

Functional areas of Management.

What is Planning?

Planning involves defining the organization's goals, establishing strategies for achieving those goals, & developing plans to integrate & co-ordinate work activities.

It is concerned with both ends (what) and means (how).

In formal planning, specific goals covering a specific time period are defined. These goals are written & shared with organizational members to reduce ambiguity & create a common understanding about what needs to be done.

Specific plans exist for achieving these goals.

Why do managers plan?

1. Planning provides direction to managers & non-managers.
 - When employees ^{know what} organization is trying to accomplish & what they must contribute to reach goals.
 - They can co-ordinate their activities, co-operate with each other & helps to accomplish those goals.
2. Planning reduces uncertainty.
 - It will force managers to look ahead, anticipate change, consider the impact of change & develop appropriate responses.
 - Planning will not eliminate uncertainty, managers plan to respond effectively.
3. Planning minimizes waste & redundancy.
 - When work activities are co-ordinated around plans, inefficiencies become obvious & can be corrected/eliminated.
4. Planning establishes the goals/standards used in controlling.
 - When managers plan, they develop goals & plans.
 - When they control, they see whether the plans have been carried out & the goals met.

Goals & Plans:

Planning: Defining the organizations goals, establishing strategies for achieving those goals, & developing plans to integrate & co-ordinate work activities.

Planning is often called primary management fⁿ, it establishes basis for all other things.

It involves 2 important aspects.

a) Goals

b) Plans.

Goals are desired outcomes / targets.

- They guide management decisions & form the criterion against which work results are measured.
- The desired target / outcome ~~has to be~~ ^{should be} specified, so we can establish plans for reaching it.

Plans are documents that outline how goals are going to be met.

- They include resource allocations, schedules & other necessary actions to accomplish the goals.

Type of goals:

Most company's goals are either strategic / financial.

Financial → to financial performance of organization.

Strategic → to all other areas of an organization performance.

Stated goals: Official statements of what an organization says, & what it wants its various stakeholders to believe, its goals are..

The stated goals in organization's charter, annual report, public relation announcements made by managers are often conflicting & influenced by stakeholders think organization should do.

Real goals: Goals that an organization actually pursues, as defined by the actions of its members. Actions defines priorities.

Types of plans:

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Most popular ways to describe organizational plans are

- a) breadth (strategic v/s specific & operational).
- b) time frame (short term v/s long term).
- c) Specificity (directional v/s specific).
- d) Frequency of use (single v/s standing).

These types of plans aren't independent.

Types of Plans.

Breadth	Time frame.	Specificity	Frequency of use.
Strategic	Long term	Directional	Single use.
Operational	short term	Specific.	Standing.

Strategic plans are plans that apply to the entire organization & establish organizations overall goals.

Operational plans that encompass a particular operational area of the organization.

Long-term plans are plans that with a time frame beyond three years.

Short-term plans are plans covering one year or less.

Specific plans are clearly defined & ~~do~~ leave no room for interpretation. These plans are preferable over directional. It states its objectives in a way that eliminates ambiguity & problems with misunderstanding.

Directional plans are plans that are flexible & set out general guidance. When uncertainty is high & managers need to respond to unexpected changes flexibly, directional plans are preferred.

A single use plan is a plan used one-time specifically designed to meet the needs of a unique situation.

Standing plans are ongoing plans that provide guidance for activities performed repeatedly. It includes rules & regulations & policies
Eg: Sexual harassment

Setting goals & developing Plans:

In any organization, before they start work, they need to define the goal / set the goals.

Approaches to setting goals:

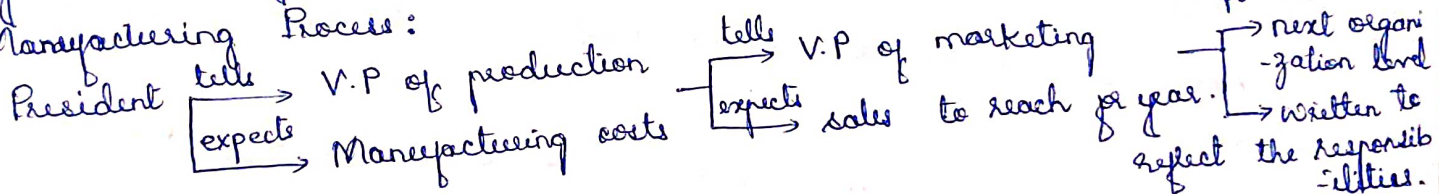
1. Goals provide the direction for all management decisions & actions & form the criterion against which actual accomplishments are measured.
2. Every member of organization should be oriented towards achieving the goal.

The goals can be set either thro' traditional process / by using management by objectives.

Traditional goal setting:

1. Goals set by top managers flow down thro' the organization & become sub-goals for each organizational area.
2. The goals passed down to each succeeding level ^{to} guide individual employees as they work to achieve assigned goals.

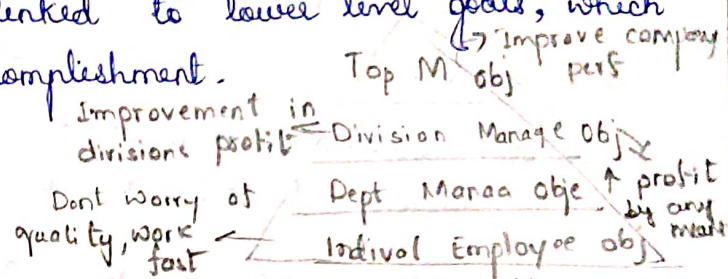
Ex: Manufacturing Process:



later time → performance is evaluated ^{to} determine ~~set~~ assigned goals have achieved.

3. Turning broad strategic goals into departmental, team & individual goals can be difficult & frustrating process.
4. The clarity is lost as the goals make their way down from the top of organization to lower levels.
5. To improve employees & managers focus - this work efforts around the goals, a "thermostat" is described.
6. A thermostat is a 3-foot by 4-foot metric indicator. It communicates with employees, what factory performance is at any given time & where attention is needed.

7. This technique is implemented at Carrier-Carlisle Compressor Facility (17)
8. When the hierarchy of organization goals are clearly defined, it forms an integrated r/w of goals / means-ends chain.
9. Means-ends chain — An integrated r/w of goals in which the accomplishment of goals at one level serves as the means for achieving the goals, (or) ends at next level.
10. Higher level goals (or) ends are linked to lower level goals, which serve as the means of their accomplishment.



Management by Objective: (MBO)

A process of setting mutually agreed-upon goals & using those goals to evaluate employee performance.

MBO has 4 elements:

- a) Goal specificity.
- b) Participative decision making.
- c) Explicit time period.
- d) Performance feedback.

MBO uses goals to motivate them, rather than just setting the goal.

Steps in MBO:

1. Organization's overall objectives & strategies are formulated.
2. Major objectives are allocated among ~~individual~~ divisional & departmental units.
3. Unit managers collaboratively set specific objectives for their units with their managers.
4. Specific objectives are collaboratively set with all dept members.
5. Action plans, defining how objectives are to be achieved, are specified & agreed upon by managers & employees.
6. The action plans are implemented.
7. Progress toward objectives is periodically reviewed & feedback is provided.

8. Successful achievement of objectives is reinforced by performance-based rewards.

Steps in goal setting:

Managers should follow 5 steps when setting goals:

1. Review the organization's mission:

A mission is a broad statement of organization's purpose that provides an overall guide to what members think is important. Goals should reflect that mission.

2. Evaluate available resources:

Goals should be set for given available resources.

3. Determine the goals individually / with E/P from others:

Goals must be measurable, specific & include a time frame for accomplishment.

4. Write down the goals & communicate them to all who need to know.

Written goals become visible evidence of importance of working toward something.

5. Review results & whether goals are being met:

If goals aren't being met, change them as needed.

Once goals established, written down & communicated, a manager ready to develop plans for pursuing the goals.

Characteristics of well-written goals:

a) Written in terms of outcomes rather than actions.

b) Measurable & quantifiable.

c) Clear as to a time frame.

d) Challenging yet attainable.

e) Written down.

f) Communicated to all necessary organizational members.

Developing Plans:

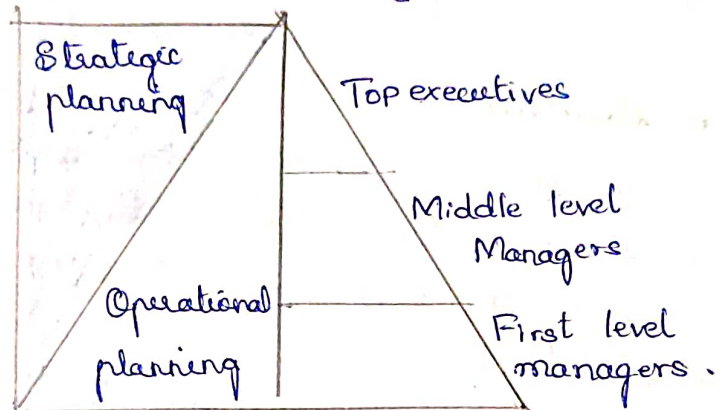
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The process of developing plans have 3 contingency factors.

