

KARNATAKA STATE  **OPEN UNIVERSITY**
MUKTHAGANGOTHRI, MYSURU- 570 006.

DEPARTMENT OF STUDIES AND RESEARCH IN MANAGEMENT

M.B.A I SEMESTER

COURSE - MBHC - 1.1

MANAGEMENT AND ORGANIZATIONAL BEHAVIOUR

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MANAGEMENT AND ORGANIZATIONAL BEHAVIOUR

The theory of management has grown over the past one- hundred years evolving from the time and motion studies of engineers to contribution from social scientific, the hawthorn studies and a behavioral approach to more quantitative approached that looks for the optimally functioning of an organization. The development of principles and concepts of management encouraged the formalization of school of business during the twentieth century. Today we see management process plays the key role in the success of any organizations, hence a budding manager must have strong theoretical knowledge to succeed in the process of management.

In each of the four blocks as described, every unit has been scheduled in a manner so to enable the student to understand the contents easily. Each unit begins with the learning objectives, so that learner known as to what he/she required to learn from the unit. Each unit concluded with summary followed by key words and self assessment questions help in framing a self-feed back on ascertaining the extent of learning. The study material is designed to provide accessible introduction to the Management and Organization behaviour. The present material is designed to provide accessible introduction to the Management & Organization behaviour.

BLOCK -1 : First Block comprises of four units (1 to 4) first unit deals with process of management and evaluation of management second unit deals with trend in management, various principles contributed by management guru third unit comprises of levels of management and skill of managers, last unit deals with planning, approaches to planning, steps in planning.

BLOCK -2 : Second Block consists four units (5 to 8) Unit 5 deals with organizing, dimensions of organization, delegation and departmentation. Unit 6 deals with staffing & directing, Unit 7 deals with Leadership and motivational theories and lastly Unit 8 consists of controlling and controlling techniques.

BLOCK-3 : Third block comprises of four units (9-12) ninth unit deals with organizational behavior nature and scope, factor affecting organisation behavior. Unit 10 deals with the concept individual behavior. Unit 11 consists of Personality, dimensions of personality, theories of personality and concept of learning. Lastly Unit 12 deals with various aspects of Group behaviour.

BLOCK-4 : This block consists of four units (unit 13 to 16) Unit 13 deals with Introduction to or change, causes and resistance to change, unit 14 consists of organisational development and Interventional and techniques Unit 15 consists of organisation culture and lastly Unit 16 deals with various aspects of organisation conflict.

CREDIT PAGE

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Course Name: Management & Organisational Behaviour Credit : 04 Units No: 1 to 16

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MODULE I : MANAGEMENT CONCEPTS

UNIT-1 : PROCESS OF MANAGEMENT

Structure

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Definition
- 1.3 Process of Management
- 1.4 Evolution of Management
- 1.5 Management theories
- 1.6 Summary
- 1.7 Self assessment Questions
- 1.8 Reference
- 1.9 Case Study

1.0 OBJECTIVES

After studying this unit you will be in a position;

- To define management.
- Explain the Process of Management.
- Define work agenda
- Mention the different theories of management.

1.1 INTRODUCTION

Management in simple terms, can be defined as the attainment of organisational goals in an effective and efficient manner through: Planning, Organizing, Leading, Controlling and Staffing. Management makes human efforts more productive and brings better technology, products and services to the society. Management is a function of getting things done through and with people in formally organised groups. And directing the efforts of individuals towards a common objective. Managers guide and coordinate the efforts of other towards certain specified goals. The skills which are required to get things done through people consist of conceptual skills, technical skills, and administrative skills, and social skills. Without proper management the resources of production i.e., men machine and materials cannot be converted into production. Thus management is a vital function concerned with all aspects of the working of an organisation. It is the art of creating the environment in which people can perform as individuals and yet cooperate towards attainment of groups goals and removing hindrances to high performance, a way of optimizing efficiency to reach goals.

Management is a vital aspect of the economic life of man, which is an organized group activity. It is a activity consisting of a distinct process which is primarily concerned with the important task of goal achievement.

1.2 DEFINITIONS

Definition: Management Process is the set of ongoing decisions and work activities in which managers engage as they plan, organize, lead and control. A manager manages the work activities and are usually done in a continuous manner hence it is referred to as a process.

The process of management involves the determination of objective and putting them into action. Management as a process is considered as a continuing

activity made up of basic management functions. The process is on going. It assumes a cyclical character: Planning, Organising, Direction and controlling. A manager performs various functions. When management is reviewed as a process, planning is the first function performed by the manager. The work of manager begins by setting the objectives. Next is organising i.e., Bringing together personnel, capital machinery , materials to execute the plans. Staffing involves filling positions needed in the organisation which includes manpower planning , training, motivation and performance appraisal. Managing workers through proper leadership effective communication is important part of the process of directing and finally measuring actual results with standard performance to find out for deviations and taking corrective actions as and when necessary.

A process is a sequence of activities that is intended to achieve some result. It is a unique combination of elements, conditions or causes that collectively produces a given outcome or set of results. There are various ways of looking at the management Process. Some of which are:

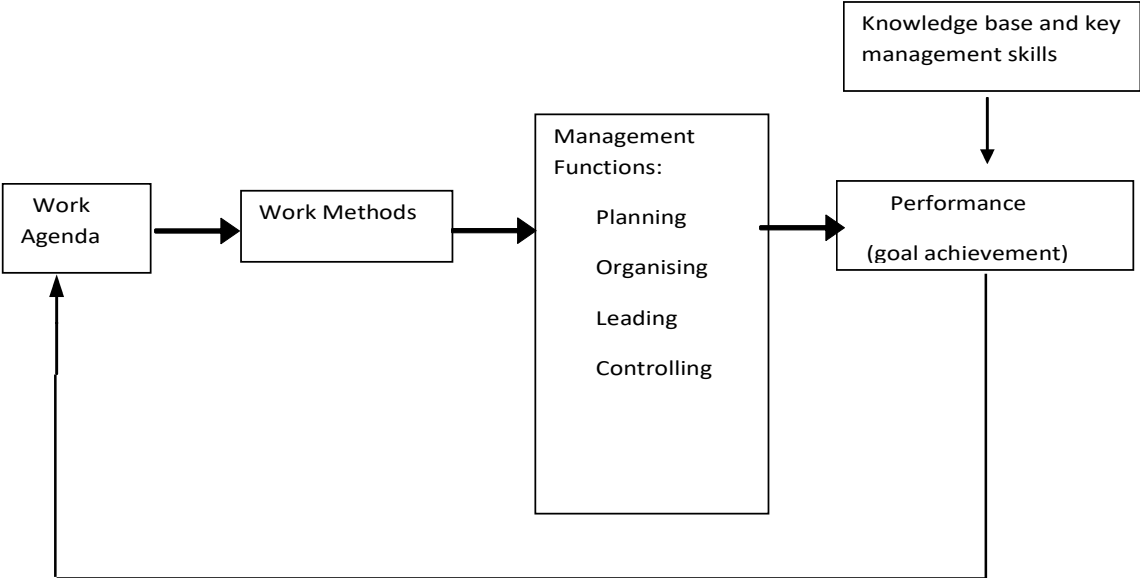
1. The traditional view point of management focuses on what the managers do. It is generally accepted that they perform four functions ie., Planning ,organising, Leading and Controlling. Planning involves defining organizational goals and proposing ways to reach them. Organising is the process of creating a structure of relationships within the organisation that enables employees to interact with one another, to interact with managers and to carry out management's plans and meet its goals. Leading involves communicating with and motivating others to perform the tasks necessary to achieve the organisation's goals. And lastly controlling is the process by which a person consciously monitors performance and takes corrective action. In controlling managers set standards of performance, measure current performance against those standards, and take action to correct any deviation and adjust the standards if necessary.

2. Behavioural view point of management focuses on the role which managers play while performing the four basic managerial functions. In the figurehead role, the manager represents the organisation at ceremonial and symbolic functions. The leader role of the manager involves responsibility for directing and co-ordinating the activities of employees in order to accomplish organisational goals. As a liaison role manager deals with people outside the organization. Such people include clients, government officials, customers and suppliers. He seeks support from people who can affect the organization's success, such as the Chamber of Commerce.

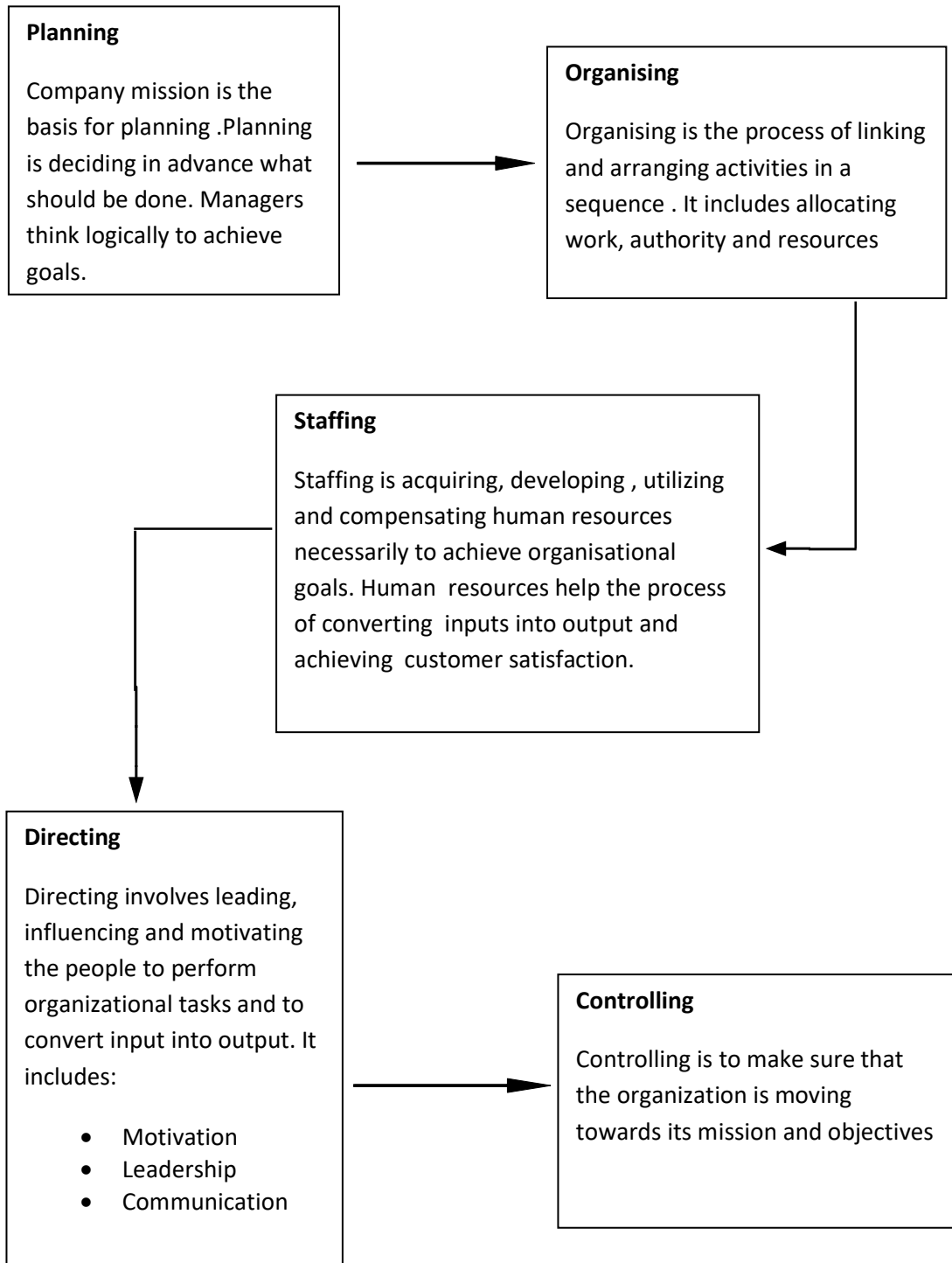
3. Systems and Contingency viewpoint of Management recognises that an organisation is an association of interrelated and interdependent parts or sub-systems. The organisation has to interact with various external ‘systems’ such as supplier, customers , shareholders, and government agencies. A manager with a systems view of management will only make decision after identifying and analyzing how other mangers , department, or customers might be affected by the decisions. The underlying principle of Contingency viewpoint of management is that different situations require different practices. It recommends using the other three management viewpoints, namely the traditional, Behavioural and systems viewpoints, independently or in combination , as necessary and appropriate to deal with various situations. Managers are required to determine which of these three approaches is likely to be more effective than others in a given situation.

