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**SELF-LEARNING
MATERIAL**



MASTER OF BUSINESS ADMINISTRATION (HRM)

MBAH 103 : HUMAN RESOURCE MANAGEMENT-1

w.e.f Academic Session: 2024-25



**CENTRE FOR DISTANCE AND ONLINE EDUCATION
UNIVERSITY OF SCIENCE & TECHNOLOGY MEGHALAYA**

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Techno City, 9th Mile, Baridua, Ri-Bhoi, Meghalaya, 793101

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UNIVERSITY OF SCIENCE AND TECHNOLOGY MEGHALAYA

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COURSE INTRODUCTION

This course is basically focus on managing the human resources in organisation so that longer period of procurement can be ensures by introducing effective policy, organisational hierarchy as well as structure, conflict management techniques and most importantly incorporation of motivational tools and techniques and leadership styles. Being the most challenging task of organisation i.e., managing human being is the highest attention taking area among all other tasks now a days due to intervention of different global policies and laws. With time, the needs and requirements of human being are changing and this is creating demand for changes in policies and different benefits.

Unit 1: This unit will discuss about the evolution of management and various organisational structure along with HRM environment. This unit will also give glimpses on various career opportunities.

Unit 2: This unit is focusing on personnel management and how it helps in overall management of an organisation by designing HR policies in effective way. In addition, it is also keeping focus on discussion on various challenges of personnel management.

Unit 3: This unit will discuss about group, team and how group development happens and communication contribute in group development.

Unit 4: This unit will discuss about conflict, reason or sources of conflict and ways of managing conflict in organisation.

Unit 5: This unit is emphasizing specifically on motivation and leadership and their different types and theories as well. It will help students to get ideas in adopting different leadership style and implementation of different motivational tool and techniques for better management of an organisation.

UNIT - I

HUMAN RESOURCE MANAGEMENT

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Unit Objectives:

After studying this unit, you will be able to:

- Understand the concept of Management, HRM, and the evolution of management concepts.
- Understand the difference between HRM and Personnel management.
- Understand various organizational designs and its environment.
- Knowing the career opportunities.

Introduction

HRM is vital for organizations to effectively manage their most valuable asset—their people. By aligning HR practices with strategic objectives, attracting and retaining top talent, fostering employee development and engagement, ensuring compliance, managing organizational culture and change, and addressing employee relations issues, HRM contributes significantly to the achievement of organizational goals and sustained competitive advantage.

Learning outcomes:

The content and assessment of this unit have been developed to achieve the following outcomes:

- Understanding and developing ideas on the use and application of HRM practices.
- Understand the different organizational designs, their merits and demerits, and their impact on operations.
- Understand how environment is important in HRM.

1.0 INTRODUCTION

The economy and its economic activities are now taking a different direction and patterns are getting to change continuously. Accordingly, the importance of human in the form of employees and resources is changing in organizations. So, nowadays having employees with different skills and the ability to face challenges and bring a vertical growth curve is highly solicited. But recently, technological revolution has been bringing a significant change in the entire business activities as well as in day-to-day life. Since employees as human resources play crucial role in defining success and failure of any organisation. Therefore, understanding employees and designing effectively various policies to satisfy and to make them grow becomes very important and challenging task of HR department.

Today it is unanimously accepted by all the organizations that Human resource or manpower has a paramount importance in the success of any organization because most of the problems in organizational setting are human and social rather than physical, technical or economical failure. Management is defined as an act of managing people and their work, for achieving a common goal by using the organization's resources. It creates an environment under which the manager and his/her subordinates can work together for the attainment of group objective as well as organisation objective. It is a group of people who use their skills and talent in running the complete system of the organization. It is an activity, a function, a process, a discipline.

Management brings together 5M's of the organization, i.e. Men, Material, Machines, Methods, and Money. It is a result-oriented activity, which focuses on achieving the desired output.

The Administration is a systematic process of administering the management of a business organization. The main function of administration is the formation of plans, policies, and procedures, setting up of goals and objectives, enforcing rules and regulations, etc. The nature of administration is bureaucratic and represents the top layer of the management hierarchy of the organization. Administration lays down the fundamental framework of an organization, within which the management of the organization functions.

Basic	Administration	Management
1. Meaning	Administration is concerned with the formulation of objectives, plans and policies of the organisation.	Management means getting the work done through and with others.
2. Nature	Administration relates to the decision-making. It is a thinking function.	Management relates to execution of decisions. It is a doing function.
3. Scope	It is concerned with determination of major objectives and policies. Administrators are basically concerned with planning and control.	It is concerned with the implementation of policies. Managers are concerned mainly with organisation and direction of human resources.
4. Decision-Making	Administration determines what is to be done and when it is to be done.	Management decides who shall implement the administrative decisions.
5. Direction of Human Resources	It is concerned with leading and motivation of middle level executives.	It is concerned with leading and motivation of operative workforce for the execution of plans.
6. Environment	Administration has direct interaction with external environment of business	Management is mainly concerned with internal forces, i.e., objectives,

	and making strategic plans to deal effectively with the environmental forces.	plans and policies of the organisation.
7. Status	Administration refers to higher levels of management.	Management is relevant at lower levels of management.
8. Usage of Term	The term 'administration' is often associated with government offices, public sector and non-business organisations.	The term 'management' is widely used in business organisations in the private sector.

CHECK YOUR PROGRESS

- a. Which of the following M is not part of Management?
- b. What is the nature of Administration in general?

1.1 Evolution of Management

The evaluation of management can be categorized in to different parts:

- Pre-Scientific Management Era (before 1880),
- Classical management Era (1880-1930),
- Neo-classical Management Era (1930-1950),
- Modern Management era (1950-on word).

Contributors of Pre-Scientific Management Era (before 1880)

1. **Charles Babbage-** Babbage was the forerunner of scientific management and emphasised and introduced methods on Work measurement, cost determination, bonus plans, profit sharing so that managerial efficiency can be increased to improve industrial productivity.
2. **Robert Owen:** He is known as father of Personnel management and focused on development of people. Robert advocated that worker should be treated as human

being by giving respect to their values and beliefs. He also highlighted that satisfactory working condition, higher wages for workers, participation of workers in managerial decision making are essential to give positive motivation as well as to increase productivity of employees and organisation. He reduced the use of child labour and used ethical influence rather than physical punishment in his factories.

3. **James Montgomery:** He focused on planning, organising and controlling of business and for efficient work.
4. **Andrew Ure:** He focused on educating managers through training and moral education to make the employees efficient in delivering their service
5. **Charles Dupin:** Dupin has focused more on management education than technical education because besides technical knowledge, managers also needed broader management skills to maximise industrial output.
6. . **Adam Smith:** He was the person who have launched the world towards Industrialisation. Smith brought about the revolution in financial thought. The specialization of labour was the basis of Smith's market system. According to Smith, division of labour provided managers with the maximum opportunity for improved output.

Contributors of Classical management Era (1880-1930)

1. **F. W. Taylor for Scientific Management Theory:** F. W. Taylor is known as Father of Scientific management. This theory focused on solving managerial problems in scientific way to increase productivity. Taylor's theory is based on experience on three companies –Midvale Steel, Simond Rolling Machine and Bethlehem Steel Company. Taylor found that Work was not being done scientifically in organisation generally which led to wastage of human and non-human resources. That means 'Hit and Trial' approach should be replaced by 'Scientific Ways'.

Following are the techniques of Scientific Management:

In order to improve work efficiency and organisational productivity, Taylor introduced some techniques based on various experiments, known as Techniques of Scientific Management. They are ____

- a. **Separation of Planning and Doing:** This technique says that planning should be the task of supervisor and workers should only perform the work. Because planning and also doing by workers create problems in productivity.
- b. **Functional Foremanship:** This technique says that different activities of organisation should be supervised by the specialist of different functions.
- c. **Job Analysis:** Taylor suggests to analyse the job based on the following parameters i.e. Time Study, Motion Study, Fatigue study and Method study. This will give the complete picture of the job.
- d. **Standardization of Work:** According to Taylor, work should be standardized as it determines similar methods and techniques of production which maximizes efficiency.
- e. **Financial Incentives:** Taylor advocated that by introducing financial incentives to workers, the productivity of workers can be improved as financial need is one of the dominant needs of workers.
- f. **Differential Rate system:** This is a system where efficient workers will get a higher wage rate in comparison to the inefficient workers. That means Taylor said that a higher wage rate will be paid to workers who will finish the work in less standard time and less wage rate will be given to them who will produce less than the standard output.
- g. **Scientific Selection and Training:** Taylor also said that workers should be selected scientifically i.e. based on knowledge, ability, experience and suitable place so that best productivity can be achieved.
- h. **Task planning:** According to Taylor, Task should be planned in a synchronised way so that maximum efficiency of task can be achieved.
- i. **Shorter hours and Rest pauses:** Taylor introduced shorter hours and rest pauses during the work process so that tiredness and boredom can be minimised and efficiency can be increased.

Principles of Scientific Management Theory:

- **Rule of Thumb should be replaced with Science:** This principle says that Trial and error approach should not be used for taking decision; rather scientific way of working should be introduced. This means work should be performed in a scientific manner.

- **There should be Harmony, not discord in group action:** This principle says that all members of the organisation should work as a team harmoniously by avoiding conflict among them to maximise each other's interest. They must develop the spirit of give and take.
- **Cooperation not Individualism:** Here the principle says that employees should not promote their individual interest at the cost of organisational interest.
- **Maximum output not restricted output:** Taylor said that employees or workers should not be restricted with production rather they should be motivated for increased output.
- **Development of workers to their fullest capacity:** Workers should be developed to their fullest capacity through scientific selection, formal education, training and motivation to give their best to organisational output.

CHECK YOUR PROGRESS

- c. Who had given the concept of functional foremanship?
- d. What is 'differential piece rate system'?

2. **Henry Fayol's Classical Organizational Theory/ Management Process Theory/**

Administrative Theory: Fayol focused on general management and control of entire organisation. That means he focused on management of organisation and not simply individual job. So Fayol is known as Father of Modern management theory or Father of 14 principles. In addition to these he divided the business activities into six groups___ Technical, Commercial, Financial, Security, Accounting and Managerial. Regarding functions of Manager, Fayol classified the functions of manager like___ Planning, Organising, Commanding, Coordinating, Controlling.

