

# MANAGEMENT AND ORGANISATIONAL BEHAVIOUR

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# Introduction to Management

- Management is a dynamic field vital for organizational success.
- "Management is an art of knowing what is to be done and seeing it done in the best possible manner." [F.W. Taylor](#) (father of management)
- "Management is to forecast, to plan, to organize, to command, to coordinate and control activities of others." [Henri Fayol](#) (father of management)

## Understanding the Concept of Management

Management, a multifaceted concept, is often defined in various ways. It can be seen as a systematic process, a distinct discipline, a collective group of managers, or even as an art and science of leadership and decision-making.



### Management as a Process

Involves a series of functions like planning, organizing, staffing, directing, coordinating, and controlling resources to achieve desired objectives efficiently.



### Management as a Group of Managers

Refers to the collective body of individuals who perform managerial functions within an organization to accomplish predetermined objectives.



### Management as a Discipline

Refers to a systematic body of knowledge, principles, and practices studied and applied in educational institutions, drawing from various fields.



### Art and Science

Management is both an art, requiring practical skill and creativity, and a science, based on systematic principles and universal concepts.

## Primary Objectives of Management

The primary objectives of management ensure the smooth and profitable operation of an enterprise while balancing the diverse stakeholder interests.

### Proper Utilization of Resources

Efficiently using men, materials, machines, and money to maximize profits and satisfy stakeholders, including proprietors, employees, and customers.

### Mobilizing Best Talent

Attracting and retaining skilled professionals through competitive pay, amenities, and growth opportunities to boost efficiency.

### Improving Performance

Enhancing the output of all production factors by fostering a conducive environment where workers can maximize their contributions.

### Planning for Future

Developing future-oriented strategies and plans to ensure continued growth and success, recognizing that present planning dictates future performance.

## **SIGNIFICANCE OF MANAGEMENT**

**1. Encourages Initiative**

**2. Encourages Innovation**

**3. Facilitates growth and expansion**

**4. Improves life of workers**

**5. Improves corporate image**

**6. Motivates employees**

**7. Optimum use of resources**

**8. Reduces wastage**

**9. Increases efficiency**

**10. Improves relations**

**11. Reduces absenteeism and labor turnover**

**12. Encourages Team Work**

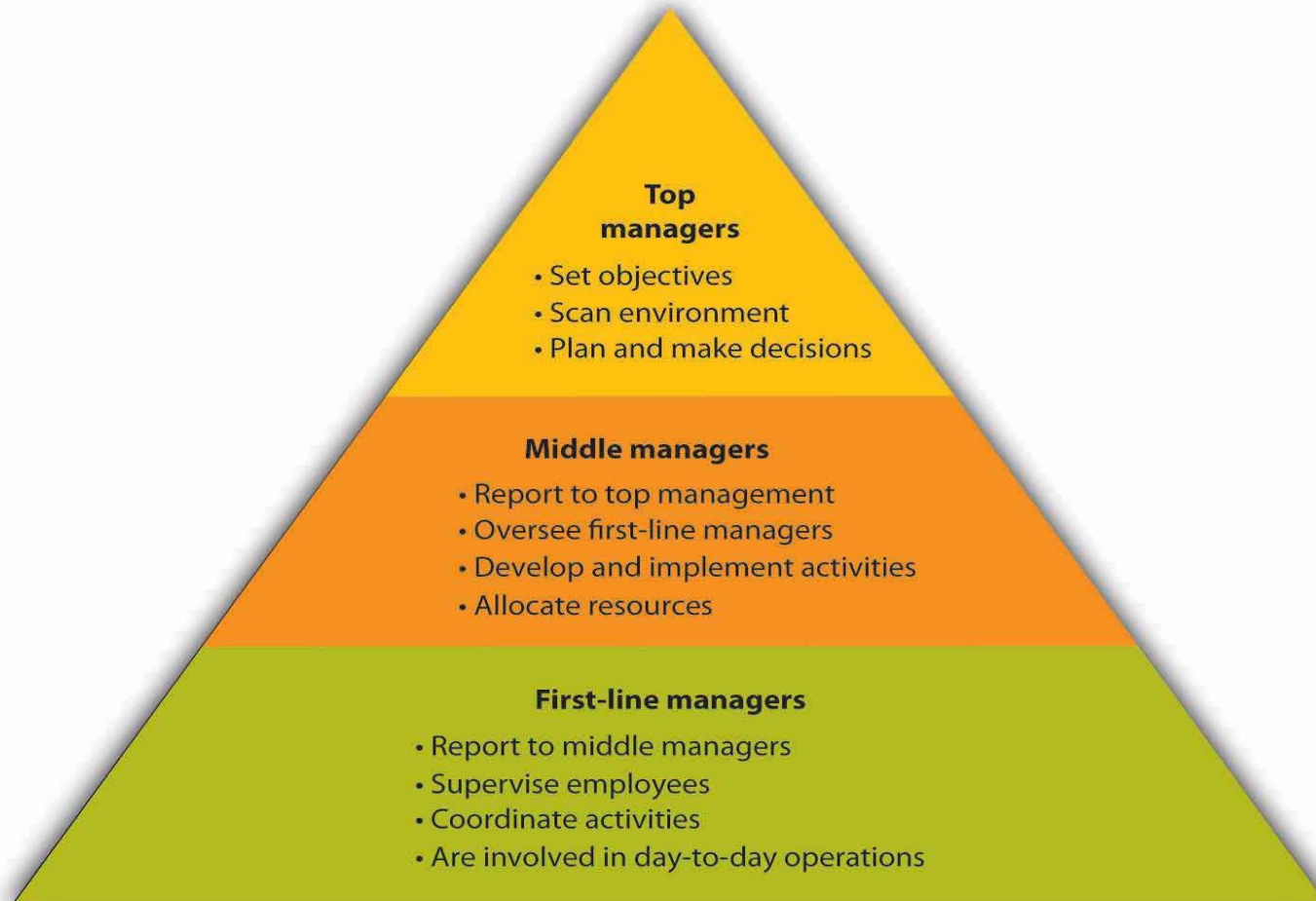
**13. Reduces Costs**

**14. Establishes Sound Organization**

**15. Establishes Equilibrium**

**16. Essentials for Prosperity of Society**

# Levels of Management



## Levels of Management in an Organization

Organizations typically operate with three distinct levels of management, each with specific roles and responsibilities.

### Top-Level Management

Consists of the board of directors, chief executives, and managing directors. They focus on setting objectives, broad policies, strategic decisions, and coordinating overall activities. They are responsible for ensuring the enterprise's performance to shareholders.

### Middle-Level Management

Comprises branch and departmental managers. They execute top management plans, create sub-unit plans, participate in staffing lower levels, interpret policies, and coordinate departmental activities. They also evaluate junior managers' performance.

### Lower-Level Management

Also known as supervisory or operative level, including supervisors and foremen. They assign jobs, guide workers, ensure quality and quantity of production, maintain relations, and address worker grievances. They are crucial for daily operations and worker motivation.

## Level Management

activities include –

issues necessary instructions for preparation of department budgets, procedures, schedules etc.

prepares strategic plans & policies for the enterprise.

appoints the executive for middle level i.e. departmental managers.

controls & coordinates the activities of all the departments.

is also responsible for maintaining a contact with the outside world.

provides guidance and direction.

## Middle-Level Management

They execute the plans of the organization in accordance with the policies and directives of the top management.

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

## Lower-Level Management

Their activities include –

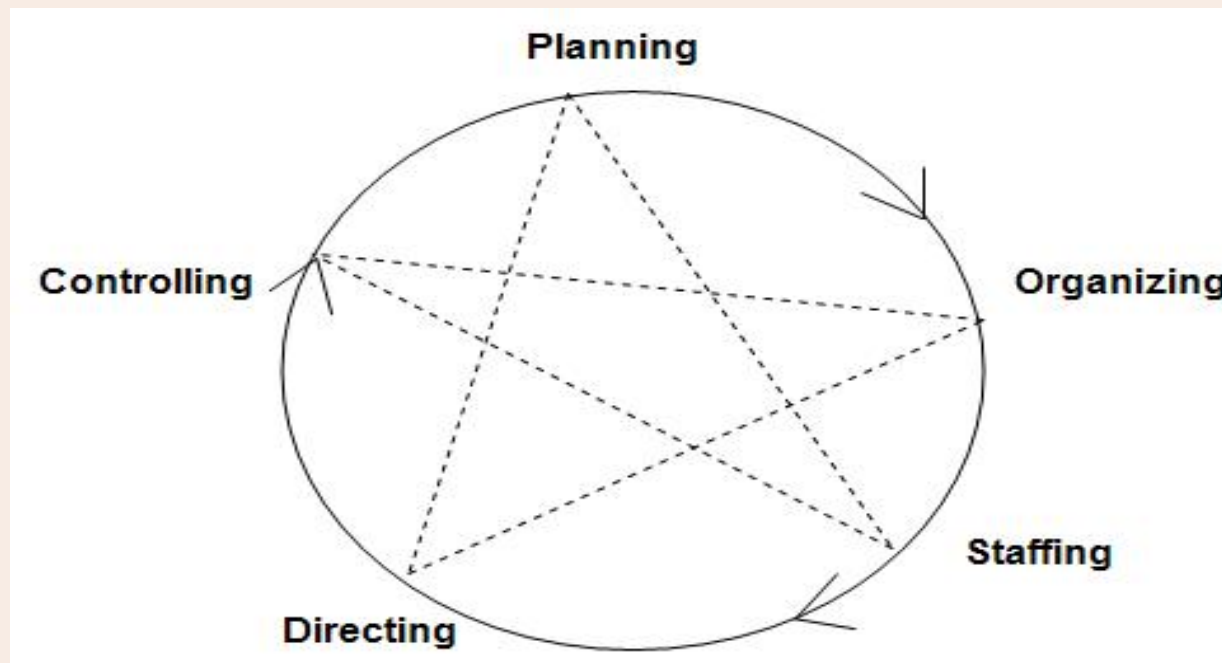
- ❖ Assigning of jobs and tasks to various workers.
- ❖ They guide and instruct workers for day to day activities.
- ❖ They are responsible for the quality as well as quantity of production.
- ❖ They are also entrusted with the responsibility of maintaining good relation in the organization.
- ❖ They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

## Functions of Management

According to Henry Fayol, “To manage is to forecast and plan, to organize, to command, & to control”.

Luther Gulick has given a keyword 'POSDCORB' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting.

The most widely accepted are functions of management given by KOONTZ and O'DONNELL, which are Planning, Organizing, Staffing, Directing and Controlling.



## Planning

deals with chalking out a future course of action & deciding in advance the most appropriate courses for achievement of pre-determined goals.

According to KOONTZ, "Planning is deciding in advance - what to do, when to do & how to do. It bridges from where we are & where we want to be".

Plan is a future course of actions. It is an exercise in problem solving & decision making.

## Organizing

is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals.

Organizing as a process involves:

Identification of activities.

Classification of grouping of activities.

Assignment of duties.

Delegation of authority and creation of responsibility.

Coordinating authority and responsibility relationships.

## STAFFING

It is the function of manning the organization structure and keeping it manned.

Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc.

The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. Staffing involves:

Manpower Planning (estimating man power in terms of searching, choose the person and giving them the place).

Recruitment, Selection & Placement.

Training & Development.

Remuneration.

Performance Appraisal.

Promotions & Transfer.