- Organizational level.
- Degree of environmental uncertainty.
- Length of future commitments.

Organizational level:

Most part of planning, lower level managers do operational planning while upper level managers do strategic planning.



Degree of environmental uncertainty

- When uncertainty is high, plans should be specific but flexible.
- Managers must be prepared to change (or) amend plans, at times even have to abandon the plans.

Length of future commitments:

It is related to time frame of plans. The commitment concept says that plans should extend far enough to meet those commitments made plans were developed.

Planning for too long (or) too short a time period is inefficient & in-effective.

Approaches to planning:

- In the traditional approach, planning is done by top-level managers who often are assisted by a formal planning department.
- The top-down approach to planning is used by many organizations. It can be effective only if managers understand the importance of documents, which should be actually used by members, not just impressive documents not being used.

- Another approach involve more organization members in the process.
- Plans aren't handed down from one level to next, but they are developed by members at various level & in various work units to meet their specific needs.
- By this approach, the plans are used in directing & co-ordinating work.

Organizing

Arranging & structuring work to accomplish the organizations goals.

Designing organizational structure:

Organization is an important process during which managers design an organization's structure. Organization structure is the formal arrangement of jobs within an organization. This can be shown visually in an organizational chart.

When managers create (or) change that structure, they are engaged in Organizational design.

A process that involves 6 key elements-

- Work specialization
- Departmentalization
- Chain of command
- Span of control
- Centralization & de-centralization
- Formalization

Purpose of organization:

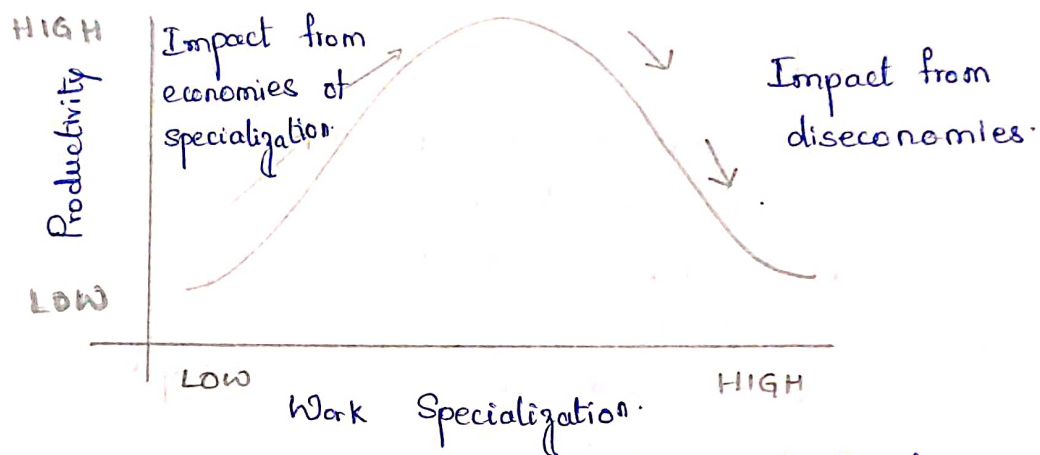
- Divides work to be done into specific jobs & dept's.
- Assign task & responsibilities associated with individual jobs.
- Co-ordinate diverse organizational tasks.
- Cluster jobs into units.
- Establishes relationships among individuals, groups & dept's.
- " formal line of authority.
- Allocates & deploys organizational resources.

Work Specialization:

Dividing work activities into other separate job tasks is called Work specialization.

This makes efficient use of diversity of skills. In some organization, some tasks require highly developed skills. So, individual employees "specialize" in a part of an activity. Specialized workers are paid more compared to not specialized individual.

In early days, specialization could lead to great increase in productivity. The economies & diseconomies of work specialization is shown below:



- Nowadays work specialization no longer leads to productivity.
- So many organization use minimal work specialization & instead give employees a broad range of tasks to do.

Departmentalization:

It is the basis by which jobs are grouped together. The 5 common forms of departmentalization are:

1. Functional departmentalization:- Groups jobs according to function.
2. Geographical departmentalization:- Groups jobs according to Geographic region.
3. Product departmentalization - Groups jobs by product line.
4. Process departmentalization - On the basis of product / customer flow.
5. Customer departmentalization - On the basis of specific & unique customers who have common needs.

A work team composed of individuals from various functional specialties is called Cross-functional team. Nowadays this kind of teams are preferred.

Departmentalization trend is for use of customer departmentalization. Because getting & keeping customers is essential for success.

Chain of command:

It is the line of authority extending from upper organizational levels to lower levels.

The 3 important concepts in the chain of command are:

- a) Authority
- b) Responsibility
- c) Unity of command.

Authority: The rights inherent in a managerial position to tell what to do & to expect them to do it.

- Manager has authority to do their job of co-ordinating & overseeing the work of others.
- Lower level managers also have the authority to certain rights but also certain limits is implied.

Chester Barnard proposed "acceptance theory of authority", says authority comes from the willingness of sub-ordinates to accept it. He contended sub-ordinates 'will' accept orders only if cond^{ns} are satisfied:

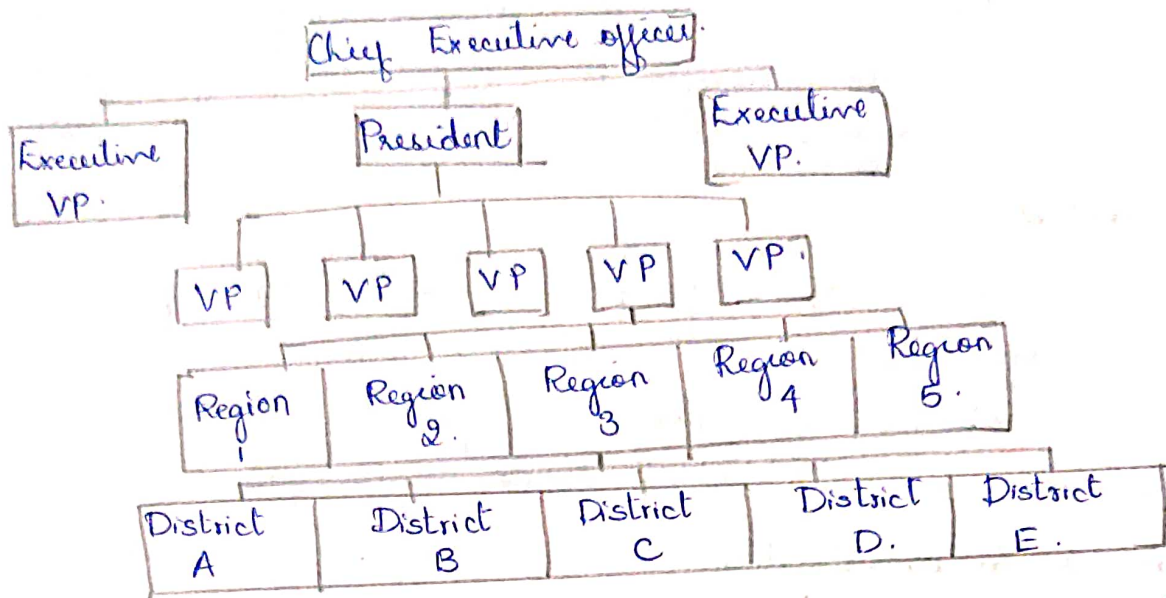
1. They understand the order.
2. They feel order is consistent with organization's purpose.
3. The order does not conflict with their personal beliefs.
4. They are able to perform task as directed.

Early management writers distinguished authority as:

- a) Line authority.
- b) Staff authority.

Line authority entitles a manager to direct the work of an employee. Line term is used to differentiate line managers from staff managers. Every manager is subject to authority.