Based on his experience, Fayol listed 14-principles of management which are flexible not exhaustive

- i. **Division of Labour:** This means work should be break down into smaller units and each unit of task should be assigned to each individuals based on specialisation which will lead easy performance and increased efficiency.
- ii. **Authority and Responsibility:** In assigning different task to employees there must be parity between authority and responsibility and this will lead increased performance.

- iii. **Discipline:** Discipline means respect to rules and agreements. In organisation every employee should maintain discipline and that should be self-imposed. This will help in management at the same time.
- iv. **Unity of Command:** This principle says that each employee should receive orders from one boss only. If the employees get orders from more than one boss they will be confused to whom they will follow. As a result, there will be conflict. So this principle helps in fixing responsibility, avoids conflicts and maintains harmonious relationships between superior and subordinates.
- v. **Unity of Direction:** This principle says that there should be one boss for one set of operations for same objectives. All operations having the same objectives are placed under one plan.
- vi. **Subordination of Individual interest to general interest:** Management should design such agreement which gives the chance to the employees to satisfy organisational interest in priority base as compared to satisfy the individual interest.
- vii. **Remuneration:** Organisation should design a fair system of remuneration i.e. equal pay for equal remuneration so that employees get satisfaction and promote organisational interest.
- viii. **Centralisation:** Based on the size and structure of the organisation, management should maintain a balance between centralisation and decentralisation in distributing authority and power so that organisation's function goes smoothly and efficiently.
- ix. **Scalar chain:** Scalar chain means the line of authority or chain of command that moves from top to bottom. So Fayol suggested that every employee should respect that chain of command/ scalar chain for solving routine and non-routine problems.
- x. **Order:** This principle says that all the resources i.e. human and non-human things should be in right place at the right time so that tasks can be performed with proper flow.
- xi. **Equity:** According to this principle employees must be treated equally and fairly which will bring cordial and harmonious relationships among the employees. This will bring employees commitment and inspiration towards organisation and functions.
- xii. **Stability of Tenure:** This principle means employees and managers should hold their respective positions for an enough long period of time to do justice to their jobs. This helps the organisation to maintain the efficiency of organisation.

- xiii. **Initiative:** It means ability to begin things. This principle helps the employees to think freely which helps the employees to improve their potentials at fullest.
- xiv. **Esprit de corps:** This says about “Unity is Strength”. Specially it derives the benefit of synergy which means the combined output of workers as a group is more than their output as individuals. This principle helps in building harmony, mutual understanding, team spirit, unity of action, sense of belongingness in organisation.

CHECK YOUR PROGRESS

- e. What do you mean by ‘esprit de corps’?
f. What is scalar chain?

3. **Human Relation Theory/ Human Relation Schools of Management:** This theory considers organisation as social system that looks after socio-psychological needs of the workers. Here human relation refers to the ways in which managers interact with their subordinates. According to this theory, there are some other factors that are required to motivate the employees apart from the financial rewards.

So followings are the contribution or conclusions of this theory based on the Hawthorne Experiment which was conducted by Elton Mayo_____

- There is no direct relationship between worker productivity and physical factors. Productivity increases just because of attention that received from managers.
- Workers are Social element rather than Rational element. This means the social characteristics of people like strong interaction, strong relationship, non-financial incentives in the form of recognition affect efficiency of the organisation as well as individuals rather than financial rewards.
- Informal groups are more important and effective in comparison to formal groups in organisation to influence the human behaviour.
- Work is considered as group activity not as individual activity. Even management deals with workers as group not individuals.
- There should not be conflict and misunderstanding amongst the members of the organisation since workers work like ‘one family’.
- Human and Social factors rather than financial factors lead to growth and development of human resources.

- Non-financial incentives are more important than the financial incentives in determining the attitude of workers towards their superior, job and organisation.
- Production norms are set by social norms and not by official structure.

Explanation of Hawthorne Experiment:

The Hawthorne experiment was conducted in the following steps:

- ***Test Room Studies:*** *These studies were conducted to study the impact of single variables on worker productivity. So, these studies include the following two experiments ____*

*i. **Illumination experiment:** Here the effect of lighting on worker productivity was studied and it was found in the form of findings that lighting condition is not a big contributing factor for improved productivity. It was also found that some other factor that may be related to human factor affects productivity. This means the productivity was declined only when the light fell below the normal level.*

*ii. **Relay Assembly room experiment:** This experiment was conducted to see the influence of working conditions like less working hours, improved working condition, better wages, rest period, free interaction among group members etc on worker productivity. Mayo found that social and psychological factors have little bit of influence on productivity. And Mayo only given the concept of 'rational man' (motivated by financial incentives) is replaced by 'social man' (motivated by non-financial incentives).*

- ***Interviewing Studies:*** *Here mass interview was conducted with thousands of workers to know about their superiors, jobs and job conditions. This study also proved the importance of social factor on productivity.*
- ***Observation Studies:*** *It comprised of Bank Wiring Observation Room experiment where few workers were attached with wire to switches. On these workers working condition and social pressure were experimented. Even management has declared time wage rate system. It was found that informal and social groups are important as well as social pressures are more important than the financial incentives to motivate the workers.*

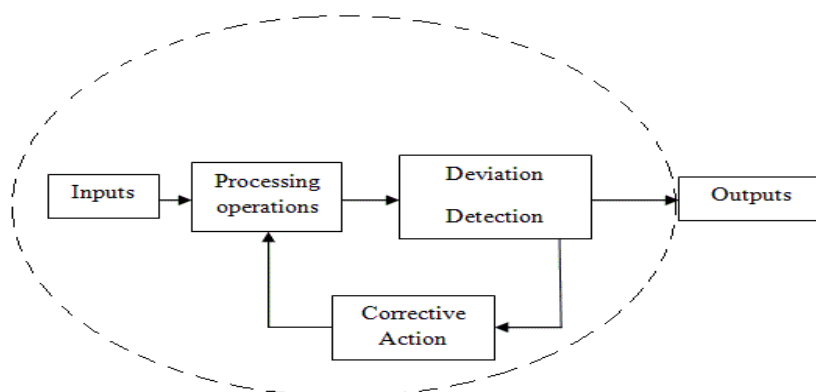
CHECK YOUR PROGRESS

- g. What is the main focus of Human Relation approach?
- h. Is there any direct relationship between physical factor and productivity?

4. **System Approach of management:** This system approach of management is having a broader perspective of management where organisation is viewed as a whole, unified and purposeful entity composed of different parts. According to this theory the whole organisation operates in the external environment and has internal environment consisting of different departments which are inter-related to each other in a manner that input-output conversion is done most efficiently. The whole organisation is an integrated system of sub-system and each part or sub-system bears relationship in pursuit of common goals. So if any sub-system stops working then the entire organisation comes to a halt. The different components of System are_____

- *Sub-system*
- *Synergy*
- *Open and closed system*
- *System boundary*
- *Flow*
- *Feedback*

Main contributors – Johnson, Church man, Kenneth, Boulding & Rosen Zweig.



Contributions during Neo-classical Management Era & Modern Management era

1. **Contingency Approach:** Main contributors: John Woodward, Fiedler, Lorsch & Lawrence. According to this theory, management is situational & main objective of

management is to identify the important variables in the situations. Major parts of overall conceptual framework for contingency management:

- a. Environment, Management concepts,
- b. Principles & techniques.
- c. Contingent relationship between (1)&(2)above.

Contingency theory is the synthesis of two theories i.e. Classical theory of management and Behavioural theory of management. This theory says that appropriate actions by managers often depend on the situation. That means appropriate managerial action depends on the particular parameters of the situation. So this theory attempts to identify contingency principles which will prescribe actions to be taken depending on the characteristics of the situation. Since each organisation is unique, each problem is unique, each decision is unique so the way of tackling situation is also unique. As every decision or solution depends upon the different variables that affect the situation. There is no best way of doing things universally in all situations. But past experience and experience of other firms also help in solving managerial problems. The Contingency approach considers three important constraints which affects decision making function. They are Technological constraints, Task constraints and Human constraints.

2. **BUREAUCRATIC MANAGEMENT** : Max Weber (1864-1920) devised a theory of bureaucratic management that emphasized the need for a firmly defined hierarchy governed by clearly defined regulations and lines of authority. Rules and regulations are prime to eliminate managerial inconsistencies. Weber also argued that authoritative position of managers in an organization should be based not on tradition or personality. In addition to that selection and promotion of employees should be based on ability which will lead to more well-organized management.
3. **The Quantitative Approach Of Management Thought**: The quantitative approach aimed at enhancing the process of decision making through the use of quantitative techniques. It is evolved from the principles of scientific management. Main contributors– Taylor, Gilberth, Gantt, Newman & Joel Dean. Management is concerned with problem solving and it must make use of mathematical tools and techniques for the purpose. The different factors involved in management can be quantified and expressed in the form of equations which can be solved with the help of mathematical tools. Management problems can be described in mathematical models. Operation research, mathematical tools, simulation and model building are the basic methodologies developed by this approach.

CHECK YOUR PROGRESS

- i. Which of the following is not a concept of system approach?**
- | | |
|----------------------|--------------------|
| a. Energy | c. Snergy |
| b. Sub-system | d. Feedback |
- j. Who had proposed Bureaucratic management theory?**

1.2 Introduction and Meaning of HRM

HRM is concerned with the human beings in an organization. —The management of man. Though it is a very important and challenging job because of the dynamic nature of the employees. As no two people are similar in nature – in every aspect of mental abilities, tacticians, sentiments, and behaviours; they differ widely not only individually but also as a group and are subjected to many varied influences. People are responsive, they feel, think and act therefore they cannot be handled like a machine or shifted and altered like template in a room layout. They therefore need a tactful handing by management personnel.