## DIRECTING

Directing is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals.

Directing has following elements:

Supervision

Motivation

Leadership

Communication

## CONTROLLING

According to Koontz & O'Donell "Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain by the organization are accomplished".

Controlling has following steps:

1. Establishment of standard performance.

2. Measurement of actual performance.

3. Comparison of actual performance with the standards and finding out deviation if any.

4. Corrective action.

## Management: Art, Science, and Profession

Management embodies characteristics of both art and science, and is evolving into a recognized profession.

### Management as an Art

Management is an art because it requires practical application of knowledge, personal skills, and creativity. Managers apply theoretical principles with a unique style, improving through continuous practice and aiming for concrete, goal-oriented results.

### Management as a Science

Management is a science due to its systematic principles, generalizations, and concepts. These are formulated based on observation, research, and experimentation, demonstrating cause-and-effect relationships. Its principles are codified and universally applicable across various organizations.

"In the area of management, science and art are two sides of the same coin."

- Robert H. Hillbert

## MANAGEMENT AS AN ART

Art implies application of knowledge & skill to get desired results. Art has the following characters -

**Practical Knowledge**

**Personal Skill**

**Creativity**

**Perfection through practice**

**Goal-Oriented**

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

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

The manager gains experience by continual application of management knowledge and facing new experiences. This helps to develop more skills and abilities for translating knowledge into practice.

Application calls for innovativeness and creativity.

The fourth reason is that in many situations, theoretical knowledge of management may not be adequate for solving a problem. It may be because of complexity or unique nature of the problem.

## Management as a Science

Management as a science has the following characteristics:

Management principles, generalizations and concepts are **systematic**. In this case the manager can manage the organization or organization in a systematic and scientific manner.

Management principles, generalizations and concepts are formulated on the basis of **observation, research, analysis and experimentation**, as is the case with the principles of other sciences.

Like other sciences, management principles are also based on relationship of **cause and effect**. It states that a cause under similar circumstance will produce same effect. Suppose if workers are paid more (cause) then they will produce more (effect).

Management principles are **codified** and systematic.

Management principles are **universally applicable** to all types of organizations.

## **Management as a Profession**

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

### **Specialized Knowledge**

### **Formal Education & Training**

### **Social Obligations**

### **Code of Conduct**

### **Representative Association**

# HENRY FAYOLS 14 PRINCIPLES OF MANAGEMENT

1. Division of Work

2. Authority and Responsibility

3. Discipline

4. Unity of Command

5. Unity of Direction

6. Subordination of Individual

Interest to Mutual Interest

7. Remuneration

8. The Degree of Centralization

9. Scalar Chain

10. Order

11. Equity

12. Stability of Tenure of  
Personnel

13. Initiative

14. Esprit de Corps

**14 Principles of Management**

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

Fredrick Winslow Taylor was first person who gave Scientific Management in 1911. He also called it as scientific management.

Scientific Management was concerned to improving the operational efficiency at the shop-floor level.

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

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

## Principles of Scientific Management

• Scientific utilization of various resources like human and material etc.

• Provide trained and efficient work force.

• Provide standardized methods of work.

• Provide a scientific base for selecting material, and equipment.

• Provide extra wages to the worker for higher production.

• Replace old rule of thumbs to new scientific methods.

• Develop a good rapport between management and workers.

• Achieve higher production, with reduced costs and improved efficiency.

• Minimize wastage

## Contributions of F.W.Taylor

- Replacing the rule of thumb with science
- Harmony in group activities
- Cooperation
- Development of employees
- Division of responsibility
- Maximum output

## **ELEMENTS OF SCIENTIFIC MANAGEMENT**

### **1. Scientific Task and Rate-Setting (work study):**

- **Methods Study**
- **Motion Study**
- **Time Study (work measurement)**
- **Fatigue study**

### **2. Scientific Selection and Training**

### **3. Cooperation between Management and Workers**

### **4. Standardization:**

- **Standardization of Tools and Equipment**
- **Standardization of Methods**
- **Standardization of Working Conditions**

## STAGES OF SCIENTIFIC MANAGEMENT :-

### To Employers

• Better utilization of resources through scientific techniques

• Scientific selection and training of employees leads to better performance which ensures increase in efficiency

• Harmonious relationship between the workers and the management

• Standardization of tools, materials, techniques, equipment's

• Increasing efficiency

### To Workers

• Opportunity for scientific training and development to increase skills knowledge and competency

• Better working conditions

• Reduce fatigue

• Higher wages to the workers for higher productivity

### To Society

- a. People get better quality products at lower cost
- b. Increase productivity in the country by utilizing resources properly
- c. Improve standard of living of people through better products
- d. Scientific investigation promotes technological development

## Limitations of scientific management: –

It is based upon one best way and is applicable for simple organizations than that for today's dynamic and complex organization

It focuses on individual performance than group efforts and divides the workers into efficient and inefficient categories

It is focused on specialization and repetition of jobs to increase the productivity which reduces innovation and creativity and promotes monotony

It neglects human factor because it motivates workers to work for monetary benefits rather than human resource development and resources

There is no scope for creativity of employees because they are developed by manager which promotes conformity.

# Corporate Social Responsibility of Business

Businesses have a vital social responsibility, balancing profit-making with activities that benefit society and the environment.

## Shareholders

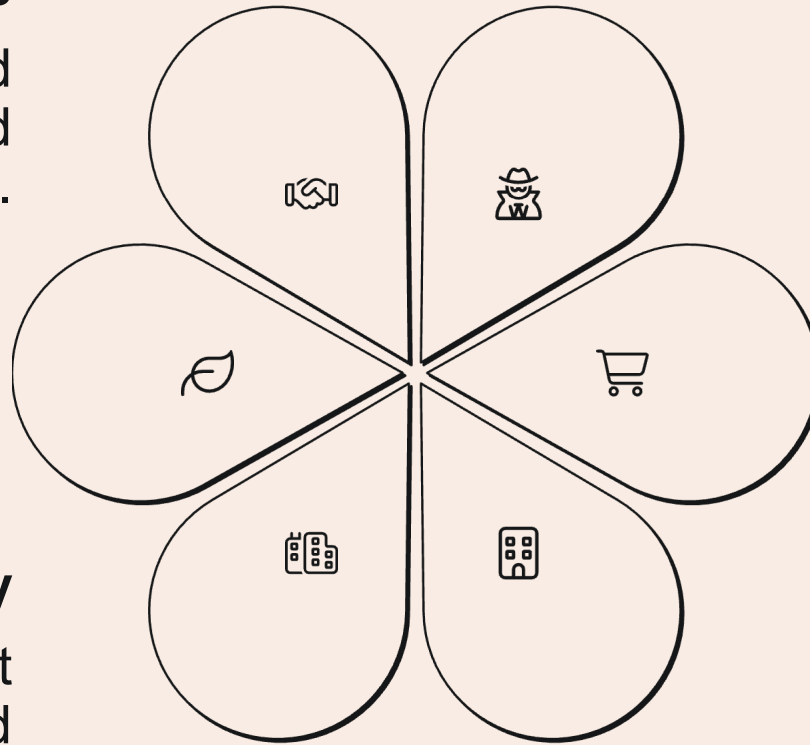
Ensuring fair returns and fostering trust for continued investment.

## Environment

Minimizing negative impact and adhering to environmental regulations.

## Local Community

Supporting local development through hospitals, schools, and employment centers.



## Personnel

Providing fair remuneration, good working conditions, and growth opportunities.

## Consumers

Offering quality products at fair prices, ensuring satisfaction and loyalty.

## Government

Complying with laws, paying taxes, and obtaining necessary licenses.



# Planning: Charting the Course for Success

Planning is a forward-looking, systematic activity that defines future courses of action, outlining when, how, and by whom specific tasks will be performed to achieve organizational objectives.



## Main Focus on Objectives

Planning sets specific, measurable, achievable, relevant, and time-bound (SMART) objectives, detailing how broad organizational goals will be attained.



## Basic (Key) Function

As the starting point of the management process, planning lays the groundwork for all other functions, enhancing overall organizational efficiency.



## Universal (Pervasive)

Managers at all levels—upper, middle, and lower—engage in planning, though the scope and nature of this activity vary by managerial tier.

# The Mental Exercise and Flexibility of Planning

Planning is an intricate mental exercise demanding intellectual rigor, foresight, and flexibility to navigate modern business complexities and capitalize on opportunities.

## Mental Exercise

Requires extensive intellectual thought, foresight, and sound judgment from management, involving brainstorming and strategic thinking.

## Flexibility

Must be adaptable to rapid technological advancements, market shifts, and evolving government policies, enabling managers to meet new challenges.

## Choice & Efficiency

Involves choosing the best alternative among many, promoting efficient resource utilization to achieve objectives at minimal cost.

## Planning Process: A Seven-Step Framework

Planning process is a systematic journey from defining aspirations to ensuring successful execution, crucial for achieving organizational goals.

### Defining Objectives

Identifying what the organization aims to achieve, such as a mobile phone company targeting 200,000 unit sales next year.

### Developing Planning Premises

Identifying future external events or assumptions, like favorable government policies supporting digitization, that influence plan formulation.

### Identifying Alternative Courses of Action

Brainstorming all possible ways to achieve objectives, such as reducing prices, increasing advertising or enhancing after-sales service for customers.

### Evaluating Alternatives

Assessing the pros and cons of each alternative based on cost, risk, and returns, within capital availability and planning premises.

### Selecting Best Alternative

Choosing the most profitable plan with minimal negative effects, often relying on managerial experience and judgment.

### Implementing the Plan

Translating plans into action by communicating to employees, allocating resources, and organizing labor and machinery.

### Follow-Up Action

Continuously monitoring the plan, gathering feedback, and comparing results to set standards to ensure objectives are achieved effectively.

## Decision-Making in Management

Decision-making is a critical managerial function involving the evaluation of multiple options and the selection of the most suitable one to achieve organizational goals.



Decision making in management is the process of making a choice between two or more options. This involves evaluating the pros and cons of various choices and choosing the best option to achieve a desired outcome.

For instance, a manager might decide to invest in a new marketing campaign, carefully analyzing potential costs, benefits, and risks to align with the company's growth objectives.

# Group Decision-Making Techniques

Effective group decision-making leverages diverse perspectives through structured techniques to arrive at optimal solutions.

## Brainstorming

Collaborative group discussion technique focused on generating a high volume of ideas to solve problems, resulting in collective solutions.



## Nominal Group Technique

Teams generate ideas in smaller groups, write down options, discuss, narrow choices, and vote to select the best group decision.



## Multi-Voting

Individuals vote for shortlisted options in multiple rounds, progressively reducing the list until a clear winning option emerges, suitable for large groups.

# Group Decision-Making Techniques

Advanced techniques facilitate unbiased idea generation and efficient decision-making, particularly when team dynamics or virtual collaboration are involved.



## Delphi Method

Team members anonymously submit ideas, which a facilitator circulates for modification until a consensus is reached, ensuring impartiality.



## Electronic Meeting

Decision-making occurs virtually using technology (e.g., video calls), enabling discussions and client choices regardless of geographical location.

Choosing the right technique depends on time, resources, and team profiles, ensuring effective participation and optimal outcomes in complex management scenarios.

# What is Organizing?

Organizing refers to the way in which the work of a group of people is arranged and distributed among group members to achieve common objectives.