Management is what mangers do. Management is the process of coordinating work activities so that they are completed efficiently and effectively with and through other people. The process represents the ongoing functions or primary activities engaged in by managers. Efficiency refers to getting the most output from the least amount of inputs. Effectiveness is often described as “doing the right things”. Management is the process of planning, organising , staffing, directing and controlling the efforts of organisation members in utilizing all resources to achieve organizational goals, objectives and mission. ***Management is a process as it operates the activities systematically.***

1.3 PROCESS OF MANAGEMENT

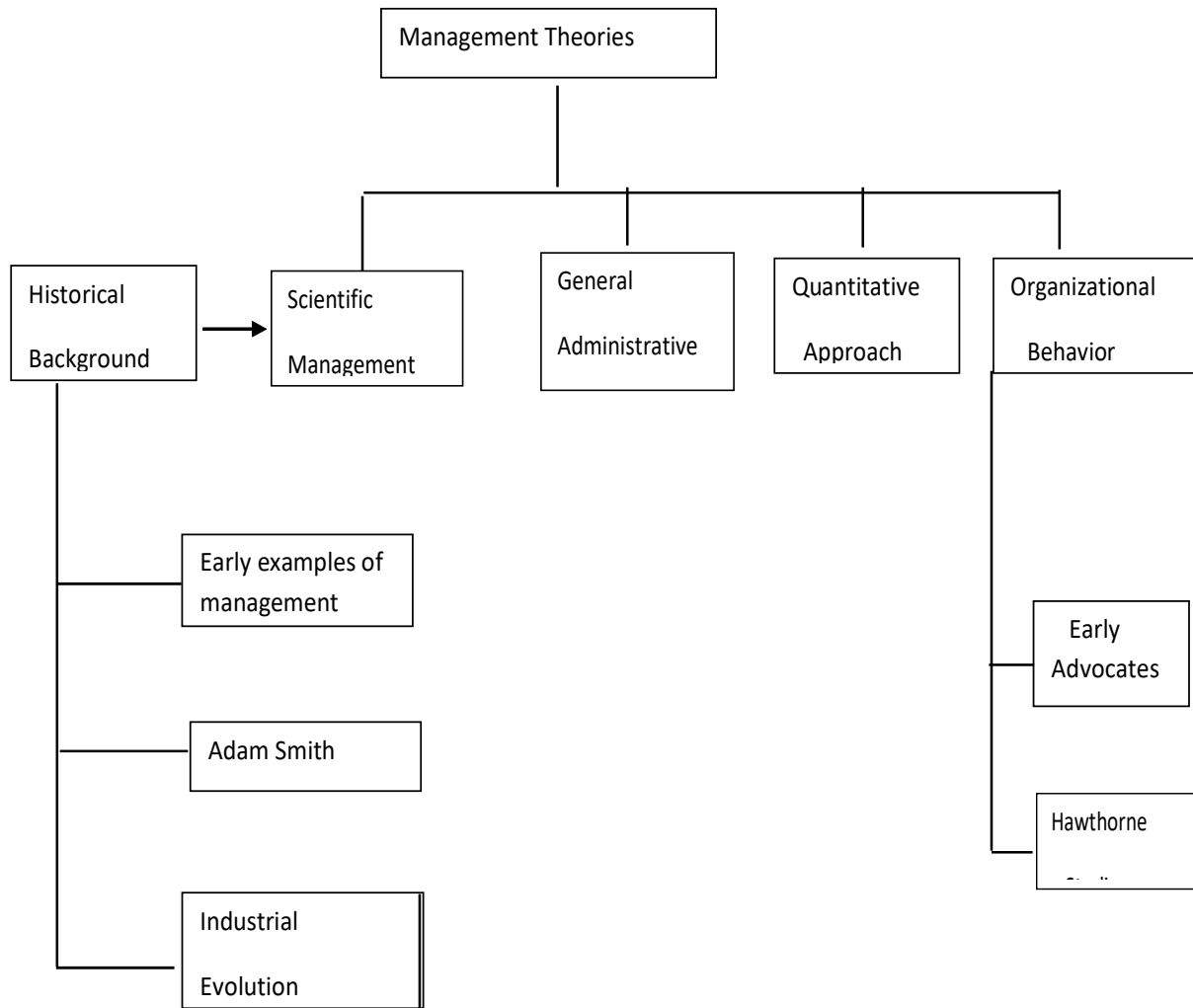


THE MANAGEMENT PROCESS



Evolution of Management - School of thoughts

1.4 EVOLUTION OF MANAGEMENT THOUGHT FROM EARLY POINEERS TO MODERN MANAGEMENT THINKERS



1.5 MANAGEMENT THEORIES

Principles of management are evolved and different approaches to management are designed. The first among the management theories is scientific management.

1. SCIENTIFIC MANAGEMENT:

The practice of management has existed since the earliest time. Western civilization has been dramatically affected by the Catholic and Protestant churches, which have developed worldwide organizational structures using managerial concepts.

Management practice in business, government, and the church remained quite stable through the centuries until the mid-18th century with the birth of the Industrial Revolution in England. With the Industrial Revolution, began the early scientific inquiries into the practice of management. The forerunners of Scientific Management theory are Robert Owen, Charles Babbage and F.W Taylor.

Robert Owen: was the first person to pay attention to labor welfare. He suggested a change in the attitude of industrialists towards workers. He worked up to his maximum possible extent for the amelioration of working conditions of workers and thereby tried to win over their confidence. He stated that men should not be treated as secondary and inferior to machines.

Charles Babbage: sometimes referred to as the patron saint of operations research invented a predecessor to the modern day computers, an invention he called the “difference machine” that actually performed mathematical calculations and computed statistical probabilities. Two pioneering works of Babbage are ‘The Differential Engine and On Economy of Machinery and Manufacturer’. He stated that the methods of science and mathematics could be applied to the solution of the factory’s problems.

Frederick Winslow Taylor: known popularly as the father of scientific management and a classicist in management theory, was the first person whom insisted on the introduction of scientific methods in management. He made for the first time a systematic study of management and evolved an orderly set of principles to replace the trial and error methods then in vogue. He observed that workers were not enthusiastic and were doing as little as possible, just adequate to maintain their job. Taylor’s contribution is based on his observation of the working conditions and the behavior of the workers/ employees in the organization.

PRINCIPLES OF SCIENTIFICE MANAGEMENT

The contributions to scientific management evolved into principles. These principles are called principles of scientific management. They include:

- Time and Motion Study
- Science, but not rule of the thumb
- Differential payment
- Group harmony
- Co-operation between workers and management
- Methods study
- Scientific selection and training
- Standardization
- Separation of planning from execution

2. GENERAL ADMINISTRATIVE THEORISTS

Another group of writers looked at the subject of management but focused on the entire organization. They are referred to as the general administrative theorists. They developed more general theories of what managers do and what constituted good management practice. The important contributions given by Henry Fayol and Max Weber are:

Henry Fayol : Fayol's attention was directed at the activities of all managers. He described the practice of management as something distinct from accounting, finance, production, distribution and typical functions. He argued that management was an activity common to all human endeavors in business and government. He then proceeded to state 14 principles of management. *Division of work, Authority, Discipline, Unity of Command, Unity of Direction, Subordination of individual interest to the general interest, Remuneration, Centralization, Scalar Chain, Order, Equity, Stability of tenure of personnel, Initiative, Esprit de corps.*

Max Weber: Max Weber developed a theory of bureaucratic management, which emphasizes on a strictly defined hierarchy governed by clearly defined regulations and lines of authority. For Weber the ideal organization was a bureaucracy. Weber sought to improve the performance of socially significant organizations by making their operations productive. Weber recognized that ideal bureaucracy did not exist in reality. Instead he intended it as the basis for theorizing about work and how work could be done in large groups. His theory became the model structural design for many of today's large organizations.

3. QUANTITATIVE APPROACH TO MANAGEMENT

The quantitative approach involves the use of quantitative techniques to improve decision-making. This approach has also been labeled as Operations Research or Management Science. This approach to management involves applications of statistics, optimization model, information model and computer simulation to management activities. The quantitative approach has contributed directly to management decision-making in the areas of planning and control.

4. BEHAVIOURAL APPROACH / HUMAN RELATIONS APPROACH

The human element was recognized even in the scientific management school. The human relations approach is the outcome of reactions of classical theorists like Mary Parker and Chester I Bernard. Elton Mayo and his associates pointed out that the techniques of scientific management are not adequate and they do not contribute to individual and organizational goals. The essence of human relations approach is that workers should be treated as human beings but not as mere factors of production. Workers needs, feeling, attitudes, values and desires are extremely important. The theme of human relations approach is that organizational situation should be viewed in social terms as well as in economic and technical terms and the social process of group behavior can be understood in terms of the clinical method analogous. An intensive and systematic analysis of human factor was made in the form of Hawthorne Experiments. The series of experiments conducted under the Hawthorne study include the following:

- Illumination Experiment
- Relay Assembly Test Group
- Interviewing Program
- Bank Wiring Observation Room Experiment

The human relations approach pertains to motivating people in organizations in order to develop teamwork, which effectively fulfils their needs and leads to achieving organizations goals. Thus human relations strive to create a positive and conducive work environment, focuses on people, has the ultimate goal of increase in productivity, and seeks to build human cooperation towards achievement of organizational goals.

5. SYSTEMS APPROACH TO MANAGEMENT

Systems approach to management views the organization as a unified, purposeful system composed of inter-related parts. Hence, managers have to deal with the organization as a whole rather than dealing separately with various segments of the organization. This approach also gives the managers to see the organization as a whole and as a part of the larger external environment. The essence of the systems approach is that each manager cannot function in isolation within his organizational boundary of authority and responsibility of the traditional organizational chart. Key concepts of systems approach are:

- Sub-system
- Synergy
- Open system
- Closed system
- System boundary
- Flows
- Feedback

6. CONTINGENCY APPROACH TO MANAGEMENT

This approach is also called situational approach. Managers, consultants and researchers who tried to apply the concepts of the major schools to real life situation developed this approach. They sought to know the causes for the success of methods in one situation and failure in another situation. This approach emphasizes that managers have to identify the techniques, which will best contribute to the attainment of the management's goals in a particular situation, under particular circumstance and at a particular time. Classical theorists suggest work implication for increase in productivity whereas Behavioral Scientists suggest job enrichment, but the manager under contingency approach should find out which method will work better in that particular situation. This approach is builds upon systems approach. The composition of a particular situation or system will help to know the techniques best suited to that particular situation or system.

7. HUMAN RESOURCE MANAGEMENT APPROACH

Human resource is a principle and a sub-system and resource of an organization. Both the human resource system and the entire organization operate

under the same environmental factors. Human resource management approach is developmental. It is concerned with the growth and development of people towards higher levels of competency, creativity and fulfillment. The human resource management approach is supportive. It helps employees to develop through training and development and other techniques of human development, it also develops more responsible and committed persons through the creation of conducive organizational climate, strong culture, attractive rewards system, free and challenging work environment, team spirit and the like. This approach assumes that increased capabilities and expanded opportunities for people will lead directly to the improvement of the organizational effectiveness and efficiency, employee job satisfaction will be a direct result when employees make use of their resources to the fullest extent. Thus, the human resource management approach reveals that sound management of human resource through proper training and development, proper salary administration, creating conducive work environment, providing challenging job and maintaining sound industrial relations result in the employee contribution for achievement of organizational goals.

