism,

Authoritarianism, principle of blind submission to authority, as opposed to individual freedom of thought and action. In government, authoritarianism denotes any political system that concentrates power in the hands of a leader or small elite that is not constitutionally responsible to the body of the people.

#### Locus of control

In personality psychology, locus of control is the degree to which people believe that they have control over the outcome of events in their lives, as opposed to external forces beyond their control. People with a strong external locus of control tend to praise or blame external factors such as the teacher or the exam.

### **APPROACHES/THEORIES OF PERSONALITY**

1) Psycho-analytical Theory 2) Trait Theory 3) Type Theory 4) Self Concept Theory 5) Social Learning Theory

**1. Psycho-analytical Theory:** The mile stone in the study of personality is Freud's psychoanalytical theory. Freud is of the belief that the personality as a reflection of behaviour has been primarily based on the unconscious nature of personality. The human behaviour and motivation is outcome of following psychoanalytical concepts. Such as:

**a) ID:** It is the unconscious part of the human personality. It is most primitive part and is the storehouse of biologically based urges. Example- urges to have food, water etc. ID is original source of personality present in a newborn or infant. The principal of working for ID is 'Pleasure'. Id tries to satisfy the urge as soon as possible without considering the realities of life.

**b) Ego:** Ego manages ID through the realities of the external environment. Ego is conscious in nature and is a mechanism to relate our conscious urge to outside real world. As Ego is conscious and logical part of human personality, ID is guided and governed by Ego. It explains the ways of thinking and behaving. ID demands immediate pleasure at whatever cost, Ego controls it so that the pleasures are granted at appropriate time and in acceptable manner. Ego delays satisfying ID motives and channels the behaviour, which is socially acceptable. It makes people work to live and adjusting to the realities of life. The principle of ego to work is 'Reality Principle'. It takes into account what is possible in this world. As the function of ID and Ego are contrary there is always ongoing tension between ID and Ego i.e. between urges and realities of life which keeps Ego to develop more sophisticated thinking skills. Thus to keep ID under control, Ego is supported by Super Ego.

**c) Super Ego:** It is higher level restraining force and can be described as the conscience of the person. The conscience creates standards of what is right or wrong. It represents the rules and the norms that check the cultural, moral or ethical behavioral values of the individual in the social environment. However, an individual is not aware of presence and working of superego in oneself. It is developed slowly in a person when he absorbs central values and follows the standards of society. Superego keeps ego to judge what is right or wrong.

**2. Trait Theory:** It visualizes personality as a reflection of certain traits of the individual. This theory was put forward by 'ALLPORT'. Trait is a distinctive and personal form of behaviour. There are many traits, which are common to most people, some are unique to a person and other individuals share some. On the basis of trait theory, people can be described as aggressive, loyal, pleasant, flexible, humorous, sentimental, impulsive, cool and so on. Traits are basic elements of personality and can be used to summarize behaviour. The trait of an individual or 'Personal disposition is studied at three levels:

**a) Cardinal Trait Level:** ALLPORT defined cardinal traits as those pervasive traits which are so powerful or dominant that rarely all the individual action can be traced back to them. As these are

highly influential traits, so they are named after key historical figures like Mother Teresa, Hitler, and Romeo etc. This level describes a trait so broad and so deep in its impact that it overshadows the influence of other traits for the same individual.

b) Central Trait Level: ALLPORT describes central traits as those that might be referred in careful recommendations or at a rating scale. These are unique and limited in number. The traits at this level means to convey what can be expected from a person most of the time.

c) Secondary Trait level: These are least generalized traits of a person. The range of influence of these traits is very narrow. These peripheral traits are specialized to the situation. Cattell used groups of traits to describe the structure of personality. He put these traits in the following categories:

a) Surface Traits: Wise-foolish, sociable-exclusive, honest-dishonest etc.

b) Source Traits: Trustful-suspicious, relaxed-tense, dominant-submissive, forthrightshrewd, cheerfulness-depressed etc.

### 3. Type Theory:

“Type is simply a class of individuals said to share common collection of characteristics”. Type approach discusses the personality in the following ways:

a) Type on the basis of body build:

i. Endomorph: They are fat, thick in proportion to their height. They seek comfort, eat too much, jovial, affectionate and liked by all. They are even tempered, show a relaxed posture, easy to get along with others and are tolerant of others. They prefer to be led than to lead.

ii. Ectomorph: They are thin, long and poorly developed physically. They work well in closed areas and displays restraint, inhibition and desire for concealment. They prefer not to attract attention to him and tend to be distrustful of others. They are anxious, ambitious and dedicated.

iii. Mesomorph: They are basically strong, athletic and tough. They seeks lot of muscular activity, tends to be highly aggressive and self-assertive. They desire action, power and domination and they can run faster and smile brighter.

b) Type on the basis of nature:

i. Introvert: The people with following characteristics are introvert such as- shyness, social withdrawal, emotional; process the idea within them-selves. Introvert can be good scientists and researchers.



ii. Extrovert: People having following characteristics are extrovert. These are- socials, talkative, less emotional, easily makes friends, easily express their ideas and feelings. Extroverts propagate more knowledge and ideas to society. They can be good reporters, actors and marketers.

iii. Ambiverts/Reserved: These are the people between introverts and extroverts.

c) Type A and Type B:

i. Type A: Persons are those who are highly achievement oriented, competitive feel, chronic sense of time urgency and impatient whenever their work slow down. Type A are on fast track of life and are more successful in reaching top slot. They work against opposing forces. Managers in this category are hard drivers, detailed oriented people with high performance standards. These people have difficulty in increasing cordial interpersonal relationships and create a lot of stress for themselves and for the people they deal with. If they have to complete a task within given deadline, they feel pressurized. Researchers have proved that Type A personality profile lead to health problems and specially heart related illness.

ii. Type B: These kinds of persons are easy going, no competitive drive, feel no emergency. They are relaxed, sociable and have a balanced outlook on life. They are not over ambitious, are more patient and take a broader view of things. In order to meet a deadline they do not feel pressurized. They may be hardworking but feel no pressing conflict with people or time and hence are not prone to stress and coronary problems.

4. Self-Concept Theory: This theory is organized around the concept that the individual himself largely determines personality and behaviour. It is also termed as organismic or field theories, which emphasize on totality and inter relatedness of all behaviour. There are four factors consider in self-concept theory. This area)

Self-Image: Every person has certain beliefs about whom or what he is. The beliefs of the individuals are the proof of self-image or self-identity. Thus self-image is the way one sees himself.

b) Ideal Self: As discussed earlier self image indicates the realities of a person as perceived by him, but ideal self indicates the ideal position as perceived by him. It denotes the way one would like to

be.

c) Looking glass-self: This is the way one thinks people perceive about him and not the way people actually see him. It is the perception of a person about how others perceive his qualities and characteristics. It is a social product, which emerges from face-to-face interaction with others from the very beginning of life. This interaction directs how others see him as an individual.

d) Real Self: This is what one actually is. An individual self-image is confirmed when other persons response to him, indicate their beliefs about who and what he corresponds with. On the basis of feedback from environment, the person re- evaluates him and re-adjusts him as per the expectation of others.

Thus a balance should be maintained between real self and self-image. Thus self-concept plays a very important role in analyzing individual behaviour. It gives a sense of meaningfulness and consistency. On the basis of self-concept a person perceives a situation.

**5. Social Learning Theory:** This theory believes that personality development is a result of social variables. It emphasizes on conscious needs and wants of an individual. This theory uses “reinforcement and punishment approach” in understanding personality. It looks at personality as some total of all that a person has learned from outside stimuli. There is mutual interaction between external environment and behaviour.

**Freudian** Freudian means relating to the ideas and methods of the psychiatrist Freud, especially to his ideas about people's subconscious sexual feelings.

**Neo Freudian** These other theorists became known as **Neo-Freudians**. **Neo-Freudians**, such as Adler, Horney, Jung, and Erikson, agreed with Freud that childhood experiences matter; however, they expanded on Freud's ideas by focusing on the importance of sociological and cultural influences in addition to biological influences.

**Cognitive stage** The Piaget stages of development are a blueprint that describes the stages of normal intellectual development, from infancy through adulthood. ... Piaget's four stages of intellectual (or

cognitive) development are Sensorimotor. (Birth through ages 18-24 months Preoperational) Preschoolers, ages three to six, should be at the "preoperational" stage of Piaget's cognitive development theory, meaning they are using their imagery and memory skills. They should be conditioned to learning and memorizing, and their view of the world is normally very self centered.

## Perception

### Meaning

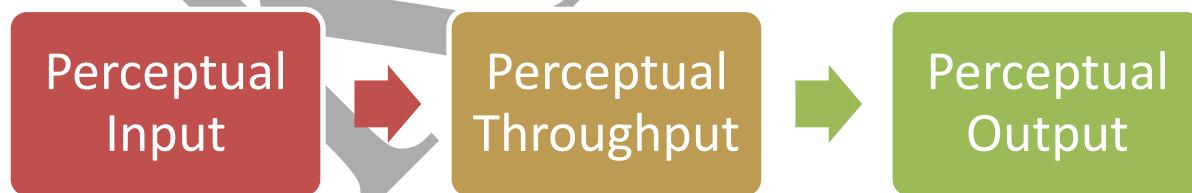
The psychological processes that allow an individual to adjust his behaviour are called perception. The behaviour of an individual is inclined by his personality, motives and efforts. The behaviour and performance provides satisfaction to the employees who get stimulated to work more and develop his personality and work quality.

### Definition

Perception may be defined as “a cognitive process by which people attend to incoming stimuli, organize and interpret such stimuli into behaviour”.

ret their sensory impressions in order to give meaning to their environment”. The environment is a stimulus to influence behaviour, because the stimuli are attended, organized and interpreted to arrive at certain forms of behaviour.

### PERCEPTUAL PROCESS



The sensory organs, i.e. eyes, nose, ears, skin and tongue, are used to change the stimuli into behaviour through their attention, recognition and interpretation processes. Individuals do not accept the information or stimuli unless they are evaluated and interpreted by the mental processing system.

Individuals attend to the stimuli, recognise and translate them into meaningful information, which inspire them to act and perform the job. These processes are known as perpetual process. When employees get satisfaction through their performance, either by meeting their physical or mental needs, they perceive the organisation in the right perspective. It helps them understand the functions and achieve satisfaction.

### **Components of Perception**

Perception is a process of sensory organs. The mind gets information through the five sense organs, viz. the eyes, ears, nose, tongue and skin. The stimulation coming to these organs may be through action, written messages, oral communication, odour, taste, touch of the product and people. The perception starts with the awareness of these stimuli. Recognising these stimuli takes place only after paying attention to them. These messages are then translated into action and behaviour.

**Stimuli:** The receipt of information is the stimulus, which results in sensation. Knowledge and behaviour depend on senses and their stimulation. The physical senses used by people are vision, hearing, touch, smell and taste. Intuitions and hunches are known as the sixth sense. These senses are influenced by a larger number of stimuli, which may be action, information, consideration and feelings, etc. The stimuli may be in the form of objects or physical commodities. The human body itself is developed through the acceptance of the stimuli. The mind and soul are the victims of these stimuli occurring in the surroundings of the people.

**Attention:** People selectively attend to stimuli. Some of the stimuli are reacted to while others are ignored without being paid any attention. The stimuli that are paid attention depend purely on the people's selection capacity and the intensity of stimuli. Educated employees pay more attention to any stimuli, viz. announcement of bonus, appeal for increasing productivity, training and motivation. The management has to find out suitable stimuli, which can appeal to the employees at the maximum level. If the attention of the employees is not drawn, the organisation cannot expect proper behaviour from the employees.

### **Recognition:**

After paying attention to the stimuli, the employees try to recognise whether the stimuli are worth realising. The messages or incoming stimuli are recognised before they are transmitted into behaviour. Perception is a two-phase activity, i.e. receiving stimuli and translating the stimuli into

action. However, before the stage of translation, the stimuli must be recognised by the individual. The recognition process is dependent on mental acceptability.

**Translation:**

The stimuli are evaluated before being converted into action or behaviour. The evaluation process is translation. In the above example, the car driver after recognising the stimuli uses the clutch and brake to stop the car. He has immediately translated the stimulus into an appropriate action. The perception process is purely mental before it is converted into action. The conversion is translation. The management in an organisation has to consider the various processes of translating the message into action. The employees should be assisted to translate the stimuli into action.

**Behaviour:**

Behaviour is the outcome of the cognitive process. It is a response to change in sensory inputs, i.e. stimuli. It is an overt and covert response. Perceptual behaviour is not influenced by reality, but is a result of the perception process of the individual, his learning and personality, environmental factors and other internal and external factors at the workplace. The psychological feedback that may influence the perception of an employee may be superior behaviour, his eye movement, raising of an eyebrow, the tone of voice, etc.

**Performance:**

Proper behaviour leads to higher performance. High performers become a source of stimuli and motivation to other employees. A performance-reward relationship is established to motivate people.

**Satisfaction:**

High performance gives more satisfaction. The level of satisfaction is calculated with the difference in performance and expectation. If the performance is more than the expectation, people are delighted, but when performance is equal to expectation, it results in satisfaction. On the other hand, if performance is less than the expectation, people become frustrated and this requires a more appealing form of stimulus for developing proper employee work behaviour and high performance. It is essential to understand the factors that influence the perception process and mould employees' behaviour towards the corporate objectives and self-satisfaction.

### FACTORS AFFECTING PERCEPTION:

Factors that influence perception relate to the perceiver, perceived, and situation. All these factors are of two kinds -1) Internal or endogenous factors, and 2) External or Exogenous factors. These are discussed in some detail below.

1. INTERNAL FACTORS These factors reside in the person concerned. They include a person's needs, desires, personality, and experience.
2. EXTERNAL FACTORS These factors relate to what is being perceived and the situation. These are size, intensity, frequency, and status etc.,

### Person Perception: Making Judgments About Others

#### Attribution Theory

When individuals observe behavior, they attempt to determine whether it is *internally* (under the personal control of the individual) or *externally* (outside causes “force” you to behave a certain way) caused.

#### Fundamental Attribution Error

The tendency to underestimate the influence of external factors and overestimate the influence of internal factors when making judgments about the behavior of others.

#### Self-Serving Bias

- The tendency for individuals to attribute their own successes to internal factors while putting the blame for failures on external factors.

#### Attribution Theory - Frequently Used Shortcuts in Judging Others

- Selective Perception
  - People selectively interpret what they see on the basis of their interest, background, experience, and attitudes.
- Halo Effect
  - Drawing a general impression about an individual on the basis of a single characteristic.
- Contrast Effects
  - Evaluations of a person's characteristics that are affected by comparisons with other people recently encountered who rank higher or lower on the same characteristics.
- Projection
  - Attributing one's own characteristics to other people
- Stereotyping
  - Judging someone on the basis of one's perception of the group to which that person belongs.

**Specific Applications in Organizations**

- Employment interview
  - Early impressions are very important! Perceptual judgments are often inaccurate! (Another reason we should use structured interviews!)
- Performance Expectations
  - People attempt to validate their perceptions of reality – even when they are faulty! Self-fulfilling prophecy (Pygmalion Effect) is based on the notion that expectations can determine behavior – this is a very powerful managerial technique!
- Ethnic Profiling – Is it right to profile employees?
- Performance Evaluations
  - Many subjective components (perceptions) are used in the evaluation of employees
- Employee Effort
  - How is “effort” perceived? It is often a “reason” for terminations

**The Link Between Perception and Individual Decision Making**

Decisions = Choosing between 2 or more alternatives

Problems = A discrepancy between some current state of affairs and some desired state.

**Part A (ONE Mark)**

**Multiple Choice Questions**

**Online Examination**

**Part B**

**(2 Marks)**

**Part C (8 Marks)**



**UNIT-IV**  
**SYLLABUS**

Learning - Concept and Theories of Learning, Reinforcement, Motivation – Importance – Theories: Need, Content and Process Theories – Application.  
Leadership – Theories – Trait and Contingency theories – Power and politics – Bases of power – Causes and consequences of political behavior.

**LEARNING**

The ability to learn is possessed by humans, animals, plants and some machines. Progress over time tends to follow a learning curve. Learning does not happen all at once, but it builds upon and is shaped by previous knowledge. To that end, learning may be viewed as a process, rather than a collection of factual and procedural knowledge. Learning produces changes in the organism and the changes produced are relatively permanent.

**Theories of Learning**

**1. Classical Conditioning:** Classical conditioning is the association of one event with another desired event resulting in a behavior. The most well known experiments on classical conditioning were conducted by Ivan Pavlov, the Russian psychologist, who won the Nobel Prize for his experiments on this subject. Pavlov conducted an experiment on dogs and tried to establish a Stimulus-Response (S-R) connection. He tried to relate the dog's salivation and the ringing of the bell. In his experiments, he put some meat in front of dogs. The dogs responded to this stimulus by salivating. This response was instinctive or unconditioned. Pavlov next began to ring a bell at the same time as the meat was presented. Ringing the bell in itself, without the presentation of meat, was not connected to any responses. But by ringing the bell at the same time as presentation of meat, Pavlov established a relationship between the two stimuli-the bell and the meat- in the mind of the dogs. By continuing this process, the ringing of bell alone was sufficient stimulus to elicit a response of salivating, even when no meat was presented. Thus, the bell became a conditioned stimulus, resulting in conditioned or learned response. The above diagram explains that the meat was an unconditioned stimulus. It caused the dog to react in a certain way i.e. noticeable increase in salivation. This reaction is called the unconditioned response. The bell was an artificial stimulus or

conditioned stimulus. But when the bell was paired with the meat (an unconditioned stimulus), it eventually produced a response. After conditioning, the dog started salivating in response to the ringing of the bell alone. Thus, conditioned stimulus led to conditioned response. In an organizational setting we can see classical conditioning operating. For example, at one manufacturing plant, every time the top executive from the head office would make a visit, the plant management would clean up the administrative offices and wash the windows. This went on for years. Eventually, employees would turn on their best behavior and look prim and proper whenever the windows were cleaned even on those occasions when the cleaning was not paired with the visit from the top brass. People had learnt to associate the cleaning of the windows with the visit from the head office. Classical conditioning represents only a very small part of total human learning. So it has a limited value in the study of organizational behavior. Classical conditioning plays only a passive role. We will react in a particular way only if something happens. But in reality, the behavior of people in organizations is voluntary rather than being reflexive. Their behavior is not elicited in response to a specific, identifiable event but it is generally emitted. The learning of complex behavior can be better understood by looking at operant conditioning.