## Elements:

Determining activities

Creating departments and positions

Establishing relationships

# The Organizing Process: A Step-by-Step Approach

## Determine Activities

Identify all tasks required to achieve organizational objectives, whether manufacturing, trading, or service-related.

## Subdivide & Group Work

Break down functions into smaller, manageable units based on similarity. This increases efficiency and facilitates task assignment.

## Identify Major Functions

Group activities into core functions like production, sales, finance, and personnel. Create departments for large workloads.

## Establish Relationships

Define clear lines of responsibility, authority, and accountability to avoid conflict and ensure smooth operations.



# Understanding Organizational Structure

Organizational structure defines how job tasks are formally divided, grouped, and coordinated.

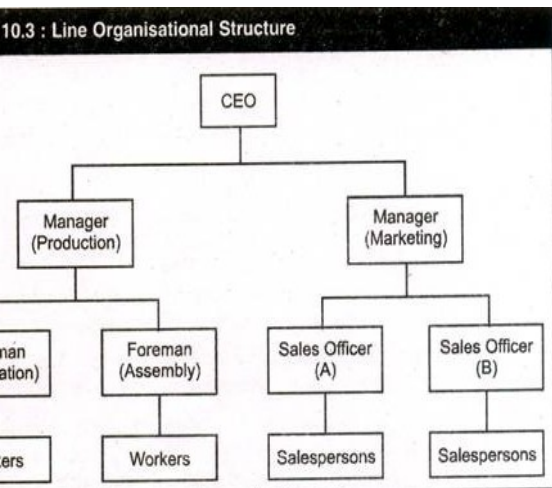
Choice of structure impacts efficiency, communication, and a company's adaptability to change.

# Types of Traditional Organizational Structures

Organizational structures can broadly be categorized by how power and communication flow.

## Line Structure

Authority flows directly downwards, and accountability upwards. Each manager has control over their department.



## Line and Staff Structure

Integrates specialized advisory (staff) functions, like HR or legal, with the direct line authority.

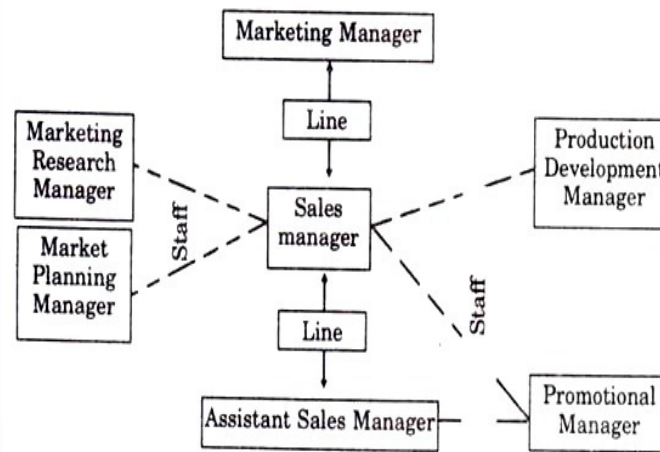
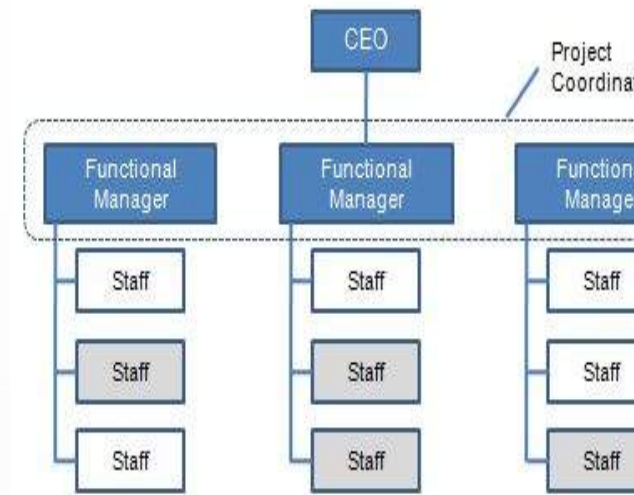


Fig. 6.15. Line & staff relationship.

## Functional Structure

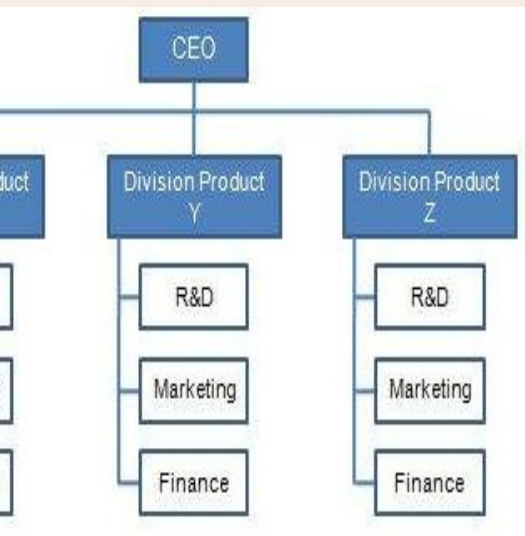
Divides the organization based on functions (e.g., marketing, finance) to enhance efficiencies within groups.



# Advanced Organizational Structures

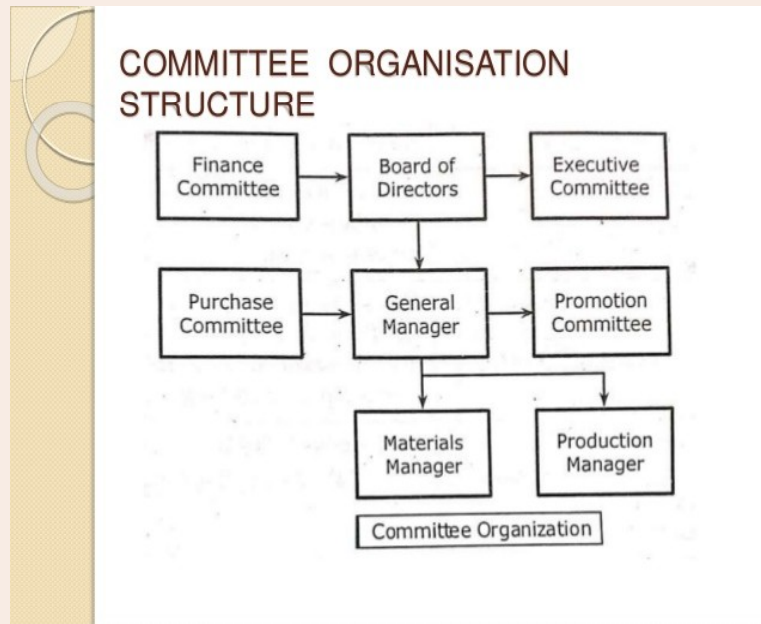
## Divisional Structure

Divides the organization into autonomous units, each with its own resources, based on products, services, or geography.



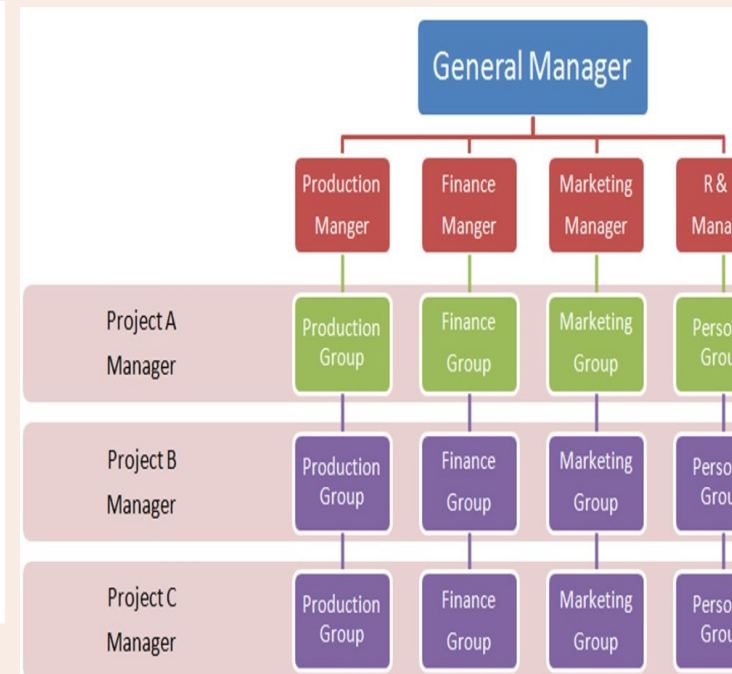
## Committee Organization

Associations of people formed to solve common problems, implementing collective decisions.



## Matrix Structure

Employees report to both a functional manager and a project/product manager, creating a grid-like reporting relationship.



# Span of Control: Shaping Organizational Structure

Span of control refers to the number of employees reporting directly to a single manager. It profoundly influences an organization's design and operational costs.

## Narrow Span of Control

Close supervision, directed control

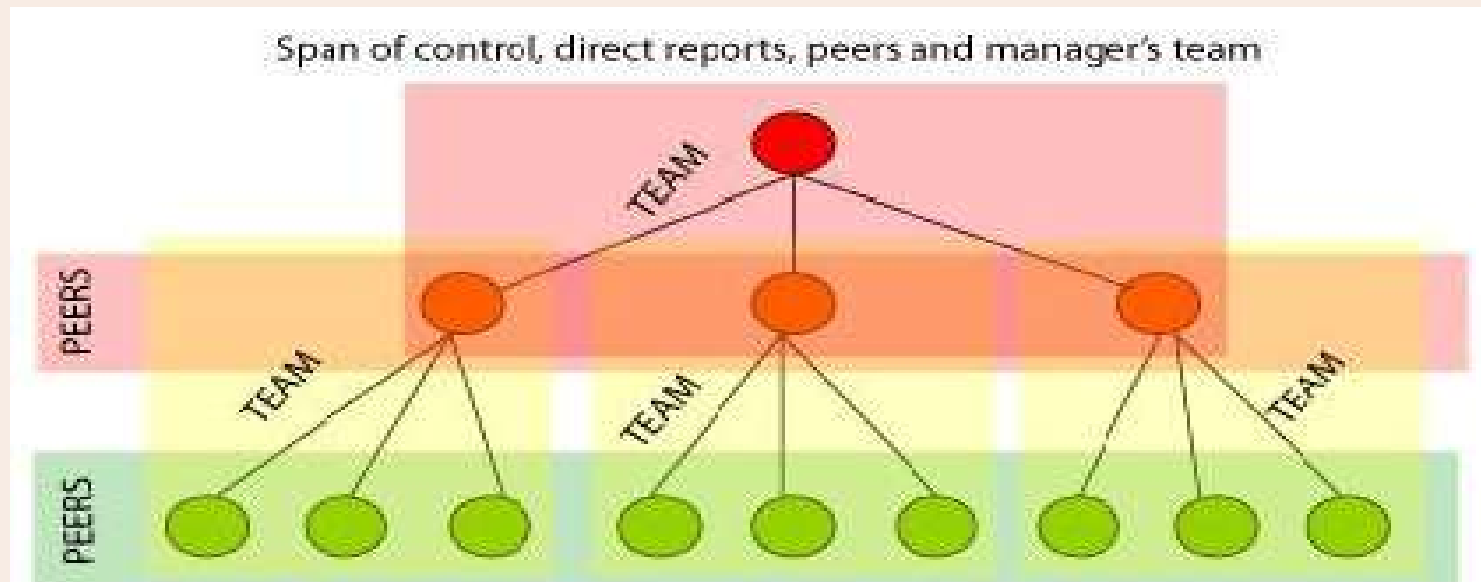
Many management levels, high overhead

Less subordinate independence

More top-down communication

## Broad Span of Control

- Overloaded supervisors, potential loss of control
- Lower management overhead, better profit margins
- Encourages empowerment through delegation
- Improved communication with top management