1.6 SUMMARY

Thus the basic role of managing is to achieve certain objectives and goals. A precise and complete statement in this regard would make the objectives clear and understood by all concerned who have to direct their activities towards its attainment. In order to accomplish satisfactorily anything of importance, it is necessary to plan in advance of doing. What should be done, how it should be done, who will be responsible for doing it, where action is to be taken and why it is to be done. Management process becomes a cycle and indicates the unending nature of managers' job.

1.7 SELF ASSESSMENT QUESTIONS

1. What is process of management?
2. Describe the process of management and explain how it can be used to accomplish result in any organisation?
3. What are the principles of management?
4. Briefly explain a few management schools of thought.
5. State the Principles of Scientific Management.

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1.9 CASE STUDY

Rohith is an engineer in a large design engineering office. Rohith hails from a rural background , and his family had a low income and stern rules. In order to earn his college degree, he had to work, and he paid most of his own expenses. Rohith is an intelligent and capable engineer. His main fault is that he does not want to take risks. He hesitates to take decisions himself, often bringing petty and routine problems to his supervisor or to other engineer colleagues of his for a decision. Whenever he does a design job he brings it in rough draft to his chief engineer for approval before he finalizes it. Since Rohith is a capable person, his chief engineer wants to motivate him to be independent in his work. The chief engineer believes that this approach will improve Rohith' s performance, relieve the chief engineer from extra routine and give Rohith more self confident. However the chief engineer is not sure how to go about motivating Rohith to improve his performance.

Poser: In the role of chief engineer, explain how you would motivate Rohith. .

UNIT -2 : TRENDS IN MANAGEMENT

Structure

- 2.0 Objectives
- 2.1 Introduction –Trends in management
- 2.2 Peter Drucker
- 2.3 C.K Prahalad
- 2.4 A Chaudary
- 2.5 Michael Hammer
- 2.6 Michael Porter
- 2.7 Gary Hamel
- 2.8 Al Ries
- 2.9 Tom Peters
- 2.10 Jack Trout
- 2.11 Summary
- 2.12 Self Assessment Questions
- 2.13 References

2.0 OBJECTIVE

After studying this unit you will be in a position to know:

- The major trends in management.
- The contribution of various management gurus to the field of management.

2.1 INTRODUCTION : TRENDS IN MANAGEMENT

Wave of globalization has been the driving force behind most far-reaching and powerful changes in business, then information technology has indisputably been the facilitator. In the changing management scenario current trends include managers that manage the work and not the people. Work is more predictable than people. Rather than trying to manage people so strictly, managers are living in the light and kindness with employees as they are real people; their own neighbors. Emerging Trends in Management - 2012 by Dr. Harry CD include , Contemporary Management styles,. Micro and Macro management ,. Virtual and Open source management, Globally distributed management, Global and International Management , Business ecosystems –Networked Management,. Green Management,. Smart Management, Sustainability management. Green management measures such as certified environmental management International and Global Management is systems (EMS) or tools like life cycle concerned with the techniques and assessment activities are considered to improve corporate environmental practices that are involved in directing and performance directly by mandating controlling international organisations. Companies are trying to introduce environmental goals and management structures as well as programs to achieve them.

Dr. Harry CD 2012 focus on: S.M.A.R.T. Management includes (specific, measurable, achievable, realistic, and time-based.) methods of implementation Sustainable management takes the concepts from sustainability and synthesizes them with the concepts of management. Sustainability has three branches: the environment, the needs of present and future generations, and the economy Emerging Trends in Management

Organizations are required to accomplish, a given task according to schedule and pre-determined programme. People are made to work. They don not themselves work. Management, therefore, has come to stay as an activity process in this complex industrial and commercial world. Management is the body of people which performs certain managerial functions for the accomplishment of pre-determined goals. The concept of

management is very old. Therefore, different view has been expressed about its nature by different authorities. Management is a social science the subject matter of which is a human being. Management generalisations and principles cannot hold good in all the cultures and at the stages of economic development. Thus management has evolved and changed considerably over a period of time and various management experts and gurus have contributed to the development of management concepts and principles.

2.2 PETER DRUCKER

Peter Drucker popularly known as the ‘Father of Modern Management’ is still remembered for his contribution in the field of management. He stressed on the fact that the needs of society could be fulfilled only through business institutions and, therefore, it was necessary that these institutions performed well. Drucker laid emphasis on managers and management for the effective functioning of the business institutions. His contributions to management is as follows:

- Each society is a society of institution which people look forward to as a source of employment and also the fulfillment of their varied needs. It is the management of these institutions which affects their performance and survival. The managers, he asserts, are different from the owners and possess specialized skills to perform the managerial tasks. He, thus, considers management as a profession.
- Amongst the various institutions, the focus of attention of management is on the business institutions as the efficacy of management can be judged through the economic results that it produced, and the most prevalent economic institutions is the business institution. Besides, management is also liked at as a form to reform Government and Society and also to further the traditional values, customs, and belief's of the society.
- Drucker originated the concept of Management by Objective (MBO). It stresses on the need of participative management whereby managers at all levels participate in the goal setting process so that the individual performance synthesizes with the organizational performance. According to him, MBO, if effectively organized can help in overcoming four major organizational problems: the specialized work of most managers; the hierarchical structure of management; the differences in vision and work, and the compensation structure of the management group.
- Drucker advocated the skills managers must possess so as to make management an effective task.

- a. Skills to make effective decisions
 - b. Skills to communicate in an outside the organisation
 - c. Skills to make proper use of controls and measurements, and
 - d. Skills to make proper use of analytical tool – management science.
- Rather than focusing on task-oriented or person-oriented approach to management, Drucker focused his attention on an organization structure that needs to be both task-focused and person-focused. He, therefore, advocated both Scientific Management and the Human Relations Doctrine.
 - Every institution is a part of society in which it functions and, therefore, it cannot remain oblivious of the impact of societal functions on business institutions and vice versa. The systems approach to management, thus, is also considered by Drucker while he advocated the need for management in the functioning of the institutions.

Drucker's work on management has been highly appreciated by subsequent management thinkers. The work of Drucker is recognized even today and will continue to guide managers, academicians, management thinkers. His work on management has and will continue to provide a basic foundation for management thinkers.

2.3 C.K. PRAHALAD

He is known not only for his prolific works also for his management perceptions and strategies C K Prahalad is a professor, researcher, speaker, author and prominent consultant. Prahalad specializes in corporate strategy and the role of top management in large, diversified, multinational corporations.

In 1994 he co-authored the bestseller, *Competing for the Future*, with Gary Hamel. Translated into 14 languages, it was named the Best Selling Business Book of the Year in 1994. Prahalad is particularly well known for the work he has conducted with fellow strategy expert Gary Hamel. This includes the articles The Core Competence of the Corporation (Harvard Business Review, May-June, 1990), Competing in the New Economy: Managing Out of Bounds (Strategic Management Journal, Vol. 17, No. 3, March, 1996) as well as the bestselling book *Competing for the Future: Breakthrough Strategies for Seizing Control of Your Industry and Creating the Markets of Tomorrow* (1994).

Professor Prahalad's books include: *The Multinational Mission: Balancing Local Demands and Global Vision* (1987) with Yves. Many of the articles he has co-authored have appeared in the *Harvard Business Review*, including *Do You Really Have a Global Strategy?* (1985); *Collaborate With Your Competitors - and Win* (1989) *Strategic Intent* (1989); *The Core Competence of the Corporation* (1990); *Corporate Imagination and Expeditionary Marketing* (1991); *Strategy as Stretch and Leverage* (1993); *Competing for the Future* (1994); and *The End of Corporate Imperialism* (1998).

Strategic Intent, *The Core Competence of the Corporation* and *The End of Corporate Imperialism* won McKinsey Prizes in 1989, 1990 and 1998 respectively. *The Dominant Logic: A New Linkage Between Diversity and Performance* (1986), co-authored with Richard Bettis, was chosen as the best article published in *Strategic Management Journal* for the Period 1980-88.

Professor Prahalad's contributions to strategic thinking are widely acknowledged. In 1992 *Business Week* described him as a "Brilliant teacher at the University of Michigan, Prahalad may well be the most influential thinker on corporate strategy today". He was named in *Business Week* as one of the top ten business professors in the country, based on a nation-wide poll of MBA alumni. The Indo-American Society presented Professor Prahalad with their 1994 Annual Award for his outstanding contribution toward promotion of Indo-American goodwill, understanding and friendship. In 1995 he received the American Society for Competitiveness Award for his outstanding academic contribution to competitiveness.

One of the names most commonly cited in boardrooms across corporate America is C K Prahalad. The pioneer of the 'core competence' management concept. In surveying the corporate scene worldwide, one of the questions that has most intrigued management guru C K Prahalad is how dark horses can beat the established favourites at their own game, and on their turf.. What all that tells you, Dr Prahalad points out, is that being small need not be a minus and being big need not be a plus, because the small have not only survived, they have become winners. Madras-born Dr Prahalad, who has taught at Harvard, the Indian Institute of Management in Ahmedabad and INSEAD in France, was Harvey Freuhauf Professor of Business at the University of Michigan. His list of awards and citations alone is as long as an arm.

His contribution to management theory and practice is reputedly path-breaking. He pioneered the concept of "core competence" of a corporation — more on that later — and together with his collaborator, Gary Hamel, has turned much of the conventional

wisdom on corporate strategy upside down. According to that wisdom, resources were critical: resources equalled size and size equalled market share. Also, with big resources, companies could innovate more because they could buy both brains and technology. The old wisdom also focused on “maximising within constraints” — the idea that a company’s ambitions should be in line with what it can afford. Furthermore, corporate strategy was seen as something that was top-down: bosses came up with ideas and employees put them into effect.

At first, Dr Prahalad tried to use the old paradigm to explain what was going on in corporations. But it couldn’t do the job, no matter how much he twisted and stretched it. “So what we ended up doing,” he says, “was to throw out all the old ideas and say: there must be a totally different explanation, a different way of conceptualizing the process of corporate strategy.” After much research, he narrowed down to four or five central themes.

The first was that most companies are “imagination-constrained”, not resource-constrained. “Imagination, passion, excitement — these have to be as much part of a senior management’s tasks as resource allocation,” he says. And no, resources don’t buy imagination; more often, they limit imagination. “The rich companies are typically not the ones that are the most creative, because they have a lot of money to throw at problems. It’s the poor who have come up with the most imaginative ideas. Look at Apple, Microsoft, Oracle or Silicon Graphics. None of them started with big resources. They started with a big idea, an aspiration to change the world. To them, strategy was about discovery.”

Dr Prahalad’s second central idea blew the concept of “maximising within constraints” to bits. “If you’re top management, you need to deliberately create a misfit between aspirations and resources,” he suggests. “If your aspirations are not outside the realm of your current resources, you’re unlikely to create new ideas. If you look at all entrepreneurs, they instinctively follow this model.”

“The big question,” he says “is how do you create responsible entrepreneurship in a large company which has 150,000 people working in 65 countries? If there are eight people in a room, it’s no big deal. It happens spontaneously; there is no need for a process. But in a large company, there is. Creating a misfit between aspirations and resources is part of that process.”

Another part, according to Dr Prahalad, consists of tapping employees for entrepreneurial ideas. He sees the elitist approach, where the top bosses are also the top ideas people, as a recipe for mediocrity. “Smart strategy always involves a large number of people,” he points out. “Because knowledge about customers, about competitors, about

new technologies — all this resides lower down in the organisation. So any top management needs to capture the imagination of the people there.”