HRM is the process of managing people of an organization with a human approach. Human resources approach to manpower enables the manager to view the people as an important resource. It is the approach through which organization can utilize the manpower not only for the benefits of the organization but for the growth, development and self satisfaction of the concerned people. Thus, HRM is a system that focuses on human resources development on one hand and effective management of people on the other hand so that people will enjoy human dignity in their employment.

According to Dale Yoder —the management of human resource is viewed as a system in which participants seeks to attain both individual and group goals. According to Flippo —HRM is the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance and reproduction of human resources to the end that individual organizational and societal objectives are accomplished.

1.3 Objectives

The main objective of HRM is to ensure that there are right people for right jobs so that the organizational goals are achieved effectively. Beside that:-

- To help the organization to attain its goals effectively and efficiently by providing competent and motivated employees.

- To utilize the available human resources effectively.
- To increase to the fullest the employee's job satisfaction and self-actualization.
- To develop and maintain the quality of work life (QWL) which makes employment in the organization a desirable personal and social situation.
- To help maintain ethical policies and behavior inside and outside the organization.
- To establish and maintain cordial relations between employees and management.
- To reconcile individual/group goals with organizational goals.

1.4 Nature of HRM

The nature of HRM are discussed below:

- HRM is based on certain principles and policies which helps the organization to achieve its objectives.
- HRM is a pervasive function – It suggest that HRM is not associated to a single department, instead it is a broader function and is spread throughout the organisation, which manages all type of employees/people from lower level to top level departments of the organisation.
- HRM is people oriented – The main core or concern for HRM is the People or human resource. Human resource management works with and for people. It acts as a bridge which brings people and organisation together to achieve individual and organisational goals.
- HRM is continuous activity – As HRM needs to continuously train, develop, or replace to meet the growing level of competition and changes in the market. Hence, it is a continuous activity.
- The HRM is a part of management function. Issues like hiring, training, development, compensation; motivation, communication, and administration etc of employees are taken care by Human resource management.
- The main aim of HRM is optimum utilization of employees

1.5 Need of HRM

Human resource management is needed to manage the organisation, overall diverse workforce and most importantly its process. The needs are discussed below:

- **Training & development:** This function operates in organisation at continuous level which can be done through HRM function only.

- **Employee Relations:** Maintaining amicable relationship among the employees along with good and effective network i.e., outside the organisation also very important and done by HRM only.
- **Conflict Management:** Managing healthy relationship and environment without any conflicting environment is the responsibility of HRM function.
- **Compliance:** HR professionals ensure that the organization complies with all employment laws and regulations, which helps avoid legal issues.

1.6 Importance of HRM

The importance of HRM (Human resource management) is concerned with more than just selecting the appropriate people for the right tasks. Also, it helps to foster a streamlined process and build team spirit, in which employees realize their aspirations by developing themselves and contributing to the achievement of organizational goals.

After realising its functions, the following are the reason of importance of this HRM function:

- **Maximizing Productivity and Profitability:** It really focuses on both the quality and quantity of employees, as it provides them with opportunities. Opportunities to grow in their respective domains. As a result of these opportunities, employees are highly motivated and meet the established goals. Hence, it allows the organization to capitalize, create a presence in the market, and enhance profitability.
- **High Quality of Work:** A positive work environment, employee recognition, and a sense of responsibility motivate employees to give their best, which makes sure to yield a high quality of work as it helps to achieve set goals. Also, hiring the right people and making sure to train them well is important for getting the best quality work. This is crucial, as it helps the employees learn and quickly adapt to the organization's working culture.
- **Helping employees achieve the set goals:** Human resource management is important in achieving the set goals, as companies provide compensation, benefits, and rewards to recognize their employees. Whereas HR's should plan for activities like hiking in Austria with a trekking company like Book trekking will help in motivating teams enthusiasm. These activities help motivate employees to give their best. It also improves employee morale and gives employees new energy to perform better.

- **Improving Teamwork:** HR managers need to make sure every employee feels important and worthy in every department. They emphasize the importance of HRM in teamwork and team spirit in the workplace. So, that it will make a great contribution to get the desired results. Moreover, AI tools with GPT-4 powers, like the ones featured at AI tools with GPT-4 powers, are revolutionizing the way businesses interact. Also, they automate tasks, further enhancing the teamwork.
- **Reducing the gap between demand and supply of Human resources:** The role of HR management in an organization extends beyond personnel management. So, to include determining the sufficiency of the pool of available human resources. HR manager organize hiring and selection campaigns to fill any employment gaps that may exist within the company. Similar to laying off ineffective employees, human resource management is responsible for this.
- **Building a corporate image:** For businesses, sustainability involves preserving their storied, ideal reputation in the marketplace. Everyone wants to be associated with a business that is well-known for its ethical behavior. Also, which offers commitment to the community and its employees. Contrarily, businesses that treat their employees more like resources than as people are in danger of failing completely.

1.7 HRM and Personnel Management

Basis For Comparison	Personnel Management	Human Resource Management
Meaning	An aspect of management that is concerned with employees at work and their relationships within the company.	An essential branch of management that deals with making the optimum usage of organizational human resources to achieve organizational goals.
Objective	Managing people at work	Working for the growth & development of the workforce
Approach	Traditional	Modern

Treatment of manpower	Machines or Tools	Resource & Asset
Type of function	Routine function	Strategic function
Basis of Pay	Job Evaluation	Performance Evaluation
Management Role	Transactional	Transformational
Communication	Indirect	Direct

CHECK YOUR PROGRESS

k. What is the management role in HRM?

1.8 Scope of HRM

The scopes of HRM are discussed below under three broad headings:

1. Personnel Aspect

- Human Resource Planning – It is the process by which the organisation identifies the number of jobs vacant.
- Job Analysis and Job Design – Job analysis is the systematic process for gathering, documenting, and analyzing data about the work required for a job. Job analysis is the procedure for identifying those duties or behaviour that defines a job.
- Recruitment and Selection – Recruitment is the process of preparing advertisements on the basis of information collected from job analysis and publishing it in newspaper. Selection is the process of choosing the best candidate among the candidates applied for the job.
- Orientation and Induction – Making the selected candidate informed about the organization's background, culture, values, and work ethics.
- Training and Development – Training is provided to both new and existing employees to improve their performance.
- Performance Appraisal – Performance check is done of every employee by Human Resource Management. Promotions, transfers, incentives, and salary increments are decided on the basis of employee performance appraisal.

- Compensation Planning and Remuneration – It is the job of Human Resource Management to plan compensation and remunerate.
- Motivation – Human Resource Management tries to keep employees motivated so that employees put their maximum efforts in work.

2. Welfare Aspect – Human Resource Management have to follow certain health and safety regulations for the benefit of employees. It deals with working conditions, and amenities like - canteens, crèches, rest and lunch rooms, housing, transport, medical assistance, education, health and safety, recreation facilities, etc.

3. Industrial Relation Aspect – HRM works to maintain co-ordinal relation with the union members to avoid strikes or lockouts to ensure smooth functioning of the organisation. It also covers - joint consultation, collective bargaining, grievance and disciplinary procedures, and dispute settlement.

1.9 Limitations of HRM

The following are some basic limitations of HRM:

- Uncertainty of future: The future of all business organizations largely remains uncertain. This is because many social, political, technological and financial factors can affect their functioning. These factors end up affecting HRM as well because they dictate employment.
- Problems of surplus staffing: Whenever an organization is over-staffed, HRM provides solutions like termination of excess employees, VRS, etc. This, in turn, negatively affects existing employees as the threat of job termination looms on them all the time. Such negative psychological pressures can generally make employees inefficient.
- Conservative attitudes of top-level management: The top-level management of many organizations often possesses a conservative attitude in functioning. It can be reluctant in changing its own ideas and beliefs to accommodate the quirks of employees. This can create hindrances for managers in employing HRM practices.
- Time-consuming: HRM generally requires managers to collect all sorts of information from employees with respect to their functioning. Collecting all this data from all departments can be highly time-consuming.
- Expensive: In order to facilitate an organization in functioning effectively, HRM suggests solutions like training, VRS, bonus, perks, etc. Therefore, implementing HRM solutions can be highly expensive too.

1.10 Organisational Design

Organizing is one of the functions of management which follows planning. Organizing provides structure to the organisation. Organization Design refers to aligning Organizational Structure with business goals. It is both a plan and a process. The purpose of the organizational design is to create the right structure that fits the requirements of the strategy to be implemented. There is no best structure available anywhere. And also, there is nothing such as a good or a bad structure. Structures either match or do not match with the requirements of a business strategy.

Moreover, in designing organisational structure, following principles are considered:

- Strategy
- Leverage people
- Cost containment.
- Operate within constraints
- Optimize hierarchy
- Clarify rights and responsibilities
- Improve innovation
- Strengthen accountability.

Following are the organisational structure generally followed by various organisations:

a. **Functional structure**

A functional structure groups employees into different departments by work specialization. Each department has a designated leader highly experienced in the job functions of each employee supervised by them.

b. **Divisional structure**

A divisional structure organizes employees around a common product or geographical location. Divisional organizations have teams focused on a specific market or product line. Examples of companies applying a divisional structure are McDonald's Corporation and Disney. These brands can't help but split the entire organization by location to be able to adjust their strategies for audiences representing different markets.

c. **Matrix structure**

Within a matrix organizational structure, team members report to several managers at once. Having multiple supervisors allows for company-wide interaction and faster project delivery. For instance, when answering to functional managers and project managers,

employees have a chance to collect experience outside their team. While functional managers can help to solve job-specific issues, project managers can bring in knowledge or talents from other departments.

D. Network structure

A network structure goes far beyond your internal company structure. It's an act of joining the efforts of two or more organizations with the goal of delivering one product or service. Typically, a network organization outsources independent contractors or vendors to complete the work.

e. Flat organization structure

In a flat organizational structure, there are few middle managers between employees and top managers. The structure requires less supervision, increases employee involvement, and boosts trust in the workplace.

CHECK YOUR PROGRESS

1. Now a days which organisational structure is more prevalent?

1.11 HRM Environment: External and Internal

There are two types of a dynamic **Human Resource Management environment**, External Environment and Internal Environment. Control over external environment influences the management of its human resources and internal environment of HRM totally affect the internal matter of business.