**2. Operant Conditioning:** Operant is defined as behavior that produces effect. Operant conditioning is based on the work of B.F. Skinner who advocated that individuals emit responses that are rewarded and will not emit responses that are either not rewarded or are punished. Operant conditioning argues that behavior is a function of its consequences. Behavior is likely to be repeated if the consequences are favorable. Behavior is not likely to be repeated if the consequences are unfavorable. Thus the relationship between behavior and consequences is the essence of the operant conditioning.

**3. Cognitive Learning:** Cognitive learning is achieved by thinking about the perceived relationship between events and individual goals and expectations. Cognitive theory of learning assumes that the organism learns the meaning of various objects and events and learned responses depend upon the meaning assigned to stimuli.

The cognitive theory recognizes the role of an organism in receiving, memorizing, retrieving and interpreting the stimulus and reacting to it. The cognitive explanation of learning differs from classical conditioning (stimulus response learning) and operant conditioning (response stimulus

learning). According to Tolman, cognitive approach could be termed as stimulus approach i.e. one stimulus leads to another.

**4. Social Learning:** Individuals can also learn by observing what happens to other people and just by being told about something, as well as by direct experiences. Much of what we have learned comes from observing and imitating models-parents, teachers, peers, superiors, film stars etc. This view that we can learn through both observation and direct experience has called social learning theory. This theory assumes that learning is not a case of environmental determinism (classical and operant views) or of individual determinism (The cognitive view). Rather it is a blending of both. Thus, social learning theory emphasizes the interactive nature of cognitive, behavioural and environmental determinants. The influence of model is central to the social learning view point. Four processes have been found to determine the influence that a model will have on an individual.

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

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

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

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

**The following diagram illustrates the effect of the social learning model on the individual:**  
**Shaping Behaviour:**

The learning process of individuals takes place on the job as well as prior to the job. In any organization, managers will be concerned with how they can teach employees to behave in the ways that are most beneficial to the organization. When an attempt is made by the managers to mould individuals by guiding their learning in graduated steps he is shaping their behavior. A manager can shape the behavior by systematical reinforcing each successive step that move the individual closer

to the desired response. For example, an employee who chronically leaves the office half hour early starts leaving the office only twenty minutes early, the manager can reinforce his behavior so that it comes more close to the desired behavior to leave the office in time. The first theoretical treatment given to reinforcement in learning and the framework that still dominates today is E.L. Thorndike's classic law of effect.

**The Law of Effect:** In Thorndike's own words, the law of effect simply states that, "Of several response made to the same situation, those which are accompanied or closely followed by satisfaction (Reinforcement)- will be more likely to recur, those which are accompanied or more closely followed by discomfort (Punishment- will be less likely to recur." The operant conditioning or learning approach to behavior is based on the law of effect. It has been demonstrated time after time in highly controlled learning experiments and is directly observable in everyday learning experiences. For example, if employees who work hard to achieve the organizational objectives are suitably rewarded monetarily or otherwise, they will tend to repeat their efforts when new objectives are set.

**Meaning of Motivation:** The word motivation is derived from motive, which is defined as an active form of a desire, craving or need, which must be satisfied. All motives are directed towards goals and the needs and desires affect or change your behavior, which becomes goal oriented. For example, if you ordinarily do not want to work overtime, it is quite likely that at a particular time, you may need more money (desire) so you may change your behavior, work overtime (goal oriented behavior) and satisfy your needs.

**Process of Motivation:** Motivated people are in constant state of tension. This tension is relieved by drives towards an activity and outcome that is meant to reduce or relieve such tension. The greater the tension, the more activity will, be needed to bring about relief and hence higher the motivation. Thus the basic motivation process can be depicted as follows:

**Effort:** The amount of effort put into the activity identifies the strength of the person's work-related behaviour. Hard work usually reflects high motivation.

**Persistence:** Motivation is a permanent and an integral part of a human being. Its second characteristic is persistence in the efforts. Motivation is continuously goal directed so that once a goal is achieved, a higher goal is selected and efforts are exercised towards this higher goal. For

example, a professor who publishes simply to get a promotion and then stops or reduces research efforts would not be considered as highly motivated. Accordingly, high motivation requires persistent efforts.

**Direction:** Persistent hard work determines the quantity of effort while direction determines the quality of the-anticipated output. All efforts are to be directed towards the organizational goal. This would ensure that the persistent effort is actually resulting into accepted organizational outcomes. From organizational behaviour point of view it must be recognized that since the needs of different employees differ both in nature as well as intensity, a composite view of the collective needs of the group is established with appropriate recognition of differences in individual needs. Selecting and applying appropriate motivators: A list of all devices of motivation is drawn and a selection made of such motivators— that motivate different types of people under different circumstances. Proper timing and the extent of motivation are also to be considered.— The individual goals should be given adequate attention within the framework of— group goals and the organizational goals.

### SOURCES OF MOTIVATION

Experts in the organizational behavior field have a divided opinion as to whether workers are motivated by factors in the external environment such as rewards or fear or whether motivation is self generated without the application of external factors. It is quite well understood that under the same set of external factors all workers are not equally motivated. Some of these motivational sources are:

**Positive Motivation:** Positive motivation involves proper recognition of employee, efforts and appreciation of employee contribution towards the organizational goal-achievement. Such motivations improve the standards of performance, lead to good team spirit and pride, a sense of cooperation and a feeling of belonging and happiness. Some of the positive motivators are: Praise and credit for work done.

**Negative or Fear Motivation:** This motivation is based upon the use of force, power, fear and threats. The fear of punishment or unfavourable consequences affects the behavioural changes. Some examples of negative motivation include the fear of failing in the examination, and fear of being fired or demoted. Fear of failure in the examination induces motivation in many students to work harder and pass the course.

**Extrinsic Motivation:** This type of motivation is induced by external factors, which are primarily financial in nature. It is based upon the assumption that the behavior, which results in positive rewards, tends to be repeated. However, the reward the desired behavior should be sufficiently powerful and durable so that it improves the probability of occurrence' of desirable behavior. Money is probably the most important incentive for positive behavior since money can be used for a number of other resources.

**Intrinsic Motivation:** Intrinsic motivation stems from feelings of achievement and accomplishment and is concerned with the state of self-actualization in which the satisfaction of accomplishing something worthwhile motivates the employee further so that this motivation is self-generated and is independent of financial rewards.

### **THEORIES OF MOTIVATION**

**Motivation theories** Content theories focus on WHAT, while process theories focus on HOW human behavior is motivated. Content theories are the earliest theories of motivation. Within the work environment they have had the greatest impact on management practice and policy, whilst within academic circles they are the least accepted. Content theories are also called needs theories: they try to identify what our needs are and relate motivation to the fulfilling of these needs. The content theories cannot entirely explain what motivate or de-motivate us. Process theories are concerned with “how” motivation occurs, and what kind of process can influence our motivation. The **main content theories** are: Maslow’s needs hierarchy, Alderfer’s ERG theory, McClelland’s achievement motivation and Herzberg’s two-factor theory. The **main process theories** are: Skinner’s reinforcement theory, Victor Vroom's expectancy theory, Adam’s equity theory and Locke’s goal setting theory (Figure 1). No single motivation theory explains all aspects of people’s motives or lack of motives. Each theoretical explanation can serve as the basis for the development of techniques for motivating.

**Maslow – hierarchy of needs** This is the earliest and most widely known theory of motivation, developed by Abraham Maslow (1943) in the 1940s and 1950s. This theory condenses needs into five basic categories. Maslow ordered these needs in his hierarchy, beginning with the basic psychological needs and continuing through safety, belonging and love, esteem and self-actualization (Figure 2). In his theory, the lowest unsatisfied need becomes the dominant, or the



most powerful and significant need. The most dominant need activates an individual to act to fulfill it. Satisfied needs do not motivate. Individual pursues to seek a higher need when lower needs are fulfilled. Maslow's hierarchy of needs is often shown in the shape of a pyramid: basic needs at the bottom and the most complex need (need for self-actualization) at the top. Maslow himself has never drawn a pyramid to describe these levels of our needs; but the pyramid has become the most known way to represent his hierarchy.

1. **Physiological needs** (e.g. food, water, shelter, sleep) It includes the most basic needs for humans to survive, such as air, water and food. Maslow emphasized, our body and mind cannot function well if these requirements are not fulfilled. These physiological needs are the most dominant of all needs. So if someone is missing everything in his/her life, probably the major motivation would be to fulfill his/her physiological needs rather than any others. A person who is lacking food, safety, love (also sex) and esteem, would most probably hunger for food (and also for money, salary to buy food) than for anything else. If all the needs are unsatisfied, and the organism is then overruled by the physiological needs, all other needs may turn into the background. All capacities are put into the attendance of satisfying hunger. Any other things are forgotten or got secondary importance.

2. **Safety and security** (secure source of income, a place to live, health and well-being) If the physiological needs are relatively well contented, new needs will appear, the so called safety needs. Safety needs refer to a person's desire for security or protection. Basically everything looks less important than safety and protection (the physiological needs even sometimes). The healthy and fortunate adults in our culture are largely satisfied in their safety needs. The peaceful, sure, safety and unwavering society makes us feel in safety enough from criminal assaults, murder, unbelievable natural catastrophes, and so on. In that case people no longer have any safety needs as first-line motivators. Meeting with safety needs demonstrated as a preference for insurance policies, saving accounts or job security, etc., we think about the lack of economic safety. Children have a greater need to feel safe. That is the reason why this level is more important for children. Safety and security needs include: Personal security; Financial security; Health and well-being; Safety mesh against accidents, illnesses and their adverse impacts. To tell the truth, in real dangers and traumas – like war, murder, natural catastrophes, criminal assault, etc. -, the needs for safety become an active, first-line and dominant mobilizer of human beings.



3. **Belongingness and love** (integration into social groups, feel part of a community or a group; affectionate relationships) If both the physiological and the safety needs are fulfilled, the affection, love and belongingness needs come into prominence. Maslow claimed people need to belong and accepted among their social groups. Group size does not mean anything: social groups can be large or small. Depending on the power and pressure of the peer group, this need for belonging may overbear the physiological and security needs.

4. **Esteem** (respect for a person as a useful, honourable human being) In our society most people long for a stable and high valuation of themselves, for the esteem of others and for self-respect or self-esteem. Esteem means being valued, respected and appreciated by others. Humans need to feel to be valued, such as being useful and necessary in the world. People with low self-esteem often need respect from others. Maslow divided two types of esteem needs: a 'lower' version and a 'higher' version. The 'lower' version of esteem is the need for respect from others: for example attention, prestige, status and loving their opinion. The 'higher' version is the need for self-respect: for example, the person may need independence, and freedom or self-confidence. The most stable and therefore the healthiest self-esteem is based on respect from others. External fame or celebrity and unwarranted adulation won't cause self-esteem, although you feel better for a while.

5. **Self-actualization** (individual's desire to grow and develop to his or her fullest potential) 'What humans can be, they must be.' (Maslow, 1954) Self-actualization reflects an individual's desire to grow and develop to his/her fullest potential. People like opportunities, choosing his/her own versions, challenging positions or creative tasks. Maslow described this level as the '*need to accomplish everything that one can, to become the most that one can be*'. Maslow believed that people must overcome their other needs – described above -, not only achieve them. At this level, individual differences are the largest. As each level is adequately satisfied, we are then motivated to satisfy the next level in the hierarchy, always new and higher needs are coming. This is what we mean, when the basic human needs are drawn like a pyramid, a hierarchy. Life experiences, including divorce and loss of job, may cause an individual to fluctuate between levels of the hierarchy. These five different levels were further subcategorized into two main groups: *deficiency and growth needs*.

**Deficiency needs** – The very basic needs for survival and security. These needs include:

- *Physiological needs*
- *Safety and security needs*
- *Social needs – belongingness and love*
- *esteem needs*

It may not cause a physical indication if these ‘deficiency needs’ are not fulfilled, but the individual will feel anxious and tense. So the most basic level of needs must be fulfilled before a person wants to focus on the secondary or higher level needs.

**Growth needs** – Personal growth and fulfillment of personal potential. These needs include:

- *self-actualization needs* This hierarchy is not as rigid as we may have implied. For example, there are some humans for whom self-esteem or self-actualization seems to be more important than love or belonging. The popularity of this theory of motivation rooted in its simplicity and logic.

**Alderfer – ERG theory: Existence needs, relatedness needs and growth needs**

Alderfer (Furnham, 2008) distinguished three steps or classes of needs: *existence, relatedness and growth*. Maslow’s physiological and safety needs belong together to existence needs. Relatedness can be harmonised to belongingness and esteem of others. Growth is the same as Maslow’s self-esteem plus self-actualization. Both Maslow and Alderfer tried to describe how these needs, these stages of needs become more or less important to individuals.

- **Existence needs:** These include needs for basic material necessities. In short, it includes an individual’s physiological and physical safety needs.
- **Relatedness needs:** Individuals need significant relationships (be with family, peers or superiors), love and belongingness, they strive toward reaching public fame and recognition. This class of needs contain Maslow’s social needs and external component of esteem needs.
- **Growth needs:** Need for self-development, personal growth and advancement form together this class of need. This class of needs contain Maslow’s self-actualization needs and intrinsic component of esteem needs.

**McClelland – Need for achievement, affiliation and power** In the early 1960s McClelland – built on Maslow’s work – described three human motivators. McClelland (Arnold et al., 2005) claimed that humans acquire, learn their motivators over time that is the reason why this theory is

sometimes called the '*Learned Needs Theory*'. He affirms that we all have three motivating drivers, and it does not depend on our gender or age. One of these drives or needs will be dominant in our behaviour.

McClelland's theory differs from Maslow's and Alderfer's, which focus on satisfying existing needs rather than creating or developing needs. This dominant motivator depends on our culture and life experiences, of course (but the three motivators are permanent). The three motivators are:

- **Achievement**: a need to accomplish and demonstrate competence or mastery
- **Affiliation**: a need for love, belonging and relatedness
- **Power**: a need for control over one's own work or the work of others

**Achievement motivation** – a need to accomplish and demonstrate competence or mastery. It pertains to a person's need for significant success, mastering of skills, control or high standards. It is associated with a range of actions. Individuals seek achievement, attainment of challenging (and also realistic) goals, and advancement in the school or job. This need is influenced by internal drivers for action (intrinsic motivation), and the pressure used by the prospects of others (extrinsic motivation). Low need for achievement could mean that individuals want to minimise risk of failure, and for this reason people may choose very easy or too difficult tasks, when they cannot avoid failure. In contrast, high need for achievement means that humans try to choose optimal, sufficiently difficult tasks, because they want to get the chance to reach their goals, but they have to work for it, they need to develop themselves. Individuals with high need for achievement like to receive regular feedback on their progress and achievements; and often like to work alone; seek challenges and like high degree of independence. Sources of high need for achievement can be: praise for success, goal setting skills, one's own competence and effort to achieve something, and it does not depend only on luck; of course positive feelings and also independence in childhood. McClelland said that training, teaching can increase an individual's need for achievement. For this reason, some have argued that need for achievement is not a need but a value.

**Affiliation motivation** – a need for love, belonging and relatedness These people have a strong need for friendships and want to belong within a social group, need to be liked and held in popular regard. They are team players, and they may be less effective in leadership positions. High-need-

for-affiliation persons have support from those with whom they have regular contact and mostly are involved in warm interpersonal relationships. After or during stressful situation individuals need much more affiliation. In these situations people come together and find security in one another. There are times when individuals want to be with others and at other times to be alone – affiliation motivation can become increased or decreased. Individuals do not like high risk or uncertainty.

**Authority/power motivation** – a need to control over one's own work or the work of others. These persons are authority motivated. There is a strong need to lead and to succeed in their ideas. It is also needed to increase personal status and prestige. This person would like to control and influence others. McClelland studied male managers with high need for power and high need for affiliation and found that managers with a high need for power tended to run more productive departments in a sales organization than did managers with a high need for affiliation. It is important to speak about gender differences in need for power. It is said that men with high need for power mostly have higher aggression, drink more, act in sexually exploitative manner, and participate in competitive sports, and also political unrests. At the same time women with higher need for power show more socially acceptable and responsible manner, are more concerned and caring. These types of people prefer to work in big, multinational organisations, businesses and other influential professions. McClelland argues that strong need for achievement people can become the best leaders – as we wrote it above. But at the same time there can be a tendency to request too much of their employees, because they think that these people are also highly achievement-focused and resultsdriven, as they are. Think about your teachers and professors! I am sure they all want the best for you, they would like to develop you, but I do not think you feel the same every time. McClelland said that most people have and show a combination of these characteristics.

### **Herzberg – Two factor theory**

It is also called motivation-hygiene theory. Opposite of satisfaction is not dissatisfaction, but rather, no satisfaction. According to Herzberg (1987) the job satisfiers deal with the factors involved in doing the job, whereas the job dissatisfies deal with the factors which define the job context.

If the **hygiene factors**, for example salary, working conditions, work environment, safety and security are unsuitable (low level) at the workplace, this can make individuals unhappy, dissatisfied with their job.

**Motivating factors**, on the other hand, can increase job satisfaction, and motivation is based on an individual's need for personal growth. If these elements are effective, then they can motivate an individual to achieve above-average performance and effort. For example, having responsibility or achievement can cause satisfaction (human characteristics) (Dartey-Baah, 2011).