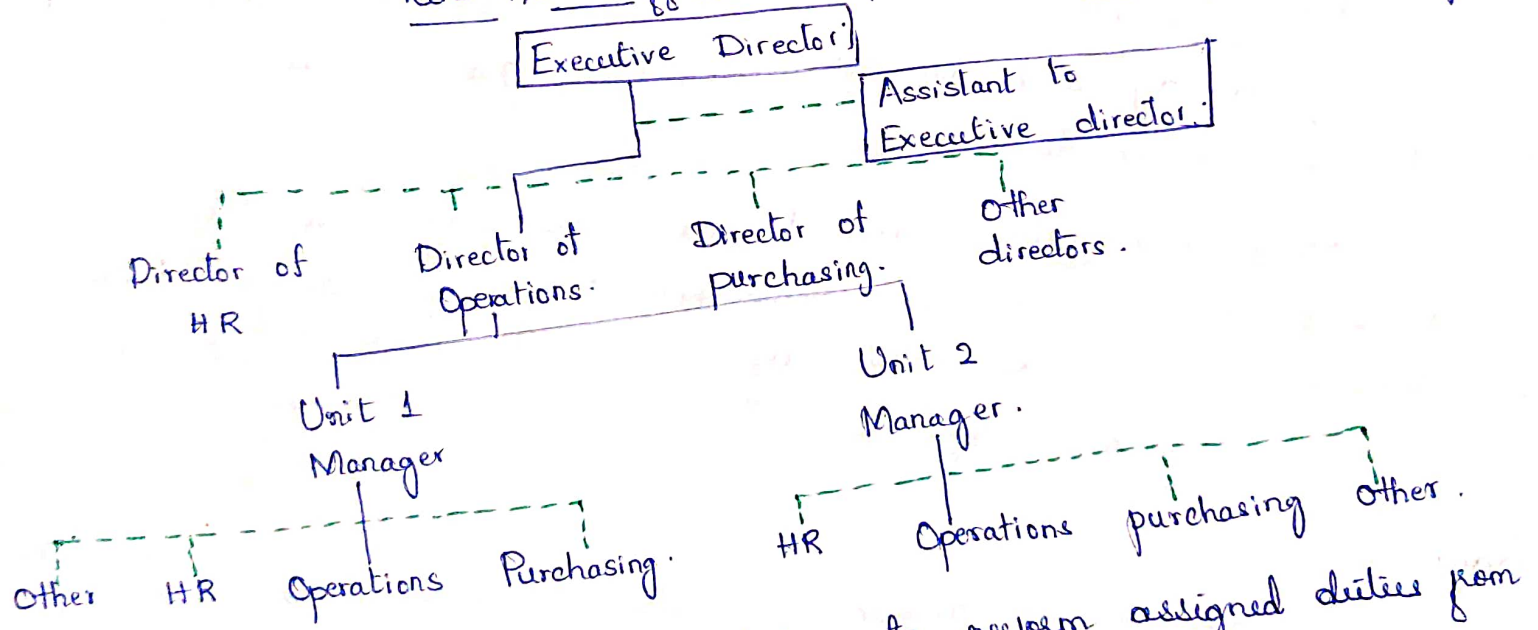
Chain of command & line Authority.



As organization gets larger & more complex, line managers do not have time, expertise (or) resources to get their jobs done effectively. To support, assist & advice those holding line authority.

line v/s Staff authority.

----- Staff authority
 ————— line authority.



Responsibility: The obligation/expectation to perform assigned duties from managers who have the authority to do so. Employees should be held accountable for their performance.

Unity of command: It states that a person should report to only one manager, to avoid conflicting demands from multiple bosses.

Nowadays unity of command & chain of command are less important. Many employees will be reporting to multiple managers thus unity of command principle is violated. Such arrangements can work if communication, conflict & other issues are managed.

Span of Control :

The number of employees a manager can efficiently & effectively manage. Factors to be considered are :

- a) skills & abilities of manager & employees.
- b) Characteristics of work being done.

Centralization & de-centralization :

Centralization is the degree to which decision making takes place at upper levels of organization.

Decentralization is the degree to which lower level employees provide i/p (or) actually make decisions.

Early management proposed the degree of centralization in the organization depended on situation. Their goal was optimum & efficient use of employees.

Today organizations have become more complex & responsive to dynamic changes in their environment. Many managers believe the decision need to be made by those individuals closest to the problems, regardless of their level.

Today's view :

Managers choose amount of centralization & (or) de-centralization ^{that} will allow them to best implement their decisions & achieve organizational goals.

As organization become more flexible & responsive to environmental trends, there's been a distinct shift towards decentralized decision making.

The trend which gives employees more authority / power to make decisions is called Employee empowerment.

Today's view:

Span of control.

Eg: Managers with well-trained & experienced employees can function well with wider span.

Contingency variables that determine appropriate span are:

- a) Similarity & complexity of employee tasks.
- b) Physical proximity of sub-ordinates.
- c) degree to which standardized procedures are in place.
- d) sophistication of organization's info system.
- e) the strength of organization culture.
- f) the preferred style of manager.

Today's trend has been towards larger span of control, which is consistent with managers' effort to speed up decision making, increase flexibility, get closer to customers, empower employees & reduce costs.

Managers have recognized that they can handle wider span when employees know their jobs well & those employees understand organizational processes.

To avoid slipping due to wider plans, employees need to be ~~briefly~~ properly briefed on company goals & processes. Also company can implement pay systems, reward quality, service, productivity & team-work.

Centralization

Environment is stable

Lower level managers are not capable/experienced to make decision

Lower level managers do not want a say in decisions.

Decisions are relatively minor.

Company is large.

Effective implementation of company strategies depends on managers retaining say over what happens.

De-centralization.

Environment is complex, uncertain

Lower level managers are capable of making decision.

Lower level managers want a voice in decision.

Decisions are significant.

Company is geographically dispersed

Effective implementation depends on managers having involvement & flexibility to make decisions.

Formalization:

How standardized an organization's jobs are & the extent to which employee behavior is guided by rules & procedures.

In Highly formalized organizations, there are explicit job descriptions, numerous organizational rules & clearly defined procedures covering work processes. Employees have little discretion over what's done, when it's done, & how it's done.

When formalization is low, employees have more discretion in how they do their work.

Today's view:

Formalization is necessary for consistency & control. Many organizations rely less on strict rules & standardization to guide & regulate employee behavior.

Many organizations have given latitude to their employees to make some decisions that are best under the circumstances.

But there will be certain rules, that are important to be followed by employees, & these rules should be explained so employees understand it better & its importance.

Controlling:

What is controlling & why is it important?

Controlling is a process of monitoring, comparing & correcting work performance.

Managers should control their units, they will be evaluated what activities have been done & evaluated compared actual performance against desired performance std set.

Effective controls is determined by how well they helps managers & employees achieve their goals.

The value of control function can be seen in 3 specific areas:

1. Planning.
2. Empowering employees
3. Protecting the work-place.

The foundation for planning, is stating a goals. Managers need to ensure employees are following the process, which will attain the set goal. Controlling provides the critical link back to planning.

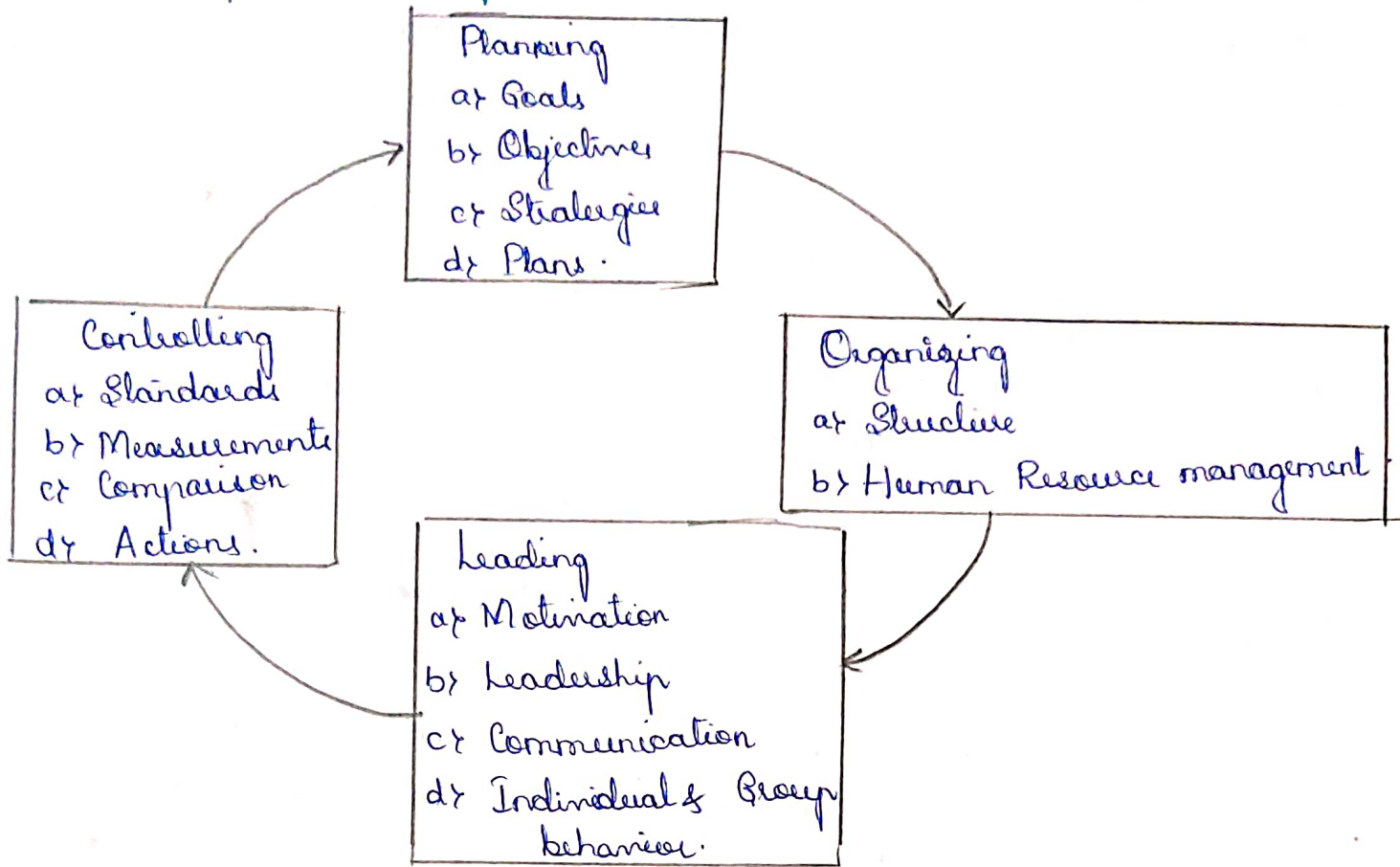
Many managers are reluctant to empower their employees, because they fear something would go wrong, for which they will be held responsible for. An effective control system can provide info & feedback of employee performance & minimize the potential problems.