The components of External environment:

- Labor Force
- Legal Considerations
- Society
- Unions
- Shareholders
- Competition
- Customers
- Technology
- The Economy

The components of internal environment:

- Mission
- Policies
- Corporate Culture
- Employees

- Labor-Management Agreement

1.12 Jobs and career in HRM

A career in human resource management can take place in many directions and into companies and organizations of all types and sizes. In a smaller company, the HR duties may encompass multiple aspects of employee relations, from screening applications to administering benefits. In a larger organization, that position might be more specialized; for example, managing a health care plan as part of a larger benefits team. Many professionals get their HR feet wet in positions such as:

- Human resources generalist.
- Recruitment specialist.
- Compensation specialist.
- Benefits specialist.
- Labor relations specialist.
- Records and information specialist.
- Position classifier.
- Training specialist.

Taking on more responsibility often comes with an increase in pay along with the following lucrative designations:

- Human resources manager.
- Compensation and benefits manager.
- Training and development manager.
- Chief human resources officer

1.13. LET US SUM UP

After reading this unit you have understood about management and human resource management and how they are different in practice and their area of concern. In addition, you have also learned the evolution that how management concepts have been changing over time and now where it is. Moreover, you have got ideas on organizational structure as well and can develop ideas when and where, which type of origination structure can be the best fittest one. At last, you can set your career goals after going through various career opportunities that are available in this field.

1.14 Suggested books

- a. Dessler G., Human Resource Management, Pearson, 2020.
- b. Rao V. S. P, Human Resource Management, Excel Books, 2010

1.15 ANSWERS TO CHECK YOUR PROGRESS

- a. Motion
- b. Bureaucratic
- c. F W Taylor
- d. Techniques of Scientific Management
- e. Teamwork
- f. Formal communication
- g. Importance of informal relation on employee productivity
- h. No
- i. A. energy
- j. Max Weber
- k. Transformational
- l. Matrix organisational structure

1.16 MODEL QUESTIONS

1. Explain the different nature and importance of HRM.
2. Explain various techniques and principles of Scientific management.
3. Explain the Human Relation approach and highlight its main findings of Hawthorne experiment.
4. Critically analyse the 14 principles and discuss the importance of these in today's management environment.
5. How important is the organisational structure in making an organisation successful? Discuss the different organisational structures with examples.
6. Explain the importance of HRM and its scopes with examples.
7. Explain different organisational designs and principles that are considered while designing.
8. Analyse the impact of HRM environment on organisational performance.

UNIT -II

PERSONNEL MANAGEMENT

Table of Content:

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2.0 INTRODUCTION

- 2.1 Introduction and Meaning, Definitions
- 2.2 Nature, Objectives, Challenges to Personnel Management
- 2.3 Functions of Personnel Management: Managerial Functions & Operative Functions
- 2.4 Personnel Policy: Factors, Objectives and Principles
- 2.5 Let us sum up
- 2.6 Suggested Readings
- 2.7 Answers to Check your Progress
- 2.8 Model questions

Unit Objectives:

After studying this unit, you will be able to:

- Understand the concept of personnel Management, its nature and challenges.
- Understand the difference functions of personnel management.
- Understand various organizational policies and its importance in making success.

Introduction

Personnel management served as a foundational approach to managing employees within organizations, it has evolved into the more comprehensive and strategic discipline of HRM. However, understanding the historical context and key characteristics of personnel management is essential for appreciating the evolution of HRM and its impact on modern organizational practices.

Learning outcomes:

The content and assessment of this unit have been developed to achieve the following outcomes:

- Understanding actual functions of personnel management.
- Understand the different functions that comes under personnel management.
- Understand the role and importance of policy.

2.0 INTRODUCTION

Personnel management and Human Resource Management both deal with the same factors that's why at present there is no distinction between them, but personnel management is a prior concept and covers more aspects than HRM, also it is an enhanced form of the general management, exclusively dealing in the training and development of the workforce. Personnel Management refers to the procurement of workforce, paying them, motivating them and especially developing them with the competencies they could acquire for the betterment of the organisation. The process makes the employee more valuable for the company.

2.1 Introduction and Meaning, Definitions

According to National Institute of Personal Management (NIPM), personal management as **“that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up enterprise and have regard for the well-being of the individuals and of working groups, to enable them to make their best contribution to its success”**. According to Flippo, “Personnel management is the planning, organizing, compensation, integration and maintenance of people for the purpose of contributing to organizational, individual and societal goals.” Personnel Management attempts to maintain fair terms and conditions of employment, while at the same time, efficiently managing personnel activities for individual departments etc.

2.2 Nature, Objectives, Challenges to Personnel Management

The following are nature of personnel management:

- Personnel management includes the function of employment, development and compensation- These functions are performed primarily by the personnel management in consultation with other departments.
- Personnel management is an extension to general management. It is concerned with promoting and stimulating competent work force to make their fullest contribution to the concern.

- Personnel management exist to advice and assist the line managers in personnel matters. Therefore, personnel department is a staff department of an organization.
- Personnel management lays emphasize on action rather than making lengthy schedules, plans, work methods. The problems and grievances of people at work can be solved more effectively through rationale personnel policies.
- It is based on human orientation. It tries to help the workers to develop their potential fully to the concern.
- It also motivates the employees through it's effective incentive plans so that the employees provide fullest co-operation.
- Personnel management deals with human resources of a concern. In context to human resources, it manages both individual as well as blue- collar workers.

Objectives of Personnel Management

1. **Personnel objective:** Satisfaction of employees in an organization is the main endeavour in any organization.
2. **Community Objective:** Welfare of the society is an important objective of an organization.
3. **Enterprise objective-** The priority of an organization is to achieve the managerial goals.

Challenges to Personnel Management

1. Change Management
2. Leadership development/succession planning
3. HR effectiveness measurement
4. Sharing responsibility

CHECK YIUR PROGRESS

- a. **What is the main focus area of Personnel Management?**

2.3 Functions of Personnel Management: Managerial Functions & Operative Functions

A. Managerial Function

- i. Planning
- ii. Organising
- iii. Staffing
- iv. Directing
- v. Controlling
- vi. Coordinating

B. Operative Function

- i. Procurement
- ii. Training and Development
- iii. Compensation
- iv. Motivation
- v. Personnel record
- vi. Industrial Relation
- vii. Maintenance

C. Advisory Function

- i. Top Management
- ii. Department Heads

Planning: Planning is to plan for future or predetermine the course of actions to be taken in future. It is a process of identifying the organisational goals and formulation of policies and programmes for achieving those goals.

Organising: Organising is a process by which the structure and allocation of jobs are determined. Thus organising involves giving each employee a specific task establishing departments, delegating authority to subordinates, establishing channels of authority and communication, coordinating the work of subordinates, and so on.

Staffing: This is a process by which managers select, train, promote and remove their employees This involves deciding what type of people should be hired, recruiting, selecting employees, setting the performance standard, compensation of employees, evaluation of performance of employees, counseling employees, training and developing employees. d.

Directing/Leading: Directing is the process of initiating or activating group efforts to achieve the desired organizational goals, which includes activities like getting subordinates to get the job done, maintaining their morale, motivating subordinates etc, for achieving the organizational goals.

Controlling: It is the process of setting the standards for performance, measuring the actual performance of the employees and then comparing the actual performance with the standards and there by taking corrective actions as needed.

Procurement: It involves procuring the right kind of people in the right or rather appropriate number to be placed in the organisation. It consists of activities such as manpower planning, recruitment, selection placement and induction or orientation of new employees.

Development: It includes activities meant to improve the knowledge, skills aptitudes and values of employees so as to enable them to perform their jobs in a better manner in future. It comprises of training to employees, executive training to develop managers, organisation development to strike a better fit between organisational climate/culture and employees.

Compensation: Compensation function involves determination of wages and salaries which should match with the contribution made by employees towards achieving organisational goals. In other words, this function ensures equitable and fair remuneration for employees in the organisation. It consists of activities such as job evaluation, wage and salary administration, bonus, incentives, etc.

Maintenance: It is concerned with retaining or protecting and promoting employees while at work. For this purpose several benefits such as housing, medical, educational, transport facilities, etc. are provided to the employees. Several other social security measures such as provident fund, pension, gratuity, group insurance, etc. are also being given to the employees.

CHECK YOUR PROGRESS

b. For personnel management, what type of functions are more challenging in nature?

2.4 Personnel Policy: Factors, Objectives and Principles

A policy may be defined as statement or general understanding which provides as guidance to decision making to members of an organisation in respect of any course of action. Personnel policies are well recognised intentions of the management with respect to manpower management in the organisation. Personnel policies indicate the objectives or the establish course of action to establish management's relationship with the employees of the organisation. According Edwin B. Flippo, "A policy is a man-made set of predetermined course

of action that is established to guide the performance of work towards the organisation. It is a type of standing plan that serves to guide subordinates in the execution of their task."

Objectives of Personnel Policy

1. Optimum Use of Human Resources
2. Training Everyone
3. Sound Industrial Relation
4. Introduction of fair and sound Remuneration
5. Security of Employment
6. Respecting human Dignity

Factors considered in different types Personnel Policy

1. Recruitment and Selection (Employment) Policy:

- i. Minimum qualifications required in prospective employees
- ii. The sources from where labour supply will be available
- iii. Selection tests.

2. Promotion policy: i. Merit/Performance ii. Seniority

3. Training policy:

- i. Induction
- ii. Types of training.
- iii. Training of executives.

4. Wage policy:

- i. Minimum wages
- ii. Non-financial incentives
- iii. Incentive plans
- iv. Bonus, profit sharing etc.

5. Demotion and termination policy

6. Working conditions and motivation policy

7. Welfare policy

8. Integration policy:

- i. Processing of grievances
- ii. Recognition of unions

iii. Workers participation in management

Principles of Personnel Policy

1. Principle of Right Placement
2. Principle of Development
3. Principle of Participation
4. Principle of Mutual Interest
5. Principle of Good Working Conditions
6. Principle of Flexibility

CHECK YOUR PROGRESS

- c. Policies are _____.
- d. Policies must be _____ in nature.
- e. Policies should ensure _____ & _____.
- f. HR policies are the mirror of _____

2.5 Let us Sum Up

After studying this unit, you will be in the position to understand the importance of policy for an organisation and how they can help in achieving their objectives and goal. Specially when HR policies are strong in organisation, it helps in keeping the employees motivated and integrated with the organisational works. In addition, you will also have a good understanding on various types of HR policies that present and should be present in organisation to overcome various challenges and to achieve different organisational goals of organisation.