Herzberg's five factors of job satisfaction (motivating factors):

- Achievement
- Recognition
- work itself
- Responsibility
- Advancement

Only these factors can motivate us. But at the same time we need the lack of dissatisfactions (we need hygiene factors, "workplace") to achieve more efficient work.

Herzberg's five factors of job dissatisfaction (hygiene factors – deficiency needs):

- Company policy and administration
- Supervision
- Salary
- Interpersonal relationships
- working conditions

### **Vroom's expectancy theory**

The expectancy theory places an emphasis on the process and on the content of motivation as well, and it integrates needs, equity and reinforcement theories.

Victor Vroom's (1964) expectancy theory aims to explain how people choose from the available actions. Vroom defines motivation as a process that governs our choices among alternative forms of voluntary behaviour. The basic rationale of this theory is that motivation stems from the belief that decisions will have their desired outcomes.

The motivation to engage in an activity is determined by appraising three factors. These three factors are the following (Figure 4):

- Expectancy – a person's belief that more effort will result in success. If you work harder, it will result in better performance.

In this case the question is: "Am I capable of making a good grade on a math test if I learn more?" Appraisal of this factor is based on the effort to learn math, on knowledge of math, on the previous experience of math test results, on self-efficacy and specific self-rated abilities.

- Instrumentality – the person's belief that there is a connection between activity and goal. If you perform well, you will get reward.

In this case the question is that: "Will I get the promised reward (a good mark) for performing well on a math test?" Appraisal of this factor is based on the accuracy and consistency of marking.

If one day I get a good grade and another day I get a bad grade for the same performance, then the motivation will decrease.

- Valence – the degree to which a person values the reward, the results of success.

**Adams' equity theory** The equity theory states that people are motivated if they are treated equitably, and receive what they consider fair for their effort and costs. The theory was suggested by Adams (1965) and is based on Social Exchange theory.

At the workplace the workers put inputs into the job, such as education, experience, effort, energy, and expect to get some outcomes such as salary, reward, promotion, verbal recognition, and interesting and challenging work each in equal amounts.

The equity theory works not just in the workplace, but at school as well. For example, when for the same oral exam performance two students get different marks, then inequity exists. In this case, the student who gets the worse mark may lose his/her motivation to learn (reduce his/her efforts), or persuade the teacher to give him/her a better mark, or change the perception of the reference person's performance. At the school it can de-motivate students if someone who never studies or who never performs better than the others always gets good mark. The greater the inequity the greater the distress an individual feels, which will motivate the Endeavour to make the outcomes and the inputs equal compared to the reference person.

## **LEADERSHIP**

### **Definition**

Leadership is defined as influence, the art or process of influencing people so that they will strive willingly and enthusiastically toward the achievement of group goals.

- Leaders act to help a group attain objectives through the maximum application of its capabilities.
- Leaders must instill values – whether it be concern for quality, honesty and calculated risk taking or for employees and customers.

### **Importance of Leadership**

1. Aid to authority
2. Motive power to group efforts
3. Basis for co operation
4. Integration of Formal and Informal Organization.

## **LEADERSHIP STYLES**

The leadership style we will discuss here are:

- a) Autocratic style



- b) Democratic Style
- c) Laissez Faire Style

**a) Autocratic style**

Manager retains as much power and decision-making authority as possible. The manager does not consult employees, nor are they allowed to give any input. Employees are expected to obey orders without receiving any explanations. The motivation environment is produced by creating a structured set of rewards and punishments.

Autocratic leadership is a classical leadership style with the following characteristics:

- Manager seeks to make as many decisions as possible
- Manager seeks to have the most authority and control in decision making
- Manager seeks to retain responsibility rather than utilize complete delegation
- Consultation with other colleagues in minimal and decision making becomes a solitary process
- Managers are less concerned with investing their own leadership development, and prefer to simply work on the task at hand.

**Advantages**

Reduced stress due to increased control

A more productive group 'while the leader is watching'

Improved logistics of operations

Faster decision making

**Disadvantages**

Short-termistic approach to management.

Manager perceived as having poor leadership skills

Increased workload for the manager

People dislike being ordered around

Teams become dependent upon their leader

**b) Democratic Style**



Democratic Leadership is the leadership style that promotes the sharing of responsibility, the exercise of delegation and continual consultation.

The style has the following characteristics:

- Manager seeks consultation on all major issues and decisions.
- Manager effectively delegate tasks to subordinates and give them full control and responsibility for those tasks.
- Manager welcomes feedback on the results of initiatives and the work environment.
- Manager encourages others to become leaders and be involved in leadership development.

**Advantages**

Positive work environment  
Successful initiatives  
Creative thinking  
Reduction of friction and office politics  
Reduced employee turnover

**Disadvantages**

Takes long time to take decisions  
Danger of pseudo participation

Like the other styles, the democratic style is not always appropriate. It is most successful when used with highly skilled or experienced employees or when implementing operational changes or resolving individual or group problems.

**c) Laissez-Faire Style**

This French phrase means “leave it be” and is used to describe a leader who leaves his/her colleagues to get on with their work. The style is largely a "hands off" view that tends to minimize the amount of direction and face time required.

**Advantages**

- No work for the leader
- Frustration may force others into leadership roles
- Allows the visionary worker the opportunity to do what they want, free from interference
- Empowers the group

### Disadvantages

It makes employees feel insecure at the unavailability of a manager. The manager cannot provide regular feedback to let employees know how well they are doing.

Managers are unable to thank employees for their good work. The manager doesn't understand his or her responsibilities and is hoping the employees can cover for him or her.

### LEADERSHIP THEORIES:

The various leadership theories are

**a) Great Man Theory:** Assumptions • Leaders are born and not made. • Great leaders will arise when there is a great need.

Description Early research on leadership was based on the study of people who were already great leaders. These people were often from the aristocracy, as few from lower classes had the opportunity to lead. This contributed to the notion that leadership had something to do with breeding. The idea of the Great Man also strayed into the mythic domain, with notions that in times of need, a Great Man would arise, almost by magic. This was easy to verify, by pointing to people such as Eisenhower and Churchill, let alone those further back along the timeline, even to Jesus, Moses, Mohammed and the Buddha.

Discussion Gender issues were not on the table when the 'Great Man' theory was proposed. Most leaders were male and the thought of a Great Woman was generally in areas other than leadership. Most researchers were also male, and concerns about androcentric bias were a long way from being realized.

**b) Trait Theory:** Assumptions • People are born with inherited traits. • Some traits are particularly suited to leadership. • People who make good leaders have the right (or sufficient) combination of traits. Description Early research on leadership was based on the psychological focus of the day, which was of people having inherited characteristics or traits. Attention was thus put on discovering these traits, often by studying successful leaders, but with the underlying assumption that if other people could also be found with these traits, then they, too, could also become great leaders.

McCall and Lombardo (1983) researched both success and failure identified four primary traits by which leaders could succeed or 'derail': Emotional stability and composure: Calm, confident and predictable, particularly when under stress. Admitting error: Owning up to mistakes, rather than putting energy into covering up. Good interpersonal skills: able to communicate and persuade others without resort to negative or coercive tactics. Intellectual breadth: Able to understand a wide range of areas, rather than having a narrow (and narrow-minded) area of expertise.

**c) Behavioral Theory:** Assumptions • Leaders can be made, rather than are born. • Successful leadership is based in definable, learnable behavior.

Description Behavioral theories of leadership do not seek inborn traits or capabilities. Rather, they look at what leaders actually do. If success can be defined in terms of describable actions, then it should be relatively easy for other people to act in the same way. This is easier to teach and learn than to adopt the more ephemeral 'traits' or 'capabilities'.

**d) Participative Leadership:** Assumptions • Involvement in decision-making improves the understanding of the issues involved by those who must carry out the decisions. • People are more committed to actions where they have involved in the relevant decision making. • People are less competitive and more collaborative when they are working on joint goals.

- When people make decisions together, the social commitment to one another is greater and thus increases their commitment to the decision.
- Several people deciding together make better decisions than one person alone.

A Participative Leader, rather than taking autocratic decisions, seeks to involve other people in the process, possibly including subordinates, peers, superiors and other stakeholders. Often, however, as it is within the managers' whim to give or deny control to his or her subordinates, most participative activity is within the immediate team. The question of how much influence others are given thus may vary on the manager's preferences and beliefs, and a whole spectrum of participation is possible

**e) Situational Leadership:** Assumptions • The best action of the leader depends on a range of situational factors.

When a decision is needed, an effective leader does not just fall into a single preferred style. In practice, as they say, things are not that simple. Factors that affect situational decisions include motivation and capability of followers. This, in turn, is affected by factors within the particular situation. The relationship between followers and the leader may be another factor that affects leader behavior as much as it does follower behavior. The leaders' perception of the follower and the situation will affect what they do rather than the truth of the situation. The leader's perception of themselves and other factors such as stress and mood will also modify the leaders' behavior.

**f) Contingency Theory:** Assumptions • The leader's ability to lead is contingent upon various situational factors, including the leader's preferred style, the capabilities and behaviors of followers and also various other situational factors.

Contingency theories are a class of behavioral theory that contend that there is no one best way of leading and that a leadership style that is effective in some situations may not be successful in others. An effect of this is that leaders who are very effective at one place and time may become unsuccessful either when transplanted to another situation or when the factors around them change. Contingency theory is similar to situational theory in that there is an assumption of no simple one right way. The main difference is that situational theory tends to focus more on the behaviors that the leader should adopt, given situational factors (often about follower behavior), whereas contingency theory takes a broader view that includes contingent factors about leader capability and other variables within the situation.

**g) Transactional Leadership:** Assumptions • People are motivated by reward and punishment. • Social systems work best with a clear chain of command. • When people have agreed to do a job, a part of the deal is that they cede all authority to their manager. • The prime purpose of a subordinate is to do what their manager tells them to do.

The transactional leader works through creating clear structures whereby it is clear what is required of their subordinates, and the rewards that they get for following orders. Punishments are not always mentioned, but they are also well-understood and formal systems of discipline are usually in place.

The early stage of Transactional Leadership is in negotiating the contract whereby the subordinate is given a salary and other benefits, and the company (and by implication the subordinate's manager) gets authority over the subordinate.

When the Transactional Leader allocates work to a subordinate, they are considered to be fully responsible for it, whether or not they have the resources or capability to carry it out. When things go wrong, then the subordinate is considered to be personally at fault, and is punished for their failure (just as they are rewarded for succeeding).

**h)Transformational Leadership:** Assumptions • People will follow a person who inspires them. • A person with vision and passion can achieve great things. • The way to get things done is by injecting enthusiasm and energy.

Working for a Transformational Leader can be a wonderful and uplifting experience. They put passion and energy into everything. They care about you and want you to succeed. Transformational Leaders are often charismatic, but are not as narcissistic as pure Charismatic Leaders, who succeed through a belief in themselves rather than a belief in others. One of the traps of Transformational Leadership is that passion and confidence can easily be mistaken for truth and reality. Transformational Leaders, by definition, seek to transform. When the organization does not need transforming and people are happy as they are, then such a leader will be frustrated. Like wartime leaders, however, given the right situation they come into their own and can be personally responsible for saving entire companies.

#### **Power and Politics:**

Power is a pervasive part of organizational life, used by managers to accomplish goals and to strengthen their own positions. Managers manipulate power to accomplish goals and strengthen their own positions. Success or failure in using power depends on understanding what it is, how and when to use it, and understanding its consequences.

The Concept of Power Power and influence.

Every interaction and social relationship in an organization can be interpreted as an exercise of power. Influence is a transaction in which person B is induced by person A to behave in a certain way. Person A has power over person B to the extent A can get B to do something that B would otherwise not do.

The difference between power and influence is : Power represents capability while Influence is the exercise of that capability. Power is not an attribute; it is an aspect of a relationship.

**Where Does Power Come From?**

A .Interpersonal power—French and Raven's five power bases:

1. Legitimate power—refers to the ability to influence others because of the position one holds in the organization. It is also called authority, or the right to command. Characteristics of organizational authority are:

- I. It is invested in a person's position.
- ii. It is accepted by subordinates.
- iii. Authority is used vertically; flows from the top down.

Zone of indifference - possessing formal power, or authority, does not mean that all orders will be followed. Orders will be followed if they are acceptable to the subordinate. They lie within the zone of indifference. Unacceptable orders, outside the zone of indifference, will not be readily followed. The zone of indifference may be wider or narrower, depending on sources of power other than authority. It may be shaped by cultural factors.

2. Reward power—based on a person's ability to reward a follower for compliance. It occurs when someone possesses a resource that another person wants and will exchange that resource for certain behavior. It supports legitimate power.

3. Coercive power—the power to punish. It is based on fear. It can come from legitimate. It can come informally, e.g., fear of rejection by coworkers.

4. Expert power—based on an individual's special and valued expertise. The lower the substitutability of the expertise, the greater the expert's power.

5. Referent power—based on an individual's charisma (behavioral style).

**B. Power in Groups:**

1. Coalitions: are Clusters of individuals who temporarily come together to achieve a specific purpose. It seeks to maximize their size to attain influence. Coalition seeks a broad and diverse constituency for support of their objectives. It occurs more frequently in organizations with high task and resource inter-dependencies. it also occur more frequently if tasks are standardized and routine.

2. Sexual Harassment: Unequal Power in the Workplace. Unwelcome advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature in a work environment reasonably perceived as hostile or abusive.

#### **C. Power in Organization**

1. Structural Power. Power is frequently determined by organizational structure. Structure is the control mechanism by which the organization is governed. Structure allocates decision-making discretion to various positions, affects the patterns of communication and the flow in information within a system. Structure creates formal power by specifying certain individuals to perform specific job tasks and make certain decisions.

Other forms of structural power exist because of:

a. Resources-Power stems from access to resources, information and support and the ability to get cooperation in doing necessary work. A top manager has power over a lower-level manager because he/she controls the lower-level manager's resources.

b. Decision making power—how much an individual or subunit influences decision-making affects the amount of power acquired.

c. Information power—power accrues to those with access to important information (the basis for decisions).

2. Interdepartmental power Subunits/departments can gain power by controlling strategic contingencies—events that are critical in accomplishing organizational goals. Relevant to strategic contingencies, subunit power is influenced by subunit ability to cope with uncertainty, and its centrality and substitutability.

#### **Power Tactics**

Ways in which individuals translate power bases into specific actions Influence Tactics

- Legitimacy
- Rational persuasion
- Inspirational appeals
- Consultation
- Exchange
- Personal appeals
- Ingratiation
- Pressure
- Coalitions



**Politics: Power in Action**

**Political Behavior**

Activities that are not required as part of one's formal role in the organization, but that influence, or attempt to influence, the distribution of advantages or disadvantages within the organization

**Legitimate Political Behavior**-Normal everyday politics

**Illegitimate Political Behavior**-Extreme political behavior that violates the implied rules of the game.

**Factors that Influence Political Behaviors**

Individual factors

-high self monitors, internal locus of control, high Mach personality, Organizational investment, perceived job alternatives, expectation of success.

Organizational factors

- reallocation of resources, promotion opportunities, low trust, role ambiguity, unclear performance evaluation system, zero-sum reward practices, democratic decision making, high performance pressures, self serving managers. Political behaviour leads to favourable outcome like rewards and averted punishments.

**Part A (ONE Mark)**  
**Multiple Choice Questions**  
**Online Examination**

**Part B**  
**(2 Marks)**

1. What is learning?
2. Define Motivation.
3. What is reinforcement?
4. Define Leadership.
5. What is power and politics?

**Part C (8 Marks)**

1. Discuss the concept of power. What are the sources of power in an organization?
2. What is politics? What are the factors that influence political behaviour?
3. Elaborate the Political strategies and tactics prevalent in organization.
4. Discuss the relation between Ethics, power and politics.
5. How can power be used to manage effectively?
6. Explain the leadership theories.
7. Describe the learning theories.

**CIA: 3\*8=24 Marks (Either or Type)**

**ESE: 5\*6=30 Marks (Either or Type)**

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Class: I MBA Course Name: Fundamentals of Management and Organisational Behavior

Course Code: 18BAU101

Unit V

Semester: I

Year: 2018-21 Batch

## UNIT V

Groups and Teams - Definition, Difference between Groups and teams - Stages of Group Development - Group Cohesiveness - Types of teams  
Conflict: Concept, Sources- Types, Stages of conflict - Management of conflict,  
Organisational Change :Concept, Resistance to change, Managing resistance to change, Implementing Change –Kurt Lewin Theory of Change

### 1. GROUP

- A group is two or more individuals who share common interests or characteristics and whose members identify with each other due to similar traits.
- A Number of people or things that are together or in the same place.
- A number of people who are connected by some shared activity, interest or quality

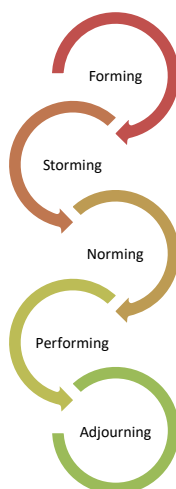
#### Definition of Group

- ✚ A group is an assemblage of persons who work, interact and cooperate with one another in achieving a common goal in a specified time.
- ✚ The identity of the group members is taken individually. The members share information and resources with other group members.

### STAGES OF GROUP DEVELOPMENT

**Tuckman** identified **four stages** of group development, which included the stages of forming, storming, norming and performing.

A fifth stage was later added by Tuckman about ten years later, which is called adjourning. It is believed that these stages are universal to all teams despite the group's members, purpose, goal, culture, location, demographics and so on.



#### Forming

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The first stage of group development is known as the forming stage. The forming stage represents a time where the group is just starting to come together and is characterized with anxiety and uncertainty. Members are cautious with their behavior, which is driven by the desire to be accepted by all members of the group. Conflict, controversy and personal opinions are avoided even though members are beginning to form impressions of each other and gain an understanding of what the group will do together. Some believe this cautious behavior prevents the group from getting any real work done. However, the focus for group members during the forming stage is to become familiar with each other and their purpose, not on work.