Another key element of strategy, according to Dr Prahalad, lies in the leveraging of resources. “If you want to be innovative, you must leverage everything you can — your suppliers, your partners, your employees, and even your competitors,” he points out. “That’s how you get the most bang for your buck.”

But the scarcest and most important thing a company can leverage is talent and skills, and the past products of these, he says. “A company must redeploy and recycle what it has invested in.” “If you have a big investment over a long time in, say, optical technology like Philips or Sony, you need to continuously redeploy it in new businesses. It doesn’t have to be in businesses that you’re already in: it can be in businesses that you’re not in. For example, the compact disc was invented as an audio device. But every PC comes with a CD-ROM. The CD today is also an integral part of video, graphics and games. That’s not what it was invented for. “The ability to leverage it across multiple users is the basic idea behind core competence. It means re-using, redeploying, sharing, furthering and nurturing the skill base of the company. If you have a core technology, you must also have the capacity to share it across boundaries.”

“In other words,” says Dr Prahalad “you ought to look at a corporation not only as a portfolio of businesses but as a portfolio of competencies that cut across multiple businesses. Sometimes you have to create new businesses, you have to make new space. That’s what discovery is all about.”

2.4 A. CHAUDARY

Speaking of contemporary business thinkers, another fine entrepreneur, educator, author and enterprising personality is Arindham Chaudhuri. His contribution to the field of management studies in India can be found in the iconoclastic “*Theory ‘ i ’ Management*” which he has developed for India Inc. “Theory ‘i’ Management” is about India centric management ideas. For the last few years he has been conducting workshops on Leadership and Strategic Vision exclusively for CEOs, MDs, Directors and Presidents from the corporate sector. From the Managing Director of Hero Motors to the President of Tata Chemicals, from the Executive President of A.V. Birla Group to the CEO of Ernst & Young... have all taken leadership training workshops from him. As a celebrated speaker he is regularly invited to speak at various annual conferences and national conventions. He also happens to be highest paid speaker in the country.

An economist by passion and education, during Bill Clinton's historic visit to India he launched his Great Indian Dream -: India can beat America, a series of seminars for every Indian. Held in all the metros of India, these seminars had thousands of people pouring in from all walks of life. In these seminar's he not only highlights the inherent strengths of the Indian culture but also talks about an alternative resource mobilization and allocation package for an Indian turnaround. To facilitate social activities based on this he has started the Great Indian Dream Foundation in memory of his brother Aurobindo Chaudhuri. He was recently rated as one of the 50 leading thinkers in South Asia by Wilton Park (an organisation supported by the European Commission and British foreign office).

Further, he was awarded the Academic Gold Medal while completing the Post Graduate Diploma in Planning and Management from IIPM. Prof. Chaudhuri was awarded "Management Guru 2000 Award" by Chennai based Om Venkatesa Society which annually honours management experts.

2.5 MICHAEL HAMMER

An engineer by training, Hammer was the proponent of a process-oriented view of business management.

Michael Hammer is one of those celebrated big thinkers of the business world. Reengineering the Corporation, his 1993 best-seller co-authored with James Champy, prompted managers to overhaul their business structures in pursuit of dramatic improvements. Some succeeded, but by the end of the decade, the term had also become synonymous with layoffs and plant closures. Meanwhile, Hammer seemed bogged down by his very success.

Dr. Hammer's groundbreaking research and visionary thought leadership over the years has galvanized the business world—beginning with his leadership of the reengineering movement and continuing with his brilliant formulation of the process-centered organization. Hammer's ideas have become integrated into the DNA of businesses and organizations worldwide and continue to retain their relevancy in today's challenging economic environment.

Michael Hammer five important contributions towards Business Process Management. : **'Reengineering and the Corporation'** emphasis on Concept of 'Management Process Design', **'Coined the end of Adam Smith Era'**, defended the undoing of the Industrial Revolution and stated that a new organization had to re-emerge

under the supervision of a strong leader with vision , who, using information technologies , consulting closely with the suppliers to reduce inventories, and empowering employees , would build a more efficient organization. **‘Started Shaping the modern Business Process’** , Michael Hammer defended that corporation ought to simplify and reorganize business departments by having workers do their work which could contribute for greater efficiency and productivity. **‘Empowered the information worker’**, Michael defended saying that in new organizations and managers should switch from supervisory roles to facilitators. They ought to become enablers and mentors of those who they manage , empowering them to perform value –adding processes themselves, making sure their contribution would be recognized by the top management. **‘Powerful ideas gone bad’** this misinterpretation led to firing of workers, hence Michael emphasized that the term re-engineering was misappropriated and misunderstood and stated that re-engineering should be taken to promote greater production and create more jobs.

2.6 MICHAEL PORTER

Professor Porter is a leading authority on competitive strategy and the competitiveness and economic development of nations, states, and regions.

Professor Porter’s ideas on strategy have now become the foundation for one of the required courses at the Harvard Business School. Professor Porter speaks widely on competitive strategy and international competitiveness to business and government audiences throughout the world. In 2001, Harvard Business School and Harvard University jointly created the Institute for Strategy and Competitiveness, led by Professor Porter, to further his work. Professor Porter is the author of 16 books and over 85 articles. His book, *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, is in its 58th printing and has been translated into seventeen languages. His second major strategy book, *Competitive Advantage: Creating and Sustaining Superior Performance*, is in its 34th printing. His Harvard Business Review article ‘What is Strategy?’ is the foundation for a new strategy book it also well known. His article ‘Strategy and the Internet’ (2001) won for Professor Porter an unprecedented third first-place McKinsey Award as the best Harvard Business Review article of the year.

2.7 GARY HAMEL

In the new economy, the companies that create **new wealth** are truly revolutionaries: they upend long-held industry conventions, they fearlessly challenge the old guard, and they amaze their customers with products and services that could

scarcely have been imagined a few years earlier. In doing so, they render existing business models obsolete. In this environment, the most fearsome threat to continued success is not inefficiency but **irrelevancy**. Any company that is not an industry revolutionary is already on the road to insignificance.

Industry revolution is the product of **strategy innovation**. In an increasingly non-linear world, only non-linear strategies will create new wealth. As companies move beyond the incremental, strategy innovation—the capacity to reconceive product and service concepts, redraw market boundaries, and radically alter deep-down industry economics—will become the next critical competitive advantage. Strategy innovation is the only way for a company to renew its lease on success.

Yet most companies are built for continuous improvement, rather than for discontinuous innovation. They know how to get better, but they don't know how to get different. In a world where incumbency is worth next to nothing, a company must be capable of reinventing its deepest **sense of self** and its **core business concept** not once a decade, in the midst of a crisis, when it trades out one CEO for another, but continuously, year after year. Twenty years ago the challenge was quality. Ten years ago the challenge was re-engineering. Now the challenge is strategy innovation.

In *Leading the Revolution*, Professor Gary Hamel, the world's most profound business thinker, lays out a clear **plan of action** for any company intent on becoming—and staying—an industry revolutionary. *Leading the Revolution* is not a book for dilettantes. It is not a book for corner-office types who would rather protect their prerogatives than overthrow industry orthodoxy. It is not a book for those who need reassurance that they're already doing "the right thing." *Leading the Revolution* is a book for those who want to make a difference-in their world and in their organization. It is a book for those who are tired of playing it safe. It is a book for people who care so much about their customers, their colleagues and their own legacy that they can't imagine not **Leading the Revolution**.

2.8 AL RIES

Positioning, a concept developed by the authors, has changed the way people advertise. The reason? It's the first concept to deal with the problems of communicating in an over communicated society. With this approach, a company creates a 'position' in the prospect's mind, one that reflects the company's own strengths and weaknesses as well as those of its competitors. Witty and fast-paced, this book spells out how to position

a leader so that it gets into the mind and stays there, position a follower in a way that finds a ‘hole’ not occupied by the leader, and avoid the pitfalls of letting a second product ride on the coattails of an established one. Revised to reflect significant developments in the five years since its original publication, Positioning reveals the fascinating case histories and anecdotes behind the campaigns of many stunning successes and failures in the world of advertising.

While he doesn’t go so far as to say that small is beautiful, Ries (Positioning) levels a commonsense critique at the compulsion for growth that drives corporate America. Growth for its own sake, particularly when it involves diversification into products unrelated to a company’s original business, Ries says, causes many companies to become unfocused, confuses customers and loses money. The frenzy for acquisitions that spread many a well-known brand name over a diversity of products has proved untenable, with the result that companies that grew fat are regaining their original focus by slimming down. itself of all but its original retail chain.

Al Ries defines corporate focus as an organization’s “necessary” and relentless pursuit to specialize within its industry. For example, one of Ries’ examples, PepsiCo, should’ve focused on its core competency (the Pepsi cola brand), and spun off all other divisions such as its food chains division (KFC, Pizza Hut, Del Taco) and its snack foods division (Frito Lay). PepsiCo, he claims, will lose the war with Coca-Cola unless it focuses on just one enemy (Coke) rather than several. Interestingly enough, Ries’s prophecy towards future focus within organizations happens to have become the biggest hit on Wall Street in 1997, and in the case of PepsiCo, came true.

2.9 TOM PETERS

“In no small part, what American corporations have become is what Peters has encouraged them to be” New York. “Peters is ... the father of the post-modern corporation.” —Los Angeles Times

“We live in a Tom Peters world.” —Fortune

Tom Peters the Uber-guru of management, and compares him to Ralph Waldo Emerson, Henry David Thoreau, Walt Whitman, and H.L. Mencken. The Economist tagged him the Uber-guru; and Business Week’s take on his “unconventional views” led them to label him “business’s best friend and worst nightmare.” In 2004 the Bloomsbury. Press book Movers and Shakers reviewed the contributions of 125 business and management thinkers and practitioners, from Machiavelli and JP Morgan to Tom and Jack Welch.

“Tom Peters has probably done more than anyone else to shift the debate on management from the confines of boardrooms, academia, and consultancies to a broader, worldwide audience, where it has become the staple diet of the media and managers alike. Peter Drucker has written more and his ideas have withstood a longer test of time, but it is Peters—as consultant, writer, columnist, seminar lecturer, and stage performer—whose energy, style, influence, and ideas have shaped new management thinking.”

Two Tom Peters biographies have been published: **Corporate Man to Corporate Skunk: The Tom Peters Phenomenon** and **Tom Peters: The Bestselling Prophet of the Management Revolution**. In an in-depth analytic study released by Accenture’s Institute for Strategic Change in 2002, Peters scored 2nd among the top 50 “Business Intellectuals,” behind Michael Porter and ahead of Peter Drucker.

Leadership guru Warren Bennis, the only person who knows both Peter Drucker and Tom personally, told a reporter, “If Peter Drucker invented modern management, Tom Peters verified it.” In fact, as even Tom’s book titles indicate, his passion is passion: *Destruction & Disruption & Re-imaginings ... Talent Liberation for a Brand You/WOW Projects World ... Creativity, Game-changing Innovation & Sustained Entrepreneurship*. Tom’s newest passions are for Women-as-Leaders; the Supreme Role of Design in product and service differentiation; the Creation of Customer Experiences that rival a Cirque du Soleil performance; capturing the enormous, underserved market represented by Women and Boomers-Geezers; Re-imagining Education for a Creative Age; and reorienting healthcare from “fix-it-after-the-fact” to Wellness-Prevention. And pursuing Excellence Variety2005 ... Tom’s first “return to excellence” in 22 years.