Managers control ~~is~~ because to protect the organization & its assets. Managers must protect organization assets in the event of:

- | | |
|-----------------------|-----------------------------|
| a> Natural disaster | d> Supply chain disruptions |
| b> Financial scandals | e> Security breaches |
| c> Workplace violence | f> Terrorist attacks. |

Comprehensive control & backup plans will help assure minimal work disruptions.

Planning - Controlling link.

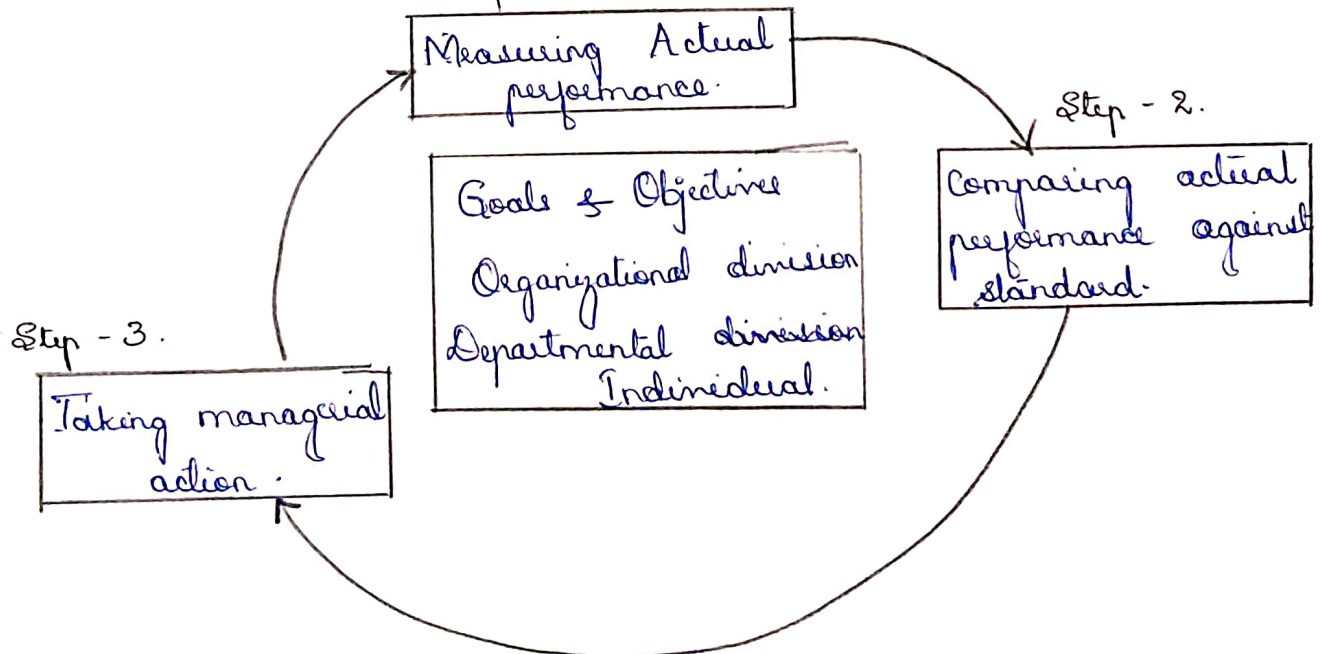


The Control - process:

The controlling process is a 3-step process of measuring actual performance, comparing actual against a standard, taking managerial actions to correct deviations/ to address inadequate stds.

The process assumes performance stds as the specific goals created during planning process.

Step - 1.



Step - 1: Measuring actual performance:

To determine what actual performance is, manager must get info about it. The first step in controlling is measuring.

How we measure:

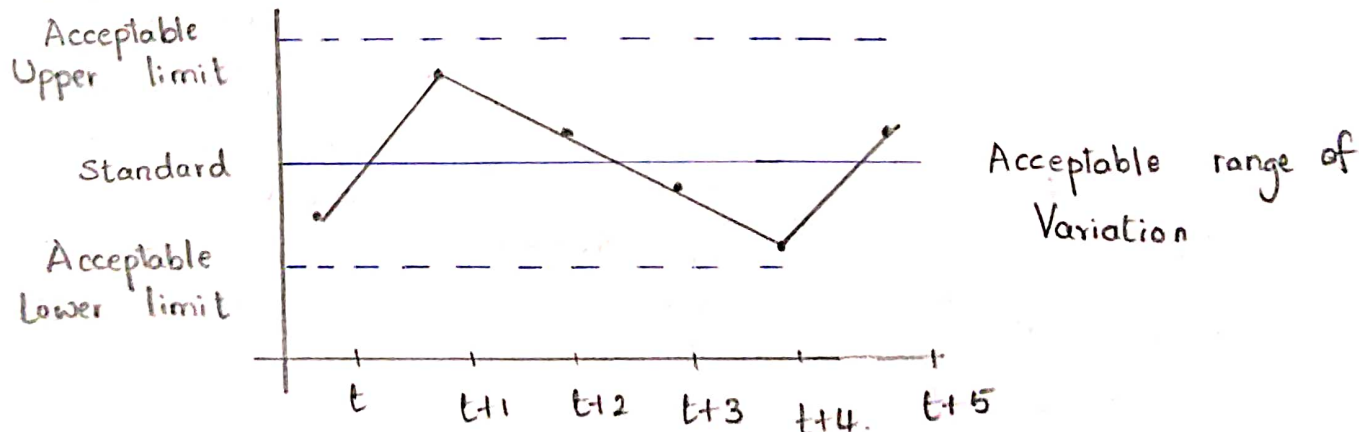
4 approaches are used by managers:

	Benefits.	Drawbacks.
1. Personal Observation	• Get first hand knowledge. • Info isn't filtered • Intensive coverage of work activities.	• Subject to personal biases. • Time consuming. • Obstructive.
2. Statistical Reports.	• Easy to visualize • Effective for showing relationships	• Provides limited info. • Ignore subjective factors.
3. Oral reports.	• Fast way to get info. • Allows for verbal & non-verbal feedback.	• Info is filtered. • Info can't be documented.
3. Oral reports. 4. Written reports.	• Comprehensive • Formal • Easy to file & retrieve.	• Take more time to prepare.

Step - 2: Comparing actual performance against the standards:

The comparing step determines the variation b/n actual performance & the standard.

The acceptable parameters of variance b/n actual performance & the standard is called "range of variation". Deviations outside the range needs attention. (Over deviation & Under deviation).



Step - 3 : Taking managerial action:

Managers can choose 3 possible source of action

- a) Do-nothing
- b) Correct the actual performance
- c) Revise the stds.

Correct actual performance:

Depending on what problem is, a manager could take different corrective actions.

Eg: If unsatisfactory work is reason for performance variations, he could correct it by things such as training programs, disciplinary action, changes in compensation practices.

Corrective action that corrects problems at once to get performance back on track is called "Immediate corrective action".

The action that looks at how & why performance deviated before correcting the source of deviation is called "basic corrective action".