Typical outcomes of the forming stage include things like gaining an understanding of the group's purpose, determining how the team will be organized and who will be responsible for what, discussion of major milestones or phases of the group's goal (including a rough project schedule), outlining general group rules (including when they will meet) and discovery of what resources will be available for the group to use.

## **Storming**

The second stage of group development is known as the storming stage. The storming stage is where conflict and competition are at its greatest. This is because now that group members have an understanding of the task and a general feel for who they are as a group and who group members are, they feel confident and begin to address some of the more important issues surrounding the group. Such issues can relate to things like the group's tasks, individual roles and responsibilities or even with the group members themselves.

The storming stage is where the more dominant of the group members emerge, while other, less confrontational members stay in the comfort and security of suppressing their feelings just as they did in the previous stage. Even though these individuals stay quiet, issues may still exist. All members have an increased need for clarification. Questions surrounding leadership, authority, rules, responsibilities, structure, evaluation criteria and reward systems tend to arise during the storming stage. Such questions must be answered so that the group can move on to the next stage. Consequently, not all groups are able to move past the storming stage.

## **Norming**

Once a group receives the clarity that it so desperately needs, it can move on to the third stage of group development, known as the norming stage. The norming stage is the time where the group becomes a cohesive unit. Morale is high as group members actively acknowledge the talents, skills and experience that each member brings to the group. A sense of community is established and the group remains focused on the group's purpose and goal. Members are flexible, interdependent and trust each other. Leadership is shared, and members are willing to adapt to the needs of the group. Information flows seamlessly and is uninhibited due to the sense of security members feel in the norming stage.

## **Performing**

At its peak, the group moves into the fourth stage of group development, known as the performing stage. The performing stage is marked by high productivity. Group members are

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unified, loyal and supportive. Competence in all members is seen, allowing for a high level of autonomy in decision making. Problem solving, experimentation and testing possible solutions are high as group members are focused on task completion and achievement. The overall objective of the group during the performing stage is to complete their mission and fulfill their purpose through goal achievement.

## Adjourning

Tuckman's final stage, Adjourning, involves the termination of task behaviors and disengagement from relationships. A planned conclusion usually includes recognition for participation and achievement and an opportunity for members to say personal goodbyes. Concluding a group can create some apprehension - in effect, a minor crisis. The termination of the group is a regressive movement from giving up control to giving up inclusion in the group. The most effective interventions in this stage are those that facilitate task termination and the disengagement process.

## TYPES OF GROUPS

1. Permanent and Temporary Formal Groups.
2. Command Group such as sections, department etc.
3. Functional Groups are classified according to functions of the members of the groups such as clerks, typists, etc. These groups possess the authority of both command groups and functional groups. Functional groups can again be classified into :
  - (a) Team group specifies no fixed role to its members.
  - (b) Task group specifies a fixed job to each of its members.
  - (c) Technological group is allotted the roles by the management.
4. Status Groups involve the members of the same status in the organization.

## Informal Groups

Groups which are not formal are informal. In other words, these are groups that are neither formally created nor controlled by the organization. These groups are natural formations in the work environment that appear in response to the need for social contact. Four employees belonging to four different departments taking their lunch together represent an example of an informal group. Informal groups arise spontaneously and voluntarily to satisfy the various social needs, not likely to be fulfilled by the formal organization. The members of such groups are called informal groups. The leader of the informal group is selected among the members of the group. Authority in such groups is given to the person and to the position. Communication in informal groups is through informal channels. The various kinds of formal groups are :

### 1. Friendship Groups

Friendship groups are associations of people who like each other and who like to be together. Such groups are formed because members have one or more common characteristics, such as age or ethnic heritage, political beliefs, religious values and other bonds of attraction.

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## 2. Interest Groups

Interest groups are composed of individuals who may not be members of the same organization (command or task groups), but they are united by their interest in a common issue. Example of interest groups may include a group of University Professors. They organize a seminar on Law and Order Problems in the State of Tamil Nadu.

## 3. Reference Group

A reference group is a special type of informal group that people use to evaluate themselves. A reference group may not be an actual one that meets together, it can be an imaginary group. The reference group for a new university Lecturer, for example, may be other scholars in the same discipline at other universities.

## 4. Isolates who are not a member of any group

Another classification of informal groups by Sayles from the standpoint of pressure tactics is divided into four groups :

- (i) The Apathetic Group : Not sincere to their demand and members do not actively engage in union activity.
- (ii) The Erratic Group : Very sensitive to their demand. Easily inflamed and easily pacified. Engage in union activity without working. Deep rooted grievances exist without any reaction from the group.
- (iii) The Strategic Group : These groups have a well planned strategy for fighting with the management for their grievances. They build continuous pressure.
- (iv) Conservative Group: Consists of members having critical or scarce skills. Though they have strong position yet are least engaged in union activity.

## Distinction Between Formal and Informal Groups

### 1. Origin

A formal group is deliberately structured and planned to subserve organizational interest. The manager decides about the activities of each individual and his interaction with others. They come together because of the interdependence of their operations or their mutual dependence on their common boss. An informal group, on the other hand, emerges voluntarily and spontaneously. In fact, the formal organization itself contains the seeds for the emergence of informal groups. It allocates people in different departments, work-locations and time-schedules and while performing their tasks, the members develop their activities, interactions and sentiments towards each other which are not cared for by the formal organization.

### 2. Purpose of the Group Formation

The main purpose of formal groups is to serve the organization as means to formal ends, while the informal groups provide social satisfaction and stability to work groups.

### 3. Authority

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The authority to a formal group is given by the institution according to the position on the organization chart. It is given to the position and not to the man concerned. Whosoever be in that position, will enjoy the authority. Authority in such groups is acquired through delegation from the above to the downward. Contrarily, the authority in an informal group is earned or given permissively by the members of the group. It is given to a person considering his age, seniority, competence, etc. and not to the position and so it flows horizontally or at times, even upward.

## **4. Communication**

All messages-upward or downward-pass through the chain of command strictly as given on the organization chart. In an informal group, all messages are passed through informal channel because there is no such chain of command. People remain in mutual contact with each other, they learn about every person of group what is going on in the organization.

## **5. Control on Behaviour**

Behaviour of the people of the formal group is regulated by the rules and regulations framed with an intention to attain rotationally and efficiency. Violation of any rule attracts penalty and punishment. In an informal group, on the other hand, behaviour of the members is controlled through norms, values and beliefs of the group. The members of the informal group may compel any member of the group to disassociate himself from the group, if he is continuously violating the norms of the group after giving him proper warning.

## **6. Size**

Formal groups are quite large because personal relations have no concern there, while the informal groups tend to remain smaller so as to keep it within limits of personal relations.

## **7. Nature of Group**

Formal groups are stable in character and continues for a longer period. Informal groups are quite unstable because they are subject to sentiments and feelings of the group members. A particular informal group ceases to exist as soon as its purpose is solved.

## **8. Sanctions to Members**

Members are suitably rewarded or punished for their work done in a formal group according to the formal rules and regulations of the group. Rewards or punishments may be financial or non-financial. But in an informal group, the efforts of the person are recognised mainly through non-financial rewards or punishments generally in terms of feelings, status and prestige.

## **9. Abolition of the Group**

As formal groups are subject to management control, they can be abolished at the discretion of the proper authority while a particular informal group cannot be destroyed because any attempt to destroy it may lead to formation of several other groups because there is no management control over it. Management cannot destroy it because it has not formed that.

## **10. Number of Groups**



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The whole organization (formal group) is divided into several units and sub-units working for the common cause but a large number of informal groups are found in an institution and some even outside the institution. An individual may be the member of a number of informal groups for different purposes. So there is overlapping membership and multiple groups.

## 2. TEAM

A group of people with a full set of complementary skills required to complete a task, job, or project.

Team members

(1) Operate with a high degree of interdependence,

(2) Share authority and responsibility for self-management,

(3) Are accountable for the collective performance, and

(4) Work toward a common goal and shared rewards(s).

- ❖ A team becomes more than just a collection of people when a strong sense of mutual commitment creates synergy, thus generating performance greater than the sum of the performance of its individual members.
- ❖ A team is a group of people or other animals linked in a common purpose. Human teams are especially appropriate for conducting tasks that are high in complexity and have many interdependent subtasks
- ❖ A group does not necessarily constitute a team. Teams normally have members with complementary skills and generate synergy through a coordinated effort which allows each member to maximize their strengths and minimize their weaknesses.
- ❖ Team members need to learn how to help one another, help other team members realize their true potential, and create an environment that allows everyone to go beyond his or her limitations. Teams can be broken down into from a huge team or one big group of people, even if these smaller secondary teams are temporary.
- ❖ A team becomes more than just a collection of people when a strong sense of mutual commitment creates synergy, thus generating performance greater than the sum of the performance of its individual members.

### Definition of Team

A group of people who are joined together for achieving a common goal within a stipulated period, having collective accountability is known as the team. The agenda of the team is “one for all and all for one”. Apart from sharing information, the team members also share the responsibility of the team task. The team is always responsible for the outcome (i.e. Result of the collective efforts of the team members).

### Multidisciplinary teams

Multidisciplinary teams involve several professionals who independently treat various issues a patient may have, focusing on the issues in which they specialize. The problems that are

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being treated may or may not relate to other issues being addressed by individual team members.

## The interdisciplinary team

The interdisciplinary team approach involves all members of the team working together towards the same goal. In an interdisciplinary team approach, members of the core team will often role - blend, taking on tasks usually filled by people in different roles on the team

## Executive team

An executive team is a management team that draws up plans for activities and then directs these activities (Devine, 2002). An example of an executive team would be a construction team designing blueprints for a new building, and then guiding the construction of the building using these blueprints.

## Command team

The goal of the command team is to combine instructions and to coordinate action among management. In other words, command teams serve as the "middle man" in tasks .For instance, messengers on a construction site, conveying instructions from the executive team to the builders, would be an example of a command team.

## Project teams

A team used only for a defined period of time and for a separate, concretely definable purpose, often becomes known as a project team. This category of team includes negotiation-, commission- and design-team subtypes. In general, these types of teams are multi-talented and composed of individuals with expertise in many different areas. Members of these teams might belong to different groups, but receive assignment to activities for the same project, thereby allowing outsiders to view them as a single unit. In this way, setting up a team allegedly facilitates the creation, tracking and assignment of a group of people based on the project in hand.

## Advisory teams

Advisory teams make suggestions about a final product For instance, *a quality-control* group on an assembly line would be an example of an advisory team: they may examine the products produced and make suggestions about how to improve the quality of the items being made.

## Work teams

Work teams are responsible for the actual act of creating tangible products and services .The actual workers on an assembly line would be an example of a production team, whereas waiters and waitresses at a diner would be an example of a service team.

## Action teams

Action teams are highly specialized and coordinated teams whose actions are intensely focused on producing a product or service . An NFL football team would be an example of an action team. Other examples occur in the military, paramedics, and transportation

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### Sports teams

A sports team is a group of people which play sports together. Members include all players (even those who are waiting their turn to play), as well as support members such as a team manager or coach.

### Virtual team

A virtual team is a group of people who work interdependently and with shared purpose across space, time, and organizational boundaries using technology to communicate and collaborate. Virtual team members can be located across a country or across the world, rarely meet face-to-face, and include members from different cultures.

### Groups Versus Teams

The words 'group' and 'team' are, for the most part, interchangeable - at least most people use them that way. But there are distinct differences between groups and teams. For example, we have a football team, not a football group - or we have a special interest group, not a special interest team. While the differences are subtle, they are indeed different, and we need to understand what those differences are.

The main difference is that a team's strength or focus depends on the commonality of their purpose and how the individuals are connected to one another. On the other hand, a group can come from having a large number of people or a cohesive willingness to carry out a focused action - political reform, for example.

While these differences might be subtle, we have to understand that a group is a number of individuals forming a unit for a reason or cause, and a team is a collection of accomplished people coming together for a common goal that needs completion. The subtleness of these differences are more pronounced when we take these words a step further and look at a work group and work team.

Groups and teams are very commonly used the term in an organization whose difference is not known to many people. Below is the summarized difference between group and team is given:

Sl.No	BASIS FOR COMPARISON	GROUP	TEAM
1	Meaning	A collection of individuals who work together in Completing a task.	A group of persons having collective identity joined together, to accomplish a goal.
2	Leadership	Only one leader	More than one
3	Members	Independent	Interdependent
4	Process	Discuss, Decide and Delegate.	Discuss, Decide and Do.

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5	Focus on	Accomplishing individual goals.	Accomplishing team goals.
6	Accountability	Individually	Either individually or mutually

The following are the significant differences between group and team:

- There is only one head in a group. A team can have more than one head.
- The group members do not share responsibility, but team members share the responsibility.
- The group focuses on achieving the individual goals. Conversely, the team members focus on achieving the team goals.
- The group produces individual work products. As opposed to, the team who produces collective work products.
- The process of a group is to discuss the problem, then decide and finally delegate the tasks to individual members. On the other hand, a team discusses the problem, then decide the way of solving it and finally do it collectively.
- The group members are independent. Unlike a group, the team members are interdependent.

### Similarities

- Two or more than two persons.
- Interaction of members.
- Face to face relationship.
- Focus on the achievement of an objective.
- Leader
- Sharing of information and resources

### 3. GROUP COHESIVENESS

In general terms, group cohesiveness is being committed to a group or to group members where all the members of the group find similarities in their nature and interest. It is a circle of people who share same interests and abilities. And such group and their group members are reliable for each other's. Moreover, reliability can be positive and negative as well. Most probably it is up to a person in which kind of group he or she is in.

Cohesiveness can be defined as a group session where in which, group of people connects them with the help of similar interest and program.

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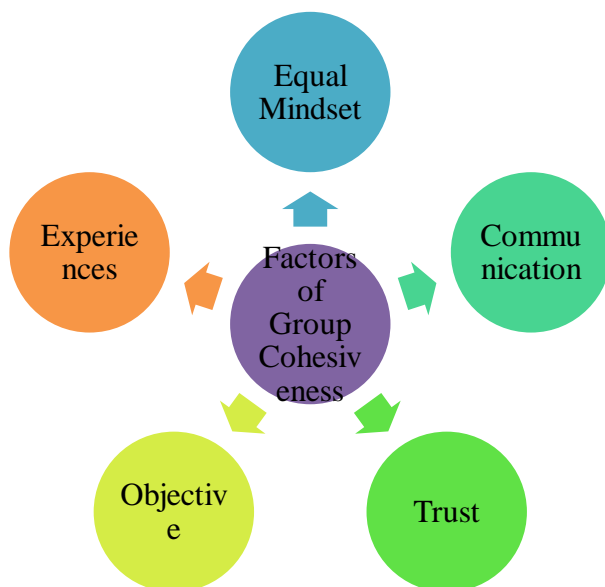
Moreover, it is a process where a group of people for a group or a team considering their similar interest and ability.

**1. Similar interest:** Being a part of a group or a team is not that easy as it seems. Some groups and teams maintain a certain type of ground rules for their group. And those ground rules can be measured in terms of the common interest of all the group members. And if anyone wants to join such team considering their common interest, then they should follow all the ground rules given by the team leader. Therefore, it is necessary to understand that all the group of team maintains a same level of interest in their team formation.

**2. Group dignity:** Every group or a team maintains a certain level of pride and dignity with their team and team members. And to maintain that dignity and pride of the group the members deliver certain responsible services in favor of the society and whoever concerned. Moreover, it is an initial process of every group activity and in that process, they undertake several services according to the pride and dignity of the group. And every single member of the group takes part in such activity of the group.

**3. Commitment:** Commitment is a word which describes a person loyalty and honesty relating to the group. Most probably every member of the team needs to show some sort of commitment towards their work within the group and for that they need to take active participation in the activities of the group. Therefore, it is very much necessary for all the members of the team that without commitment a group cannot survive in their future activity.

### Important Factors of Group Cohesiveness:



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There are several importance of group cohesiveness, and especially after understanding the meaning and definition of the group cohesiveness. Therefore, with this additional important factor about group cohesiveness one can clear out all the benefits of the group cohesiveness.

1. **Equal mindset:** As people join some group with a thinking that they can be a part of that particular group as they share a similar kind of interest, then they definitely should go ahead with their decision and join such team or a group. Most groups which maintain a certain focus element in their group consider their members' interest to carry on with their group services. Therefore, most of the group accepts those candidates who are very much interested in their activity. And other than that no group accepts a person with different nature of interest.

2. **Communication:** As it is explained earlier that communication between the team and its team members is very much necessary. If there is any sort of mis-communication between the team and its members, then it is quite clear to everyone that there will be all sorts of doubts between the team members. Therefore, communication creates a link between the team and their members point of view as well.

3. **Trust:** Sometimes trust holds all the main activity between people, whether it is a company, organization and the team. And that is why all the people who are in connection with the team or a group need to maintain a positive trust on their team and their decision. Therefore, it is very much necessary to understand all the factors of trust in the team and their decision and moreover handling all the facts relating to that.

4. **Objective of the group:** Every group or a team maintains their objective for that particular group and that group delivers their objective in the form of their services and activity. And that is why objective holds all the basic need of the group or a team. Therefore, maintaining an objective for a group or a team is necessary to continue with their positive intention about their social activity. Eventually, these social activities with a positive objective can bring them a positive recommendation for their future benefits.

5. **Experience:** Experience means their previous group experience. Most of the time these group experiences creates a difference with the new group. This difference can bring up all the new and creative ideas within the members of the group and which is the good thing for

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the overall growth of that particular group. Therefore, all the things which comes with the help of a previous experience in group cohesiveness can provide overall growth.

### Importance of Group Cohesiveness:

When it comes to valuing something in one's life, then people experience some sort of issues with it. And to understand such importance of that particular thing a person need to appreciate its worth, which is possible only by handling all the activities either it is group or individual.