# Line and Staff Organization

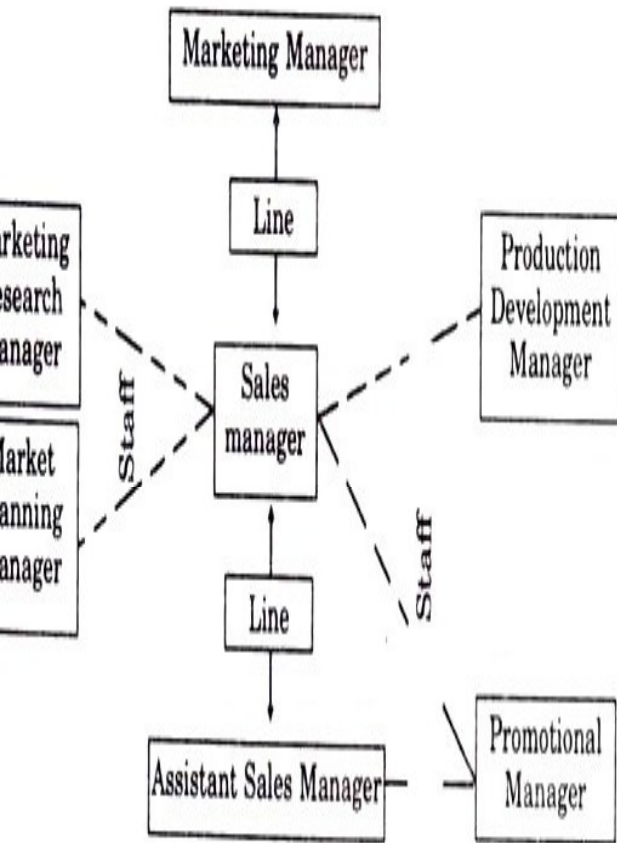


Fig. 6.15. Line & staff relationship.

A "staff function" provides specialized advisory and support services to the organization, complementing the direct operational "line" functions.

Common staff functions include human resources, accounting, public relations, and legal departments. These roles ensure the smooth and efficient operation of the core business.

## **Advantages of Line and Staff Organisation**

***Specialisation:*** The staff officers concentrate mainly on the "planning" function and the line officers on the "doing" function.

***Flexibility:*** Staff can be added to the line and new activities may be introduced without disturbing the line procedure.

***Expert Advice***

***Sound Decisions***

***Relief to Line Executives:*** The Staff officers look after the detailed analysis of each important managerial activity which is a big relief to the line officers.

***Opportunities for Advancement.***

## **Disadvantages of Line and Staff Organisation**

***1. Confusion***

***2. Advices Ignored:*** As the staff officers lack authority, their recommendations into practice, their advices are often ignored by the line executives.

***3. Encourages Carelessness:*** As the staff officer is more concerned with the execution of the plan, he may not take the necessary precautions and care before he advises the line officer.

***4. Expensive***

***5. Conflict between Line and Staff***

# Centralization: Concentrated Authority

## Definition

Systematic reservation of decision-making authority at central points within the organization, often at the top level.

## Implication

Top management reserves key decision-making power, while middle and lower levels focus on implementation under strict directives.

## Advantages

1. **Specialization management**
2. **Complexity management**
3. **Significant decision making**
4. **Environmental stability**
5. **Improved capacity at lower levels**

# Disadvantages of Centralization

## Poor Environmental Adaptation

Inability to quickly respond to dynamic, complex, and uncertain external environments, hindering agility.

## Ineffective Diversification Management

Unsuitable for highly diversified and geographically dispersed organizations, limiting growth and localized decision-making.

## Burden on Top Management

Centralizing routine, programmed decisions overloads top executives, diverting focus from strategic initiatives.

## Impeded Management Development

Blocks skill and talent utilization of subordinates due to lack of participation in decision-making, hindering growth.

## Delayed Decisions

Creates hierarchical bottlenecks, leading to slow information flow and delayed critical operational decisions.

## DECENTRALIZATION

**Decentralization** is a systematic delegation of authority at all levels of management and in all of the organization.

Where authority is retained by the top management for taking major decisions and rest of the authority may be delegated to the middle and lower level of management.

### Advantages of Decentralization

1. Faster and better decisions

2. Diversification

3. Competitive organizational climate

4. Management development

5. Environmental adaptation

6. Reduces burden of top management

7. Improves employee motivation and morale

### Disadvantages of Decentralization

1. Problem of coordination and control

2. High cost

3. Unsuitable for specialized services

4. Lack of managerial capacity

# Delegation of Authority: Empowering Subordinates

Delegation involves sharing authority and power with subordinates to distribute workload and enhance organizational effectiveness.

1

## Authority

The right to use resources, make decisions, and give orders to achieve objectives, flowing from top to bottom.

2

## Responsibility

The duty to complete assigned tasks, flowing from bottom to top; requires adequate authority for effective execution.

3

## Accountability

Being answerable for results, especially for any deviations from expectations; cannot be delegated and rests with the delegator.

**Authority** is the base of superior-subordinate relationship, it involves following s

**Assignment of Duties** - The delegator first tries to define the task and duties to the subordinate. He  
define the result expected from the subordinates.

**Granting of authority** - Subdivision of authority takes place when a superior divides and shares his a  
th the subordinate.

**Creating Responsibility and Accountability** - Responsibility is said to be the obligation of an indiv  
carry out his duties in best of his ability as per the directions of superior.

Accountability, on the others hand, is the obligation of the individual to carry out his duties as per the s  
performance.

Accountability arises out of responsibility and responsibility arises out of authority.

# Principles of Effective Delegation

**Parity of Authority and Responsibility:** Authority granted must match the assigned task.

**Absoluteness of Responsibility:** The delegator remains ultimately responsible.

**Unity of Command:** Subordinates report to and receive tasks from one superior.

**Functional Definition:** Clearly define duties, tasks, and the scope of authority.

**Scalar Chain:** Authority flows clearly from top to bottom, defining superior-subordinate relationships.

## Staffing: Building the Right Team

Staffing is the management function focused on **acquiring, deploying, and retaining** a workforce of appropriate quantity and quality to enhance organizational effectiveness.

Staffing ensures the right people are in the right roles.

### *Objectives of Staffing*

- Increase Job Satisfaction
- Competitive Advantages
- Recruitment and Selection
- Achievement of Goals & Objectives
- Talent Acquisition
- Identify HR requirement
- Managing Employee Retention
- Training and Development

### Activities

Workforce planning and identification of job requirements.

Recruitment and selection of qualified personnel.

Designing compensation and incentive structures.

Implementing training and career development programs.

Managing employee relations, grievances, and welfare.

**DIRECTING** is said to be a process in which the managers instruct, guide and oversee the performance of workers to achieve predetermined goals.

Directing is said to be the heart of management process. [Planning](#), [organizing](#), staffing have got more importance if direction function does not take place

### Characteristics:

**Pervasive Function**

**Continuous Activity**

**Human Factor**

**Creative Activity**

**Executive Function**

**Delegate Function**

### Benefits

**1. It Initiates Actions**

**2. It Ingrates Efforts**

**3. Means of Motivation**

**4. It Provides Stability**

**5. Coping up with the changes**

**6. Efficient Utilization of Resources**

# Controlling: Ensuring Performance

Controlling involves **checking errors and taking corrective action** to minimize deviations from standards and achieve organizational objectives effectively.

## Supervision

Direct observation by supervisors provides immediate feedback and problem-solving.

## Budget Control

Systematic control of income, expenditure, production, and other activities against set budgets.

## Management by Objectives (MBO)

Setting clear objectives, periodic evaluations, and rewards for achieving individual performance goals.

## PERT & CPM

Project management techniques for minimizing time and cost by identifying critical activities.

## Financial Statements

Analysis of profitability, liquidity, and solvency through P&L, Balance Sheets, and Cash Flows.

## Return on Investment (ROI)

Evaluates the financial performance by measuring profit generated from investments.

## Management Audit

Comprehensive evaluation of the entire management process by expert teams.

## Self-Control

Individuals set targets, evaluate their own performance, and take corrective measures.

## Coordination: The Unifying Force

Coordination is the **unification and synchronization** of group efforts to achieve common goals.

It involves all other management functions, ensuring unity of action across diverse departments and levels.

### Coordination

Ensures all departments (HR, Production, Marketing, Sales, Finance, R&D) work cohesively.

Coordinates efforts across hierarchical levels: top, middle, and lowest management.

Optimizes resource utilization and avoids duplication of effort.

Essential for organizational survival, growth, and achieving strategic objectives efficiently.

## 10 Importance of Coordination Function of Management

- **Unity in Action**
- **Effective Utilization of Resources**
- **Gives Proper Direction**
- **Ensures Cooperation**
- **Encourage Team Spirit**
- **Lesser Conflicts and Disputes**
- **Builds Good Relationships**
- **Increased Productivity**
- **Builds Synergy**
- **Achievement of Goals and Objectives**

# Unit 3

# ORGANISATIONAL BEHAVIOUR

## MEANING OF ORGANISATIONAL BEHAVIOUR

According to **Keith Davis** “organizational behaviour is the study and application of knowledge about how people act within organizations.

It applies to behaviour of people in all type of organization such as business, government, schools, etc.

There are many definitions about organisational behaviour;

(1) organisational behaviour is the study of human behaviour,

(2) study about behaviour in organisations and

Knowledge about human behaviour would be useful in improving an organisation’s effectiveness.

It is the study of what an individual thinks, feels or does in and around an organisation, both individually and in group.

## **NATURE OF ORGANIZATIONAL BEHAVIOUR**

Organizational behaviour has emerged as a separate field of study. The nature it has acquired is identified as follows :

- 1. A Separate Field of Study and not a Discipline Only**
- 2. An Interdisciplinary Approach**
- 3. An Applied Science**
- 4. A Normative Science**
- 5. A Humanistic and Optimistic Approach**
- 6. A Total System Approach**

## SCOPE OF ORGANIZATIONAL BEHAVIOUR

Three internal organizational elements viz., people, technology and structure and the external element, i.e., external social systems may be taken as the scope of O.B.

ple

structure

technology

Social System

the study of human behaviour at work in organizations.

Accordingly, the scope of O.B. includes the study of individuals, group and organization/structure.

## PERCEPTION

Perception (from the Latin perceptio) is the identification, organization, and interpretation of sensory information in order to understand the information, or the environment.

It is our sensory experience of the world around us and involves both the recognition of environmental stimuli and action in response to these stimuli.

A number of factors operate to shape and sometimes distort perception.

1. The perceiver

2. The Object or target being perceived or

3. The context of the situation in which the perception is made.

## Characteristics of the Perceiver:

Personal characteristics of the perceiver can affect perception.

When an individual looks at a target and attempts to interpret what he or she stands for, the interpretation is heavily influenced by personal characteristics of the individual perceiver.

Major characteristics of the perceiver influencing perception are:

Attitudes

) Moods

) Motives

) Self – Concept

) Interest

) Cognitive structure

## **Characteristics of the Target :**

Characteristics in the target that is being observed can affect what is perceived.