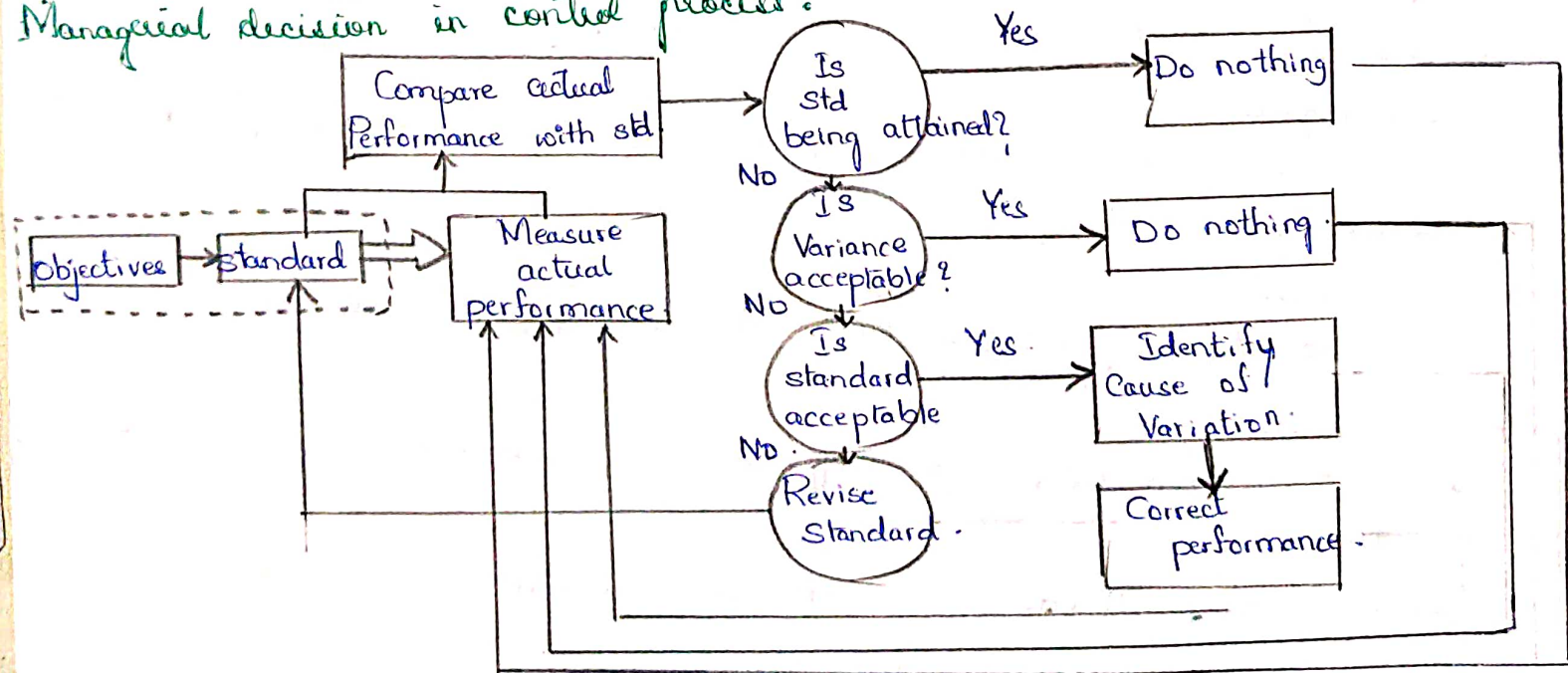
Revise the standards:

A result of unrealistic std (too low/ too high a goal) is variance. In this situation, std needs corrective action, not the performance.

If performance consistently exceeds the goals, manager should look at whether goal is too easy & needs to be raised.

If the std is realistic, fair & achievable, inform employees about expected work in future to be improved & then take corrective action to rectify.

Managerial decision in control process:



Motivation:

Motivation refers to the process by which a person's efforts are energised, directed & sustained toward attaining a goal. This definition has 3 key elements
a) Energy b) Direction c) Persistence.

Energy is a measure of intensity, drive & vigor. A motivated person puts effort & works hard. The quality of work should also be considered.

Efforts that are "directed" towards & consistent with organization goals will lead to favorable job performance.

Employees should be persisting in putting effort to achieve the set goals.

Early theories of motivation:

4 early motivation theories are:

1. Maslow's hierarchy of needs.
2. McGregor's theory X & Y.
3. Herzberg's two-factor theory.
4. McClelland's three needs theory.

1. Maslow's hierarchy of needs:

The best known theory of motivation is Abraham Maslow's theory. Maslow was a psychologist who proposed that within every person, a hierarchy of 5 needs will be present. This motivation theory addresses employee needs.

a) Psychological needs:

A person's needs for food, drink, shelter, sex & other physical requirements.

b) Safety needs:

Security & protection from physical & emotional harm.

c) Social needs:

A person's needs for affection, belongingness, acceptance & friendship.

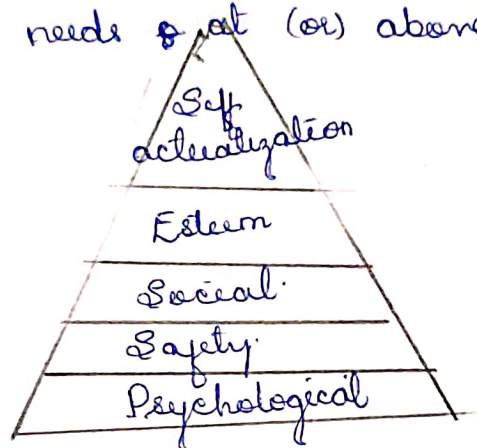
d) Esteem needs: A person's needs for internal esteem factors such

as self respect, autonomy & achievement & external esteem factors such as status, recognition & attention.

5. Self actualization needs:

A person's needs for growth, achieving one's potential, self fulfillment; the drive to become what one is capable of becoming.

Maslow stated each level in the needs hierarchy must be satisfied before the next need becomes dominant. To motivate someone, ^{managers} need to understand what need level, person is on the hierarchy & focus on satisfying needs ~~at~~ (or) above that level.



2. McGregor's Theory X and Theory Y.

Douglas McGregor is best known for proposing 2 assumptions about human nature:

a) Theory X

b) Theory Y.

Theory X is a negative view of people that assumes workers have little ambition, dislike work, want to avoid responsibility & need to be closely observed/controlled to work effectively.

Theory Y is a positive view that assumes employee enjoys work, seek out & accept responsibility & exercise self direction.

McGregor believed Theory Y assumptions should guide management practice & proposed that participation in decision making, responsible & challenging jobs, & good group relations would maximise employee motivation.

3. Herzberg's Two factor theory / Motivation-hygiene theory:

Frederick Herzberg's theory proposes that:

- a) Intrinsic factors - are related to job satisfaction & motivation
- b) Extrinsic factors - associated with job dissatisfaction.

Herzberg's findings are shown below:

Motivators		Hygiene Factors
• Achievement • Recognition • Work itself • Responsibility • Advancement • Growth		• Supervision • Company policy • Relationship with supervisor • Working condⁿ • Salary • Relationship with peers • Personal life • Status • Security
Extremely Satisfied	Neutral	Extremely Dissatisfied

Herzberg believed that the data suggested the opposite of satisfaction was not dissatisfaction, as traditionally believed. He believed that the factors that led to job satisfaction were separate & distinct from those that led to job dissatisfaction.

Managers who sought to eliminate the factors that created job dissatisfaction could keep from being dissatisfied but they won't be motivated. The extrinsic factors that create job dissatisfaction were called "Hygiene factors".

When hygiene factors are adequate, people won't be dissatisfied but they won't be satisfied/motivated either. To motivate people, Herzberg suggested emphasizing "motivators", i.e., the intrinsic factors having to do with job itself.

Traditional View.

Satisfied.	Dissatisfied.
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Herzberg's View.

Motivators	
Satisfaction	No Satisfaction

Hygiene factors	
No dissatisfaction	Dissatisfaction

4. McClelland Three - needs theory:

The proposed theory says that there are 3 acquired needs that are major motives in work. These 3 needs include:

a) Need for achievement: which is the desire to succeed & excel in relation to a set of stds. (nAch).

b) Need for power: which is need to make others behave in a way they would not have behaved. (nPow).

c) Need for affiliation: which is desire for friendly & close interpersonal relationships.

People with high need for achievement:

- are striving for personal achievement rather than rewards of success.
- have a desire to do better / more efficiently - than it's done before.
- ~~Prefer~~ ^{Prefer} personal responsibility offering jobs for finding solⁿ for a problem, to evaluate their own performance.
- High achievers doesn't necessarily lead to being a good manager, especially in large organizations. That's $\because$ they focus on their own accomplishment

McClelland showed employees can be trained to stimulate their achievement need, when they have personal responsibility, feedback & moderate risks.