**1. Performance:** As it has been explained earlier that all the factors which brings up all the importance of cohesiveness of group performance can be measured in terms of their activities. Performance matters in the group cohesive and especially when it is mattered with the services delivered by the each and every valuable member of the team. Therefore, performance matters with the activities which is delivered by the group cohesiveness behavior.

**2. Satisfaction:** The main issue that every member of the team face while working according to the expectation of the group that the team members might feel a bit left out other than a team leader. It is not necessary that all the valuable member of the team needs to be treated well. It is even expected, especially from the team leader that he or she need to treat all the members of the team same so that they can feel complete satisfaction with their work assigned by their team.

**3. Emotional factors:** Most of the time while working in a team people used to feel a bit attached to others who are active members of the team. And it is normal to feel emotional around them. It is even possible that all the things which comes up or which come along with the help of group cohesive behavior is quite a result of hard work and team spirit. Therefore, emotional factors always weigh heavy in terms of group cohesive nature.

**4. Pressure of assurance:** It is quite possible with all the element and characteristics of group cohesive behavior that most of the factors comes up with the help of group working or because of the team task. Therefore, it is very much necessary to understand all the matters which can bring up with the help of all group related behavior and eventually this creates a level of pressure with an assurance of work completion.



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### Advantages of Group Cohesiveness:

All the factors and study elements relating to the group cohesive behavior is a cover up for all sorts of benefits of group cohesiveness. Therefore, these advantages or benefits can clear out all the fogs surrounded and can show a ray of sunshine.

1. Motivational elements: As it is explained earlier that all the elements which help a person to join or to be part of the group are the motivational elements which can be bought from the members of the team and moreover these members can create some sort differentiation between their improvement and courage in terms of their motivating behavior.

2. Better cooperation: If it is a group of members who share similar interest and attraction as compared to each other, then it is quite clear that all the things which can be delivered with the help of all the group cohesiveness behavior can definitely produce better cooperation between the team and their members. Therefore, because of group cohesive behavior the group can embrace better cooperation with their rest of the team members.

3. Time saving: A work or a task allotted to a group of persons instead of work allotted to an individual, can definitely approach a positive side of the work. For instance, when it comes to an individual person, then the person might take a little longer time to solve the issues, but when it comes to group of people, then the solution can be better and quicker as compared to the individual doing the work.

4. Improves communication: As it is a task of a group or a team, then the team leader might be aware of all the consequences of work assigned to a person. And because of the group cohesiveness the whole team can experience some sort of change in their communication levels. These communication levels create a difference in their personal and professional life as usual. Moreover, it also provides good confidence to all the members of the team.

### Disadvantages of Group Cohesiveness:

Most parts of the study material with the subject line group cohesiveness can clear all the doubts among its readers and with their team. Therefore, it is necessary to know more about the disadvantages of group cohesiveness, and then these disadvantages can help a group of people with all the growth and success of their daily work.

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1. Low level of productivity: Most of the time, working in a group can not favor a company or an organization with the help of their own group, and that is because all the teams own their own thinking. And in this case of production a group cohesiveness brings it down to a low level because most of the team members available in the team are from the same field of work. Moreover, it is a fast moving generation and that is why it's necessary to understand the, low level of productivity among the team members.

2. Lack of creativity: As most of the members of the team share a single and simple interest and eventually this type of similar interest can deliver same sort of results each and every time. Therefore, because of group cohesive behavior the company can lack behind with their creative elements. Moreover, all the elements in the group cohesiveness provide a lower level of creativity among their group or a team.

3. Lack of innovation: It is quite similar to the topic that one can understand better. At most of the time people involved in a group can come up with a low level of innovation and that eventually lacks creativity in their field of work. Therefore, it is necessary to understand all the things within this group cohesiveness. Moreover, this creates a lack of innovation among their members.

4. Domination: The domination can be experienced because of the team leaders of each and every group. Most of the type of group leader domination can never benefit the company, moreover, it can damage the unity of the group. Therefore, all the team leaders need to understand that if they need and want their team members work according to their direction, then they need to treat as equals in the group.

Finally the bottom line is that at the end of the discussion about group cohesiveness, a person can understand all the definition, factors, importance, advantages or benefits and disadvantages or cons of the study material stated above about group cohesiveness. Therefore, it is advisable to all the interested people that if anyone need to know more about the group cohesiveness, then they can follow and read all the above mentioned discussion and find all the answers to their questions.

## 1. CONFLICT

### Meaning

Conflict refers to some form of friction, disagreement, or discord arising within a group when the beliefs or actions of one or more members of the group are either resisted by or unacceptable to one or more members of another group.

- ❖ Conflict can arise between members of the same group, known as intragroup conflict, or it can occur between members of two or more groups, and involve violence, interpersonal discord, and psychological tension, known as intergroup conflict.
- ❖ Conflict in groups often follows a specific course. Routine group interaction is first disrupted by an initial conflict, often caused by differences of opinion, disagreements between members, or scarcity of resources. At this point, the group is no longer united, and may split into coalitions

### Sources of Conflict

#### a. Change

Implementation of new technology can lead to stressful change. Workers who don't adapt well to change can become overly stressed, which increases the likelihood of conflict in the workplace.

#### b. Interpersonal Relationships

When different personalities come together in a workplace, there is always the possibility they won't mesh. Office gossip and rumors can also serve as a catalyst for deterioration of co-worker relationships.

#### c. Supervisor Vs Employee

Just as co-worker personalities may not mesh, a supervisor and employee can also experience conflict. A supervisor who is seen as overbearing or unfair can rub an employee the wrong way, which makes the working relationship more difficult.

#### d. External Changes

When the economy slides into a recession or a new competitor swoops in and steals some of a company's market share, it can create tension within the company. This stress can lead to conflict between employees and even between upper levels of management.

#### e. Poor Communication

Companies or supervisors that don't communicate effectively can create conflict. For example, a supervisor who gives unclear instructions to employees can cause confusion as to who is supposed to do what, which can lead to conflict.

#### f. Subpar Performance

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When a worker in a department is not "pulling his weight," it can lead to conflict within the department, perhaps even escalating into a confrontational situation. A supervisor who fails to acknowledge or address the situation can add fuel to the fire.

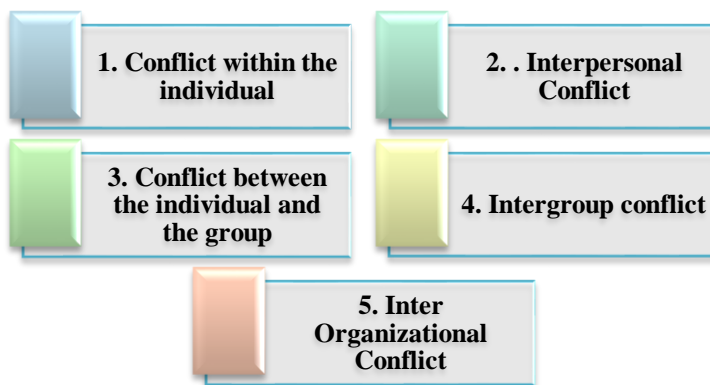
## **g. Harassment**

Harassment in the workplace can take many forms, such as sexual or racial harassment or even the hazing of a new employee. Companies that don't have strong harassment policies in place are in effect encouraging the behavior, which can result in conflict.

## **i. Limited Resources**

Companies that are looking to cut costs may scale back on resources such as office equipment, access to a company vehicle or the spending limit on expense accounts. Employees may feel they are competing against each other for resources, which can create friction in the workplace.

## **Types of Conflict**



### **1. Conflict within the individual:**

- ❖ The conflict within the individual is usually value related, where role playing expected of the individual does not conform with the values and beliefs held by the individual. For example, a secretary may have to lie on instructions that her boss is not in the office to avoid an unwanted visitor or an unwanted telephone call.
- ❖ This may cause a conflict within the mind of the secretary who may have developed an ethic of telling the truth. Similarly, many Indians who are vegetarians and come to America and find it very hard to remain vegetarians may question the necessity of the vegetarian philosophy thus causing a conflict in their minds.
- ❖ In addition to these value conflicts, a person may be faced with a role conflict. For example, a telephone operator may be advised and required to be polite to the customers by her supervisor, who may also complain that she is spending too much time with her customers. This would cause a role conflict in her mind.

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## 2. Interpersonal Conflict:

- ❖ Interpersonal conflict involves conflict between two or more individuals and is probably the most common and most recognized conflict. This may involve conflict between two managers who are competing for limited capital and manpower resources.
- ❖ This conflict can become further acute when the scarce resources cannot be shared and must be obtained. Similarly, if there are two equally deserving professors and they are both up for promotion, but only one of them can be promoted because of budget and positional constraints, then this could result in interpersonal conflict between the two professors.

## 3. Conflict between the individual and the group:

- ❖ As has been discussed before, all formal groups and informal groups have established certain norms of behaviour and operational standards which all members are expected to adhere to. An individual member may want to remain within the group for social needs but may disagree with the group goals and the methods to achieve such goals.
- ❖ For example, in some restaurants, all tips are shared equally by all waiters and waitresses. Some particular waitress who may be overly polite and efficient may feel that she deserves more, thus causing conflict between her and the group. Similarly, if a group is going on strike for some reasons, some members of the group may not agree with these reasons or simply may not be economically able to afford to go on strike, thus causing conflict with the group.

## 4. Intergroup conflict:

- ❖ An organization is an interlocking network of groups, departments, sections or work teams. The intergroup conflicts are not so much personal in nature as they are due to factors inherent in the organizational structure. For example, there is active and continuous conflict between the union and the management.
- ❖ One of the most common conflict is between the line and the staff members of the organization. The line managers may resent their dependence on staff for information and recommendations. The staff may resent their inability to implement directly their own decisions and recommendations. This interdependence causes intergroup conflict.
- ❖ These inter-unit conflicts can also be caused by inconsistent rewards and differing performance criteria for different units and groups. For example, sales people who depend upon their commission as a reward for their efforts may promise their customers certain quantity of the product and delivery times which the production department may find impossible to meet thus causing conflict between the two units.

## 5. Inter-organizational conflict:

- ❖ Conflict also occurs between organizations which are dependent upon each other in some way. This conflict may be between buyer organizations and supplier organizations about quantity, quality and delivery times of raw materials and other policy issues.

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- ❖ Such conflict could also be between unions and organizations employing their members, between government agencies that regulate certain organizations and the organizations that are affected by them.

## Process of conflict

### Stage 1: Potential Opposition or Incompatibility

The first step in the conflict process is the presence on conditions that create opportunities for conflict to develop. These cause or create opportunities for organizational conflict to rise.

These three conditions causes conflict.

#### Communications

Different words connotations, jargon insufficient exchange of information and noise in communication channel are all antecedent conditions to conflict.

Too much communication as well as too little communication can lay the foundation for conflict.

Structure

#### Structure

In defining where responsibility for action lies; the greater the ambiguity is the greater the potential for conflict to surface. Such Jurisdictional ambiguity increases inter group fighting for control or resources and territory.

#### Personal Variables

Certain personality types- for example individuals who are highly authoritarian and dogmatic- lead to potential conflict. Another reason for conflict is difference in value systems.

Value differences are the best explanations of diverse issues such as prejudice disagreements over one's contribution to the group and rewards one deserves.

### Stage 2: Cognition and Personalization

Conflict must be perceived by the parties to it whether or not conflict exists is a perception issue, second step of the Conflict Process.

If no one is aware of a conflict, then it is generally agreed that no conflict exists. Because conflict is perceives does not mean that is personalized.

### Stage 3: Intentions

Intentions are decisions to act in a given way, intentions intervene between people's perception and emotions and their overt behavior.

Using two dimensions cooperativeness (the degree to which one party attempts to satisfy the other party's concerns) and assertiveness (the degree to which one party attempts to satisfy his or her own concerns) five conflict handling intentions can be identified.

### Stage 4: Behavior

This is a stage where conflict becomes visible. The behavior stage includes the statements, actions and reactions made by the conflicting parties.

These conflict behaviors are usually overt attempt to implement each party's intentions.

### Stage 5: Outcomes

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The action reaction interplay between the conflicting parties result in consequences.

These outcomes may be functional in that the conflict results in an improvement in the group's performance, or dysfunctional in that it hinders group performance.

Conflict is constructive when it improves the quality of decisions stimulates creativity and innovations encourages interest and curiosity among group members provides the medium through which problems can be aired and tensions released and fosters an environment of self-evaluation and change.

### CONFLICT MANAGEMENT

Conflict management is the process of limiting the negative aspects of conflict while increasing the positive aspects of conflict.

Conflict management is the practice of being able to identify and handle conflicts sensibly, fairly, and efficiently. Since conflicts in a business are a natural part of the workplace, it is important that there are people who understand conflicts and know how to resolve them. This is important in today's market more than ever. Everyone is striving to show how valuable they are to the company they work for and at times, this can lead to disputes with other members of the team.

#### Conflict Management Styles

Conflicts happen. How an employee responds and resolves conflict will limit or enable that employee's success. Here are five conflict styles that a manager will follow according to Kenneth W. Thomas and Ralph H. Kilmann:

An **accommodating** manager is one who cooperates to a high degree. This may be at the manager's own expense and actually work against that manager's own goals, objectives, and desired outcomes. This approach is effective when the other person is the expert or has a better solution.

**Avoiding** an issue is one way a manager might attempt to resolve conflict. This type of conflict style does not help the other staff members reach their goals and does not help the manager who is avoiding the issue and cannot assertively pursue his or her own goals. However, this works well when the issue is trivial or when the manager has no chance of winning.

**Collaborating** managers become partners or pair up with each other to achieve both of their goals in this style. This is how managers break free of the win-lose paradigm and seek the win-win. This can be effective for complex scenarios where managers need to find a novel solution.

**Competing:** This is the win-lose approach. A manager is acting in a very assertive way to achieve his or her own goals without seeking to cooperate with other employees, and it may be at the expense of those other employees. This approach may be appropriate for emergencies when time is of the essence.

**Compromising:** This is the lose-lose scenario where neither person or manager really achieves what they want. This requires a moderate level of assertiveness and cooperation. It may be appropriate for scenarios where you need a temporary solution or where both sides have equally important goals



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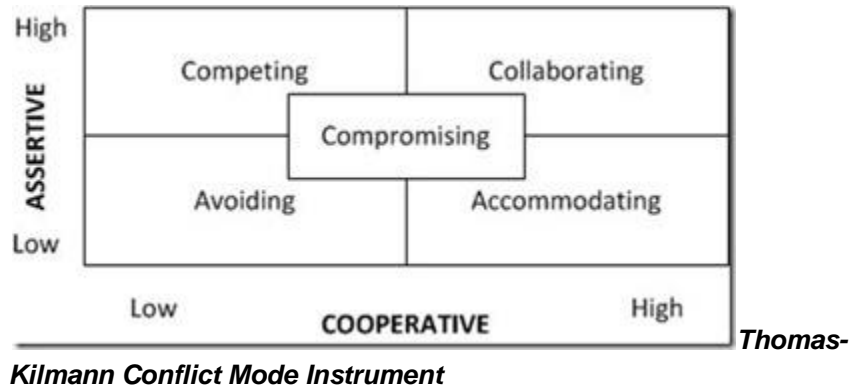
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### Conflict Resolution Actions

**Step 1: Identify the source of the conflict.** The more information you have about the cause of the conflict, the more easily you can help to resolve it. To get the information you need, use a series of questions to identify the cause, like, “When did you feel upset?” “Do you see a relationship between that and this incident?” “How did this incident begin?”

As a mediator, you need to give both parties the chance to share their side of the story. It will give you a better understanding of the situation, as well as demonstrate your impartiality. As you listen to each disputant, say, “I see” or “uh huh” to acknowledge the information and encourage them to continue to open up to you.

**Step 2: Look beyond the incident.** Often, it is not the situation but the perspective on the situation that causes anger to fester and ultimately leads to a shouting match or other visible—and disruptive—evidence of a conflict.

The source of the conflict might be a minor problem that occurred months before, but the level of stress has grown to the point where the two parties have begun attacking each other personally instead of addressing the real problem. In the calm of your office, you can get them to look beyond the triggering incident to see the real cause. Once again, probing questions will help, like, “What do you think happened here?” or “When do you think the problem between you first arose?”

**Step 3: Request solutions.** After getting each party’s viewpoint on the conflict, the next step is to get each to identify how the situation could be changed. Again, question the parties to solicit their ideas: “How can you make things better between you?”

As mediator, you have to be an active listener, aware of every verbal nuance, as well as a good reader of body language.

Just listen. You want to get the disputants to stop fighting and start cooperating, and that means steering the discussion away from finger pointing and toward ways of resolving the conflict.

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**Step 4: Identify solutions both disputants can support.** Point out the merits of various ideas, not only from each other's perspective, but in terms of the benefits to the organization. (For instance, you might point to the need for greater cooperation and collaboration to effectively address team issues and departmental problems.)

**Step 5: Agreement.** The mediator needs to get the two parties to shake hands and agree to one of the alternatives identified in Step 4. Some mediators go as far as to write up a contract in which actions and time frames are specified.

## ORGANIZATIONAL CHANGE

Organizational change management (OCM) is a framework for managing the effect of new business processes, changes in organizational structure or cultural changes within an enterprise. Simply put, OCM addresses the people side of change management.

### Factors affecting organizational Change

#### External Forces

Every organization exists in some context; no organization is an island in itself. Each must continually interact with other organizations and individuals- the consumers, suppliers, unions, shareholders, government and many more. Each organization has goals and responsibilities related to each other in the environment. The present day environment is dynamic and will continue to be dynamic. Changes in social, political, economic, technology, and legal environment force organizations to change themselves. Such changes may result in organizational changes like major functions production process, labour-management relations, nature of competitions, economic constraints, organizational methods etc. In order to survive in the changing environment, organization must change. How the change in various environmental, organizations, must change. How the changes in various environmental factors necessitate change in the organization may be seen in following context:-

#### Technology

When there is a change in technology in the organizational environment and other organizations adopt the new technology, the organizations under focus become less cost effective and its competitive position weakens. Therefore, it has to adopt new technology, its work structure is affected and a new equilibrium has to be established.