2.6 Suggested readings:

- a. Dessler G., Human Resource Management, Pearson, 2020.
- b. Rao V. S. P, Human Resource Management, Excel Books, 2010

2.7 ANSWERS TO CHECK YOUR PROGRESS

- a. Human being of organisation.

- b. Operative functions.
- c. Guidelines
- d. Flexible
- e. Growth, development.
- f. Organisational Status.

2.8 Model Questions

- 1. Discuss the various challenges that personal management face in organisation.**
- 2. In framing HR policies, what are the principles the organisation should consider for better management and growth of the organisation?**
- 3. Irrespective of type of organisation, what objectives are considered by organisation as a part of policy?**
4. Explain functions of personnel management and their importance.
5. Explain different organisational HR policies and their impact on organisation
6. Analyse the importance of personnel management.

UNIT III

THE GROUP

Table of Content:

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Learning Outcomes

3.0 INTRODUCTION

3.1 Group-Meaning, Types

3.2 Reasons for group formation, Stages of Group development

3.3 Group Properties – Role, Norms, Conformity, Size, Cohesiveness

3.4 Difference between Group and Team

3.5 Communication-Nature of Communication, Process of Communication, Channels of Communication, Barriers to Communication.

3.6 Let us sum up

3.7 Suggested Readings

3.8 Answers to Check your Progress

3.9 Model questions

Unit Objectives:

After studying this unit, you will be able to:

- Understand the concept of group and difference between group and team.
- Understand the group properties and development stages of group.
- Understand communication types.

Introduction

Groups provide a platform for individuals to collaborate, share ideas, and work towards common objectives. Whether it's within an organization, a social setting, or a community, the dynamics of group interaction shape how individuals perceive themselves and their role within the collective. This sense of belonging and shared identity often fosters collaboration, innovation, and collective problem-solving, ultimately leading to the achievement of shared goals and outcomes. The synergy that emerges from effective group dynamics can be a powerful driver of success and fulfillment for individuals and the group as a whole.

Learning outcomes:

The content and assessment of this unit have been developed to achieve the following outcomes:

- Understanding actual concept of group nad team.

- Understand the different group properties and importance of communication group

3.0 INTRODUCTION

Nowadays, organisation's success is defined with the concept of team and teamwork. So, it is observed that organisations have started to promote team work activity. A psychological group is any number of people who: 1) interact with one another 2) are psychologically aware of one another and 3) perceive themselves to be group. Mere aggregates of people do not fit this definition because they do not interact and do not perceive themselves to be a group e.g., a crowd in a street watching some event, a total department, a union or a whole organization. While the existence of groups in organizations probably does not alter individual's motivations or needs, the group does influence the behaviour of individuals in an organization. Organizational behaviour is not the sum or product of individual's behaviour but rather a much more complex phenomenon. The division of labour basically breaks an organization into groups.

3.1 Group-Meaning, Types

The Aggregation of small number of persons who work for common goals, develop a shared attitude and are aware that they are part of a group and perceive themselves as such. A group is a collection or aggregation of two or more individuals where they interact with each other with common objective.

Features of Group

- A. Two or More persons
- B. Identity
- C. Interaction
- D. Goal Interest

Types of Group: Groups may be of different types:

- A. **Primary and Secondary**: The members of the group is small and is based on intimate relationship. E.g.-families, friendship group, neighbourhood group. The secondary group is more formal and general in nature. The members may not have any interest in general.

- B. Membership and Reference Group:** A Membership group is the one to which an individual really belongs while a Reference group is the one with which the individual identifies or to which the member would like to belong. The attractive norms of reference group is the main part for members.
- C. Command and Task group:** A Command Group is composed of the subordinates who report directly to a common superior. This type of group is determined by organisation chart. A Task group is comprised of the members or employees (beyond hierarchical level) who work together to complete a particular task or project.
- D. In-Groups and Out-Group:** In-group represents a clustering of individuals holding a prevailing value in a society. The Out-group is the conglomerate looked up as subordinate or marginal in the society.
- E. Formal and Informal Group:** These groups are formed or created and maintained to fulfil specific needs or tasks which are related to the total organisational objectives. These are consciously and deliberately created for temporarily or permanent basis. Rules, regulations, policy etc. are very important in this concept. Informal groups are created in the organisation because of operation of social and psychological forces operating at the workplace. Members create such groups for their own satisfaction and their working in not regulated by the general framework of organisational rules and regulations. Here the rule, regulations, policy does not work.

CHECK YOUR PROGRESS

- a. In a group minimum how many members present?
- b. In secondary group, the group members are _____ in nature.
- c. If a member really belongs to a group, then that group is known as _____.
- d. In which group, organisational hierarchical chart comes?

3.2 Reasons for group formation, Stages of Group development

Formal and informal groups form because of various reasons some of the reasons concerned are needs, proximity, attraction and goals.

Satisfaction of needs: (Psychological functions)

- (a) As an outlet for affiliation needs friendship, support and love

(b) As a means of developing, enhancing or confirming a sense of identity and self-esteem. A certain group may be viewed by employees as being a high-prestige group for technical competence or outside activities, and so on. Membership in such a group can provide needs satisfaction for employees with high esteem needs.

(c) As a means of increasing security and a sense of power in coping with a common and powerful enemy or threat.

(d) As a means of getting some jobs done which members need to have done such as gathering information or helping out when some fall sick or bringing new members of the organization quickly into the informal structure, etc.

Proximity and attraction: Interpersonal interaction can result in-group formation. Proximity means physical distance between employees performing a job. Attraction to each other may be due to perceptual, attitudinal, performance or motivational similarity. Economic reasons: In many cases groups form because individuals believe that they can derive greater economic benefits from their jobs if they form groups.

Group goals: The goals of a group can attract the individuals to a group. Most groups turn out to have both formal and informal functions; they serve the needs of both the organization and the individual members. Psychological groups, therefore, may well be the key unit for facilitating the integration of organizational goals and personal needs. An informal group can be used as a channel of communication to obtain information about the various parts of the organization.

Stages of Group Development

Generally, group pass through a standardised sequence of evolution. So this sequence is known as Five-Stage Model of Group Development. They are___

A. **Forming:** At the first stage, group members get introduced to each other if they have not interacted earlier. They share personal information, start to accept others and begin to turn their attention towards the group tasks. Here the interaction among the group members is of cautious type.

B. **Storming:** This stage is related to perceiving and assessing each other. Here members start interaction among themselves in the form of competition for status, jockeying for relative control, argument for appropriate strategies to be adopted for achieving group's

goal. Based on this interaction pattern different members may experience different degree of tension and anxiety.

- C. **Norming:** Here group members start settling i.e. Group begins to move in a cooperative fashion. At this stage the group members emerge to guide individual behaviour which form the basis for cooperative feeling and behaviour among members.
- D. **Performing:** When group members interact among themselves on the basis of norms, they learn to handle complex problems. Now the members perform functional roles, exchange needs and accomplish tasks efficiently.
- E. **Adjourning:** This is the end phase where adjournment of the group, intense social relationship among members comes to an end.

CHECK YOUR PROGRESS

- e. In which stage of group development, group members fight for their status?
- f. In which stage of group development, group members think for social relationship

3.3 Group Properties – Role, Norms, Conformity, Size, Cohesiveness

Groups in organisation are more than collections of individual employees. So group can be distinguished in terms of **Role, Norms, Conformity, Size, Cohesiveness** etc.

Role: A role is a set of activities expected of a person occupying a particular position within the group. The understanding of role behaviour could be simplified dramatically if each of member chose one role and is being played out regularly and constantly. Different groups impose different role requirements on individual.

Norms: Norms are shared ways of looking at the world. A Norm is a rule of conduct that has been established by group members to maintain consistency in behaviour. Norms tell members what they ought and ought not to be under certain circumstances.

Conformity: Conformity is a type of social influence involving a change in belief or behaviour in order to fit in with a group. Conformity is also known as majority influence (or group pressure).

Size: The size of a group have profound implications on behavioural pattern of group. It is an important factor in determining the no. of interactions by the members of the group. Depending

on the group objectives, the size of the group will be different. The size of the group should be 3-13. But most ideal size of the group is 5-7members.

Cohesiveness: Group cohesiveness means the degree of attachment of the members to their group. If Group cohesion is high, the interaction between members of the group is high and the degree of arrangement in group opinion is high.

3.4 Difference between Group and Team

Parameters	Group	Team
Goals	Different goals	One common goal
Types	Formal and informal	Functional, cross-functional, virtual, self-
Characteristics	Independent, sole accountability	Interdependent, mutual accountability
Advantages	Efficiency and accountable for own actions	Collaboration, problem-solving, smarter r
Disadvantages	Lack of clarity	Lack of individual growth

CHECK YOUR PROGRESS

- g. What is the ideal size of a group?
- h. Who shares one common goal?
- i. Where individual growth comes more prominently?

3.5 Communication-Nature of Communication, Process of Communication, Channels of Communication, Barriers to Communication.

Communication: its meaning and definition:

Communication is fundamental to the existence and survival of humans as well as to an organization. It is a process of creating and sharing ideas, information, views, facts, feelings from one place, person or group to another. Communication is the key to the Directing function of management.

Process of Communication

Communications is a continuous process that mainly involves three elements viz. sender, message, and receiver. The elements involved in the communication process are explained below in detail:

1. Sender

The sender or the communicator generates the message and conveys it to the receiver. He is the source and the one who starts the communication

2. Message

It is the idea, information, view, fact, feeling, etc. that is generated by the sender and is then intended to be communicated further.

3. Encoding

The message generated by the sender is encoded symbolically such as in the form of words, pictures, gestures, etc. before it is being conveyed.