The best managers tend to be high in the need for power and low in the need for affiliation.

All three needs can be measured by using a projective-test known as Thematic Appreciation Test / TAT, in which respondents react to set of pictures.

Contemporary Theories of Motivation:

These motivational approaches include:

- a) Goal-setting theory
- b) Re-inforcement theory.
- c) Job design theory.
- d) Equity theory.
- e) Expectancy theory.
- f) High involvement work practices.

Goal-setting theory:

The proposition that specific goals increase performance & that difficult goals, when accepted, result in higher performance than do easy goals.

These goals are superior motivating forces. The conclusion of goal setting theory apply to those who accept & are committed to the goals. Difficult goals will lead to higher performance only if they are accepted.

Self-generated feedback - where employee monitors his/her own progress - has been shown to be more powerful motivator than feedback given from others.

Three contingencies besides feedback influence goal-performance relationship are:

- a) Goal commitment
- b) Adequate self-efficacy
- c) National culture.

Goal setting theory assumes that an individual is committed to the goal. Commitment is most likely;

- i) When goals are made public
- ii) When individual has an internal locus of control.
- iii) When goals are self set rather than assigned.

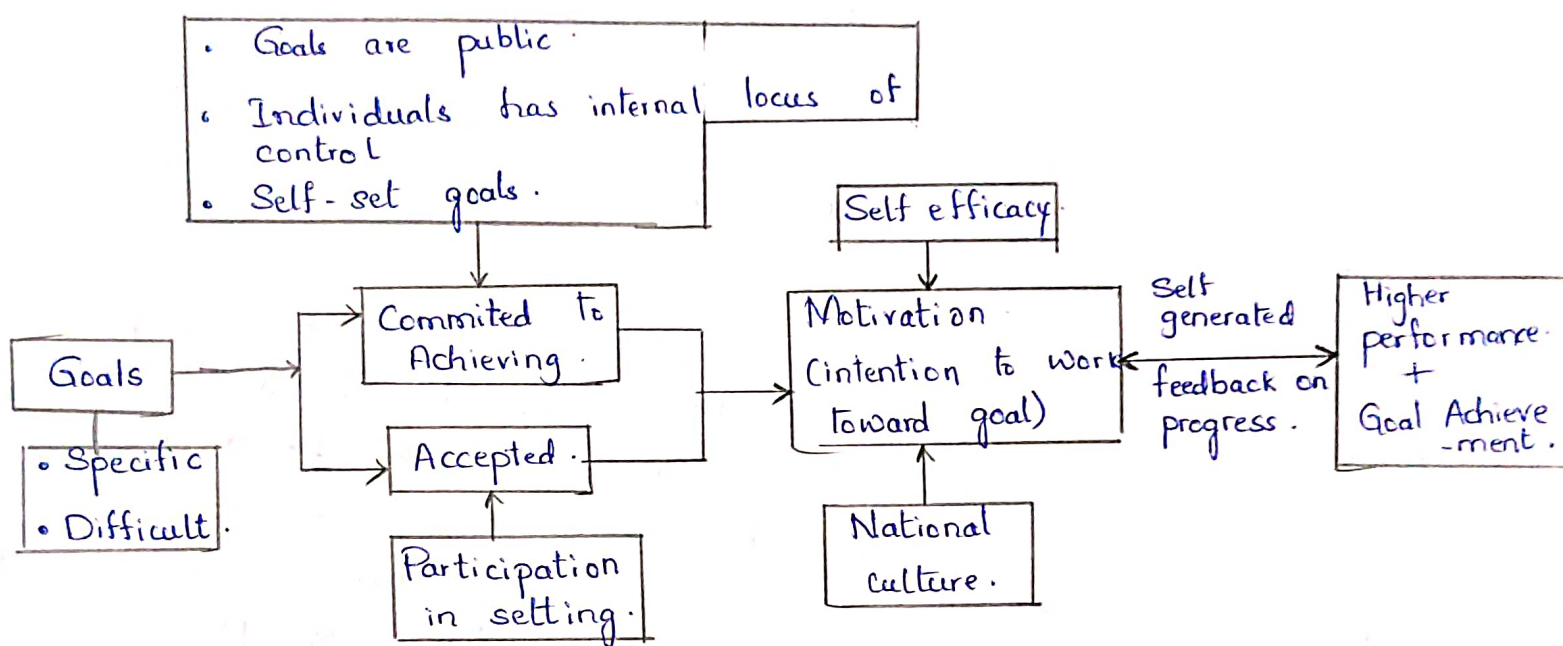
Self-efficacy is an individual's belief that he/she is capable of performing the task.

High self efficacy advantages are:

- i) Higher efficacy, more confidence in your ability to succeed in task.
- ii) People with high efficacy try to master the challenge.
- iii) They can respond to negative feedback with increased effort & motivation.

The value of goal-setting depends on national culture. It has been adopted more in North American countries, as its main ideas align reasonably well with those cultures. It assumes:

- i) sub-ordinates will be reasonably independent.
- ii) People will seek challenging goals.
- iii) Performance is considered important by both managers & sub-ordinates.



Reinforcement theory:

It states that behavior is a function of its consequences.

Consequences immediately following a behavior, which increase the probability that the behavior will be repeated are called "reinforcers".

This theory ignores factors such as goals, expectations & needs.

Instead it focuses solely on what will be the result of person decision.

Using this theory, managers can influence employee behavior by using

positive reinforcers for actions that help the organization achieve its

goals. Managers should ignore, not punish, undesirable behavior.

The side-effects will be dysfunctional behavior such as workplace conflicts, absenteeism & turnover.

Designing Motivating jobs:

The way tasks are combined to form complete jobs is called Job design. Managers should design jobs deliberately & thoughtfully to reflect the demands of changing environment, the organizations technology & employees skills, abilities & preferences.

Job enlargement:

The no of different tasks required in a job & the frequency with which those tasks are repeated is called Job scope. The horizontal expansion of a job by increasing job scope is called Job enlargement.

Research has shown that knowledge enlargement activities lead to more job satisfaction, enhanced customer service & fewer errors.

Job enrichment:

The vertical expansion of a job by adding planning & evaluating responsibilities, is called Job enrichment. The depth of control employees have over their work is called Job depth. An enriched job allows workers to do an entire activity with increased freedom, independence & responsibility. Job enrichment may improve the quality of work, employee motivation & satisfaction.

Job characteristic Model:

A frame-work for analyzing & designing jobs that identifies five primary core job dimensions, their inter-relationships & their impact on outcomes, is called Job characteristic Model (JCM).

The five core job dimensions are:

1. Skill variety: the degree to which a job requires a variety of activities that employee can use no of different skills & talents.
2. Task identity: the degree to which a job requires completion of a whole & identifiable piece of work.
3. Task significance: the degree to which a job has a substantial impact on the lives/work of other people.

4. **Autonomy**: the degree to which a job provides substantial freedom, independence, & discretion to the individual in scheduling the work & determining the procedures to be used in carrying out.
5. **Feedback**: the degree to which doing work activities required by a job results in an individual obtaining direct & clear info about effectiveness of performance.

ICM suggests employees are likely to be motivated when they learn that they personally performed well on tasks that they care about. The jobs are designed around 3 elements, greater the employee's motivation, performance & satisfaction & lower absenteeism.

ICM suggestions specify types of changes, most likely to lead to improvement in 5 core job dimensions. The 2 suggestions incorporate job enlargement & job enrichment, other suggestions involve vertical & horizontal expansion of jobs.

- a) **Combined tasks**: Put tasks together to form a new, larger work module i.e., job enlargement to $\uparrow$ skill variety & task identity.
- b) **Create natural work units**: Encourage employees to view their work as meaningful & important.
- c) **Establish client relationships**: Establish direct relationships b/n workers & their clients to $\uparrow$ skill variety, autonomy & feedback.
- d) **Expand jobs vertically**: This gives employees responsibilities & controls, which can $\uparrow$ employee autonomy.
- e) **Open feedback channels**: Direct feedback lets employees performance improving (or) not.

Redesigning job design approaches:

An approach to job design that focuses on how people tasks & jobs are increasingly based on social relationships. is called "Relational perspective of work design". Managers need to look at important components of those employee relationships such as access

to & level of social support in an organization, types of interactions outside an organization, amount of task interdependence & interpersonal feedback.

An approach to job design in which employees take the initiative to change how their work is performed is called "Proactive perspective of work design". Important job design factors include autonomy, amount of ambiguity, accountability, job complexity, level of stress & social context. These factors show the influence employee proactive behavior.