#### Marketing conditions

Since every organization exports its outputs to the environment, an organization has to face competition in the market. There may be two types of forces which may affect the competitive position of an organization –other organizations supplying the same products and, buyers who are not buying the product. Any changes in these forces may require suitable changes in the in the organization. For example, when Indian economy was liberalized, there were many foreign organizations that entered the Indian market. This forced many Indian organizations to realign themselves with the new situations. The result in that there have been many cases of divesting the business and concentrating on the core business, acquiring core

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business, and developing competitive competence to face competitive threats. Similarly, there may be changes in buyers in terms of their needs, liking –disliking and income disposal for a product. These changes from the organizations to bring those products which meet buyer's requirement.

### **Social changes:**

Social changes reflect in terms of people's aspirations, the needs, and their ways of working. Social changes have taken place because of the several forces like level of education, urbanization, feeling of autonomy, and international impact due to new information sources. These social changes affect the behavior of people in the organization. There, it is required to make adjustment in its working so that it matches with people.

### **Political and legal changes:**

Political and legal factors broadly define the activities which an organisation can undertake and the methods which will be followed by it in accomplishing those activities. Any changes in these political and legal factors may affect the organization operation.

### **Internal Forces**

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

### **Changes in the managerial personnel:**

Besides environmental changes there is a change in managerial personnel. Old managers are replaced by new managers, which necessitated because of retirement, promotion, transfer or dismissal. Each new manager brings his own ideas and way of working in the organization. The relationships, more in the organization. The relationships, more particularly informal ones, changes because of changes in managerial personnel. Moreover, attitude of the personnel change even though there is no changes in them. The result in that an organization has to change accordingly.

### **Deficiency in Existing organization:**

Sometimes, changes are necessary because of deficiency in the present organizational arrangement and process. These deficiencies may be in the form of unmanageable span of management, large number of managerial levels, lack in co-ordination between various departments, obstacles in communication, multiplicity of committees, lack of uniformity in policy decisions, lack of cooperation between the line and staff, and so on. Beside these internal factors, there are two more internal factors that give rise to organizational changes.

### **Nature of the work force:**

The nature of work force has changed over a passage of time. Different work values have been expressed by different generations. Workers who are in the age group of 50 plus value loyalty to their employers. Workers in their mid thirties to forties are loyal to themselves only. The youngest generation of workers is loyal to their career. The profile of the workforce is also changing fast. The new generation of workers has better educational; they place greater emphasis on human values and questions authority of managers. Their behavior has

also become very complex and leading them towards organizational goals is a challenge for the managers. The employee turnover is also very high which again put strain on the management.

### **To avoid developing inertia:**

In many cases, organizational changes take place just to avoid developing inertia or inflexibility. Conscious manager take into account this view of organization that organization should be dynamic because any single method is not the best tool of management every time. Thus, changes are incorporated so that the personnel develop liking for change and there is no unnecessary resistance when major change in the organization are brought about.

### **Managing Resistance to change**

- Do change management right the first time
- Expect resistance to change
- Address resistance formally
- Identify the root causes of resistance
- Engage the “right” resistance managers

#### **1. DO CHANGE MANAGEMENT RIGHT THE FIRST TIME**

Much resistance to change can be avoided if effective change management is applied on the project from the very beginning. While resistance is the normal human reaction in times of change, good change management can mitigate much of this resistance. Change management is not just a tool for managing resistance when it occurs; it is most effective as a tool for activating and engaging employees in a change. Capturing and leveraging the passion and positive emotion surrounding a change can many times prevent resistance from occurring—this is the power of utilizing structured change management from the initiation of a project.

#### **Consider the following change management activities:**

- Utilize a structured change management approach from the initiation of the project
- Engage senior leaders as active and visible sponsors of the change
- Recruit the support of management, including middle managers and frontline supervisors, as advocates of the change
- Communicate the need for change, the impact on employees and the benefits to the employee (answering "What's in it for me?" or WIIFM)

#### **2. EXPECT RESISTANCE TO CHANGE**

Do not be surprised by resistance! Even if the solution a project presents is a wonderful improvement to a problem that has been plaguing employees, there will still be resistance to change. Comfort with the status quo is extraordinarily powerful. Fear of moving into an unknown future state creates anxiety and stress, even if the current state is painful. Project teams and change management teams should work to address resistance and mitigate it, but they should never be surprised by it.

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Research on the function of the brain shows that resistance is not only a psychological reaction to change but actually a physiological reaction (see the "The Neuroscience of Leadership" by David Rock and Jeffrey Schwartz for more information). To act in a new way requires more power from the brain. The physiological reaction when presented with a new way of doing something is to revert back to what the brain already knows. Human beings can adapt their behavior, but it is a difficult and painful process—even for the brain itself.

### 3. FORMALLY MANAGE RESISTANCE TO CHANGE

Managing resistance to change should not be solely a reactive tactic for change management practitioners. There are many proactive steps that can be used to address and mitigate resistance that should be part of the change management approach on a project.

Resistance is addressed in all three phases of Prosci's 3 Phase Change Management Process:

#### Phase 1: Preparing for change

During the creation of the change management strategy, generate anticipated points of resistance and special tactics to manage them based on readiness assessments.

#### Phase 2: Managing change

The resistance management plan is one of the five change management plans you create in this phase, along with the communication plan, sponsorship roadmap, coaching plan and training plan. These change management plans all focus on moving individuals through their own change process and addressing the likely barriers for making the change successful. The resistance management plan provides specific action steps for understanding and addressing resistance.

#### Phase 3: Reinforcing change

In the final phase of the process, you collect feedback to understand employee adoption and compliance with the new workflows and processes prescribed by the change. Evaluating this feedback allows you to identify gaps and manage the resistance that may still be occurring. This phase also includes the top ten steps for dealing with resistance to change, which can be a powerful tool for managers and supervisors in the organization.

Formally addressing resistance ensures that it is understood and dealt with throughout the lifecycle of the project. It moves managing resistance to change from simply a reactive mechanism to a proactive and ultimately more effective tool for mobilizing support and addressing objections.

### 4. IDENTIFY THE ROOT CAUSES OF RESISTANCE TO CHANGE

Managing resistance is ineffective when it simply focuses on the symptoms. The symptoms of resistance are observable and often overt, such as complaining, not attending key meetings, not providing requested information or resources, or simply not adopting a change to process or behavior. While they are more evident, focusing on these symptoms will not yield results. To be effective at managing resistance, you must look deeper into what is ultimately causing the resistance. Effective resistance management requires identification of the root causes of resistance—understanding why someone is resistant, not simply how that resistance is manifesting itself.

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Change management best practices research provides a nice starting point for understanding the root causes of resistance. Results from the 2013 benchmarking study showed some important themes in the top reasons for resistance (reaffirming the results from previous studies). When asked to identify the primary reasons employees resisted change, study participants identified the following root causes:

- **Lack of awareness of why the change was being made**
- **Impact on current job role**
- **Organization's past performance with change**
- **Lack of visible support and commitment from managers**
- **Fear of job loss**

With the knowledge of these primary root causes, change management teams can adequately prepare a compelling case for the need for change that is communicated by senior leaders in the organization. This simple activity targets the top cause for resistance (lack of awareness) and can ultimately prevent much of the resistance a project experiences. You can use additional benchmarking findings and your own experience with change in your organization to craft a list of likely root causes with activities to address and mitigate each one.

A final note on resistance to change: resistance is ultimately an individual phenomenon. While research and analysis can identify broadly the root causes for resistance, it is important to ultimately address resistance by individuals at the individual level. The best way to identify the root cause of resistance is through a personal conversation between a resistant employee and their supervisor, which leads us to the final tip for managing resistance.

### **5. ENGAGE THE "RIGHT" RESISTANCE MANAGERS**

The "right" resistance managers in an organization are the senior leaders, middle managers and frontline supervisors. The change management team is not an effective resistance manager. Project team members, Human Resources or Organization Development specialists are not effective resistance managers either. Ultimately, it takes action by leadership in an organization to manage resistance.

#### **The Kurt Lewin Change Management Model Unfreeze, Change, Freeze**

This three stage theory of change is commonly referred to as Unfreeze, Change, Freeze (or Refreeze). It is possible to take these stages to quite complicated levels but I don't believe this is necessary to be able to work with the theory. But be aware that the theory has been criticised for being too simplistic.

A lot has changed since the theory was originally presented in 1947, but the Kurt Lewin model is still extremely relevant. Many other more modern change models are actually based on the Kurt Lewin model. I'm going to head down a middle road and give you just enough information to make you dangerous...and perhaps a little more to whet your appetite!

So, three stages. Unfreezing, Change, Freezing. Let's look at each of these.

#### **Stage 1: Unfreezing**



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The Unfreezing stage is probably one of the more important stages to understand in the world of change we live in today. This stage is about getting ready to change. It involves getting to a point of understanding that change is necessary, and getting ready to move away from our current comfort zone.

This first stage is about preparing ourselves, or others, before the change (and ideally creating a situation in which we want the change).

The more we feel that change is necessary, the more urgent it is, the more motivated we are to make the change. Right? Yes, of course! If you understand procrastination (like I do!) then you'd recognise that the closer the deadline, the more likely you are to snap into action and actually get the job started!

With the deadline comes some sort of reward or punishment linked to the job. If there's no deadline, then the urge to change is lower than the need to change. There's much lower motivation to make a change and get on with it.

Unfreezing and getting motivated for the change is all about weighing up the 'pro's' and 'con's' and deciding if the 'pro's' outnumber the 'con's' before you take any action. This is the basis of what Kurt Lewin called the Force Field Analysis.

Force Field Analysis is a fancy way of saying that there are lots of different factors (forces) for and against making change that we need to be aware of (analysis). If the factors for change outweigh the factors against change we'll make the change. If not, then there's low motivation to change - and if we feel pushed to change we're likely to get grumpy and dig in our heels.

This first 'Unfreezing' stage involves moving ourselves, or a department, or an entire business towards motivation for change. The Kurt Lewin Force Field Analysis is a useful way to understand this process and there are plenty of ideas of how this can be done.

## **Stage 2: Change - or Transition**

Kurt Lewin was aware that change is not an event, but rather a process. He called that process a transition. Transition is the inner movement or journey we make in reaction to a change. This second stage occurs as we make the changes that are needed.

People are 'unfrozen' and moving towards a new way of being.

That said this stage is often the hardest as people are unsure or even fearful. Imagine bungee jumping or parachuting. You may have convinced yourself that there is a great benefit for you to make the jump, but now you find yourself on the edge looking down. Scary stuff! But when you do it you may learn a lot about yourself.

This is not an easy time as people are learning about the changes and need to be given time to understand and work with them. Support is really important here and can be in the form of training, coaching, and expecting mistakes as part of the process.

Using role models and allowing people to develop their own solutions also help to make the changes. It's also really useful to keep communicating a clear picture of the desired change and the benefits to people so they don't lose sight of where they are heading.

## **Stage 3: Freezing (or Refreezing)**

Kurt Lewin refers to this stage as freezing although a lot of people refer to it as 'refreezing'. As the name suggests this stage is about establishing stability once the changes



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have been made. The changes are accepted and become the new norm. People form new relationships and become comfortable with their routines. This can take time.

It's often at this point that people laugh and tell me that practically there is never time for this 'freezing' stage. And it's just this that's drawn criticism to the Kurt Lewin model

**Part A (ONE Mark)**  
**Multiple Choice Questions**  
**Online Examination**

**Part B**  
**(2 Marks)**

1. What is meant by group?
2. Define conflict.
3. List out the types of teams?
4. Give the meaning of interpersonal relationship?
5. What is organizational change?

**Part C (8 Marks)**

1. Explain the different types of teams.
2. Explain the factors influencing organizational change.
3. Define Group Cohesiveness. What are factors affecting group cohesiveness?
4. Explain the different stages of group development.
5. Distinguish between the teams and groups.
6. What are the sources of conflict? Explain.

**CIA: 3\*8=24 Marks (Either or Type)**

**ESE: 5\*6=30 Marks (Either or Type)**

**KARPAGAM ACADEMY OF HIGHER EDUCATION DEPARTMENT OF MANAGEMENT****FUNDAMENTALS OF MANAGEMENT AND ORGANISATIONAL BEHAVIOR****UNIT – I**

S.No	Questions	Option 1	Option 2	Option 3	Option 4	Answer
1	In whole sale trade goods are exchanged_____	In small quantities	in large quantities	In very small quantities	not exchanged	in large quantities
2	Hindrance of risk is removed by_____	Transport warehousing	warehousin g	Insurance	Banking	Insurance
3	A sole trader business is started by_____	at least two persons	at least seven persons	any one person	two or more persons	any one person
4	_____of the following is not the characteristic of sole proprietorship	Single ownership	One man control	Whole profit to proprietorship	Non-flexibility	Non- flexibility
5	_____is the advantage of sole proprietorship	Small capital	Hasty decision	Limited capital	Limited managerial ability	Limited capital
6	The agreement of partnership_____	Must be oral	Must be in writing	Must be writing in the stamp paper	Can be either oral or in writing	Must be writing in the stamp paper
7	co-operative society can be started_____	By the operation of law	By an express agreement	By an express or implied agreement	By inheritance of property	By an express agreement
8	Management of a Jointstock company is entrusted to_____	The Registrar of companies	The Board of Directors	The shareholder	The debenture holders	The Board of Directors
9	Registration is compulsory in the case of_____	A Sole trader	A partnership	A joint stock company	A joint hindu family business	A joint stock company
10	The primary aim of co operative is to	Earn profit	serve members	Raise production	increase profit	serve members

11	The share capital of the government company must not be less than_____	75%	60%	95%	51%	51%
12	A multinational company is also known as_____	Global giant	Partnership	Co-operative society	Public corporation	Global giant
13	Membership by birth is main feature in	Sole trader	Joint Hindu family business	Co-operative society	Partnership	Joint Hindu family business
14	Partnership act _____	1932	1942	1962	1982	1932
15	The liability of sole trader is	Unlimited	limited	certain period	certain month	Unlimited
16	Partners share profits and losses _____	not in ratio	In an agreed ratio	any ratio	fraction	In an agreed ratio
17	In India registration of partnership is	compulsory	limited	Optional	unlimited	Optional
18	In co-operative society all members are	Equal	not equal	not same	seperated	Equal
19	A company is regarded as a	sole trader	person by law	person not by law	non trader	person by law
20	Public corporation is known as _____corporation	non statutory	private	Statutory	both private and public	Statutory
21	Government Company employees are not_____	Government servants.	private servants	servants	intermediary	Government servants.
22	business means _____	not busy	State of being busy	idle	simple	State of being busy

23	The minimum number Of Persons in partnership is _____	three	two	five	six	two
24	In partnership in the case of non-banking business the minimum number is	30	40	20	50	20
25	Basis of profit sharing in sole proprietor is	partial	full	ratio	fraction	full
26	The person who contributes capital and manages the business is called as	preference share holders	sole trader	debenture holders	public	sole trader
27	In sole proprietorship Windind up is	at will	as per rules	certain period	compulsory	at will
28	In public limited the continuity of business is _____	long life	limited life	10 years	20 years	long life
29	transferability of shares is restricted in	public company	private company	public corporation	public enterprises	private company
30	Sweet shops, Bakery shops, Petty shops, etc are examples for _____	soletrader	joint stock companies	public company	public enterprises	soletrader
31	In private limited company the minimum members are _____	5	2	8	7	2
32	In private limited company the maximum members are	60	20	50	10	50
33	The life of sole Proprietorship business depends upon the life of the	soletrader	Partners	members	shareholders	soletrader

34	The liability of a soletrader is	Limited only to his investment in the business	Limited to total property of the business	Unlimited	limited	Unlimited
35	Sole proprietorship is suitable for	Large scale concerns	Medium scale concerns	Small scale concerns	large and medium	Small scale concerns
36	Decision-making process in soletrading business is _____	Quick	Slow	Neither quick nor slow	very slow	Quick
37	A soletrader is _____	Cannot keep his business secrets	Can keep his business secrets	None of the above	no secrets	Can keep his business secrets
38	A partnership is formed by _____	Agreement	Relationship among persons	The direction of government	by words	Agreement
39	The basis of partnership is _____	Utmost good faith	Money available for investment	Desire to work together	capital	Utmost good faith
40	A partner who does not take part in the working of the firm is Called _____ partner	active	sleeping	estoppel	minor	sleeping
41	_____ of the following is created by a Special Act of Parliament or in State assemblies	Chartered company	Foreign company	Government company	Statutory company	Statutory company
42	The company, which need not have separate Articles of Association of its own is _____ company limited by shares	Public	private	sole trader	partnership	Public
43	The value of qualification shares of a director in a public limited company shall not exceed _____	Rs.5000	Rs.5,00,000	Rs.50,000	Rs.500	Rs.5000
44	The Quorum for a General Meeting of members of a public Company is _____	Five	six	seven	eight	Five

45	A partner who takes active part in the management of the partnership firm is known as_____	nominal	Active partner	minor partner	sub partner	Active partner
46	A minor is a person who has not completed 18 years of age is called_____	partner in profits	sub partner	minor partner	nominal	minor partner
47	A company incorporated outside India but having a place of business in India is	Foreign Company	government company	private company	indian company	Foreign Company
48	The name of the company must end with the words “ Private Limited” is for	public company	Private Ltd company	subsidiary companies	foreign company	Private Ltd company
49	secrets can be maintained only in case of	sole trader	partnership	public company	joint stock company	sole trader
50	One man one vote is the most important principle	partnership	cooperative s	company	sole trader	cooperatives
51	transformation of raw materials into finished goods is called	Marketing function	production fuction	personnel function	finanace function	production fuction
52	Father of Scientific Management' is _____.	Henry Fayol	Koontz o' Donnel.	Fredrick Winslow Taylor	Luther Gullik	Fredrick Winslow Taylor
53	Father of Management is _____.	Henry Fayol	Koontz o' Donnel	Fredrick Winslow Taylor	Luther Gullik	Henry Fayol
54	Manager is what a manager does" is said by _____	Koontz o' Donnel	Mary Parker Follet	Louis Allen	Luther Gullik	Louis Allen
55	Placing right person in the right job is called as _____	recruiting	staffing	hiring	transfer	staffing
56	A systematic way of doing things is called as _____	process	planning	directing	controlling	process

57	Administration is generally regarded as	higher level activity	lower level activity	managerial activity	middle level	higher level activity
58	Fayol gave _____famous management principles	11	12	13	14	14
59	The Scientific Management Theory Over simplified the workers.....	Developmen t	Imagination	Motivation	task	Motivation
60	Management is.....	A science	An art	A science as well as an art	Social Studies	A science as well as an art



**KARPAGAM ACADEMY OF HIGHER EDUCATION DEPARTMENT OF MANAGEMENT  
FUNDAMENTALS OF MANAGEMENT AND ORGANISATIONAL BEHAVIOR**

**UNIT – II**

S.N O	Questions	Option 1	Option 2	Option 3	Option 4	Answer
1	The formulation of strategies to achieve organisational goals is part of.....	The organising function.	The leading function.	The co-ordinating function.	The planning function.	The planning function.
2	Implementation of policy is concerned with.....	Management	Administration	Business	Profession	Administration
3	Planning is _____ and _____ function of management.	Middle and important	First and foremost	Important and secondary	First and Last	First and foremost
4	Characteristics of planning does not include.....	Looking into future	Required at all levels of management	Offer direction to members of organisation	Presentation in monetary terms	Looking into future
5	Planning helps management pull the individual to achieve common goals by .....	Provision of well defined objectives	Unity of direction	Well published procedures	Well Execution	Provision of well defined objectives
6	Forecasting involves detailed analysis of the past and present events to.....	Set objectives for each function	Get clear cut idea about probable events in future	Arrange comparisons	Well published procedures	Get clear cut idea about probable events in future
7	_____ is the function that determines in advance what should be done.	Planning.	Organizing	Staffing	Controlling	Planning.
8	The definition, "A Plan is a trap laid to capture the future" was given by _____.	Henry Fayol.	F.W.Taylor.	Louis Allen.	M.S. Hurky.	Louis Allen.
9	Effective planning facilitates _____.	future course of action.	proper allocation of resources.	working environment.	Early achievements of objectives	Early achievements of objectives
10	Planning is an interdependent process which co-ordinates _____.	A. various department s.	A. various business activities.	A. various levels of management.	various dimensions.	various business activities.