Physical appearance plays a big role in our perception of others.

Extremely attractive or unattractive individuals are more likely to be noticed in a group than ordinary individuals.

Color, sound, size and other attributes of a target shape the way we see it.

Verbal & non-verbal Communication from targets also affects our perception of them.

The perceiver deciphers eye contact, facial expressions, body movements, and posture all in an attempt to form an impression of the target.

## **Characteristics of the Situation:**

The situation in which the interaction between the perceiver and the target takes place, has an influence on the perceiver's impression of the target.

The strength of the situational cues also affects social perception. Some situations provide strong cues that lead to appropriate behaviour.

## LEARNING

Learning can be defined as the permanent change in behaviour due to direct or indirect experience. It means change in behaviour, attitude due to education and training, practice and experience. It is completed by acquisition of knowledge and skills which are relatively permanent.

## **THEORIES OF LEARNING**

Classical Conditioning

Operant conditioning

Social Learning

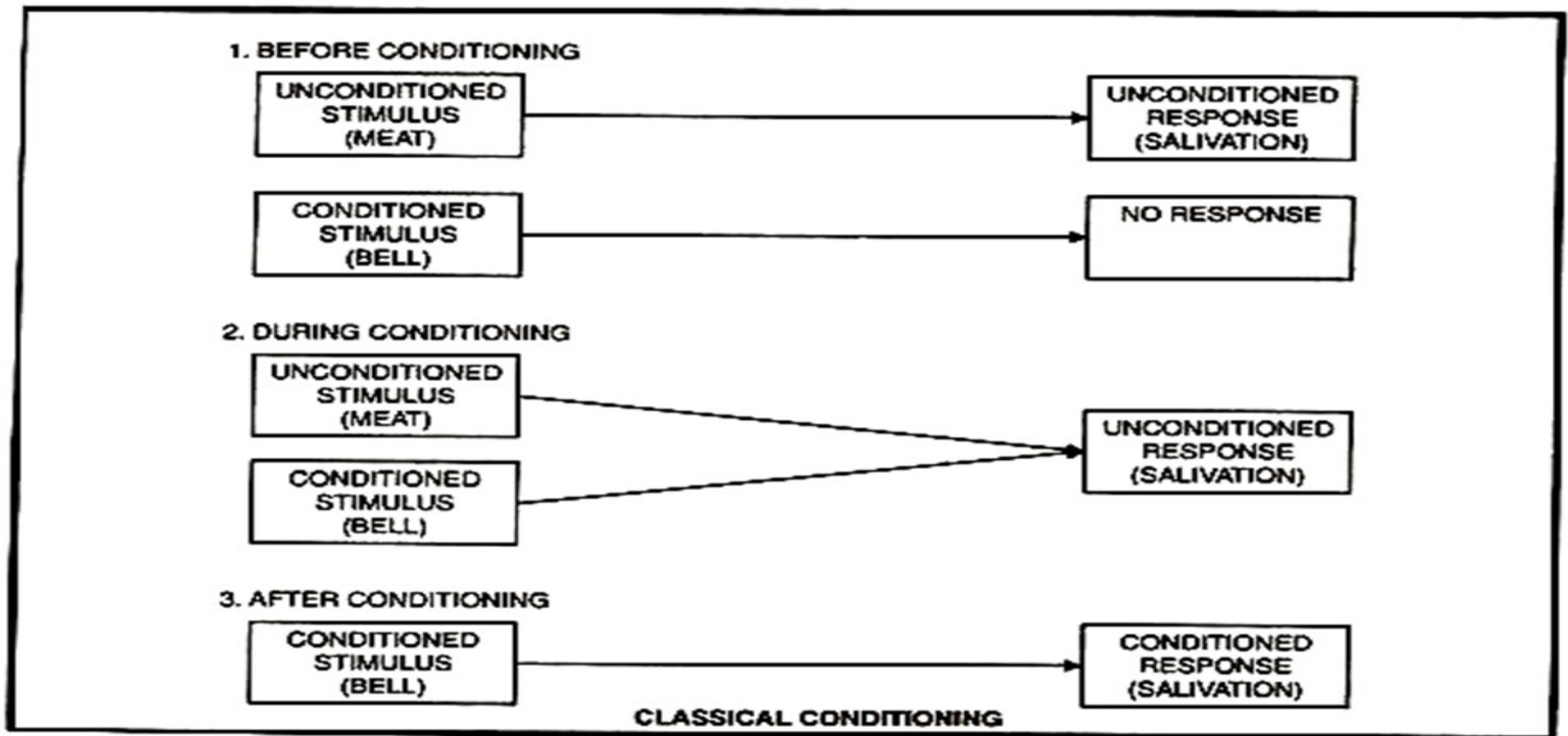
**Classical conditioning:** It explains how learning occurs through experience.

Classical conditioning is a **learning process** in which a **neutral stimulus** becomes associated with a **meat stimulus**, causing a similar response.

Ivan Pavlov, the Russian psychologist, who won the Nobel Prize for his experiments on this subject.

Pavlov conducted an experiment on dogs and tried to establish a **Stimulus-Response (S-R)** connection. He tried to relate the dog's salivation and the ringing of the bell.

In his experiments, he put some meat in front of dogs.



## Before Conditioning



## During Conditioning



## After Conditioning



Stimulus – An event/object or situation  
Response – Behavior or Reaction

**Applications:**

**Used in Training, Education and behaviour mo**

## Operant conditioning

Operant is defined as behaviour that produces effect or consequences.

Operant conditioning is based on the work of B.F. Skinner

is a **learning process** in which **behavior is shaped and maintained by its consequences**

that is, people and animals learn to repeat behaviors that lead to rewards and

behaviors that lead to punishment.

Skinner argues that behaviour is a function of its consequences. Behaviour is likely to

be repeated if the consequences are favourable - **Reinforcement**

behaviour is not likely to be repeated if the consequences are unfavorable - **Punishment**

Behavior → **Consequence** → Future Behavior

If a behavior is followed by a **reward**, it's **strengthened**.

If a behavior is followed by a **punishment**, it's **weakened**.

Operant conditioning = Learning by consequences (reward or punishment)

## concepts

**Reinforcement:** A consequence that strengthens a behavior, making it more likely to occur again.

**Positive Reinforcement:** Adding a desirable stimulus to increase a behavior (e.g., giving a bonus for meeting targets).

**Negative Reinforcement:** Removing an undesirable stimulus to increase a behavior (e.g., **Employee works efficiently to avoid criticism** from the boss).

**Punishment:** A consequence that weakens a behavior, making it less likely to occur again.

**Positive Punishment:** Adding an unpleasant stimulus to decrease a behavior (e.g., giving a warning for being late).

**Negative Punishment:** Removing a desirable stimulus to decrease a behavior (e.g., taking away incentives for misbehaving).

## Positive Reinforcement

[ Adding a pleasant stimulus increases desired behavior. ]



## Negative Reinforcement

[ Removing an unpleasant stimulus encourages desired behavior. ]



# Operant Conditioning



## Negative Punishment

[ Removing a pleasant stimulus discourages undesired behavior. ]



## Positive Punishment

[ Adding an unpleasant stimulus decreases undesired behavior. ]

## SOCIAL LEARNING

**Learning Theory** explains how people **learn behaviors by observing others**, rather than only experience.

vs that learning can occur **indirectly**—by watching what happens to other people.

**Bandura (1925–2021)** – a Canadian-American psychologist.

of what we have learned comes from observing models-parents, teachers, peers, superiors, film st

ew that we can learn through both observation and direct experience has called social learning th

### **tant Concepts**

**ing:** Learning by observing and imitating others (models).

**ous Reinforcement:** Learning by seeing others being rewarded or punished for their behavior.

**vation:** Watching behaviors of others in real life or media and learning from them.

rocesses have been found to determine the influence that a model will have on an individual.

**ention Process:** Paying attention to the model's behavior

**ention Processes:** Remembering what was observed

**otor Reproduction Processes:** Trying to imitate the behavior

**nforcement Processes:** Having a reason to perform it (expecting reward)

# PERSONALITY

Personality refers to the **unique set of characteristics, traits, and behaviors** that determine how an individual **thinks and interacts with others** in the workplace. (Fred Luthans).

In other terms, **personality** is what makes a person **think, feel, and behave** in a consistent way.

According to **P. Robbins**, personality is the sum total ways in which an individual reacts and interacts with others.

## Determinants

Hereditary

Environment: It comprises of culture, family, social and situational factors.

Culture

Family: Families influence the behaviour of a person especially in the early stages.

The nature of such influence will depend upon the following factors:

- (i) Socio-economic level of the family
- (ii) Family size
- (iii) Birth order
- (iv) Race
- (v) Religion
- (vi) Parent's educational level and Geographic location.

Social

Situational

# ories of Personality

## Sigmund Freud's Psychoanalytic Theory

Sigmund Freud, known as the father of psychoanalysis, developed the **Psychoanalytic Theory** to explain human behavior, personality, and mental processes. His theory emphasizes the influence of the **unconscious mind**, **childhood experiences**, and **instinctual drives** on human actions.

### Structure of Personality:

Freud divided personality into three parts: – **Id, Ego, and Superego**.

**Id:** Present from birth & Operates on the **pleasure principle** – seeks immediate gratification of desires.

Example – A hungry baby cries till he/she is fed.

**Ego:** Develops around age 2–3. It is derived from Id and assists in dealing with the external world. It also mediates between the inner needs and the external world by translating the inner needs into expressions. It deals with **Reality principle**.

Example – We have a fight with our friend and expect the friend to talk first, even though both of us want to talk.

**Superego:** Develops around age 5–6. & Represents moral standards and ideals of society. It Strives for perfection and judges actions as right or wrong.

Example – Ram came late today so he is grounded for a week.

## Erikson's Theory

Erikson, a neo-Freudian psychologist, expanded Freud's ideas and proposed the **Psychosocial Theory**. He believed that **personality develops throughout life** in **eight stages**, each involving a **psychosocial conflict** that must be resolved for healthy development.

### Key Ideas:

Focuses on **social and emotional development**.

Each stage involves a **crisis** between two opposite forces.

Successful resolution leads to a **healthy personality** and **basic virtues**.

Unsuccessful resolution may cause difficulties in later stages.

	Age	Crisis (Conflict)	Positive Outcome (Virtue)	Description
<b>Trust vs. Mistrust</b>	0–1 year	Trust vs. Mistrust	<b>Hope</b>	If caregivers provide reliability and care, the infant develops trust.
<b>Autonomy vs. Shame</b>	1–3 years	Independence vs. Doubt	<b>Will</b>	Child learns to be independent; overprotection causes doubt and shame.
<b>Initiative vs. Guilt</b>	3–6 years	Initiative vs. Guilt	<b>Purpose</b>	Child begins to take initiative; criticism leads to guilt.
<b>Industry vs. Inferiority</b>	6–12 years	Competence vs. Inferiority	<b>Competence</b>	Success in school and activities builds confidence; failure causes feelings of inferiority.
<b>Identity vs. Role Confusion</b>	12–18 years	Identity vs. Confusion	<b>Fidelity</b>	Teenagers develop a sense of identity; role failure leads to role confusion.
<b>Intimacy vs. Isolation</b>	18–40 years	Love vs. Isolation	<b>Love</b>	Young adults form close relationships; lack of connection results in loneliness.
<b>Generativity vs. Stagnation</b>	40–65 years	Care vs. Stagnation	<b>Care</b>	Adults work for society's betterment; failure to guide the next generation leads to stagnation.
<b>Integrity vs. Despair</b>	65+ years	Acceptance vs. Regret	<b>Wisdom</b>	Older adults reflect on life; satisfaction brings integrity, regret brings despair.