2.10 JACK TROUT

Instrumental in developing the vital approach to marketing known as “positioning,” he is responsible for some of the freshest ideas to be introduced into marketing thinking in the last decade. Jack Trout started his business career in the advertising department of General Electric. In 1985 he and Al Ries wrote a second best-selling book entitled *Marketing Warfare*. *Positioning and Marketing Warfare* are now published in 14 languages. In 1988 *Bottom-Up-Marketing* was published. It became very popular as the “process” book as it completed what has become known as the “Trilogy” of marketing books. In 1993 their book, *The 22 Immutable Laws of Marketing* quickly became the marketing bible. It outlined the basic reasons why marketing programs succeed or fail in the competitive nineties. Jack Trout closed the circle with the sequel to *Positioning* in 1995. Entitled *The New Positioning* it takes the world’s No. 1 business strategy to a new level.

This was followed by *The Power of Simplicity - A Management Guide To Cutting Through the Nonsense and Doing Things Right*. It is a candid, unvarnished look at the foibles and complexities of business that get in the way of good decisions. This was followed by *Differentiate or Die - Survival in Our Era of Killer Competition*. It presents the keys to survival in a killer global economy. *Differentiate or Die*.- presents how you can and cannot differentiate yourself in the age of killer competition. A very popular book and lecture, it demonstrates that every product and service can be differentiated if you are willing to focus and sacrifice.

2.11 SUMMARY

The field of management has always been responsive to environmental changes. The modern society is experiencing more changes than were ever experienced in the past and the modern managers must keep pace with these changes. In the light of the recent developments in the economy, not only should management be responsive to changes, it must, in fact, promote changes and create progress. Traditionally, management was viewed as a field of study relevant to solve the technical problems related to production of goods. The focus was, thus, on the industrial sector. Gradually, a shift was observed from industrial sector to almost every field of the society. The focus changed from technical aspect to non- technical types of organizational problems. No, wonder, management has come to be called as a generic and a universal concept. Managers have to face ;bring about a change in the corporate governance. Thus the contributions from various managements experts have a great deal in dealing with the human element in the organization.

2.12 SELFASSESSMENT QUESTIONS

1. Explain briefly the recent trends in management.
2. Discuss the contribution of Peter Drucker to the field of management.
3. In what way is Shiv Khera's contribution different from A Chaudary contribution to management ?.
4. In what way is Shiv Khera's contribution benefiting the managers?

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UNIT –3 : LEVELS OF MANAGEMENT

Structure

- 3.0 Objectives
- 3.1 Introduction
- 3.2 Management as science
- 3.3 Management as Art
- 3.4 Management as a profession
- 3.5 Management Levels
 - 3.5.1 Top level managers
 - 3.5.2 Middle level managers
 - 3.5.3 Lower level managers
- 3.6 Management skills
 - 3.6.1 Technical skill
 - 3.6.2 Human skill
 - 3.6.3 Conceptual skill
- 3.7 Role Managers Play
- 3.8 Mintz Berg's roles of present managers
- 3.9 Summary
- 3.10 Self assessment Questions
- 3.11 References

3.0 OBJECTIVES

After studying this unit you will be in a position

- To define management.
- Able to understand why management is an art.
- Understand the concept of management as a science.

3.1 INTRODUCTION

Arts and Science of Management: A question often arises whether management is a science or an art. “Management is the oldest of arts and the youngest of sciences”. To have an exact answer to this question, it is necessary to know the meanings of the terms” Science “ and “Arts”.

3.2 MANAGEMENT AS SCIENCE

Science has been defined as a body of systematized knowledge which establishes a relationship between cause and effect. Such systematized knowledge contains concepts, hypotheses, theories, experimentation and principles. Science of Management assumes that problems can be approached using rational, logical, objective and systematic ways. Requires technical, diagnostic and decision-making skills and techniques to solve problems. Now management has been given the shape of an organized body of knowledge . Its study helps in gaining a rational approach to the development of means for accomplishing certain goals. Management is a developing science. However, management cannot be equated with exact sciences like physics and chemistry. Most of the managerial activities like decision-making, planning, organizing and directing cannot be an exact science. In management , it is not possible to define , analyze and measure phenomena by repeating the same conditions over and over again to obtain results. The observation puts a limitation on management as a science. Management like other social sciences can be called as “inexact science”.

3.3 MANAGEMENT AS ART

Art understands how a particular activity can be done. Art can be acquired by conscious effort and practice. Management is getting things done through other people. They have to continuously analyse the environment and formulate the plans and strategies. They have to modify the strategies based on the environmental changes. The principles of management and theories of management cannot be implemented as learnt, in the

real world. They are to be applied after making necessary modifications based on the real life situations. Art may be defined as ‘the technique of applying the principles to actual practice so as to achieve the desired results with efficiency.’ It is concerned with the application of knowledge and skills, If science is learnt the art is practised. Decisions are made and problems are solved using a blend of intuition, experience , instinct and personal insights. Conceptual , communication,, interpersonal and time-management skills are required to accomplish the tasks associated with managerial activities. The principles and techniques of management, when applied in the organization to achieve its objectives, becomes an ‘art’. In this manner management is an art.

Management is both a Science as well as an Art. The science of management provides certain general principles , which can guide the managers in their professional efforts. The art of management consists in tackling every situation in an effective manner. As a matter of fact the science and the art of management go together and are both mutually interdependent and complimentary. Management is thus a science as well as an art. The art of management is as old as human history, but the science of management is an event of the recent past. Although management has been recognized as a science , it is not the biological or physical sciences. It falls in the area of ‘Social Sciences’ as it is a social process and deals with complex human beings. The theories and principles of management are situation bound. It may produce different results in different situations. That is why Ernest Dale has called management a ‘Soft Science’.

It is clear that management is both a science and an art. It is considered a science because it has an organized body of knowledge. It is considered an art because managing requires certain skills. Science teaches hoe ‘to know’ and an art ‘to do’, hence science and art are complimentary. A manager is a scientist as well as an artist. As a scientist ,he relies heavily on the existing knowledge and develops new knowledge and principles. As an artist , he sometimes wholly depends on his institution, guesswork and judgement. Thus a manager uses his knowledge to solve the problems in managing men, materials, methods and money.

3.4 MANAGEMENT AS A PROFESSION

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

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

1. Specialized Knowledge - A profession must have a systematic body of knowledge that can be used for development of professionals. Every professional must make deliberate efforts to acquire expertise in the principles and techniques. Similarly a manager must have devotion and involvement to acquire expertise in the science of management.

2. Formal Education & Training - There are no. of institutes and universities to impart education & training for a profession. No one can practice a profession without going through a prescribed course. Many institutes of management have been set up for imparting education and training. For example, a CA cannot audit the A/C's unless he has acquired a degree or diploma for the same but no minimum qualifications and a course of study has been prescribed for managers by law. For example, MBA may be preferred but not necessary.

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

4. Code of Conduct - Members of a profession have to abide by a code of conduct which contains certain rules and regulations, norms of honesty, integrity and special ethics. A code of conduct is enforced by a representative association to ensure self discipline among its members. Any member violating the code of conduct can be punished and his membership can be withdrawn. The AIMA has prescribed a code of conduct for managers but it has no right to take legal action against any manager who violates it.

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

6. Specialised Educational Qualifications: There should be specialised educational qualifications for employment for professional jobs. Specialised educational institutions are established to impart specialized education. Indian Institutes of Management and Department of Management in the Universities are established to

provide specialises management education leading to Post-Graduate Diploma in Management and Master of Business Administration degree.

Management satisfies all the characteristics of a profession. Therefore, management is a profession. From above discussion, it is quite clear that management fulfills several essentials of a profession, even then it is not a full fledged profession because: -

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

Management Levels and Skills:

The Industrial Revolution which began in the eighteenth century transformed the job of manager from owner-manager to professional, salaried manager. The inventions, machines, and processes of the Industrial Revolution transformed business and management (such as, the use of fossil fuels as sources of energy, the railroad, the improvement of steel and aluminium metallurgical processes, the development of electricity, and the discovery of the internal-combustion engine.) With the industrial innovations in factory-produced goods, transportation, and distribution, big business came into being. New ideas and techniques were required for managing these large-scale corporate enterprises.

Today, business and management continue to be transformed by high technology. In order to keep pace with the increased speed and complexity of business, new means of calculating, sorting and processing information were invented. An interesting

description of the modern era is the Information Age that describes the general use of technology to transmit information.

Managers realized that they could profit from immediate knowledge of relevant information. Communication and processing technologies are an essential tool in almost every field of business. Thus, the Information Age implies a time for a revolution in the information environment for business and management. The changes that are taking place may be more significant to management than the Industrial Revolution.

3.5 MANAGEMENT LEVELS

Managers basically formulate Mission , Objectives , Strategies and Tactics. Management is essential to achieve the MOST. The organizational mission is the basic reason for its existence. Mission provides a statement of what the company stands for i.e., its purpose of its existence. Managers formulate objectives based on the mission . Objectives are the ends towards which the activity is aimed. The goal is precise and is expressed in clear and specific terms. For example the objective of the firm is to earn profits whereas the goal is to earn certain percentage of profit on the capital employed. Manager is the one who performs the managerial functions of planning, organizing, staffing, directing, and controlling the human and non-human resources for the successful achievement of the organizational goals.

Managers affect the establishment and accomplishment of many social , economic, and political goals. Making a better economic life possible , improving social standards, and establishing and achieving more efficient and effective government are challenges to modern managerial ability . There is no good substitute for good management. “ good management is merely the exercise of common sense and the Golden Rule”.

Management include all the managers of a company. Management is classified as managers at different levels that is top level managers, middle level managers, and lower level managers

3.5.1 Top Level Managers

Top level managers are the senior level executives of the company including the Managing Director or President, Vice-President, General Manager, Chief Managers of the company. Top management particularly the Managing Director or President of the company is responsible for the overall management and performance of the company. They formulate objectives , policies, and corporate level strategies of the company. Top level managers lead and motivate the middle level managers . They coordinate the activities

of middle level managers. These managers work at the highest level of the organizational hierarchy. The number of manager in this group is the smallest.

3.5.2 Middle Level Managers

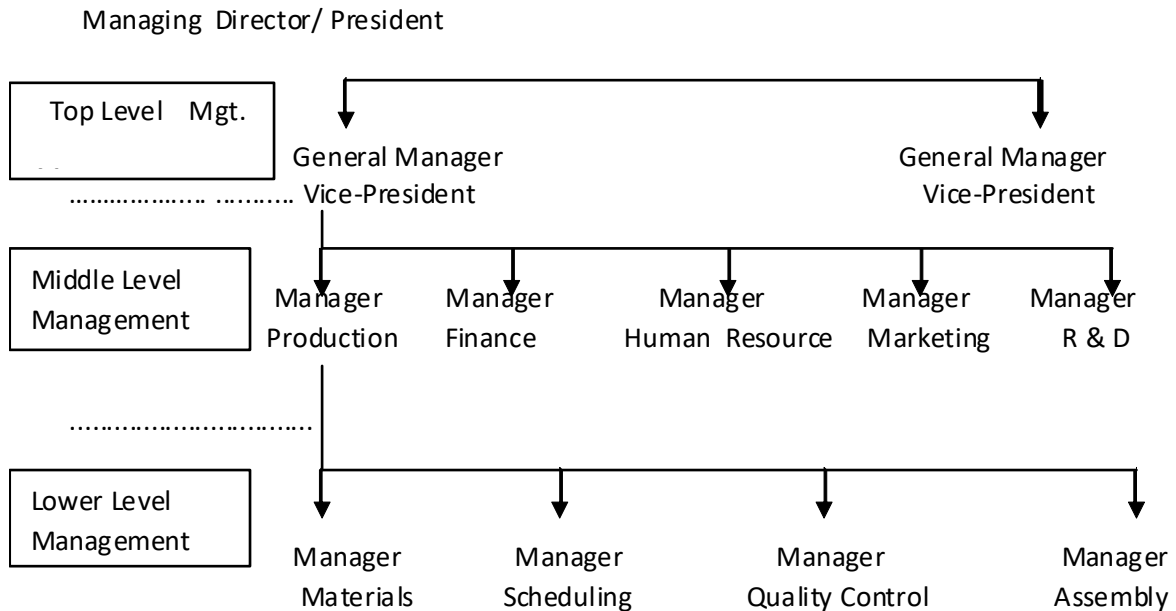
Middle level managers are responsible for coordination of the activities of various department. Middle level manager include managers of various departments like Production , Marketing, Finance, Human Resource and Research and Development department. These managers are responsible for the success or failure of their departments. Middle level managers formulate the objectives, goals and strategies of their departments based on those of the organization. In addition, middle level managers lead, motivate, and coordinate the activities of the lower-level managers. They act as a link between the top level and the lower level managers. They direct the activities of their subordinates according to their capacities for the achievement of the overall organizational goals. These managers spend most of their time in managing the company's day to day operations and have very little interaction with the outside parties. A large organization has a fairly large number of middle level managers though the number is less than the lower level managers.