11	Planning anticipates _____.	future.	co-ordination.	unpredictable future.	economy in operation.	unpredictable future.
12	Planning does not come to an end with the establishment of a business concern because it is	A. common to all.	flexible.	a continuous process.	a linchpin for all activities.	a continuous process.
13	_____ is a systematic attempt to probe the future by inference from known facts.	Panning	Forecasting	Routing	Scheduling	Forecasting
14	Planning is an expensive exercise, both in terms of _____ and _____.	time,money	time,investme nt	money,technol ogy	money,employee s	time,money
15	_____ of an organization should together contribute to the accomplishment of its long-term plans	Strategic plans	Alternative plans	Flexible plans	Short-term plans	Short-term plans
16	Short-range planning, also called _____.	tactical planning	immediate planning	quick planning	Strategic Planning	tactical planning
17	Organizational planning is done by _____.	top level manageme nt	Middle Level Management	Low Level Management	people from all level of management.	top level management
18	Planning is a _____ function	significant	Pervasive	development	Forecasting	Pervasive
19	Long-range planning is also called as _____.	strategic planning	tactical planning	immediate planning	quick planning	strategic planning
20	_____ make the strategic plan come to life.	Strategies	Objectives	Tactics	Motives	Tactics
21	_____ determine how to accomplish objectives outlined in a strategic plan.	Strategies	Objectives	Tactics	Motives	Strategies
22	_____ is the process of determining objectives, deciding upon strategies, and implementing the tactics.	Marketing planning	Strategic Planning	Strategic research	Advertising planning	Strategic Planning

23	Strategic planning is a three- tiered process that starts with the _____.	marketing plan	initial investment	business plan	goal formulation	business plan
24	Delegation of authority should achieve _____.	expected results	accountability	reduction of work	organizational task	expected results
25	_____helps the manager to concentrate on the important work of planning, _____	Delegation of authority	Delegation of responsibility	Leadership	Conferring authority	Delegation of authority
26	_____means granting authority to the subordinate to perform various managerial activities.	Specific delegation	General delegation	Formal delegation	Accrued delegation	General delegation
27	_____means the authority which is delegated on the basis of custom, convention or usage.	Accrued delegation	Unwritten delegation	Sideward delegation	General delegation	Unwritten delegation
28	Decision which does not incur any expense is known as -----	Non- economic decisions	Group decision	Personal decision	Operative decision.	Non-economic decisions
29	----- is the process which enable a person to assign a work	Authority	Process	Delegation	Responsibility	Authority
30	Decision making is a prerequisite of an-----	Authority	Responsibility	Accountability	Power	Authority
31	Obligation to do something is --	Authority	Responsibility	Accountability	Power	Accountability
32	A broad guideline to decision making is called.....	Plan	Organisation	Procedure	Policy	Procedure
33	Selecting one from several alternatives is called.....	Forecasting	Decision Making	Planning	Process	Decision Making
34	Routine and strategic decisions are.....	Repetitive	Non – repetitive	Unimportant decisions	important decision	Repetitive
35	Line organization is also known as -----	Staff organization	Military organization	Functional organization	Matrix Organization	Military organization

36	Line authority	Is an advisory authority	Has no right to command	Has wide powers	Has limited powers	Is an advisory authority
37	Staff authority is an -----	Executive authority	Advisory authority	Planning authority	Functional authority	Advisory authority
38	Line authority has ----- powers	Wide	Narrow	Tight	Lose	Wide
39	Staff authority has _____	No right to command	Right to command	authority	implementing	Right to command
40	Leadership behaviour is the sum total of --.	series	traits	people	quality imporvement	traits
41	Line authority is an-----	Executive authority	Advisory authority	Planning authority	Functional authority	Executive authority
42	The effectiveness of supervision is always related to.....	Span of control	Specialisation	Centralization	Improving the work	Span of control
43	Co-ordination creeps --.	Mis- understandi ng	images	delay	conflict	Mis- understanding
44	co operation is to work.	seeing	willing ness	intersting	understanding	willing ness
45	Motivation is an act of----- --oneself.	stimulating	attracting	watching	inducing	stimulating
46	A is an inspiration process.	action	motivation	employee feedback	training	motivation
47	Motivation is a reported----- .	concept	process	urge	process	process
48	An individual is motivated----- ---.	half	fully	partially	moderately	partially

49	Motivation may be --.	calculated	non-financial	process	needs fulfilled	non-financial
50	Negative motivation is based on --.	gain	profit	fear	recognition	fear
51	Positive motivation is based on-----.	sales	company	firm	rewards	rewards
52	In Maslow's Need hierarchy which needs are shown between Esteem needs and Safety needs	Social needs	Esteem needs	Security needs	Basic need	Social needs
53	Maslow's "basic needs" are also known as	Social needs	Esteem needs	Security needs	Physiological needs	Physiological needs
54	A Motivation is of incentives.	behaviour	positive	perform	money	positive
55	People have to work.	accepted	direct	calculated	ability	direct
56	Motivation helps to solve----- --problems.	personal	indulge	labour	organizational	labour
57	A manager people.	interests	guides	watch	trains	guides
58	A is a goal oriented behaviour.	motivation	plan	train	control	motivation
59	Workers work sincerely through --.	profit	inspiration	sales	gain	inspiration
60	Motivation is different from---- -----.	Employee satisfaction	job satisfaction	orientation	perception	job satisfaction

**KARPAGAM ACADEMY OF HIGHER EDUCATION DEPARTMENT OF MANAGEMENT  
FUNDAMENTALS OF MANAGEMENT AND ORGANISATIONAL BEHAVIOR UNIT – III**

<b>S.N O</b>	<b>Questions</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>	<b>Option 5</b>	<b>Option 6</b>	<b>Answer</b>
1	Common definition of Organizational Behaviour is that it is the study of.....	Group Behaviour	Patterns of organizational structure	Individual behavior	Behaviour of people			Individual behavior
2	Which of the following is not part of the basic framework for analysing Organizational Behaviour issues.....	The process of management	Organizational context	Gender and ethnic differences	Behaviour of people			Gender and ethnic differences
3	The four main dimensions which influence behaviour in work organizations are.....	Individual, organisation, group, gender	Individual, group, organisation, environment	Group, environment, organisation, gender	Environment, group, individual, gender			Individual, group, organisation, environment
4	The main contribution of psychology to Organizational Behaviour is the study of.....	Personality, attitudes, perceptions and motives	Social structures and relationships	Social beliefs, customs and values	Philosophy and ethics of human activity			Personality, attitudes, perceptions and motives
5	Hawthorne Experiments are related to the.....	Classical Theory	Systems Theory	Scientific Management	Human Relations Theory			Human Relations Theory
6	Which of the following is not an influence on behaviour in work organisations.....	The building	The group	The environment	The individual			The building

7	The psychological contract is.....	The match between individual and organisational expectations	The changing relationship between staff and manager	The basis for performance management	A set of moral and ethical codes for employee behaviour			The match between individual and organisational expectations
8	Which behavioural science would be most useful in helping to understand individual behaviour.....	Psychology	Anthropology	Social psychology	Sociology			Psychology
9	Which group made the greatest contribution to OB through their study of group behaviour in organizations, particularly formal and complex organizations.....	Psychology	Anthropology	Social psychology	Sociology			Sociology
10	Anthropology is the study of.....	Group dynamics	Intergroup behaviour	Civilizations	Cultures and environments			Cultures and environments
11	The contingency approach to organizational behaviour recommends that you place behaviour within the	Appropriate discipline	Value system	Context	Appropriate model			Context
12	Managers generally need to develop an approach that will facilitate their effectiveness while achieving the organization's goals. On the control dimension of the competing values framework, managers must.....	Inspire employees toward high performance behaviour	Develop skills that will maintain flexibility and discretion	Serve as innovators and brokers	Set clear goals regarding productivity expectations			Set clear goals regarding productivity expectations
13	The Scientific Management Theory Over simplified the workers.....	Development	Imagination	Motivation	Behaviour of people			Motivation
14	Which one of the following concept is not associated with Scientific Management? I. Mental Revolution II. Unity of Command III. Rule of Thumb IV. Time and Motion study V. Differential piece rate plan	I, II, and IV	II, III and IV	II and III	I, IV, and V			II and III



15	The Overall goal of Scientific Management is.....	Maximizat ion of Social welfare	Maximization of Employment	Higher Industrial Efficiency	Increase Productivity			Higher Industrial Efficiency
16	..... is known as “the Father of Scientific Management.”	Fredrick W. Taylor	Henry Fayol	Robert Owen	Peter Drucker			Fredrick W. Taylor
17	Forces affecting organisational behaviour are.....	People, Environme nt ,Technolog y	Political	Competition	Cultures			People, Environment ,Technology
18	Positive attitude means.....	High level of satisfaction	Poor performance	Dis Satisfaction	Work slows down			High level of satisfaction
19	Negative attitude means.....	Work slows down	Good Performance	Low Turnover	Affecting work culture			Affecting work culture
20	Job satisfaction leads to.....	Improved productivit y	Absentisem	Increase turn over	Good Performance			Improved productivity
21	..... essentially represent predispositions to respond.	Attitude	Time factor	Age	Experience			Attitude
22	..... is a characteristic of an object.	Time factor	Age	Values	Attitudes			Values
23	..... provide standards of competence and morality	Time factor	Age	Values	Perception			Values
24	..... are learned and acquired primary through experience with people and institutions	Time factor	Age	Values	Personality			Values
25	Job enrichment has been derived from	Robert ford	Mc George	Bernold	Herzberg’s			Herzberg’s

26	Job enrichment is an effective method to _____	Enrich people	Motivate people	Discourage	Educate			Motivate people
27	_____ is an effective method to motivate people in the work situation	Job enrichment	Job enlargement	Both A & B	Job rotation			Job enrichment
28	Which of the following is / are included as structure of human mind.....	Id	Ego	Super ego	Id, Ego, Super ego			Id, Ego, Super ego
29	_____ is largely childish, irrational, never satisfied, demanding and destructive of others	Id	Ego	Super ego	Negative Ego			ID
30	_____ represent noblest thoughts, ideals etc.	Id	Ego	Super ego	Negative Ego			super Ego
31	_____ is reality and practical oriented part of thinking	Id	Ego	Super ego	Negative Ego			Ego
32	A study of human behavior in organizational settings is	Individual behavior	Group behavior	Organizational behavior	Social behaviour			Organizational behavior
33	People with which type of personality trait commonly make poor decisions because they make them too fast.....	Type As	Type Bs	Self-monitors	Extroverts			Type As
34	Which of the following is an environmental force that shapes personality.....	Gender	Height	Experience	Brain size			Experience
35	"Bob is easy-going at home, but at work he becomes very tense and anxious." This statement attributes Bob's personality more to which of the following?	Situational conditions	Heredity	Loss of power	Locus of control			Situational conditions
36	Which of the following personality attributes predicts behaviour that is pragmatic and emotionally distant?	Type A personality	Willingness to take risks	Machiavellianism	Locus of control			Machiavellianism

37	Individuals who rate high in external locus of control	Perceive they have significant control	Have lower absenteeism rates	Are less satisfied with their jobs	Are more involved in their jobs			Are less satisfied with their jobs
38	Characteristics of individuals high in Machiavellianism include which of the following?	Pragmatic, maintain emotional distance, believe ends can justify means	Good listeners, believe in weighing alternatives	Focus most of their time on people issues	Maintain emotional distance, highly authoritative, believe in swift discipline			Pragmatic, maintain emotional distance, believe ends can justify means
39	People with high self- esteem.....	Tend to be more concerned with pleasing others than	Are less likely to take unpopular stands than those with low self-	Tend to more self-centered and not concerned with pleasing others	Tend to be more satisfied with their jobs than those with low self-esteem			Tend to be more satisfied with their jobs than those with low self-
		those with low self- esteem	esteem					esteem
40	An individual who is aggressively involved in a chronic incessant struggle to achieve more and more in less and less time is a/an	Type B	Extrovert	Self-monitor	Type A			Type A
41	Which of the following is characteristics of Type B personality.....	They operate under moderate to high levels of stress	They feel impatient with the rate at which most events take place	They can easily pursue leisure activities without feeling guilty	They are generally faster workers			They can easily pursue leisure activities without feeling guilty
42	A Type B personality would be most likely to exhibit one of the following characteristics.....	Multi-tasking	Compulsive work habits	Eat meals quickly	Concentrate on one task at a time			Concentrate on one task at a time

43	People with proactive personalities are people that.....	Face lower job complexity	Identify opportunities, challenge the status quo, and dominate their environment	Suffer negative health consequences	Identify opportunities, show initiative, take action, and persevere until meaningful change occurs			Identify opportunities, show initiative, take action, and persevere until meaningful change occurs
44	The personality factors of "the Big Five Model" are.....	Visionary, agreeableness, courteousness,	Extraversion, agreeableness, conscientiousness	Visionary, conscientiousness, agreeableness	Extraversion, agreeableness, conscientiousness, emotional stability			Extraversion, agreeableness, conscientiousness
		emotional stability, openness to experience	emotional stability, organizational	stability, organizational	openness to experience			emotional stability, openness to experience
45	Every individual set his goal and he also know the _____ which will take him to achieve the goal.	Process	Behaviour	Event	Way			Way
46	OB Helps to understand behaviour of human in _____.	Work place and Society	work place only	Society only	Department only			work place only
47	“The combination of characteristics or qualities that form an individual’s distinctive character” is the definition of _____	Personality	Motivation	Attitude	Behaviour			Personality
48	Outgoing, talkative, social are part of _____ Personality Trait as per big 5 personality trait	Friendly	Openness to experience	Introversion	Extroversion			Extroversion
49	_____are stimulated by events and people external to themselves. They show their feelings, learn by talking, and work well in groups	positive personalities	Introverts	Extroverts	Openness to experience			Extroverts

50	Which one of the following is NOT a reason why organizational behaviour should be studied?	most training only prepares people for the technical aspects of	most jobs involve interacting with other people	because it is necessary as part of your course	because the world of work is complex			because it is necessary as part of your course
		their job						
51	..... is the art of getting things done through others.	Management	Science	Social work	Administration			Management
52	..... helps individual to understand himself.	ID	MIS	OB	BE			OB
53	..... is a system of co-ordinated activities involving two or more persons	Organisation	Computer	Job	Industry			Organisation
54	The Conscious and logical part of human personality is _____	ID	Ego	Super Ego	Negative Ego			Super Ego
55	..... has key influence on work performance.	Personality	Friends	Technology	Society			Personality
56	The way one thinks about himself	Self Image	Super Ego	Both A & B	Self Concept			Self Image
57	Determinants of personality -----	Biological, Social, Cultural & Situational factors	Economic and Political	Social factors	Cultural			Biological, Social, Cultural & Situational factors
58	Transmission of Qualities from the ancestors _____	Leadership	Management	Hereditary	Personality			Hereditary

59	The Methods & behaviour which works effectively in one situation is called _____	Situational approach	Systems approach	Productivity approach	Contingency approach			Situational approach
60	..... also play the role of an entrepreneur .	Supervisor	Worker	Manager	Administrator			Manager

**KARPAGAM ACADEMY OF HIGHER EDUCATION DEPARTMENT OF MANAGEMENT  
FUNDAMENTALS OF MANAGEMENT AND ORGANISATIONAL BEHAVIOR UNIT – IV**