# BIG FIVE PERSONALITY THEORY - Costa and McCrae

## The Five Dimensions (OCEAN Model)

Trait	Description	Characteristics of High Scorers	Characteristics of Low Scorers
<b>1. Openness to Experience</b>	Degree of imagination, curiosity, and willingness to try new things	Creative, curious, open-minded	Conventional, prefers routine
<b>2. Conscientiousness</b>	Degree of organization, responsibility, and dependability	Disciplined, reliable, goal-oriented	Careless, impulsive, disorganized
<b>3. Extraversion</b>	Level of sociability, energy, and assertiveness	Outgoing, talkative, energetic	Quiet, reserved, shy
<b>4. Agreeableness</b>	Tendency to be cooperative, kind, and sympathetic	Helpful, trusting, compassionate	Competitive, critical, suspicious
<b>5. Neuroticism</b> (Emotional Stability)	Degree of emotional control and stability	Calm, secure, confident (low neuroticism)	Anxious, moody, insecure (high neuroticism)

# Unit 4

## Leadership

# LEADERSHIP

Leadership is the ability of an individual or group to influence and guide followers or members of an organization.

Key Elements: Making sound and sometimes difficult decisions

Identifying and articulating a clear vision.

Establishing achievable goals

Providing knowledge and tools to achieve those goals

## Definitions of Leadership

"The individuals who are the leaders in an organization, regarded collectively."

"The activity of leading a group or organization or the ability to do this."

"The act of inspiring subordinates to perform and engage in achieving a goal."

## Key Elements of Leadership

1. Establish a **clear vision**

2. Share the vision to encourage **willing participation**

3. Provide **information, knowledge, and methods** to achieve the vision

4. Coordinate and balance **conflicting interests** of members and stakeholders

## TRAIT THEORY OF LEADERSHIP

**Trait Theory of Leadership** suggests that effective leaders possess certain **inborn personality** traits that make them natural leaders. According to this theory, some people are born with these traits which distinguish them from non-leaders

Researchers focus on **characteristics of leaders** (successful & unsuccessful)

Researchers have identified traits in categories:

**Physiological:** Appearance, height, weight

**Demographic:** Age, education, socioeconomic background

**Personality:** Self-confidence, aggressiveness

**Intellectual:** Intelligence, judgment, decisiveness, knowledge

**Task-related:** Achievement drive, initiative, persistence

**Social:** Sociability, cooperativeness

### Important Leadership Traits

Researchers like **Ralph Stogdill** and others have identified several traits commonly found in effective leaders

**Intelligence** – ability to analyze situations and make sound decisions

**Self-confidence** – belief in one's own abilities

**Initiative** – drive and persistence to achieve goals

**Honesty** – honesty and consistency in actions

**Interpersonal skills** – ability to build positive relationships with others

**Emotional stability** – remaining calm under pressure

## Advantages

- ✓ Simple and easy to understand
- ✓ Helps identify potential leaders through personality assessment
- ✓ Highlights the importance of personal qualities in leadership

## Limitations

- ✗ Ignores situational factors (context may influence leadership)
- ✗ Traits alone do not guarantee leadership success
- ✗ Difficult to measure or define exact traits
- ✗ Does not explain how traits influence behavior

## Conclusion

The Trait Theory laid the foundation for later leadership theories by emphasizing personal characteristics. However, modern perspectives suggest that **leadership is a combination of traits, behaviors, and situational factors**, not just inborn qualities.

## LEADERSHIP STYLES

A **leader** is a person who **influences, guides, and motivates** others to achieve goal

A leader provides **direction, inspiration, and confidence** to the group.

**Leadership style** refers to the **pattern of behavior** a leader uses to **guide, motivate, a**  
ge people.

### Important Leadership Styles – Overview

Democratic

ocratic

cez-Faire

ategic

transformational

transactional

bureaucratic

### **Democratic Leadership or Participative Style**

Leader involves employees in decision-making. Ideas, opinions, and suggestions from team members are encouraged.

Two-way communication

High employee participation & Shared decision-making encourages creativity and teamwork

### **Autocratic Leadership or Authoritarian Style**

Leader makes decisions alone without consulting employees.

Control and authority are centralized.

One-way communication & Strict supervision

Leader decides everything

Employees have limited freedom

### **Laissez-Faire Leadership or Delegatory Style**

Employees have maximum freedom to make decisions

Best for **highly skilled, self-motivated teams**

Leader provides resources, but not close guidance.

Hands-off approach – assumes employees are skilled and self-motivated.

Leader intervenes only when necessary.

### **Strategic Leadership**

• create a long-term vision, set direction, and guide the organization to achieve its future goals.

• They analyze the external environment, anticipate changes, and make decisions that help the organization stay competitive.

### **Transformational Leadership**

• *Transformational leaders transform people and organizations.*

• Pushes employees **outside comfort zones**

• Motivates **growth, innovation, and high performance**

### **Transactional Leadership**

• **Rewards employees** based on performance

• Clear roles and responsibilities

• Risk: Employees may do **minimum work** if incentives are not predictable

### **Bureaucratic Leadership or Rule Based Style**

• Leaders follow **strict rules, procedures, and policies**. Employees must follow established guidelines.

• Emphasis on rules and hierarchy

• Standard procedures & No flexibility

• Job roles clearly defined

# Managerial Grid Model of Leadership

**Managerial Grid Model** is a leadership theory developed by **Robert Blake and Mo**

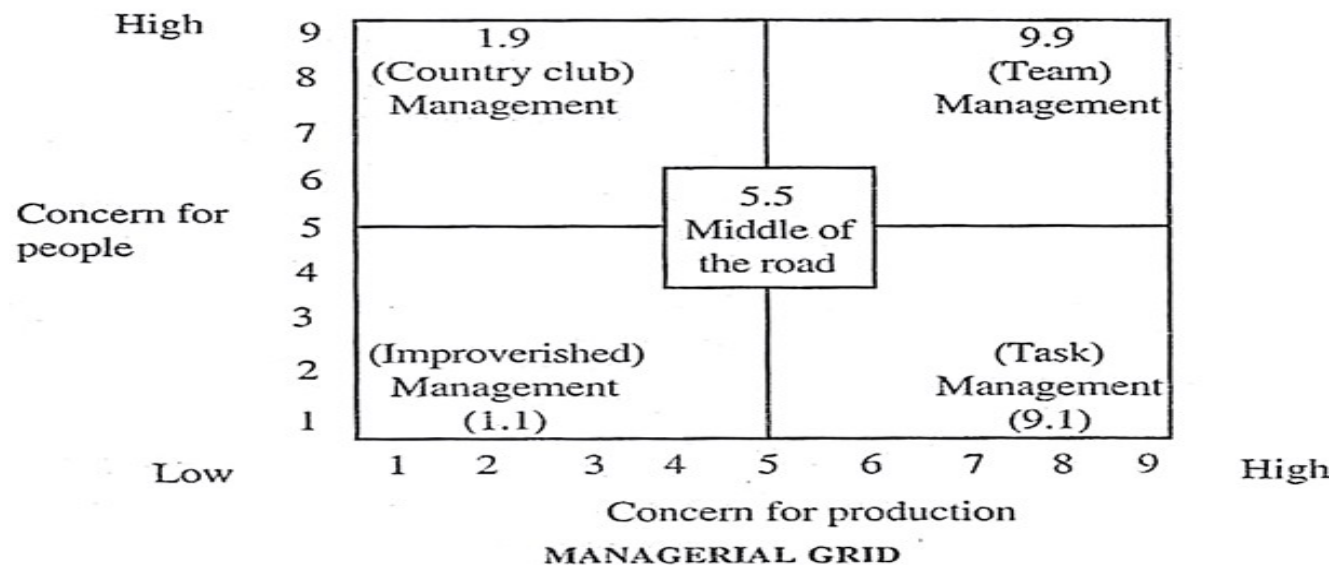
Explains leadership styles based on two dimensions:

**Concern for People** – how much a leader cares about employees' needs and development

**Concern for Production** – how much a leader focuses on achieving tasks and productivity

Both dimensions are measured on a **1 to 9 scale**.

Presented on a **grid (X-axis = production, Y-axis = people)**



## Main Leadership Styles in the Managerial Grid

### Impoverished Management (1,1)

• Low concern for people and production  
• Leader avoids responsibility  
• Minimum effort; poor performance  
• Stable when leader is demotivated or uninterested

### Country Club Management (1,9)

• High concern for people, low concern for production  
• Friendly and comfortable environment  
• Leader avoids pressure; productivity suffers  
• Employees feel happy but may not perform strongly

### Task / Authoritarian Management (9,1)

• High concern for production, low concern for people  
• Direct supervision, rules, and discipline  
• Focus on efficiency; no employee involvement  
• Can create stress and low morale

### 4. Middle-of-the-Road Management (5,5)

- Balanced concern for both people and production
- Leader tries to maintain harmony and moderate results
- Not highly productive, but not bad either
- Average performance

### 5. Team Management (9,9) (Ideal Style)

- High concern for people and production
- Strong teamwork, trust, commitment
- Leader motivates employees and sets high performance standards
- Considered **the most effective leadership style**

## Transactional VS Transformational Leadership

**Transactional Leadership** or management leadership, refers, to a leadership style which lays emphasis on the exchange relationship between leader and its subordinates.

**Transformational Leadership**, the leader works with the subordinates to ascertain the desired change in the organization.

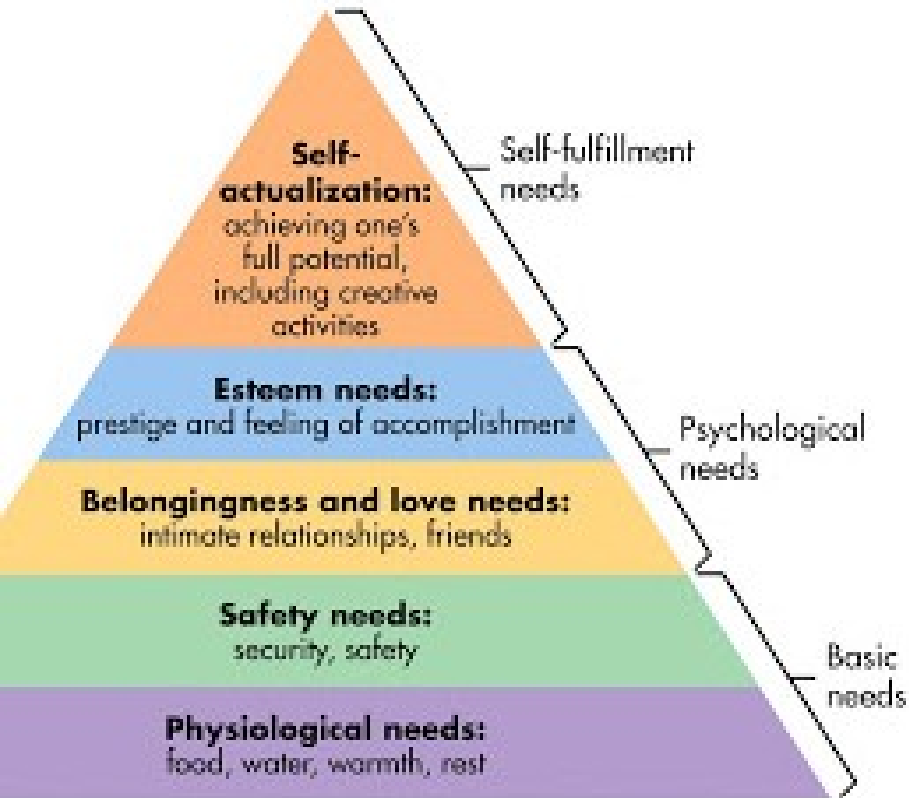
Comparison	Transactional leadership	Transformational leadership
	A leadership style that employs rewards and punishments for motivating followers is Transactional Leadership.	A leadership style in which the leader employs charisma and emotional appeal to inspire his followers is Transformational Leadership.
	Leader lays emphasis on his relation with followers.	Leader lays emphasis on the values, morals and needs of the followers.
	Reactive	Proactive
Environment	Settled Environment	Turbulent Environment
	Developing the existing organizational culture.	Changing the existing organizational culture.
	Bureaucratic	Charismatic
Number of leaders in a group?	Only one	More than One
	Planning and Execution	Innovation
Primary tool	Attracting followers by putting their own self interest in the exchange relationship.	Stimulating followers by setting group interest as a priority.