4. Media

It is the manner in which the encoded message is transmitted. The message may be transmitted orally or in writing. The medium of communication includes telephone, internet, post, fax, e-mail, etc. The choice of medium is decided by the sender.

5. Decoding

It is the process of converting the symbols encoded by the sender. After decoding the message is received by the receiver.

6. Receiver

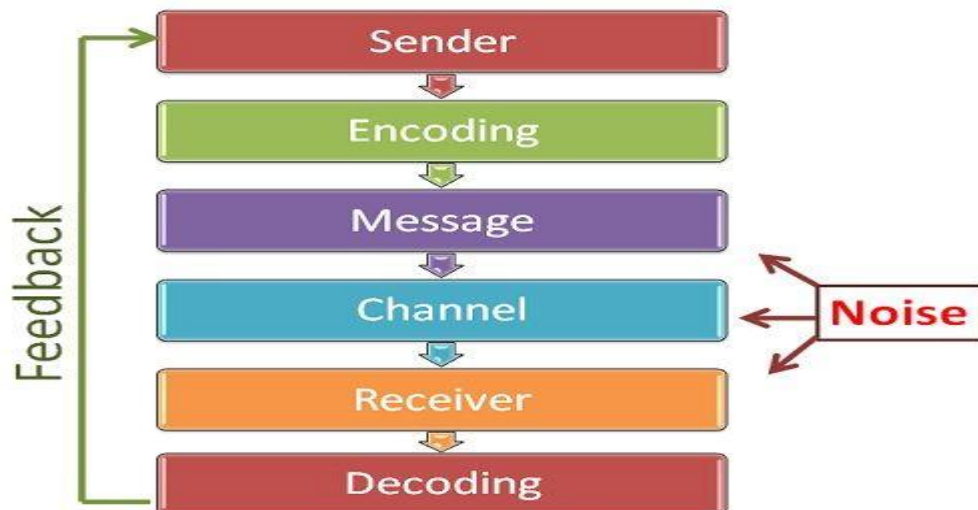
He is the person who is last in the chain and for whom the message was sent by the sender. Once the receiver receives the message and understands it in proper perspective and acts according to the message, only then the purpose of communication is successful.

7. Feedback

Once the receiver confirms to the sender that he has received the message and understood it, the process of communication is complete.

8. Noise

It refers to any obstruction that is caused by the sender, message or receiver during the process of communication. For example, bad telephone connection, faulty encoding, faulty decoding, inattentive receiver, poor understanding of message due to prejudice or inappropriate gestures, etc.



Types of Communication

1. Formal Communication

Formal communications are the one that flows through the official channels designed in the organizational chart. It may take place between a superior and a subordinate, a subordinate and a superior or among the same cadre employees or managers. These communications can be oral or in writing and are generally recorded and filed in the office. Formal communication may be further classified as Vertical communication and Horizontal communication.

Vertical Communication

Vertical Communications as the name suggests flows vertically upwards or downwards through formal channels. Upward communication refers to the flow of communication from a subordinate to a superior whereas downward communication flows from a superior to a subordinate.

Application for grant of leave, submission of a progress report, request for loans etc. are some of the examples of upward communication. Sending notice to employees to attend a meeting, delegating work to the subordinates, informing them about the company policies, etc. are some examples of downward communication.

Horizontal Communication

Horizontal or lateral communication takes place between one division and another. For example, a production manager may contact the finance manager to discuss the delivery of raw material or its purchase.

2. Informal Communication

Any communication that takes place without following the formal channels of communication is said to be informal communication. Informal communication is often referred to as the 'grapevine' as it spreads throughout the organization and in all directions without any regard to the levels of authority.

Informal communication spreads rapidly, often gets distorted and it is very difficult to detect the source of such communication. It also leads to rumours which are not true. People's behaviour is often affected by rumours and informal discussions which sometimes may hamper the work environment.

However, sometimes these channels may be helpful as they carry information rapidly and, therefore, may be useful to the manager at times. Informal channels are also used by the managers to transmit information in order to know the reactions of his/her subordinates.

Learn more about 7 C's of Communication here in detail.

Types of Grapevine network:

- **Single strand:** In this network, each person communicates with the other in a sequence.
- **Gossip network:** In this type of network, each person communicates with all other persons on a non-selective basis.
- **Probability network:** In this network, the individual communicates randomly with other individuals.
- **Cluster Network:** In this network, the individual communicates with only those people whom he trusts. Out of these four types of networks, the Cluster network is the most popular in organizations.

3. Unofficial Communication

There is also an unofficial way of communication. Unofficial communication refers to employee communication outside of the workplace on matters unrelated to work. Friendly meetings, dinner outings, and social gatherings among employees are examples of unofficial communication channels. The management must be aware of the existence of such a channel and the information flowing through it.

Barriers of Communication

The communication barriers may prevent communication or carry incorrect meaning due to which misunderstandings may be created. Therefore, it is essential for a manager to identify such barriers and take appropriate measures to overcome them. The barriers to communication in organizations can be broadly grouped as follows:

1. Semantic Barriers

These are concerned with the problems and obstructions in the process of encoding and decoding of a message into words or impressions. Normally, such barriers result due to the use of wrong words, faulty translations, different interpretations, etc.

For example, a manager has to communicate with workers who have no knowledge of the English language and on the other side, he is not well conversant with the Hindi language. Here, language is a barrier to communication as the manager may not be able to communicate properly with the workers.

2. Psychological Barriers

Emotional or psychological factors also act as barriers to communication. The state of mind of both sender and receiver of communication reflects in the effective communication. A worried person cannot communicate properly and an angry recipient cannot understand the message properly.

Thus, at the time of communication, both the sender and the receiver need to be psychologically sound. Also, they should trust each other. If they do not believe each other, they cannot understand each other's message in its original sense.

3. Organizational Barriers

The factors related to organizational structure, rules and regulations authority relationships, etc. may sometimes act as barriers to effective communication. In an organization with a highly centralized pattern, people may not be encouraged to have free communication. Also, rigid rules and regulations and cumbersome procedures may also become a hurdle to communication.

4. Personal Barriers

The personal factors of both sender and receiver may act as a barrier to effective communication. If a superior thinks that a particular communication may adversely affect his authority, he may suppress such communication.

Also, if the superiors do not have confidence in the competency of their subordinates, they may not ask for their advice. The subordinates may not be willing to offer useful suggestions in the absence of any reward or appreciation for a good suggestion.

CHECK YOUR PROGRESS

- j. Semantic barrier means_____.
- k. Grapevine network is also known as _____

3.6 Let Us sum up

After studying this unit, you have understood the group and team concepts and how they are differing from each other. In addition, you have gathered the knowledge about group development stages and the process of communication and different barriers comes to communication process which ultimately creates lots of issues. Moreover, you got the glimpses about the types of communication and can decide when which type of communication can give the best result in organisation.

3.7 Suggested Readings:

1. Dessler G., Human Resource Management, Pearson, 2020.
2. Rao V. S. P, Human Resource Management, Excel Books, 2010

3.8 ANSWERS TO CHECK YOUR PROGRESS

- a. Two
- b. Formal
- c. Membership group
- d. Command group
- e. Storming
- f. Adjourning
- g. 5-7

- h. Team
- i. Group
- j. Unable to decode
- k. Informal communication

3.9 Model Questions

1. Strike out the difference between group and team.
2. Explain different types of communication.
3. Explain different types of communication barrier.
4. Explain the various types of grapevine network.
5. Why people think for forming group.
6. Explain group properties and development stages.
7. How important the communication task for effective group in organisation?
8. Discuss the different types of group.

UNIT IV

INTERPERSONAL RELATIONSHIP & CONFLICT MANAGEMENT

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- 4.1 Organizational Conflict –Sources, Thoughts on conflict
- 4.2 Levels of conflict, Types of Conflict
- 4.3 Traditional & Modern Approach
- 4.4 Conflict Management Techniques
- 4.5 Transactional Analysis
- 4.6 Negotiation-Negotiation Process
- 4.7 Let us sum up
- 4.8 Suggested Readings
- 4.9 Answers to Check your progress
- 4.10 Model questions

Unit Objectives:

After studying this unit, you will be able to:

- Understand the concept of organisational conflict, sources, types.
- Understand the conflict management techniques.
- Understand negotiation process.

Introduction

In both personal and professional realms, effective interpersonal relations and adept conflict management are indispensable. When individuals prioritize open communication, empathy, respect, and trust, they create a foundation for robust relationships. By employing constructive conflict resolution strategies, such as collaboration, compromise, and mediation, they can navigate disagreements with grace and preserve the integrity of their connections. Ultimately, mastering these skills enables individuals to build stronger bonds, resolve conflicts amicably, and foster harmonious relationships that contribute to personal and professional success.

Learning outcomes:

The content and assessment of this unit have been developed to achieve the following outcomes:

- Understanding organisational conflict and their management techniques.
- Understand the transactional analysis and negotiation process as conflict resolution technique.

4.0 INTRODUCTION

Conflict arises at workplace when employees find it difficult to reach to mutually acceptable solutions and fight over petty issues. Differences in attitude, mindsets and perceptions give rise to conflicts at the workplace. Conflicts play an important role in spoiling relationship among employees at the workplace and must be controlled at the initial stages to expect the best out of individuals. At work, every employee irrespective of his family background and relation with the management needs to be treated as one. Ignoring or bad mouthing someone just because you do not like him is simply not acceptable. Such things give rise to unnecessary stress and eventually employees fight and spoil relationships amongst themselves.

4.1 Organizational Conflict –Meaning and definition

Meaning and definition of Conflict: It is regarded as the disagreement or hostility between individuals or groups in the organisation. The state of discord may be actual or perceive. Due to several factors like Economic, Social and Psychological organisational conflict may arise. But mainly four basic issues are there for which conflict arise in organisation. They are: **Facts, Goals, Methods and Values.**

4.2 Organizational Conflict –Sources



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Figure 16.3
16-5

4.3 Levels of conflict, Types of Conflict

According to Pondy, Conflict progresses through different stages. The five stages are __

- A. **Latent conflict:** In this stage conflict does not take a shape, as a result it is not apparent. But it occurs or may occur in sub-conscious mind. Different antecedents (*like competition for scarce resource, inadequate and distorted information, role ambiguities etc*) create such conditions to occur conflict.