S.N O	Questions	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Answer
1	What three words define motivation.....	Persistence, fairness, ambition	Desire, persistence, fairness	Ambition, direction, intensity	Intensity, direction, persistence			Intensity, direction, persistence
2	Which answer corresponds to a person's internal desire to do something, due to such things as interest, challenge and personal satisfaction.....	Extrinsic motivators	Intrinsic motivators	Theory Y	Theory X			Intrinsic motivators
3	_____ is the process of stimulating people to actions to accomplish the goals.	Bonus	Motivation	Performance based Incentive	Promotion			Motivation
4	In _____ the needs are arranged in an order as per their importance (basic to complex)	Maslow need Theory	Herzberg theory	Satisfaction theory	Mayo theory			Maslow need Theory
5	Individual factors involved in _____	QSL	QWL	QML	WQL			QWL
6	Primary Needs of Human beings is	Food, Shelter etc	Previlages	High level of wage	Status			Food, Shelter etc
7	Status system is an instrument of	Satisfaction	Responsibility	Motivation	De-motivation			Motivation
8	_____ system is an instrument of motivation	Promotion	Status	Job pleasant	Recognition			Status
9	Status is closely related to _____	Abilities	Aspirations	Abilities and Aspirations	Responsibility			Abilities and Aspirations

10	The _____ produced a series of principles	Oxford School	Gestalt School	Yale University	Harvard University			Gestalt School
11	People try to earn money by their _____-	Higher performance	Lower performance	Achievement	extra work			Higher performance
12	Likert has called motivation as _____	Core of management	Process of Management	Knowledge Management	Scientific Management			Core of management
13	Individuals have varied types of _____	Source	Needs	Activity	Belief			Needs
14	Incentives used by organization is classified into _____	Three	One	Two	Six			Two
15	Incentives used by organization is classified has _____	Financial Incentives	Non- Financial Incentives	Both A & B	Allowance increases			Both A & B
16	_____ Status ranking people in the	Organization	Family	Both A & B	Society			Society
17	_____needs, which cannot be satisfied by money	Psychological	Socio-psychological	Physiological	Social			Socio-psychological
18	Herzberg conclude _____no of categories of needs, essentially independent of each other	Two	Three	One	Five			Two
19	Six motivational factors was concluded to the employees by _____	Herzberg	Mc. George	Mc Fascult	Vroom			Herzberg
20	Arranging for people to do volunteer work so that they can meet people with diverse backgrounds is a method used to change_____	Values	Beliefs	Attitudes	Personality			Attitudes
21	Changes in behaviour can lead to changes in_____	Values	Beliefs	Attitudes	Personality			Attitudes



22	Individual and organizational values.....	Lead to negative work attitudes	Do not always align	Always align	Are unique to Canadian values.			Do not always align
23	Attitude X Situation = _____.	Motivation	Knowledge	Skill	Ability			Motivation
24	The attitude of "if you'll do something for me, I'll do something for you" is _____.	Social Barter	Social Trade	Social Swap	Social Exchange			Social Exchange
25	Belief, opinion, knowledge, emotions feelings intention are the components of.....	OB	Job satisfaction	Attitudes	Personality			Attitudes
26	The attitude based on Beliefs, opinion, Knowledge, or information about the particular event which the employee possesses is under _____ component of Attitude.	Behavioral	Cognitive	Affective	Positive			Cognitive
27	The attitude based on the concept that "every individual will have an Intention to react in a certain way toward something is " under _____ component of Attitude	Behavioral	Cognitive	Affective	Positive			Behavioral
28	Which is not a method used for changing the attitude of Employee.....	Use of fear	Providing new information	Performance appraisal	Giving Feedback			Performance appraisal
29	Among the following which is not a problem in changing the attitude of the employee.....	Insufficient Information	Resistant by employee	Cognitive Dissonance	Affective			Resistant by employee
30	The Hawthorne effect is.....	Where the act of observing someone changes their behaviour	The social side of the organization is important for good management	It is important to watch people to make them more productive	Workers feel alienated due to distant management			Where the act of observing someone changes their behaviour

31	Who were the progressive Taylorists.....	Followers of Taylor who wanted to improve his work by intensifying managers control over the workers	Followers of Taylor who wanted to supplement Taylor's ideas with industrial democracy	Supporters of Taylor who thought his ideas were better than Mayo's	Mayo, Roethlisberger and Dickson who developed ideas that were better than Taylor's			Followers of Taylor who wanted to supplement Taylor's ideas with industrial democracy
32	How did Mayo consider the relationship between workers and management?	Mayo thought that Taylor was right and workers and managers should be in harmony with one another.	Mayo argued that workers and managers need to spend time working on finding common ground with each other.	Workers and managers are in direct opposition to each other and therefore managers should take direct control.	Workers and managers should be in harmony with one another.			Workers and managers should be in harmony with one another.
33	The 'social side' of the organization is.....	Where workers can be sociable to each other which makes them more productive	Where workers are more productive by working alongside each other	A view, in contrast to the rational view, which stresses the social relations and informal dynamics that exist within	What the organization contributes to society			A view, in contrast to the rational view, which stresses the social relations and informal dynamics that
				the organization				exist within the organization
34	The social process by which people interact face-to-face in small groups is called ____.	groups	Team management	Teams	Group dynamics			Group dynamics
35	Dynamics comes from the ____ word "force".	French.	German.	Greek.	Italian.			Greek.
36	Informal standards of behavior are called ____.	conduct	rules	norms	regulations			norms
37	Leadership is important for directing ____ behaviour	Group	Individual	Society	Organization			Group

38	Managerial grid is otherwise called -----	Leadership	Leadership grid	Employee oriented	Leadership style			Leadership grid
39	Organizational climate work as -----	Long term proposition	Short term proposition	Stimuli	Motivation			Long term proposition
40	----- is also called as organizational success or growth	Organizational culture	Organizational climate	Organizational development	Organizational effectiveness			Organizational effectiveness
41	Organizational development is a ----- effort to improve an organizations problem solving and renewal process	Short term	Long term	Long range change	Short range change			Long term
42	Role of a performer is believed to have.....	Sincerity.	Dignity.	Both A&B	Self-Respect			Both A&B
43	Managerial grid is .....	Three dimensional	Two dimensional.	Four dimensional.	One			Three dimensional
44	Managerial grid was developed.....	Blake & Moutan.	Henry Fayol.	Hawthorne.	Maslow.			Blake & Moutan.
45	One reason that organizations may support conflict is that it.....	Discourages dissent.	Creates strategic initiatives.	Encourages dysfunctional behaviour.	Challenges the status quo.			Challenges the status quo.
46	Conflict that is related to differences in perspectives and judgments is called _____ conflict	Judgmental	Cognitive	Affective	Personal			Cognitive
47	Conflict exists only if.....	It is perceived by the parties involved.	There is disagreement with established company policy.	Group members are homogeneous.	Group members are diverse.			It is perceived by the parties involved.

48	The conflict management strategy that combines assertiveness and cooperation is.....	Accommodating	Compromising	Avoiding	Problem solving			Problem solving
49	Sources of conflict are divided into three general categories: Communication, _____, and personal variables.	Style	Systems	Structure	Sources			Structure
50	Five strategies to deal with conflicts are...	Problem solving, forcing, avoiding, yielding, and compromising	Problem solving, forcing, direct conversation, yielding, compromising	Reasoning, forcing, yielding, avoiding, compromising	Problem solving, forcing, avoiding, mediation, yielding			Problem solving, forcing, avoiding, yielding, and compromising
51	Employees learn by observing the performance of the referent group (peers, supervisors and high performers) and the consequences of their actions is referred as.	Symbolizing	Forethought	Observational	Self-regulatory			Observational
52	Sociometry is a.....	Classic way of assessing social competence	Measurement of individuals within the peer group	Measurement of rejection only	The first and second choices			The first and second choices
53	Which of the following statements regarding the stability of Coie's sociometric categories is NOT true?	The impact of peer group classification is moderately stable, particularly for the broad-band dimensions of acceptance and rejection.	Peer rejection is the most stable of all the broad-band dimensions.	Those in the popular and rejected categories are more likely than others to maintain their status over time.	Those in the neglected and controversial categories tend to maintain their status, but only over short periods of time.			Those in the neglected and controversial categories tend to maintain their status, but only over short periods of time.
54	An instrument that identifies how individuals relate to peers is called a(n).....	interpretive exercise.	personality inventory.	graphic rating scale.	sociometric device.			sociometric device.
55	Elton Mayo was called .....	Father of scientific management.	Father of organizational behaviour	Father of modern hierarchy.	Father of human relation.			Father of human relation.
56	Conflict between union and management is very _____ in modern organization.	Usual.	Common.	Uncommon.	Rare			Common.

57	Conflict can be classified into structural factors and factors.	Personnel.	Intelligent.	Personal.	Individual			Personal.
58	Supervisors are the people	Worker	Management	Employee	Trade union			Employee
59	Supervisors are contact with -----	Employees	Officer	Workers	Management			Workers
60	The purpose of training a supervisor is to----- --	Leadership quality	Control	Production	Record keeping.			Leadership quality

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FUNDAMENTALS OF MANAGEMENT AND ORGANISATIONAL BEHAVIOR UNIT – V**

S. No	Questions	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6	Answer
1	-----is the attractiveness of the members towards the group or resistance to leave it	Group norms	Group behavior	Group cohesiveness	Group structure			Group cohesiveness
2	Believes, attitudes, traditions and expectations which are shared by group members is called.....	Group norms	Group communication	Group cohesiveness	Group structure			Group norms
3	The group formed by an organization to accomplish narrow range of purposes within a specified time.....	Formal Group	Task Group	Interest Group	Functional Group			Task Group
4	A... is small groups of workers who meet regularly with their supervisor to solve work related problem.	Quality of Work life	Quality Circle	Alternative Work schedule	Job Redesign			Quality Circle
5	When a group gives some of its leadership positions to the members of other group, it is.....	Contracting	Co-opting	Co-alition	Competition			Co-opting
6	.....refers to the combination of two or more individuals, groups or organisation for a common goal with a minimum common programme	Contracting	Co-opting	Co-alition	Competition			Coalition
7	Intra group competition means.....	between group members	competition as a whole	between manager and employee	among group leaders			between group members
8	Intergroup competition means.....	between group members	competition as a whole	between manager and employee	among group leaders			competition as a whole
9	Competition between members-- -----to group cohesiveness	Construct	destruct	neither construct nor destruct	develop new group			destruct

10	A group brought into existence as part of the organisation's structure is defined as.....	a formal (or command) group	an informal group	a friendship group	an aggregate of people.			a formal (or command) group
11	Informal groups tend to.....	be counter productive for an organisation	be formed primarily outside work	a formal (or command) group	achieve organisational tasks.			a formal (or command) group
12	Organizational climate refers to_____	The climatic conditions prevailing in the location	The weather condition that effect the productivity of the employees	The health of the organization	The leadership style that prevails in the organization			The health of the organization
13	Counseling is _____	Psycho analytical treatment for mental disorders	Physiotherapy	A measure to build up the ego	A means to reduce employee stress			A means to reduce employee stress
14	Organizational effectiveness is	The success of an organization	The failure of an organization	The productivity of an organization	Sickness in the organization			The success of an organization
15	The managerial grid is based on.....	Concerned for quality alone	Concern for quality and quantity	Concern for people and production	Concern for Product and service			Concern for people and production
16	Litwin & stringer have included _____no of factors which affects organization & climate	Five	Six	Four	Three			Six
17	Organisation climate exists in a _____relationship	Contingency	Continuity	Desirable	Certainty			Contingency
18	Ornisational effectiveness is also called as _____	Success	Growth	Success or growth	Good Management			Success or growth
19	_____is a strategy of planned change for organizational improvement	Organization effectiveness	Organizational climate	Organizational change	Organizational development			Organizational climate

20	Process or administrative theory of organization is being given by	Elton Mayo	Henry Fayol	F.W. Taylor	Max Weber			Henry Fayol
21	.....leader is self confident and can attract followers by his great influence	Charismatic	Laissez-faire	Autocratic	Bureaucratic			Charismatic
22	.....leadership emphasize on rules and regulation in an organization	Democratic	Laissez-faire	Autocratic	Bureaucratic			Democratic
23	.....is the ability of influencing people to strive willingly for mutual objectives	Motivation	Control	Leadership	Supervision			Control
24	In ..... leadership, there is a complete centralization of authority in the leader	Democratic	Laissez-faire	Autocratic	Bureaucratic			Autocratic
25	Grid Organisation Development was developed by	Blake and Mounton	Elton Mayo	F W Taylor	Max weber			Blake and Mouton
26	.....is a set of values that states what an organisation stands for	Organizational culture	Organization behavior	Organizational spirit	Organizational effectiveness			Organizational culture
27	Least Preferred Co-worker ( LPC) model of leadership was developed by	Martin Evans	Fred Fielder	Robert House	Whetton			Fred Fielder
28	Which of the following is not a contingency theory of leadership	LPC theory	Path Goal theory	Vroom-Yetton- Jago theory	Job centered Leadership			Job centered Leadership
29	.....is small groups of workers who meet regularly with their supervisor to solve work related problem	Quality of Work life	Alternative Work schedule	Quality Circle	Job Redesign			Quality Circle
30	The concept of Work- Week is related with	Quality of Work life	Quality Circle	Alternative Work schedule	Job Redesign			Alternative Work schedule
31	When a group gives some of its leadership positions to the members of other group, it is	Contracting	Co-opting	Co-alition	Competition			Co-opting



32	.....refers to the combination of two or more individuals, groups or organisation for a common goal with a minimum common programme	Contracting	Co-opting	Co-alition	Competition			Coalition
33	Goal setting theory is pioneered by.....	Stacy Adams	Charms	Edwin Locke	F W Taylor			Edwin Locke
34	Leadership today is increasingly associated with the concept of _____?	Getting others to follow	Command	Control	Strategy			Getting others to follow
35	Which of the following statements about leadership is false?	Leadership does not necessarily take place within a hierarchical structure of an organisation	When people operate as leaders their role is always clearly established and defined	Every leader is a Administrator	Not Every leader is a Manager			When people operate as leaders their role is always clearly established and defined
36	Approaches to the study of leadership which emphasis the personality of the leader are termed _____.	Group theories	Inspirational theories	Trait theories	Contingency theories			Trait theories
37	Adair claims that the effectiveness of a leader is dependent upon meeting _____ areas of need within the work group.	One	Two	Three	Four			Three
38	In Adair's approach, needs such as training the group, setting standards and maintaining discipline, and appointing sub- leaders may be called _____.	Team functions	Task functions	Work functions	Individual Functions			Team functions
39	The terms "employee-centred" and "production-centred" to describe leader behaviour were used by _____?	Likert	Fiedler	McGregor	Blake and McCanse			Likert
40	Organizational effectiveness is also known as -----	Organizational success or organizational growth	Organizational behavior	Groupism	Counseling			Organizational behavior

41	Organizational effectiveness is often interchangeably used as ---- -	Organizational efficiency	Goal approach	System resources approach	Organizational Planning			Organizational efficiency
42	The term efficiency is used in an - ----- sense	Engineering	Management	Group dynamics	Social Science			Engineering
43	Organizational effectiveness is also referred to as -----	Organizational behavior	Goal achieving behaviors	Organizational efficiency	System resources approach			Goal achieving behaviors
44	Organizational efficiency refers to -----	Superior- sub ordinate relationship	Input out put relation	Manager supervisor relationship	Productivity			Input out put relation
45	Supervisor improve is ----- communication skill.	Leaders	Director	Co-ordinate	Teacher			Leaders
46	For training the supervisor we use method	Supervisor	Technical	Class room	Communication skills			Class room
47	Trainers are given instruction ----- - in written form	Production	Quality	Material	Course			Material
48	A/n _____ is defined by the organization's structure, with designated work assignments establishing tasks and work groups	Friendship group	Interest group	Informal group	Formal group			Formal group
49	People join groups for various reasons. If the benefit sought is to fulfill social needs, the reason for joining the group is called.....	Power	Security	Status	Affiliation			Affiliation
50	Which of the following methods is/are used to solve intergroup conflicts indirectly.....	Avoidance	Encouragement	Bargaining	Negotiation			Avoidance
51	.....is once view of reality	Attitude	Perception	Outlook	Personality			Perception

52	.....is the process of screening out information that we are uncomfortable with or that contradict to our beliefs	Perceptual context	Selective perception	Halo effect	Stereotyping			Selective perception
53	_____ is the force of action or motivation.	Behaviour	Stimulus	Perception	Attitude			Stimulus
54	The first stage in the perception process involves:	Selection and attention	Stimulus and response	Attention and logic	Attention and meaning			Selection and attention
55	A person's _____ comprises internal factors, such as ability, intelligence and personality, and will determine how an individual responds to certain stimuli.	Psychological threshold	Perceptual set	Cognitive set	Sensory limit			Perceptual set
56	The psychological or internal factors affecting perceptual selection are _____ and _____?	Motives, personality, mental processes	Personality, learning, motives	Personality, ego, mental processes	Learning, personality, ego			Personality, learning, motives
57	The Gestalt School produced a series of principles. Some of the most significant principles include _____?	Figure and ground; clusters; contrast	Figure and ground; grouping; clusters	Grouping; clusters; contrast	Figure and ground; grouping; closure			Figure and ground; grouping; closure
58	The tendency to complete an incomplete figure to (mentally) fill in the gaps and to perceive them as whole is called _____?	Ground	Figure	Grouping	Closure			Closure
59	The process by which the perception of a person is formulated on the basis of a single favourable or unfavourable trait or impression, where other relevant characteristics of that person are dismissed is called: the halo effect	The Halo Effect	The Angel effect	Stereotyping	Clouded Judgment			The Halo Effect
60	The process of combining, integrating, and interpreting information about others to gain an accurate understanding of them is referred to as _____	Attribution	Social perception	Social identity theory	Personal identity			Social perception