Work practices assigned/designed to elicit greater i/p (or) involvement from workers is called "high involvement work practices". This is also called as "Employee empowerment".

Equity theory:

This theory developed by J. Stacey Adams. It states "the theory that an employee compares his/her job i/p-outcomes ratio with that of relevant others & then corrects any ⁱⁿequity." ~~in~~

"The persons, systems (or) selves, against which individuals compare themselves to ~~assess~~ assess equity." — Roberts.

Persons includes other individuals with similar jobs in same organisation but also friends, neighbors (or) professional associate. Based on newspapers, journals (or) what they hear, employees compare their pay with others.

System includes organizational pay policies, procedures & allocation.

Self refers to i/p's - outcomes ratio that are unique to individual. It reflects past experience such as past jobs / family commitments.

Equity theory focused on 2 types of justice.

1. Distributive justice: Perceived fairness of the amount & allocation of rewards among individuals.

2. Procedural justice: Perceived fairness of the process used to determine the distribution of rewards.

Equity research shows that distributive justice tends to have greater influence on employee satisfaction than procedural justice, which tends to affect an employee's organizational commitment.

~~Expectancy theory~~

If person A is the employee & person B is a relevant other (referent);

Perceived ratio Comparison

$$\frac{O/P A.}{I/P A.} < \frac{O/P B.}{I/P B.}$$

$$\frac{\text{Outcome A}}{I/P A} = \frac{\text{Outcome B}}{I/P B.}$$

$$\frac{\text{Outcome A}}{I/P A} > \frac{\text{Outcome B}}{I/P B.}$$

Employee Assessment

Inequity (under-rewarded)

Equity

Inequity (over-rewarded)

Expectancy theory:

Victor Vroom explained how employees are motivated through this theory. It states that "an individual tends to act in a certain way based on the expectation that the act will be followed by a given outcome & the alternatives of that outcome to the individual."

It includes 3 variables / relationships:

1. Expectancy / Effort - performance linkage:

Probability perceived by individual that exerting a given amount of effort will lead to a certain level of performance.

2. Instrumentality / performance - reward linkage:

The degree to which the individual believes that performing at a particular level is instrumental in attaining the desired outcome.

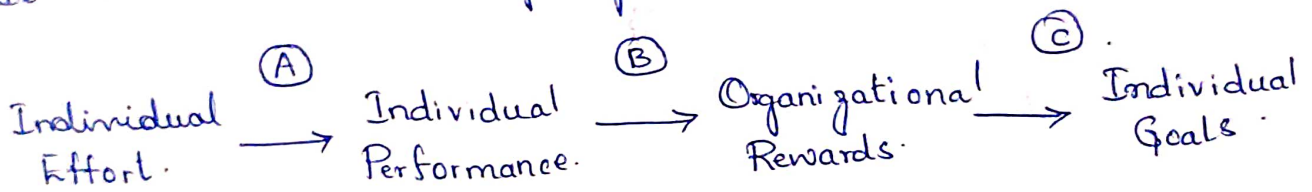
3. Valence / attractiveness of reward:

This is the importance that the individual places on the potential outcome (or) reward that can be achieved on the job. Valence considers both goals & needs of the individual.

The key to expectancy theory is understanding an individual's goal & linkage b/n effort & performance, b/n performance & rewards, b/n rewards & individual goal satisfaction.

The results of this theory:

- a) The rewards an organization is offering align with individual wants.
- b) recognizes no universal principle explains what motivates individual
- c) rewards should be those the individual values positively.
- d) This theory emphasizes expected behavior.
- e) It is concerned with perceptions & reality is irrelevant.

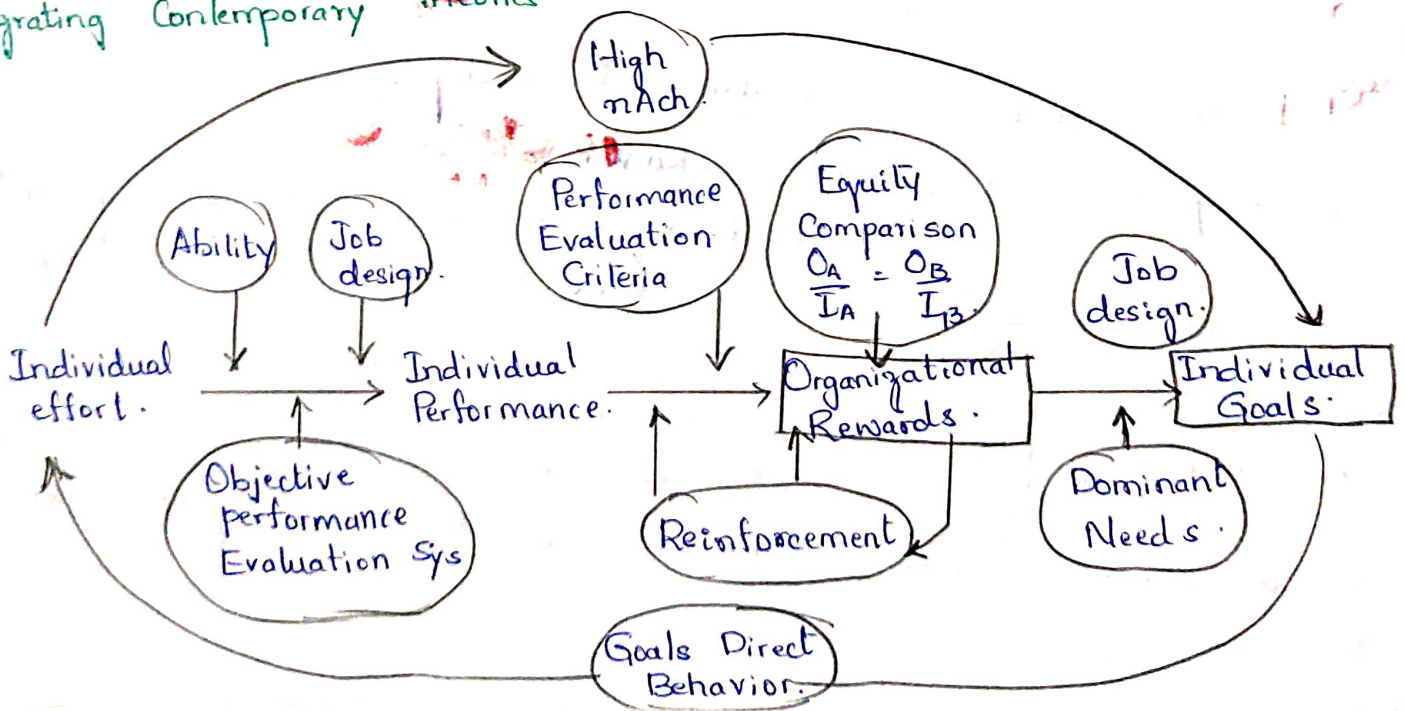


(A) = Effort - performance linkage.

(B) = Performance - reward linkage

(C) = Attractiveness of rewards.

Integrating Contemporary Theories of Motivation:



Leadership

Leader is someone who can influence others & who has managerial authority.

Leadership is a process of leading a group & influencing that group to achieve its goals.

Early leadership theory:

These theories focused on leader (leadership trait theories) & how the leader interacted with their group members (leadership behavior theories).

Leadership Trait theories:

This theory focused on isolating leader-traits i.e., the characteristics that would differentiate leaders from non-leaders. Some of traits include physical stature, appearance, social class, fluency of speech & stability.

The seven traits shown to be associated with effective leadership:

1. Drive:

Leaders exhibit high effort level. They have a relatively high desire for achievement, they are ambitious, they have lot of energy. They are tirelessly persistent in their activities & they show initiative.

2. Desire to lead:

a) Leaders have strong desire to influence & lead others.
b) They demonstrate willingness to take responsibility.

3. Honesty & integrity:

Leaders build trusting relationship by being truthful & by showing high consistency b/w word & deed.

4. Self-confidence:

Leaders need to show self confidence in order to convince followers of rightness of their goals & decisions.

5. Intelligence:

a) Need to be intelligent enough to gather, synthesize & interpret large amounts of info.

b) Need to be able to create visions, solve problems & make correct decisions.

6. Job relevant: knowledge:

- a) They should have high degree of knowledge about company, industry & technical matters.
- b) In-depth knowledge allows leaders to make decisions & to understand the implications of those decisions.

7. Extraversion:

Leaders are energetic, lively people. They are sociable, assertive & rarely silent / withdrawn.