- B. **Perceived conflict:** Conflicting parties may perceive the antecedents (*a person's ancestors or family and social background*) as incompatible which may be wrong. So Perceived conflict occurs just because of misunderstanding of the parties. And this happens mainly for lack of communication
- C. **Felt conflict:** At this stage, conflicting parties feel that they have some conflict among themselves. In this level the conflict is not only perceived but actually felt and cognized. The personalization or internalisation of conflict is the mechanism which causes many people to be concerned with dysfunctions of conflict.
- D. **Manifest conflict:** This is the stage of conflict where conflicting parties show a variety of conflictful behaviour such as open aggression, sabotage, withdrawal etc.
- E. **Conflict aftermath:** Here, attempts are made to resolve the conflict through conflict resolution mechanism. Based on the nature of the conflict, conflict may be suppressed or resolved amicably.

CHECK YOUR PROGRESS

- a. Which of the following is not a source of conflict?
- b. According to Pondy, how many steps are involved in conflict process?
- c. In Latent stage, conflict can not be_____.

Types of Conflict

- A. Personal conflict
- B. Intragroup conflict (within)
- C. Intergroup conflict (with outsider)

OR

- A. **Individual conflict:** This may arise due to Role conflict (Role ambiguity, organisational position, personal characteristics)
- B. **Interpersonal conflict:** Due to Nature of person: Ego, Value system, Socio-cultural; and Situational variables: Interest conflict, Role ambiguity, conflict may arise. Interpersonal conflict may be vertical conflict or horizontal conflict.

C. **Group conflict:** The group conflict may be intragroup or intragroup conflict due to Goal Incompatibility, Resource Sharing, Task Relationship, Attitudinal set.

D. **Organisational conflict:** It may arise due to policy, strategy and set goal in the changing global environment.

CHECK YOUR PROGRESS

d. At individual level, conflict arise due to ____.

e. At organisational level, conflict arise due to _____, _____, _____.

4.4 Conflict Management Techniques

Conflict Management Techniques

1. Establishing common goals

2. Changing structural arrangement

--Reduction in Interdependence

-- Reduction in Shared Resources

--Exchange of personnel

3. Conflict resolution

--Problem solving

--Avoidance

--Compromise

--Confrontation

4. Negotiation

5. Grievance Management

4.5 Transactional Analysis

Concept of Transactional Analysis (TA)

TA is a method of analysing and understanding interpersonal behaviour. It was originally developed by Eric Berne for psychotherapy in 1950. TA involves analysis of Awareness, Structural Analysis (ego states), Analysis of Transactions, Script Analysis and Games Analysis.

Analysis of Awareness (Level of Self Awareness):

1. Johari window: The Johari window is **a technique designed to help people better understand their relationship with themselves and others**. It was created by psychologists Joseph Luft (1916–2014) and Harrington Ingham (1916–1995) in 1955, and is used primarily in self-help groups and corporate settings as a heuristic exercise.
 - a. Open/self-area or arena – Here the information about the person his attitudes, behaviour, emotions, feelings, skills and views will be known by the person as well as by others. This is mainly the area where all the communications occur and the larger the arena becomes the more effectual and dynamic the relationship will be. ‘Feedback solicitation’ is a process which occurs by understanding and listening to the feedback from another person. Through this way the open area can be increased horizontally decreasing the blind spot. The size of the arena can also be increased downwards and thus by reducing the hidden and unknown areas through revealing one’s feelings to other person.
 - b. Blind self or blind spot – Information about yourselves that others know in a group but you will be unaware of it. Others may interpret yourselves differently than you expect. The blind spot is reduced for an efficient communication through seeking feedback from others.
 - c. Hidden area or façade – Information that is known to you but will be kept unknown from others. This can be any personal information which you feel reluctant to reveal. This includes feelings, past experiences, fears, secrets etc. we keep some of our feelings and information as private as it affects the relationships and thus the hidden area must be reduced by moving the information to the open areas.
 - d. Unknown area – The Information which are unaware to yourselves as well as others. This includes the information, feelings, capabilities, talents etc. This can be due to traumatic past experiences or events which can be unknown for a lifetime. The person will be unaware till he discovers his hidden qualities and capabilities or through observation of others. Open communication is also an effective way to decrease the unknown area and thus to communicate effectively.

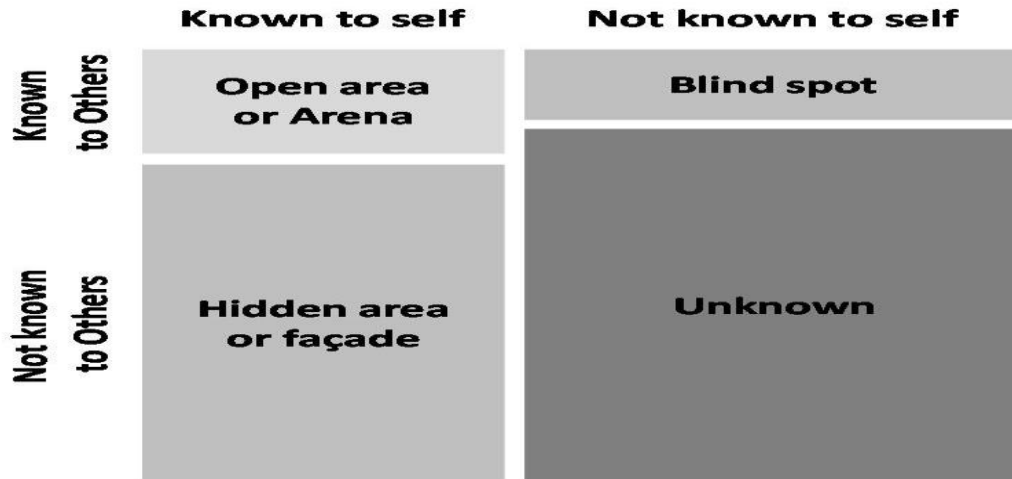


Figure 1

2. **Structural Analysis (Ego States):** People interact with each other in terms of three psychological positions or behavioural patterns, known as Ego States. Thus Ego States are a person's way of thinking, feeling and behaving at any time. These ego states are Parent, Adult and Child. These ego states are related with the behavioural aspects of age. Thus a person of any age may have these ego states in varying degrees. A healthy person is able to move from one ego to another.

Parent Ego: This ego state represents the part of a person's personality that is authoritative, dogmatic, overprotective, controlling, nurturing, critical and righteous.

Adult Ego: This ego state represents the mature, rational and Objective part of a person's personality. These are acquired as one matures into adolescence and adulthood.

Child Ego: This represents the childish, dependent and immature part of a person's personality.

There are two types of Transactions happens which are Complementary and Crossed transactions.

Script Analysis (Life Script/Life Positions)

Script is a complete plan of living, offering both structures-structure of injunctions, prescriptions and permissions and structure which makes one winner or loser in life. The individual's behaviour towards others is largely based on specific assumptions that are made early in life. From the very early in the childhood, a person develops dominant philosophy from experience which becomes their identity, sense of worth and perception on others. These

remain with the person life unless major experiences occur in life to change it. Such positions are called Life Positions or psychological positions.

Life Positions can be divided into 4 categories. They are _____

- A. **I am Ok You are Ok:** This is rational life position as this is made after the individual has a large no of OK experience with others.
- B. **I am OK You are not OK:** This life position is taken by those people who feel victimised and those people blame others for their mistakes. Here the aggrieved person made the attitude of whatever they do is right. The people who are in this life position generally have Parent ego even they lack trust and dont believe on Delegation of Authority.
- C. **C. I am not OK You are OK:** This life position is adopted by those people who feel powerless. When the surroundings can do many things and the individual can not, then the person holds this life position. The people from this life position tend to give and receive bad feelings.
- D. **D. I am not OK You are not OK:** This is desperate life position and is taken by those people who lost interest in Living. At last they commit suicide.

4.6 Negotiation

Negotiation: A negotiation is a strategic discussion that resolves an issue in a way that both parties find acceptable. In a negotiation, each party tries to persuade the other to agree with his or her point of view. By negotiating, all involved parties try to avoid arguing but agree to reach some form of compromise.

Steps involve in Negotiation:

1. **Preparation for Negotiation:** Preparation for negotiation is as important as the negotiation itself. Because according to different psychologist and Negotiation centres up to 83% of the outcomes of the negotiations are influenced by pre-negotiation process. So preparation for Negotiation involves following activities:
 - Collection of information about the nature of conflict, its history and causes to understand the conflict in right perspective.

- Understanding the perception of other party towards the conflict and its likely effect on both the parties.
 - Determination of target point and resistance point for outcome of negotiation.
2. **Definition of Ground Rules:** Now the ground rules for negotiation are framed out in consultation with other party for negotiation. The ground rules are like---
- ✓ Who will do Negotiation?
 - ✓ Where Negotiation will take place?
 - ✓ What time constraints will apply? If any
 - ✓ To what issues the negotiation will be limited?
3. **Negotiation:** At the negotiation table, both the parties explain, clarify and justify the original proposals. Based on this, actual process of “Give and Take” starts. Here two approaches can be adopted by the negotiating parties. They are ___
- a. **Piecemeal Approach:** Here an issue is taken, deliberated and decided without linking it to another. In this way all issues are decided.
- b. **Total Approach:** Here all issues are discussed but issue –wise decision is not arrived at. No issue is settled independently. Every issue is kept open until the whole negotiation process is ready to crystalise into a total agreement.
4. **Negotiated Agreement:** When both the parties arrive at some mutually –Acceptable agreement at the initial negotiation, the agreement is entered in to between the parties. But in some cases there may arise the need of Ratification of agreement.
5. **Agreement Implement:** When the agreement is finalised , it is ready to become operational from the date indicated in the agreement. The agreement must be implemented in terms of its letters and spirit by both the parties. In implementation phase, some provisions may create problems in organisation then those problems can be overcome through mechanism (if provided in agreement itself) or mutual consultation.