3.5.3 Lower Level Managers

Lower level Managers are responsible for the work of the operating staff working with them. Lower level managers are also called First-line or First-Level or Junior Managers. They direct, lead, motivate, and coordinate the activities of the operating employees. These managers, mostly supervise the operating employees while they perform their work. The lower level managers are also called supervisors. Largest number of managers belong to this level of management.

Lower level Managers are responsible for the work of the operating staff working with them. Lower level managers are also called First-line or First-Level or Junior Managers. They direct, lead, motivate, and coordinate the activities of the operating employees. These managers, mostly supervise the operating employees while they perform their work.

Different Management Levels



Based on the scope of **activities** performed there are two type of mangers. They are

- Functional Managers
- General Managers

3.6 MANAGEMENT SKILLS

In order to perform the functions of management and to assume multiple roles, managers must be skilled. Robert Katz identified three managerial skills that are essential to successful management: technical, human, and conceptual.

3.6.1 *Technical skill*

Involves process or technique knowledge and proficiency. Managers use the processes, techniques and tools of a specific area skill. Technical skills deals with things. Technical skills are the proficiency in working with machines, tools and techniques in human resource management. Managers at all levels should possess technical skills. Those at the lower level should possess more of technical skills whereas managers at the top level possess less technical skills compared to those at middle and lower levels.

3.6.2 *Human skill*

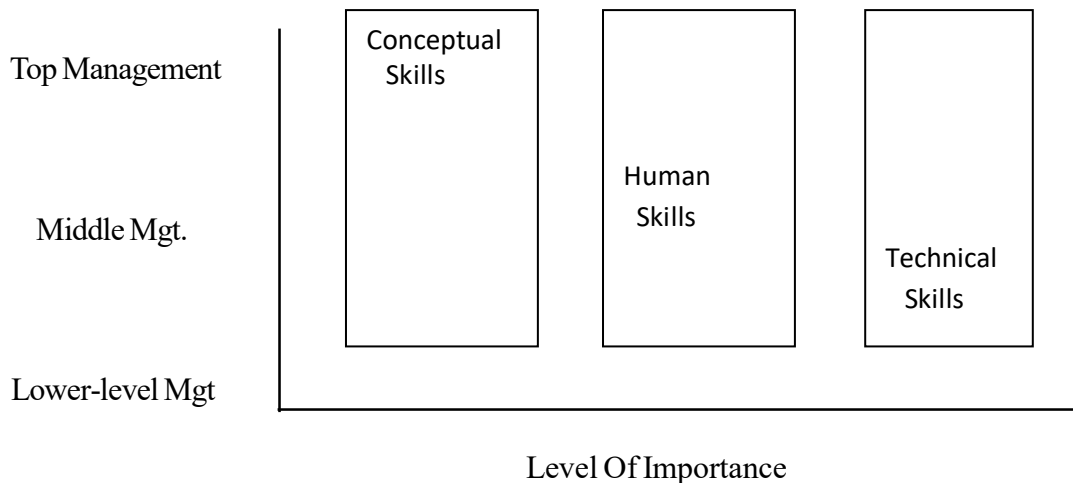
Involves the ability to interact effectively with people. Managers interact and cooperate with employees. Human skills include the ability to work with people tactfully, interpersonal proficiency, ability to build, maintain and work in teams and create an open environment. Managers at all levels should possess these skills.

3.6.3 *Conceptual skill*

Involves the formulation of ideas. Managers understand abstract relationships, develop ideas, and solve problems creatively. Thus, technical skill deals with things, human skill concerns people, and conceptual skill has to do with ideas.

A manager's level in the organization determines the relative importance of possessing technical, human, and conceptual skills. Top level managers need conceptual skills in order to view the organization as a whole. Conceptual skills are used in planning and dealing with ideas and abstractions. Supervisors need technical skills to manage their area of specialty. All levels of management need human skills in order to interact and communicate with other people successfully.

Managerial Skills at Different levels



As the pace of change accelerates and diverse technologies converge, new global industries are being created (for example, telecommunications). Technological change alters the fundamental structure of firms and calls for new organizational approaches and management skills.

3.7 ROLES MANAGERS PLAY

To meet the many demands of performing their functions, managers assume multiple roles. A role is an organized set of behaviors. Henry Mintzberg has identified ten roles common to the work of all managers. The ten roles are divided into three groups: interpersonal, informational, and decisional. The *informational roles* link all managerial work together. The *interpersonal roles* ensure that information is provided. The *decisional roles* make significant use of the information. The performance of managerial roles and the requirements of these roles can be played at different times by the same manager and to different degrees depending on the level and function of management. The ten roles are described individually, but they form an integrated whole.

The three interpersonal roles are primarily concerned with interpersonal relationships. In the figurehead role, the manager represents the organization in all matters of formality. The top level manager represents the company legally and socially to those outside of the organization. The supervisor represents the work group to higher management and higher management to the work group. In the liaison role, the manager interacts with peers and people outside the organization. The top level manager uses the liaison role to gain favors and information, while the supervisor uses it to maintain the routine flow of work. The leader role defines the relationships between the manager and employees.

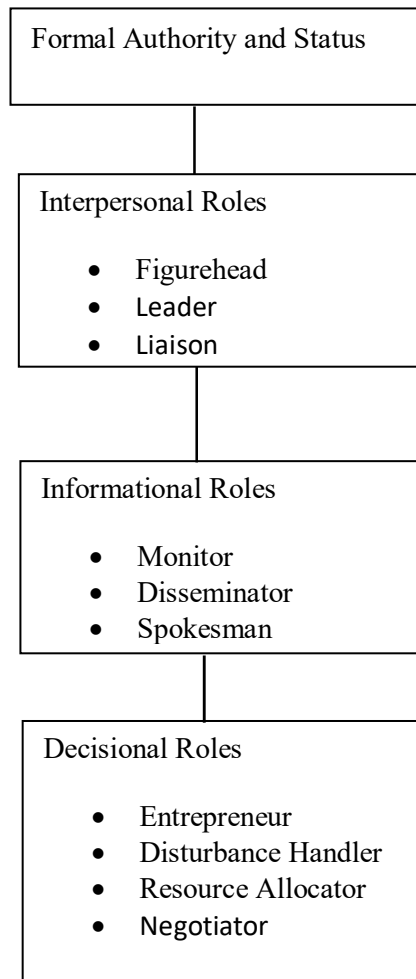
The direct relationships with people in the interpersonal roles place the manager in a unique position to get information. Thus, the three informational roles are primarily concerned with the information aspects of managerial work. In the monitor role, the manager receives and collects information. In the role of disseminator, the manager transmits special information into the organization. The top level manager receives and transmits more information from people outside the organization than the supervisor. In the role of spokesperson, the manager disseminates the organization's information into its environment. Thus, the top level manager is seen as an industry expert, while the supervisor is seen as a unit or departmental expert.

The unique access to information places the manager at the center of organizational decision making. There are four decisional roles. In the entrepreneur role, the manager initiates change. In the disturbance handler role, the manager deals with threats to the organization. In the resource allocator role, the manager chooses where the organization will expend its efforts. In the negotiator role, the manager negotiates on behalf of the

organization. The top level manager makes the decisions about the organization as a whole, while the supervisor makes decisions about his or her particular work unit.

The supervisor performs these managerial roles but with different emphasis than higher managers. Supervisory management is more focused and short-term in outlook. Thus, the figurehead role becomes less significant and the disturbance handler and negotiator roles increase in importance for the supervisor. Since leadership permeates all activities, the leader role is among the most important of all roles at all levels of management.

Roles of Managers



3.8 MINTZBERG'S ROLES OF PRESENT MANAGERS

Henry Mintzberg has identified ten roles common to the work of all managers. The ten roles are divided into three groups :

- Interpersonal
- Informational
- Decisional

Interpersonal roles ensures that information is provided. Informational roles link all managerial work together. The decisional roles make significant use of the information. The activities of the managers may be categorized under the following heads:

i. Interpersonal Activities: Managers deal with the subordinates to get things done with their help. For this, they interact and maintain good relations with them.

ii. Informational Activities: It is very important for managers to communicate effectively in order to get things done. They continuously receive information from various sources and transmit only the desired information. They exchange information with their superiors, subordinates and peers.

iii. Decisional Activities: Decision making inherent to the job of a manager. The managers have to take a large number of decisions daily to run the organisation. They are expected to come up with solutions to difficult problems and to follow through with their decisions, even when doing so may be unpleasant.

Roles of Manager	Roles
Roles of Manager as part of the Interpersonal Activities he has to perform	Figurehead Leader Liaison
Roles a Manager takes up while engaged in Informational Activities	Monitor Disseminator Spokesperson
Roles of Manager plays in relationship with other individual both inside and outside the firm.	Entrepreneur Disturbance handler Resource Allocator Negotiator

Managerial activities involve variety, fragmentation, brevity and a large volume of work to be performed quickly. The three interpersonal roles are primarily concerned with interpersonal relationships. In the figurehead role, the manager represents the organisation in all matters of formality. The top level manager represents the company legally and socially to those outside of the organisation. The supervisor represents the work group to higher management and higher management to the work group. In the liaison role, the manager interacts with peers and people outside the organisation. The

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3.9 SUMMARY

Managers perform different roles. Formal authority gives rise to interpersonal and informational roles. The manager in-charge of the organization or the department coordinates the work of others and leads his subordinates. Formal authority provides potential power to exercise and get the things done. As the leader of the organization, the manager has to perform the functions of motivation, communication, encouraging team spirit. Further, he has to coordinate the activities of all his subordinates which involves the activity of liaison. According to Peter Drucker: "the manager has the task of creating a true whole that is larger than the sum of its parts, a productive entity that

turns out more than the sum of the resources put into it". Though the different roles of a manager are stated separately for convenience, they are not separable. The manager has to perform these roles simultaneously, by integrating one with the other. Thus, the role of the manager is integrating all the roles while playing the managerial role or performing his tasks. The manager cannot play one role isolating the other roles. As a strategist, the manager has to integrate all the roles in decision-making and performing his tasks.

3.10 SELF ASSESSMENT QUESTIONS

1. Why is management called as an art and science?
2. Is management a profession? Comment
3. Discuss the various levels of management.
4. Explain the different skills of management.
5. What are Mintz Berg's roles of present managers?

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UNIT- 4 : LEADERSHIP AND MOTIVATION

Structure

- 4.0 Objectives
- 4.1 Definition of Leadership
- 4.2 Leadership Styles
- 4.3 Qualities of a Good Leader
- 4.4 Definition of Motivation
- 4.5 Importance of Motivation
- 4.6 Theories of Motivation
- 4.7 Summary
- 4.8 Self Assessment Questions
- 4.9 References

4.0 OBJECTIVES

After studying this unit, you should be able to:

- Define leadership
- Evaluate formal and informal leadership styles
- Analyze various theories of leadership
- Explain various styles of leadership
- Identify qualities and characteristics of good leader

4.1 DEFINITION OF LEADERSHIP

A traditional definition of leadership: **Leadership** is an interpersonal influence directed toward the achievement of a goal or goals.