# MOTIVATION

Motivation is the word derived from the word 'motive' which means needs, desires, wants or drives within individuals.

It is the process of stimulating people to actions to accomplish the goals.

## MASLOW'S NEED THEORY



Abraham Maslow suggested that people are motivated by **levels of needs**, arranged in a hierarchy.

### Levels (Bottom to Top):

1. **Physiological needs** – food, water, shelter, rest
2. **Safety needs** – job security, protection, stability
3. **Social needs** – friendship, belonging, affection
4. **Esteem needs** – recognition, respect, achievement
5. **Self-actualization** – realizing one's full potential, personal growth

### Key Idea:

A lower-level need must be satisfied before the next higher-level need becomes a motivator.

## Herzberg's Motivation Theory

called **Two-Factor Theory**

categories of factors:

**Motivators** – increase job satisfaction and motivation

**Hygiene Factors** – prevent dissatisfaction

**Herzberg – Motivating Factors or Satisfiers**

• Achievement – sense of accomplishment

• Recognition – praise from peers and superiors

• Responsibility – interesting and challenging

• Advancement – ownership of work

• Growth – promotion opportunities

• Learning – learning new skills

**Herzberg – Hygiene Factors or Dissatisfiers**

• Company policies – fair and clear

• Supervision – appropriate and fair

• Relationships – healthy peer and superior interactions

• Work conditions – safe and hygienic environment

• Salary – fair and competitive pay

• Status – meaningful work recognition

• Security – job security

## McGregor's Theory X and Theory Y

Focus: **Manager's perception of employee motivation**

Provides **management style** based on assumptions about human nature

### Theory X

Employees inherently **dislike work**

Employees need to be **controlled**

Employees avoid responsibility; seek formal direction

Managers are **authoritative, controlling**

Lower-order needs dominate (Maslow's hierarchy)

### Theory Y

• Employees view work as **natural and enjoyable**

• Exercise **self-direction and self-control**

• Accept and seek responsibility

• Managers **facilitate rather than control**

• Focus on higher-order needs – social, esteem, self-actualization

Theory X	Theory Y
Negative assumptions	Positive assumptions
Work disliked	Work natural
Requires control	Self-motivated
Low ambition	High potential
Managers control closely	Managers facilitate growth

## Theory Z (William Ouchi)

- Hybrid model: combines **American and Japanese management practices**
- Focuses on **trust, subtlety, intimacy** in organizations
- Enhances **employee loyalty, commitment, and performance**

### Key Features of Theory Z

#### Long-term Employment

- Employees are hired for long periods.
- Creates loyalty, job security, and stability.

#### Collective Decision-Making

- Decisions are made through group discussions.
- Emphasis on consensus rather than top-down orders.

#### Slow Evaluation and Promotion

- Promotions take time.
- Focus on developing people thoroughly.

#### Holistic Concern for Employees

- Organizations care about employees' professional and personal well-being.
- Training, welfare, and work–life balance are prioritized.

#### Moderate Specialization / Job Rotation

- Employees rotate roles to build multiple skills.
- Increases flexibility and understanding of the organization.

#### Trust and Strong Employee–Management Relationship

- Culture of mutual trust, openness, and loyalty.

**UNIT V**  
**ORGANISATIONAL**  
**DYNAMICS & GROUP**  
**DYNAMICS**

Organizational dynamics is another word for organizational behavior, **that deals with how people behave in an organized group setting, such as a place of business.**

## **What is a Group?**

A group is:

A collection of **two or more people**

who **interact** with one another

and **share a common identity**

and **accept rights and responsibilities** as members

who **come together to achieve common goals**

## **Group Dynamics**

Refers to the **attitudes, interactions, forces, and behavioural patterns** that occur within a group.

Studies:

**How groups are formed**

**Group structure**

**How they function**

**How members interact**

Applies to **both formal and informal groups** and is important in organizational behaviour.

## **STAGES / PROCESS OF GROUP DEVELOPMENT - (TUCKMAN'S 5-STAGE MODEL)**

### **1. Forming**

1. Group is created.
2. Members look for work roles, belonging, status, affiliation.
3. Polite behaviour and uncertainty.

### **2. Storming**

1. Sub-groups (dyads, triads) form.
2. Conflicts arise regarding control, leadership, and opinions.
3. Tensions and competition are common.

### **3. Norming**

1. Members begin to cooperate.
2. Norms, rules, and standards are established.
3. Increased openness and trust.

### **4. Performing**

1. Group becomes fully functional.
2. High cooperation and productivity.
3. Everyone contributes and works toward group goals.

### **5. Adjourning (*for temporary groups*)**

1. Group completes its task and dissolves.
2. Members may feel satisfaction or sadness.

# TYPES OF GROUPS

**Groups :** Formed by the organization to achieve objectives.

## **and Groups**

defined by the organizational chart.

Example: CEO and the team reporting to him.

## **Groups**

formed to complete a specific task within a time limit.

Example: quality improvement team, project team.

## **al Groups**

created to perform ongoing organizational functions.

long-term.

Examples: Marketing department, finance department.

**al Groups:** Formed naturally based on personal relationships.

## **Groups**

based on shared interests (not necessarily same department).

Example: environment awareness group.

## **ip Groups**

based on shared social activities or values.

Example: yoga group, cricket group, kitty party.

## **ce Groups**

is a group that a person uses as a standard for comparison to

shape their attitudes, values, behaviour, and decisions.

Example: Employees comparing themselves with senior staff

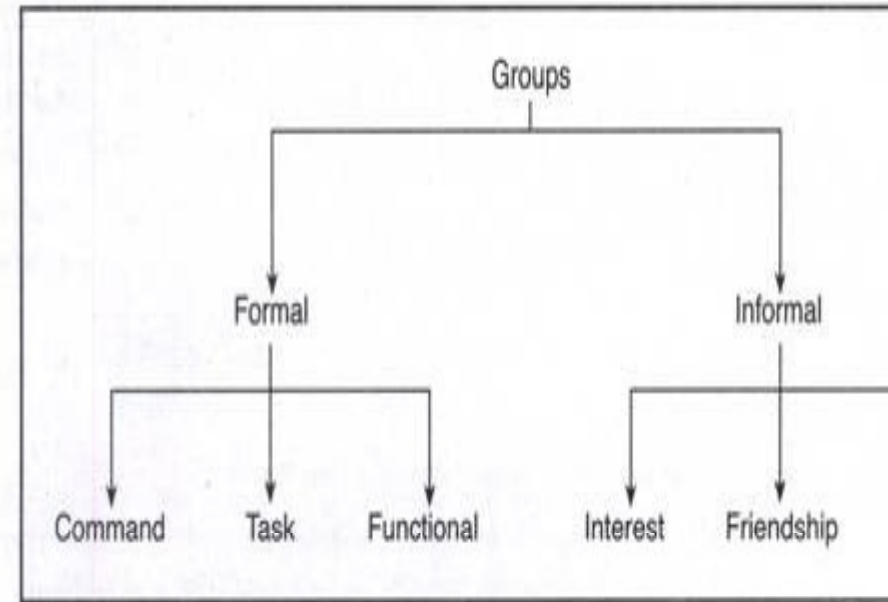


Figure 12.2 : Types of Groups

# FACTORS AFFECTING GROUP BEHAVIOUR

Group behaviour means **how people act in a group**, and it is influenced by many internal and external factors.

## Size

Small groups → better communication, more participation.

Large groups → less interaction, more conflict

## Norms

Clear rules and expectations.

Formal norms → disciplined behaviour.

Informal norms → confusion and inconsistency.

## Cohesiveness

Cohesiveness = **how closely members stick together**.

High cohesiveness → more cooperation, loyalty, team spirit.

Low cohesiveness → conflicts, less unity.

## Leadership Style

Participative leaders → encourage participation.

Authoritative leaders → control behaviour strictly.

Laissez-faire → minimal involvement, cause poor coordination.

## Structure

Clear roles, status, hierarchy, communication pattern.

Formal structure → smooth functioning.

Informal structure → stress and poor performance.

## 6. Member Characteristics

- Personality & Attitudes

- Skills & Values

Positive traits improve group performance; negative traits disturb harmony.

## 7. Communication

- Open communication → trust, quick decision-making

- Poor communication → misunderstandings, conflicts

## 8. Group Goals

- Clear and shared goals → motivated behaviour.

- Conflicting or unclear goals → confusion and low performance

## 9. External Environment

- Rewards and recognition

- Time pressure & Technology

- Work culture

## 10. Group Decision-Making Process

Groups that use systematic, inclusive decision-making process have better participation and unity.

## 11. Rewards and Punishments

- Fair rewards → better cooperation.

- Unfair or unequal rewards → jealousy, conflict.