Leadership Behavior Theories:

This approach would provide more definitive answers about the nature of leadership than trait theories. The 4 main leader behavior studies are:

Behavioral Dimension		Conclusion.
University of Iowa.	1. Democratic Style: involving subordinates, delegating authority & encouraging participation. 2. Autocratic Style: dictating work methods, centralizing decision making & limiting participation. 3. Laissez-faire Style: giving group freedom to make decisions & complete work.	Democratic style of leadership was most effective, although later studies showed mixed results.
Ohio state.	Consideration: being considerate of followers ideas & feelings. Initiating structure: structuring work & work relationships to meet job goals.	High in consideration & high in initiating structure achieved high subordinate performance & satisfaction, but not in all situation.
University of Michigan.	1. Employee Oriented: emphasized interpersonal relationships & taking care of employees needs. 2. Production Oriented: emphasized task (or) technical aspects of job.	Employee oriented leaders were associated with high group productivity & higher job satisfaction.
Managerial Grid.	1. Concern for people: measured leader's concern for subordinates on a scale of 1 to 9 (low to high). 2. Concern for production: measured leaders' concern for getting job done on a scale of 1 to 9.	Leaders performed best with 9, 9 style (high concern for production & high concern for people).

Behavioral theories:

Leadership theories that identify behaviors that differentiated effective leaders from ineffective leaders.

Autocratic style:

A leader who dictates work methods, makes unilateral decisions, & limits employee participation.

Democratic style:

A leader who involves employees in decision making, delegates authority & uses feedback as an opportunity for coaching employees.

Laissez-faire style:

A leader who lets the group make decisions & complete the work in whatever way it sees fit.

Initiating structure:

The extent to which a leader defines his/her role & the roles of group members in attaining goals.

Consideration:

The extent to which a leader has work relationships characterized by mutual trust & respect for group members' ideas & feelings.

High-high leader:

A leader high in both initiating structure & consideration behaviors.

Managerial grid:

A two dimensional grid for appraising leadership styles.

Contingency theories of leadership:

The 3 contingency theories are examined:

a) Fielder theory Model.

b) Hersey - Blanchard

c) Path goal.

Each looks at defining leadership style & the situation, and attempts to answer 'if' this is the context/situation, 'then' this is the best leadership style to use.

Fielder Contingency model:

Fred Fielder developed the first comprehensive contingency model for leadership. This model proposed the effective group performance depends upon matching leaders style & amount of control & influence in the situation. The keys were to

a) define those leadership styles & different types of situations.

b) identify the appropriate combinations of style & situations.

Fielder proposed a key factor in leadership success was an individual's basic leadership style either

i) Task oriented: If the leader describes the least preferred co-worker in relatively unfavorable terms, it means a person is more interested in productivity & getting job done.

ii) Relationship oriented: If leader described the least preferred co-worker in relatively positive terms, then the respondent was primarily interested in good personal relations with co-workers & style would be described as "relationship oriented".

Least-preferred co-worker (LPC) questionnaire:

A questionnaire that measures whether a leader is task

(or) relationship oriented. It contained 18 pairs of contrasting adjectives.

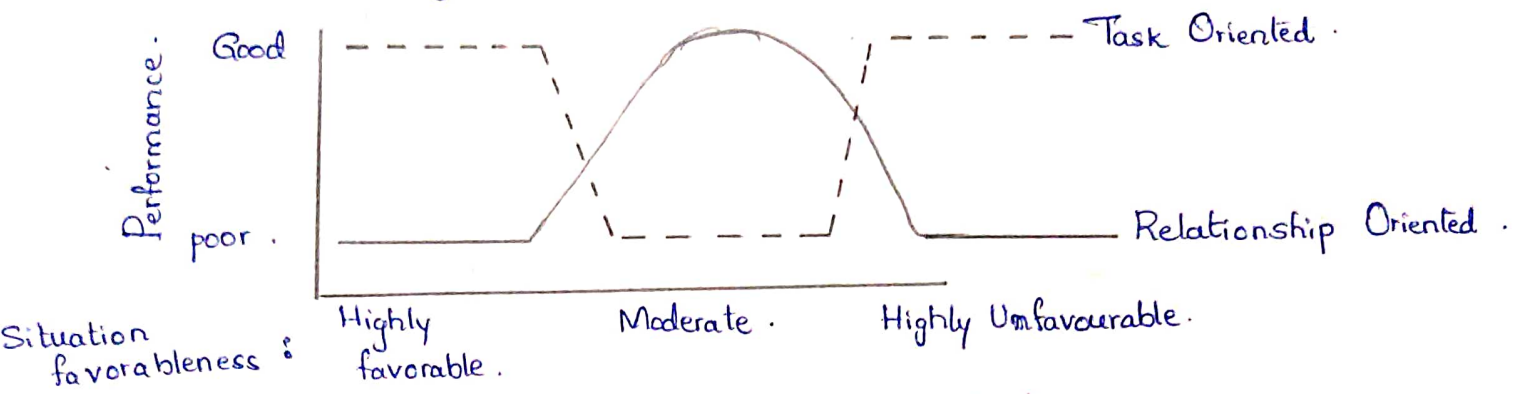
Eg: Pleasant - unpleasant, cold - warm, boring - interesting.

Respondents will rate co-worker, they least enjoyed working with

to be rated on scale 1 to 8. for each 18-sets of adjectives.

8 → positive adjective out of the pair.

1 → negative adjective out of the pair.



Category	I	II	III	IV	V	VI	VII	VIII
Leader - Member Relations	Good	Good	Good	Good	Poor	Poor	Poor	Poor
Task structure Position Power	High strong	High Weak	Low strong	Low Weak	High strong	High Weak	Low strong	Low Weak

Situations I, II, III → Highly favorable for leader.

" IV, V, VI → Moderately favorable for leader.

" VII, VIII → Lowly favorable for leader.

In this model, Fielder treated an individual's leadership style as "fixed". So, only two ways could improve leader effectiveness, they are:

a) Bring a new leader whose style better fit the situation.

Eg: If group situation is highly unfavorable & led by relationship oriented leader, the group can be improved by replacing the leader with a task-oriented.

b) To change the situation to fit the leader. This could be done by restructuring tasks; by increasing/decreasing the power of the leader.

Eg: Salary increases, promotions & disciplinary actions

The Fielder model showed that effective leadership style needed to reflect situational factors.

Hersey and Blanchard's Situational Leadership Theory:

Paul Hersey & Ken Blanchard developed a leadership theory called Situational leadership theory (SLT). It is a contingency theory that focuses on followers' readiness.

The group's effectiveness depends on the actions of followers, who accept (or) reject the leader.

Readiness refers to the extent to which people have the ability & willingness to accomplish a specific task.

SLT uses 2 leadership dimensions that Fielder identified: i.e., task & relationship behaviour. In this theory, they go a step further by considering each as either low/high & then combining them into 4 specific leadership styles. They are described as:

1. Telling (high task - low relationship)
The leader defines roles & tells people what, how, when & where to do various tasks.

2. Selling (high task - high relationship).
The leader provides both directive & supportive behavior.

3. Participating (low task - high relationship).
The leader & followers share in decision making. The main role of leader is facilitating & communicating.

4. Delegation (low task - low relationship):
The leader provides little direction/support.

The final component in the model is four stages of follower readiness:

a) R1: People are both unable & unwilling to take responsibility for doing something. Followers are competent (or) confident.

b) R2: People are unable but willing to do necessary jobs/tasks. Followers are motivated but lack the appropriate skills.

c) R3: People are able but unwilling to do what the leader wants. Followers are competent, but don't want to do something.

d) R4: People are both able & willing to do what is asked of them. The leader doesn't need to do much & should use the delegating style.

Path - Goal Model:

This theory states that "the leadership job is to assist followers in attaining their goals & to provide direction / support needed to ensure that their goals are compatible with the goals of group (or) organization".

Developed by Robert House, theory takes key elements from expectancy theory of motivation. The term path-goal is derived from the belief that effective leaders remove the road-blocks & pitfalls so that followers have a clearer path to help them to achieve their goals.

House identified 4 leadership behaviors:

1. Directive leader:
Sub-ordinates need to be informed what's expected from them, schedules work to be done & specific guidance to accomplish tasks.
2. Supportive leader:
Concern for the needs of followers & is friendly.
3. Participative leader:
Consults with group members & uses their suggestions before making a decision.
4. Achievement oriented leader:
Sets challenging goals & expects followers to perform at their highest level.

Path-goal theory proposes 2 situational / contingency variables that moderate the leadership behavior - outcome relationship:

a) those in the environment that are outside the control of the follower.

Eg: task structure, formal authority system & the work group.

b) those that are part of personal characteristics of the follower.

Eg: locus of control, experience & perceived ability.

Environmental factors determine the type of leader behavior required if subordinate outcomes are to be maximized.

Personal characteristics^{of} follower determine how the environment & leader behavior are interpreted.

The theory proposes leader's behavior won't be effective if it's redundant with environmental structure is providing (or) is incongruent with follower characteristics.