Three important parts of this definition are the terms interpersonal, influence, and goal.

- Interpersonal means between persons. Thus, a leader has more than one person (group) to lead.
- Influence is the power to affect others.
- Goal is the end one strives to attain.

Basically, this traditional definition of leadership says that a leader influences more than one person toward a goal.

After understanding the traditional definition of leadership let us understand the standard definition

LEADERSHIP is a dynamic relationship based on mutual influence and common purpose between leaders and collaborators in which both are moved to higher levels of motivation and moral development as they affect real, intended change.

Three important parts of this definition are the terms relationship, mutual, and collaborators. Relationship is the connection between people. Mutual means shared in common. Collaborators cooperate or work together.

This definition of leadership says that the leader is influenced by the collaborators while they work together to achieve an important goal.

4.2 LEADERSHIP STYLES

There are a number of different approaches, or ‘styles’ to leadership and management that are based on different assumptions and theories. The style that individuals use will be based on a combination of their beliefs, values and preferences, as well as the organizational culture and norms which will encourage some styles and discourage others.

i. Charismatic Leadership: The Charismatic Leader gathers followers through dint of personality and charm, rather than any form of external power or authority.

ii. Participative Leadership: 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.

iii. Situational Leadership: When a decision is needed, an effective leader does not just fall into a single preferred style, such as using transactional or transformational methods. In practice, as they say, things are not that simple.

iv. Transactional Leadership: 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.

v. Transformational Leadership: 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.

vi. The Quiet Leader: The approach of quiet leaders is the antithesis of the classic charismatic (and often transformational) leaders in that they base their success not on ego and force of character but on their thoughts and actions. Although they are strongly task-focused, they are neither bullies nor unnecessarily unkind and may persuade people through rational argument and a form of benevolent Transactional Leadership.

Servant Leadership: The servant leader serves others, rather than others serving the leader. Serving others thus comes by helping them to achieve and improve.

4.3 QUALITIES OF A GOOD LEADER

With the above detailed discussion of theories and styles of a leadership, we can arrive at following qualities of a good leader:

i. Inspire action.

Try to paint a vision of the future that inspires your people to do whatever it takes to get there. The best leaders also clear away the organizational roadblocks that constrain employees' natural creativity and initiative, unleashing a tremendous amount of energy in the process.

ii. Be optimistic.

We all want to work with and for people who lift us up into the clouds instead of dragging us down into the mud. Make sure to seek out the positives in your people, helping them overcome their own feelings of self-doubt and spreading optimism throughout your organization.

iii. Have integrity.

Research shows that the top thing that employees want from their leaders is integrity. Be honest, fair, candid and forthright, and treat everyone in the same way that you yourself would want to be treated.

iv. Support and facilitate your team.

For people to do their very best work, they need an organizational environment that supports them by making it safe to take risks, to tell the truth, and to speak up ... without being punished for doing so. Support your employees by creating this kind of environment, and it will facilitate their progress toward attaining your organization's goals.

v. Have confidence.

Highly effective leaders know deep down inside that they and their team can accomplish anything they set their minds to. Failure is not an option. Tentative leaders make for tentative employees. If you're confident, your people will be too.

vi. Communicate.

In any organization, knowledge is power, and great leaders ensure that every employee, from the very top to the very bottom of the org chart, is provided with complete and up-to-date information about the organization's goals, performance, successes and failures. To achieve this level of connection, you should also provide ample channels

for two-way communication between employees and managers, actively soliciting their ideas for improvement and rewarding employees for submitting them.

vii. Be decisive.

One of the most basic duties of any leader is to make decisions. Highly effective leaders aren't afraid to be decisive and to make tough calls quickly when circumstances require it. Once you have all the information you need to make an informed decision, then don't hesitate—make it. And once you make a decision, then stick with it unless there is a particularly compelling reason for you to change it.

No matter what type of organization or industry you're in, it's possible to become a more effective leader, inspiring your people to give their very best every day of the week. Make a point of practicing these 7 leadership traits, and you will be a highly effective leader too.

4.4 DEFINITION OF MOTIVATION

“The willingness to exert high levels of efforts to reach organisational goals, conditioned by the effort's ability to satisfy some individual need”

Although the general definition refers to effort toward any goal, here in our discussion it refers to organisational goals because our focus is on work related behavior. The three key elements in our definition are effort, organisational goals and needs.

The effort element is a measure of intensity. When someone is motivated he /she try hard. However high levels of effort are unlikely to lead to favorable job performance outcomes unless the effort is channeled in directions that benefit the organisation. Therefore we must consider the quality of the effort as well as its intensity. Effort that is directed toward and consistent with the organization's goal is the kind of effort that we should be seeking,

A need in our terminology is some internal state that makes certain outcomes appear attractive. An unsatisfied need creates tension that stimulates drives with in an individual. These drives generate a search behavior to find particular goals that, if attained, will satisfy the need and reduce the tension.

4.5 IMPORTANCE OF MOTIVATION

Motivation is a very important for an organization because of the following benefits it provides:

1. Puts Human Resources into Action

Every concern requires physical, financial and human resources to accomplish the goals. It is through motivation that the human resources can be utilized by making full use of it. This can be done by building willingness in employees to work. This will help the enterprise in securing best possible utilization of resources.

2. Improves Level of Efficiency of Employees

The level of a subordinate or an employee does not only depend upon his qualifications and abilities. For getting best of his work performance, the gap between ability and willingness has to be filled which helps in improving the level of performance of subordinates. This will result into-

- a. Increase in productivity,
- b. Reducing cost of operations, and
- c. Improving overall efficiency.

3. Leads to Achievement of Organizational Goals

The goals of an enterprise can be achieved only when the following factors take place :-

- a. There is best possible utilization of resources,
- b. There is a co-operative work environment,
- c. The employees are goal-directed and they act in a purposive manner,
- d. Goals can be achieved if co-ordination and co-operation takes place simultaneously which can be effectively done through motivation.

4. Builds Friendly Relationship

Motivation is an important factor which brings employees satisfaction. This can be done by keeping into mind and framing an incentive plan for the benefit of the employees. This could initiate the following things:

- a. Monetary and non-monetary incentives,
- b. Promotion opportunities for employees,
- c. Disincentives for inefficient employees.

In order to build a cordial, friendly atmosphere in a concern, the above steps should be taken by a manager. This would help in:

- Effective co-operation which brings stability,
- Industrial dispute and unrest in employees will reduce,
- The employees will be adaptable to the changes and there will be no resistance to the change,
- This will help in providing a smooth and sound concern in which individual interests will coincide with the organizational interests,
- This will result in profit maximization through increased productivity.

5. Leads to Stability of Work Force

Stability of workforce is very important from the point of view of reputation and goodwill of a concern. The employees can remain loyal to the enterprise only when they have a feeling of participation in the management. The skills and efficiency of employees will always be of advantage to employees as well as employees. This will lead to a good public image in the market which will attract competent and qualified people into a concern. As it is said, “Old is gold” which suffices with the role of motivation here, the older the people, more the experience and their adjustment into a concern which can be of benefit to the enterprise.

From the above discussion, we can say that motivation is an internal feeling which can be understood only by manager since he is in close contact with the employees. Needs, wants and desires are inter-related and they are the driving force to act. These needs can be understood by the manager and he can frame motivation plans accordingly. We can say that motivation therefore is a continuous process since motivation process is based on needs which are unlimited. The process has to be continued throughout.

We can summarize by saying that motivation is important both to an individual and a business. **Motivation is important to an individual as:**

1. Motivation will help him achieve his personal goals.
2. If an individual is motivated, he will have job satisfaction.
3. Motivation will help in self-development of individual.
4. An individual would always gain by working with a dynamic team.

Similarly, **motivation is important to a business as:**

1. The more motivated the employees are, the more empowered the team is.

2. The more is the team work and individual employee contribution, more profitable and successful is the business.
3. During period of amendments, there will be more adaptability and creativity.
4. Motivation will lead to an optimistic and challenging attitude at work place.

4.6 THEORIES OF MOTIVATION

The motivation concepts were mainly developed around 1950's. Main theories were made during this period. For our purpose of understanding these theories can be studied under two broad heads they are:

1. Content theories of motivation
2. Process theories of motivation

1. Content Theories of Motivation

In a historical perspective, the **content theories** tend to be the earliest theories of motivation or later modifications of early theories. Within the work environment they have had the greatest impact on management practice and policy, whilst within academic circles they are the least accepted.

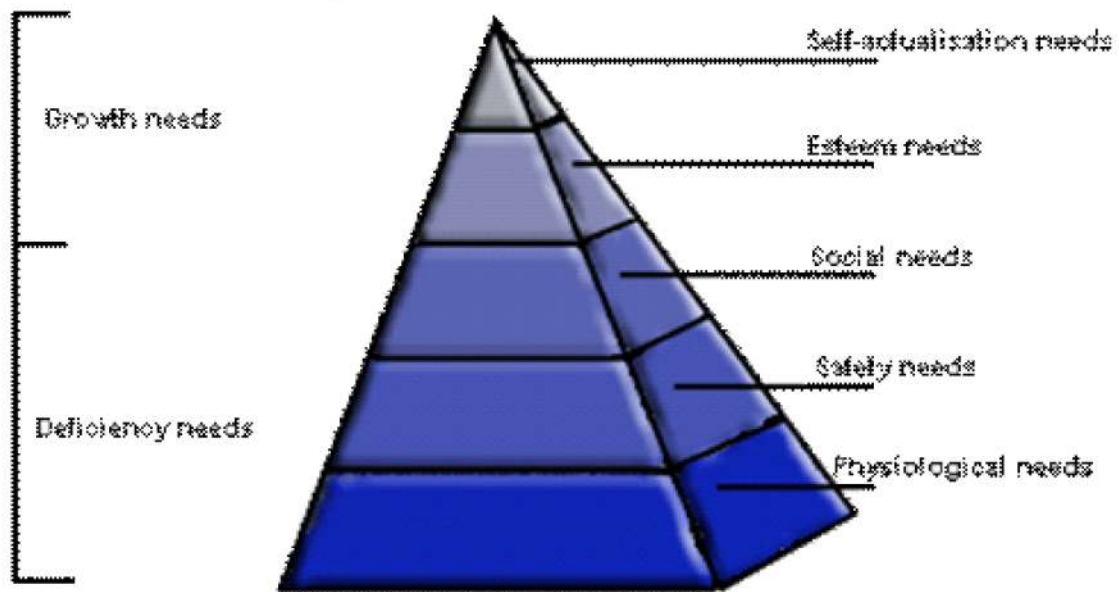
Content theories are also called needs theories, because they are generally associated with a view that concentrates on the importance of determining 'what' motivates us. In other words they try to identify what our 'needs' are and relate motivation to the fulfilling of these needs.

- Maslows Hierarchy of Needs
- "Management Assumptions" (Theory X and Theory Y)
- ERG Theory
- McClellands Need for Achievement, Affiliation and Power
- Herzbergs' Two Factor Theory

Maslows Hierarchy of Needs

This is the most widely known theory of motivation and was hypothesized by American psychologist Abraham Maslow in the 1940s and 1950s. Maslow put forward the idea that there existed a hierarchy of needs consisting of five levels in the hierarchy. These needs progressed from lower order needs through to higher level needs.