# Transactional Analysis

Developed by Dr. Eric Berne in the 1950s

Explains interpersonal communication

People interact from three ego states: Parent, Adult, Child

Every person has all three ego states

Intent of communication may differ from interpretation

All ego states are useful when used appropriately

## EGO STATES

- . Parent Ego State
- . Adult Ego State
- . Child Ego State

## Parent Ego State

like a tape recorder of  
past experiences

judgmental, value-  
laden, prescriptive

types:

Critical Parent

Nurturing Parent

## Adult Ego State

- Logical, rational and data-based
- Problem solving and decision making
- Unemotional evaluation of facts

## Child Ego State

- Emotional, spontaneous  
and expressive

**Types:**

- Natural Child – playful, impulsive
- Little Professor – intelligent, creative, imaginative
- Adapted Child – fearful, guilty or compliant

# Types of Transactions

Complementary Transactions

Crossed Transactions

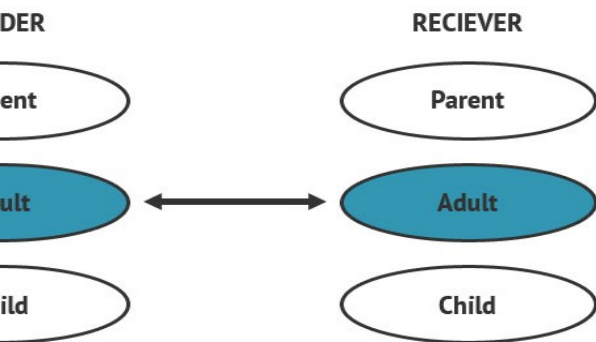
Ulterior (Hidden) Transactions

## TA IN THE WORK PLACE

- Aim for Adult–Adult communication
- Avoid frequent Parent–Child interactions
- Improves clarity, trust and team cooperation

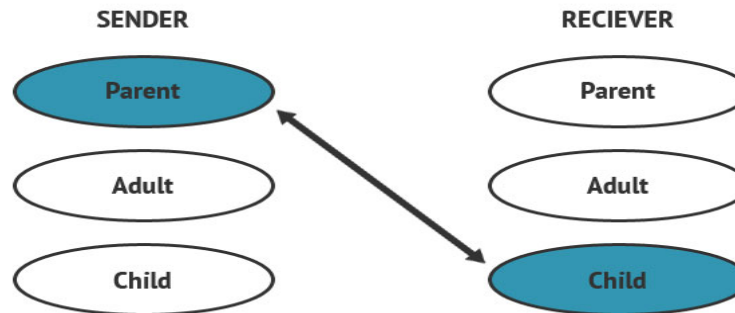
### COMPLEMENTARY TRANSACTIONS

Response matches the stimulus ego state  
Communication flows smoothly  
Example: Adult → Adult



### CROSSED TRANSACTIONS

- Response comes from an unexpected ego state  
- Communication breakdown occurs  
- Example: Parent → Child response causes conflict



### ULTERIOR (HIDDEN) TRANSACTIONS

- Words show one ego state  
hidden meaning from another  
- Mixed messages; two levels of communication  
- Example: Adult words but child emotions

## JOHARI WINDOW

The Johari Window is a model used to improve **self-awareness**, **communication**, and **understanding** within a group. It was developed by **Joseph Luft** and **Harry Ingham** (1955).

The name *Johari* comes from joining **Joseph + Hari**.

The model explains how much of “you” is **known or unknown** to yourself and others.

### Purpose of the Model

Improve **self-understanding**

Build **trust in groups**

Improve **communication**

Give and receive **feedback**



**The Johari Window Model**

## THE FOUR QUADRANTS (WINDOWS)

### 1. Open Area (Arena)

Known to you and to others

Behaviours, skills, feelings, knowledge shared openly  
Open area = better communication

Increase this area by sharing and accepting feedback

### 2. Blind Area (Blind Spot)

Known to others, but unknown to you

Things you don't notice about yourself

Discovered through **feedback from others**

Examples:  
Others observe

Voice, attitude, body language

Request **for feedback** to reduce blind spots.

### 3. Hidden Area (Façade)

• **Known to you, but unknown to others**

• Private feelings, fears, secrets, personal information  
• Reduced through **self-disclosure** (sharing relevant information)

Goal: Share what is necessary to build **trust**.

### 4. Unknown Area

• **Unknown to both you and others**

• Hidden talents, untested abilities

• Subconscious feelings

• Discovered through:

- New experiences
- Feedback
- Observation

Goal: **Increase awareness** by exploring abilities and feelings

## FACTORS AFFECTING ORGANIZATIONAL CHANGE

Organizational change means **alteration of the existing status**, structure, processes, or work environment.  
Today's fast-changing business world, **change is necessary for survival**.  
Organizations that do not adapt will **lose competitiveness**.

Organizational change is influenced by two major forces:

**External forces** (technology, market, social, political & legal)

**Internal forces** (new managers, structural problems, workforce nature, avoiding rigidity)

### EXTERNAL FORCES

#### Technological Factors

Technology changes how work is done  
Organizations must adopt modern tools and techniques  
or they lose efficiency and competitiveness  
Examples: Automation, AI, digital platforms

#### Market / Competitive Conditions

Competition from other companies  
Changing customer preferences  
Increasing demand for products  
Organizations must change products, pricing, distribution, etc.

## Factors

in lifestyle, values, education, working styles  
Organizations must modify work culture and HR policies

## & Legal Factors

Government rules, policies, tax laws, labour laws  
Economic stability or instability  
Change in laws requires changes in organizational procedures

## EXTERNAL FORCES

### Changes in Managerial Personnel

New managers bring new ideas and working styles  
Changes due to promotion, transfer, retirement  
Need for adjustments in strategies and roles

### Changes in Existing Organization Structure

Change becomes necessary when the current system has problems:  
Communication  
Number of levels of management  
Coordination  
HR policies  
Cooperation between departments

## 3. Nature of Workforce

- Workforce today includes multiple generations
- Different generations have different expectations:
  - Older workers → loyalty to employer
  - Middle-aged → loyalty to themselves
  - Young workers → loyalty to career
- HR policies must change to meet diverse needs

## 4. To Avoid Inertia

- Organizations become rigid over time
- Same methods do not work always
- Managers introduce change to keep the organization **flexible, and innovative**

## IMPACT OF CHANGE

- Organizational change affects employees, processes, culture, and performance.
- Change can have **positive** as well as **negative** impacts depending on how it is planned and implemented.

### A. POSITIVE EFFECTS OF CHANGE

#### 1. Employee Confidence

- When a change is implemented smoothly, employees see that their fears are unnecessary.
- Successful change increases trust in management.
- Staff become more confident about future changes and support new initiatives.

#### 2. Competitive Advantage

- Change helps an organization stay ahead of competitors.
- If competitors adopt new systems or technologies, the company must also adapt.
- Ability to change quickly improves market position and customer satisfaction.

#### 3. Growth and Development

- No organization can grow without change.
- Growing customer needs, new products, and new markets require internal changes.
- Upgraded processes, new technologies, and improved marketing methods support long-term growth.

#### 4. Dynamic and Innovative Culture

- A culture that accepts change becomes flexible and future-oriented.
- Employees share new ideas freely and are open to improvements.
- The organization becomes more creative, adaptable, and productive.

## **NEGATIVE IMPACTS OF CHANGE ON EMPLOYEES**

### **Mental Stress**

Change creates uncertainty and fear among employees.

Employees worry about workload, new skills, job roles, or job security.

This leads to anxiety and pressure.

### **Loss of Loyalty**

Continous or poorly planned changes reduce employee trust.

Loyalty and commitment may decrease.

### **Increased Time Away from Work**

Change often requires training, meetings, or new responsibilities.

Employees may need more time for adjustment.

Productivity may temporarily slow down.

### **Life Changes**

Change can affect work–life balance.

Shifts, relocation, new tasks, or role changes can impact personal life.

Some employees may face difficulty adjusting.

## PLANNED CHANGE

Planned change or developmental change is undertaken to improve the current way of operating. It is a calculated change intended to achieve a certain desirable performance and to make the organization more responsive to internal and external demands.

Enhancing employees' communication skills

Technical expertise

Building teams

Restructuring the organization

Introducing new technologies

Introducing new products and services

Challenging the incentive system

Improving employee welfare measures and the like fall into this category.

**Types of planned change:**

**Lewin's change model**

**Action research model**

# Kurt Lewin's Change Management Model

Kurt Lewin proposed a **Three-Stage Model of Planned Change**, which explains how organizations move from the current state to a desired future state.

The three stages are **Unfreeze – Change – Refreeze**.

**Unfreeze**

is the most important stage.

**Prepare people for change.**

• Create awareness that **change is needed**.

• Reduce resistance by explaining **why the current state cannot**

**change**.

• Increase motivation and willingness to move out of **comfort zone**.

• **Effective communication** is critical to gain support.

• **Goal setting**: Break the existing mindset—"unfreeze" old behaviours.

**Change (Transition)**

is the stage where **actual change takes place**.

• People **start learning new behaviours, ways of working**.

• Focus on **clear planning, training, support and communication**.

• Change is often uncomfortable because of **fear, confusion**

and **lack of involvement** helps reduce resistance.

• **Implementation**: Implement the new practices.

**3. Refreeze**

• The final stage where the new change is **stabilized**.

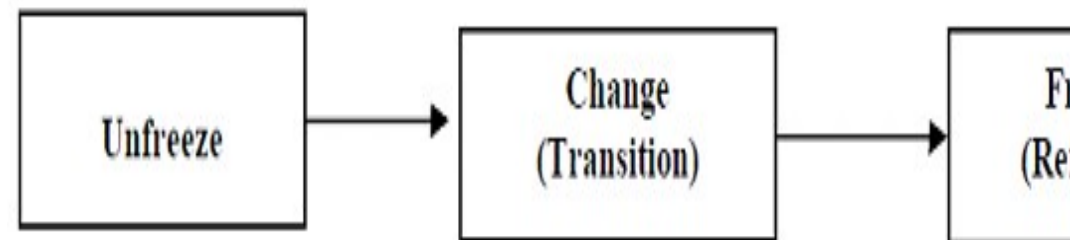
• People accept the new way as a part of their **routine**.

• Organization reaches a new **equilibrium**.

• Reinforce the new behaviour through:

- Rewards
- Recognition
- Policies and procedures
- Support systems and training

**Key idea:** Make the change permanent.



## Action Research Model



## MANAGEMENT OF ORGANISATIONAL CONFLICT

### Definition of Conflict

Conflict is a **disagreement** or **mental struggle** caused by **opposing needs, goals, values or opinions**.  
Conflict is **natural** in any organization because wherever people work together, conflict may arise.

### Types / Classification of Conflict

#### Intrapersonal Conflict

Conflict **within an individual**.

Related to personal **thoughts, values, emotions, doubts or dilemmas**.

#### Intragroup Conflict

Conflict **within a team or group**.

Occurs due to **misunderstandings**, different personalities, or **differences in ideas** among team members.

#### Interpersonal Conflict

Conflict **between two individuals**.

Occurs due to **opposite attitudes, behaviour, choices or opinions**.

#### Intergroup Conflict

Conflict **between two or more groups/departments**.

Occurs due to **different goals, priorities or interests**.

- Example: Marketing vs. Customer Support.

## CONFLICT RESOLUTION

the process of finding a **peaceful solution** to a disagreement.

usually done through **negotiation** so both parties can reach an understanding.

## CONFLICT MANAGEMENT

Objective: **Reduce negative effects** of conflict and **increase positive outcomes** like cooperation, and group performance.

### Management Techniques

#### Cooperating (Win–Win)

Parties work together for **mutually beneficial solution**.

When:

High trust exists

Shared decision-making is needed

Everyone wants ownership of the solution

**Advantage:** Best long-term solution.

**Disadvantage:** Time-consuming.

#### Compromising (You Bend – I Bend)

Each party **gives up something** to reach a middle-ground

When:

Parties have **equal power**

Time is limited

Goals are moderately important

**Advantage:** Quick resolution.

**Disadvantage:** Both parties may feel partially dissatisfied.

#### 3. Accommodating (I Lose – You Win)

• One party **gives in** to maintain the relationship.

• Used when:

- The issue is more important to the other
- You realize you are wrong
- You want to maintain harmony

• **Disadvantage:** Your own ideas may be ignored.

#### 4. Competing (I Win – You Lose)

• One party forces a solution in their favour.

• Used when:

- You are sure you are right
- Quick decision is needed
- You need to protect your rights

• **Disadvantage:** Creates resentment or retaliation

#### 5. Avoiding (No Winners – No Losers)

• Both parties **withdraw** or avoid the issue.

• Used when: Issue is minor

- You want to cool down before discussing

• **Disadvantage:** Problem may worsen if delayed