Maslow's hierarchy of needs



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The basic premise of the theory is that we all have these **five levels of needs** and that starting at the lowest level we are motivated to satisfy each level in ascending order. As each level is sufficiently satisfied we are then motivated to satisfy the next level in the hierarchy. The five different levels were further sub-categorised into two main groups, these being:

Deficiency needs - Maslow considered these the very basic needs required for survival and security. These needs include:

- physiological needs
- safety needs
- social needs

Growth needs - These are needs associated with personal growth and fulfillment of personal potential.

- esteem needs
- self-actualization needs

In Maslow's theory we can never run out of motivation because the very top level, self-actualization, which relates to the achievement of our full potential, can never be fully met.

Maslow's theory has been widely embraced and taught within the business world and few people who have attended a company supervision or basic management training course are unlikely not to be familiar with this theory.

Management Assumptions” (Theory X and Theory Y)

Douglas McGregor further developed the needs concept of Maslow and specifically applied it to the workplace. McGregor maintained that every manager made assumptions about their employees and adopted a management approach based upon these assumptions. He maintained there were two main categories and that managers adopted one or the other.

The first category, which he termed **Theory X**, he maintained was the dominant management approach and assumed:

- the average human being has an inherent dislike of work and will avoid it if possible,
- because of this most people needed to be coerced, controlled, directed and threatened with punishment to get them to put adequate effort into the achievement of organisational objectives, and
- The average person prefers to be directed, wishes to avoid responsibility, has very little ambition and wants security above all else.

McGregor maintains that the application of this approach, as well as misunderstanding the real needs of employees, creates a self-fulfilling outcome because it forces people to become like this—they have no alternative.

McGregor proposed an alternative set of assumptions which he called **Theory Y**. The assumptions here are virtually the opposite of Theory X. They are:

- Work is as natural as play or rest.
- External control and threat of punishment are not the only means of bringing about effort towards organisational objectives. People will exercise self-direction and self-control towards the achievement of objectives they are committed to.
- Commitment to objectives is a function of the rewards associated with their achievement.
- The average person learns under proper conditions to not only accept responsibility but also seek it.
- The ability to seek and develop innovative problem solving approaches is widely, not narrowly distributed across the whole population.

- In most work organisations the abilities of most employees is only partially utilized.

McGregor advocated that the application of Theory Y, would not only meet the needs of the organisation but also those of the employee. He believed that Theory X at best only met Maslow's Deficiency needs, whilst Theory Y also met the Growth Needs. You would thus have more motivated employees if you adopted Theory Y.

ERG Theory

Clayton Alderfer revised Maslow's theory in 1972. He reduced the levels in the hierarchy from five to three and termed these **Existence** needs, **Relatedness** needs and **Growth** needs. His most significant contribution, however, was to alter Maslow's concept of a one-way progression up the hierarchy, to one that allowed for regression to lower levels if these needs are no longer being met. This is a more realistic approach as it recognizes that, because a need is met, doesn't mean it will always remain met. For example, if I were to remove all the air from the room you are in, would you be motivated to keep learning?

McClelland's Need for Achievement, Affiliation and Power

McClelland's model argues that all people have these three needs. He further maintains that there is a direct link between high-performing managers and their need for achievement, and to a lesser extent their need for power and affiliation. In other words, people with a high drive to succeed are more likely to be more highly motivated than people with a low drive to succeed. He also maintains that it is possible to arrange work situations and conditions to gain the high motivational benefits from those with a high need for achievement—starting by employing people with a high need for achievement.

Herzberg's Two Factor Theory

Next to Maslow, Herzberg's theory has probably received the most attention within the workplace. He developed a theory that differentiated between factors that satisfied employees, and factors that dissatisfied employees. In his theory the opposite of 'satisfaction' is not 'dissatisfaction' but rather 'no satisfaction'. Likewise, the opposite of 'dissatisfaction' is 'no dissatisfaction'.

Herzberg related job satisfaction to five factors:

- achievement
- recognition

- work itself
- responsibility
- advancement

He termed these factors ‘motivators’ and related them back to growth needs.

Herzberg related job dissatisfaction to:

- company policy and administration
- supervision
- salary
- interpersonal relationships
- working conditions

These he termed ‘hygiene factors’ and equated them with deficiency needs.

His major impact was to argue that providing hygiene factors (more money, better working conditions, etc) wouldn’t create more motivation, only less dissatisfaction. Only motivators could motivate.

2. Process theories of Motivation

Whereas the content theories concentrate on the question of ‘what’ motivates, the process theories address more the issues relating to how the process works and sustains itself over time, such as factors that determine the degree of effort, the continuation of effort, the modification of effort, etc.

As with content theory, there are a number of process theories. These include:

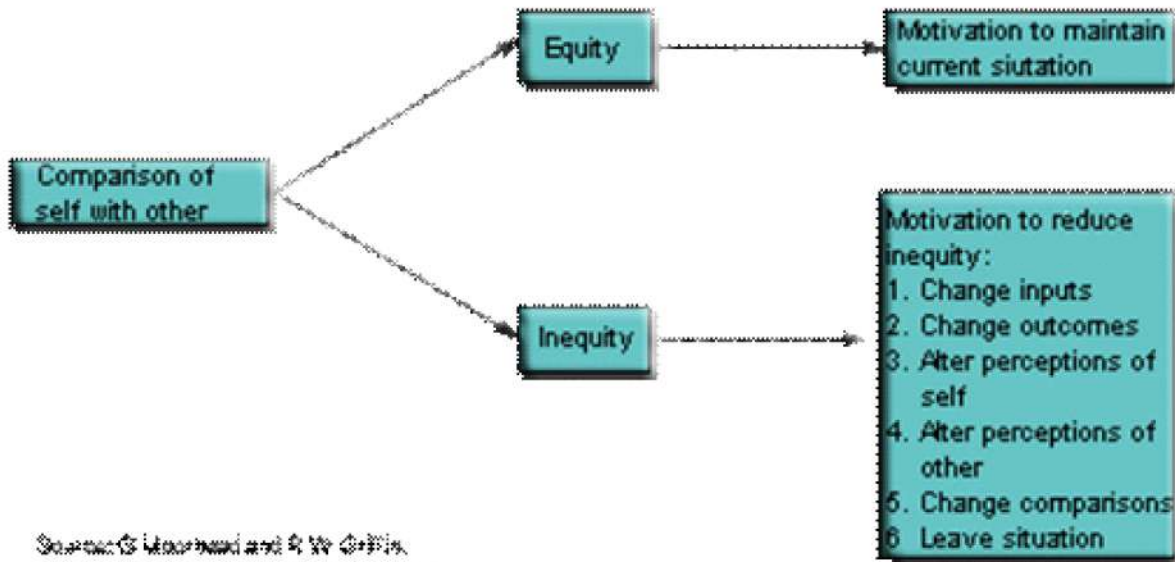
- Equity theory
- Expectancy theory
- The Porter-Lawler Model

Equity theory

In this theory employee constantly assesses their level of effort against fellow workers and the reward they receive for their effort. If they perceive there is a significant difference between their level of effort and their fellow workers, they will Endeavour to bring about equality of effort for everyone—by adjusting up or down their own performance or by taking measures to adjust the level of their fellow workers. Likewise, the relative reward for effort is also monitored. The message for managers is that

employees need to be seen to be rewarded on a fair and equitable basis, and inequities quickly adjusted.

Response to equity and inequity



Source: G. Lewin and R. H. Griffin,
Organizational Behavior (Boston, Mass.:
Houghton Mifflin, 1963), 133

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Expectancy Theory

This has been an important theory in the history of the study of motivation. This theory highlights that motivation is partly a decision-making process that evaluates effort for outcomes. It highlights the involvement of the active cognitive processes and user choice in the process. It also highlights the importance of the outcome representing a valued reward for the individual involved.

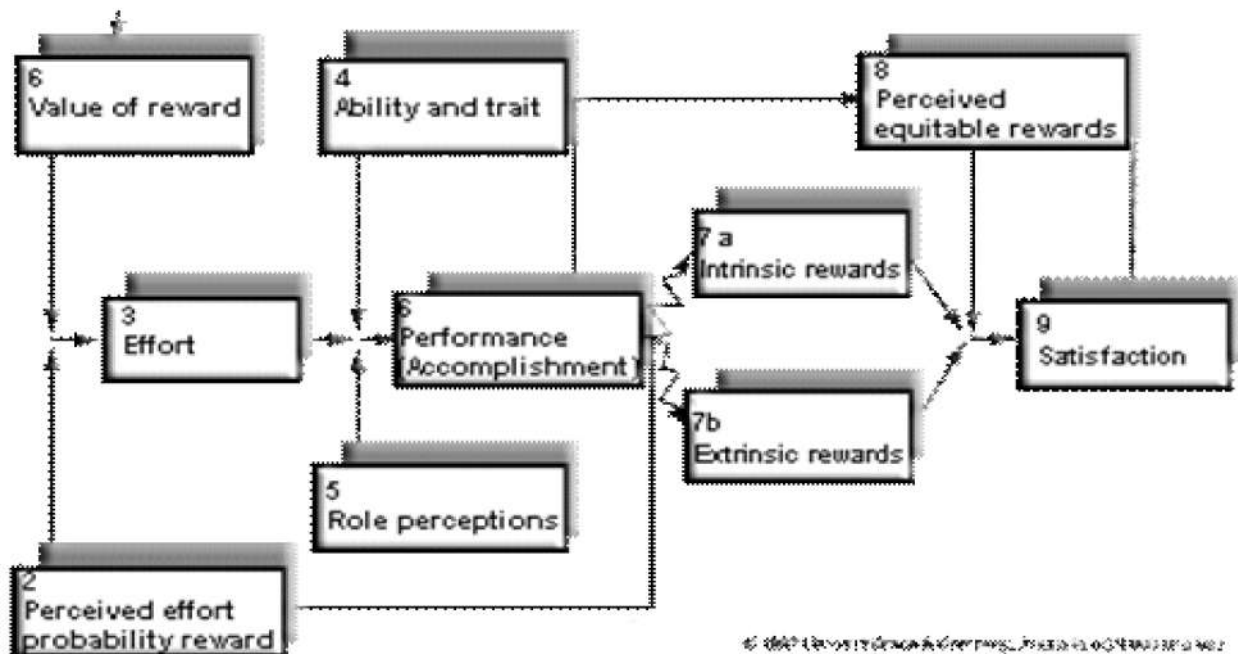
The actual evaluation process is broken down into a number of parts:

1. If I put in effort, can I expect to perform at the required task?
2. Will performing this act or task achieve a desired outcome?
3. Can I expect the outcome will be available and forthcoming?

Porter-Lawler Model

This model of motivation although based on the expectancy theory, is probably the most complete theory of workplace motivation. It is an integrated approach that includes elements of nearly all the other motivation theories. This is important as it helps explain why each of the various theories have a contribution to make but also serious limitations. If we consider each as part of a more complex model of motivation this starts to make sense.

The Porter-Lawler model of motivation



The model thus suggests that using individual theories won't work. A more integrated approach is needed. It also differs from content theories, particularly 'two factor' theory, in suggesting that performance leads to job satisfaction, rather than job satisfaction leading to performance

The complexity of the model, and the need to evaluate and provide valued rewards on an individual basis, are practical limitations. However it is difficult to argue with the process of the model. The area of motivation is complex and the model highlights this—rather than presenting an unrealistically simple approach, as is the case with many of the alternative theories.

4.7 SUMMARY

This unit has discussed the meaning and definition of motivation. We have also evaluated the importance of motivation, features of motivation and the various useful theories of motivation which are suitable to the managers in the present organisation to achieve the goals of individuals and organisations.

4.8 SELFASSESSMENT QUESTIONS

1. Define Motivation. Discuss the elements involved in the definition of motivation
2. Explain the importance of motivation. Add a note on benefits of motivation to individual and organisation.
3. Enumerate the essential features of good motivation system. Discuss the usefulness of these features in modern organisation.
4. Discuss the content theories of motivation.
5. Explain the various process theories of motivation.

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