CHECK YOUR PROGRESS

- f. Transactional Analysis is a technique of _____
- g. In piecemeal approach of negotiation, at a time how many problems or negotiations are considered?

- h. How many types of ego are found in a human being?
- i. According to Johari Window, which is the best area for an employee in an organisation?

Grievance Management: Grievance is a state of dissatisfaction over some issues related to Employment. If this dissatisfaction is expressed in oral form, then it is known as Complaint, when it is in written form it is known as Grievance. Grievance may be of different forms__

- a. Factual Grievance
- b. Imaginary Grievance
- c. Disguised Grievance

CHECK YOUR PROGRESS

- j. For which type of grievance, an organisation is responsible?

4.7 Let us Sum up

After studying this unit, you will be having good understanding on conflict and conflict management techniques. This unit is giving the glimpses on the sources of conflict, types of conflict that can arise in organisations. Moreover, it is also trying to make you understand on various techniques of conflict management along with different approach of negotiation as a part of conflict management techniques. Therefore, this unit is also discussing about different techniques like transactional analysis, script analysis etc. which actually works for settling disputes before adopting conflict management techniques.

4.8 Suggested Readings:

1. Dwivedi RS, Human Relations and Organisational Behaviour, MacMillan, 5th Edition, 2009.
2. Luthans F, Organisational Behaviour, Mc Graw Hill Companies, 8th Edition, 1998.
3. Robbins S.P/Jugde TA, Organisational Behaviour, Pearson Education, 13th Edition, 2009.

4.9 ANSWERS TO CHECK YOUR PROGRESS

- a. Personal growth
- b. Five
- c. Seen
- d. Role conflict
- e. Policy, strategy and goal
- f. Conflict management
- g. One
- h. Three
- i. Open
- j. Factual

4.10 MODEL QUESTIONS

1. Discuss the different types of conflicts that are seen in organisation.
2. Explain the Transactional analysis concept propounded by Johari Window.
3. How can script analysis help in conflict management?
4. Explain the different types of grievances and how it can be handled?
5. Discuss the various causes of organisational conflict.
6. Explain the different conflict management methods.
7. Explain the negotiation process.

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Unit Objectives:

After studying this unit, you will be able to:

- Understand the concept of Leadership, its theories.
- Understand the concept of Motivation and different theories of it.
- Understand the importance of leadership and motivation

Introduction

Effective leadership and motivation are essential for driving individual and organizational performance. By leading with vision, communication, empowerment, and emotional intelligence, leaders inspire and guide their teams toward success. By setting clear goals,

providing recognition and rewards, offering feedback and development opportunities, and fostering a sense of purpose and support, leaders motivate individuals to perform at their best and achieve their goals.

Learning outcomes:

The content and assessment of this unit have been developed to achieve the following outcomes:

- Understanding the role of leadership in making an organization success.
- Understand the importance of motivation for both employees and organizations.

5.0 INTRODUCTION

Motivation is a goal-oriented characteristic that helps a person achieve his objectives. It pushes an individual to work hard at achieving his or her goals. An executive must have the right leadership traits to influence motivation. However, there is no specific blueprint for motivation. As a leader, one should keep an open perspective on human nature. Knowing different needs of subordinates will certainly make the decision-making process easier.

Both an employee as well as manager must possess leadership and motivational traits. An effective leader must have a thorough knowledge of motivational factors for others. He/She must understand the basic needs of employees, peers and his superiors. Leadership is used as a means of motivating others. A meaningful and challenging job accomplished inculcates a sense of achievement among employees. **The executive must make their employees feel they are performing an important work** that is necessary for the organization's well-being and success. This motivational aspect drives them to fulfill goals. Trust and loyalty are cornerstones of employee retention, and effective leadership plays a pivotal role in building and maintaining these vital elements. Leaders can build trust by being consistent in their actions and decision-making, which earns the trust of their employees, as predictability fosters a sense of security.

a. Leadership–Concept, Meaning

Meaning and definitions of Leadership: Leadership is the process of influencing the behaviour of others to work willingly and enthusiastically for achieving predetermined goals. Leadership

is the process of influencing and supporting others to work enthusiastically toward achieving objectives.

From the above definitions the following features can be summarised__

- Leadership is a continuous process of behaviour.
- Leadership may be seen in terms of relationship between leader and followers that arises out of their functioning pattern.
- Leadership style varies time to time and situation to situation.

b. Difference with Management

Factors	Leadership	Management
1. Source of Power	Personal Abilities	Authority Delegated
2. Focus	Vision and Purpose	Operating Results
3. Approach	Transformational	Transactional
4. Process	Inspiration	Control
5. Emphasis	Collectively	Individualism
6. Futurity	Proactive	Reactive
7. Type	Formal and Informal	Formal

CHECK YOUR PROGRESS

- a. Leadership is a process of _____.
- b. Leadership approach is _____.
- c. Nature of leadership is _____.

c. Approaches-Trait, Behavioural and Situational Leadership Approaches

Leadership Approaches: Following are different Leadership app. _____

- A. **Charismatic Leadership style:** This theory is also known by Great Man Theory. According to this theory A Leader is born is not Made. A Leader has some charisma

which act as influencer. *Charisma means Gift in Greek word.* Charisma is a God-gifted attribute in a person which makes him a leader irrespective of the situation. So Charismatic leaders are those who inspire followers and have a major impact on their organisations through their personal vision and energy.

- B. **Trait Theory/App.:** This is more realistic approach to Leadership. According to different psychologists, Leadership traits are not completely inborn but can also be acquired through learning and experience. Trait is defined as relatively enduring quality of an individual. This theory seeks to determine “*what makes a successful leader*” *from the leader’s own personal characteristics.* According to this theory, leaders possess a set of traits which make them distinct from followers. To get this answer various researches were conducted. At last it was found that various Traits are required to become a successful leader. All the traits are divided into two major groups: Innate Qualities and Acquired qualities.

Innate Qualities: Physical Features, Intelligence

Acquired Qualities: Emotional Stability, Human Relation, Empathy, Motivating Skill, Technical skill, Communicative skill, social skill etc.

- C. **Behavioural Theory/App.:** According to this theory Strong Leadership is the result of Effective Role Behaviour. That means Leadership is shown by a person’s acts more than by his Traits. This theory believes that to be a successful leader, the leader has to perform two major functions: Task-Related functions and Group Maintenance functions. Task related functions relate to providing solutions to the problems faced by the group in performing jobs and activities. But Group Maintenance functions relate to actions of mediating disputes and maintaining value by the group.

An individual who is able to perform both roles successfully, the person will be effective leader. But to play both these roles by the leader, the leader has to bear some behaviour. Generally leaders bear two types of leadership behaviour :

A. Functional Behaviour: This behaviour influence followers positively like setting clear goals, motivating employees, raising level of morale, building team spirit etc.

B. Dysfunctional Behaviour: This behaviour is unfavourable to the followers like not accepting employees’ idea, display emotional immaturity, poor human relation etc.

D. **Situational Theory/App.:** This theory says that Effectiveness of Leadership depends on factors associated with the Leader and factors associated with the Situation.

- Leader's Behaviour:
 1. Leader's Characteristics
 2. Leader's Hierarchical Position
- Situational Behaviour:
 1. Subordinate's characteristics
 2. Leader's Situation
 - a. Leader's position power
 - b. Leader-subordinate relation
- Group Factors: *Task-design, Group composition, Group norms, Group Cohesiveness, peer-group relationship.*
- Organisational Factors: *Organisational climate, organisational culture*

CHECK YOUR PROGRESS

- d. According to the Great Man Theory, Leaders ____ not ____.
- e. According to Trait theory, _____ qualities made the leaders more successful.
- f. According to Behavioural theory, which behaviour influence followers positively?

5.4 Leadership Theories-Fiedler's Contingency Theory, Blake & Mouton's Leadership Grid, Leadership Styles –Charismatic & Transformational Leadership

Leadership Model:

1. Fiedler's Contingency Model: According to this model, the appropriateness of Leadership style depends on matching of three elements: Leadership style, Situational variable and their interrelationship.

Leadership Styles: *Task Directed Style, Human relation style*

Situational Variables: *Leader's Position power, Task structure, Leader-member relations.*

Implications of Fiedler's Model:

a. No leadership style is appropriate for all situations. There is nothing like the best style. The managers can adopt the leadership styles according to the requirement of the situation.

b. There is need for matching leaders and job situation to achieve organisational effectiveness. Acc. to Fielder it is the responsibility of the organisation not only giving training to be effective leader but also have to build an organisational environment where the leader can perform well.

2. **Blake & Mouton Leadership Grid: (Managerial Grid)**

This is one of the most widely known leadership model. This model also emphasise on both factors like *Task oriented* and *Relation oriented behaviour*. In addition to this this model use one phrase “*Concern for*” rather than “*how much*”. The two phrases are___

❖ *Concern for Production*

❖ *Concern for People*

❖ *Concern for Production means* attitude of superiors towards variety of things like quality of decisions, procedures and process, creativity, work efficiency, volume of output etc.

❖ *Concern for People includes* the degree of personal commitment towards goal achievement, trust, satisfying interpersonal relations.

Leadership Styles:

A. **Autocratic Leadership:** It is known as Authoritarian, directive or monothetic style. In this style the decision making power is vested with the leader only.

B. **Participative Leadership:** This style is also known as democratic or consultative or ideographic. Here leader decentralises decision making process i. e leader prefers to take decision through consultation and participation with subordinates.

C. **Free-rein Leadership:** It is also known as laissez-faire style. Here subordinates enjoy complete freedom from their leaders.

D. **Transactional Leader:** The leader determines what subordinates need to do to achieve objectives, classifies requirements, helps subordinates in getting confidence. This

leadership involves routine like activities such as assignment work, evaluating performance, making decision etc.

- E. ***Transformational Leader***: The leader inspires followers and this leadership has some abilities like recognise the need for change, to create a vision to guide that change and execute effective change.

Contemporary issues in Leadership

- a. Gender
- b. Empowerment
- c. National culture
- d. Morale

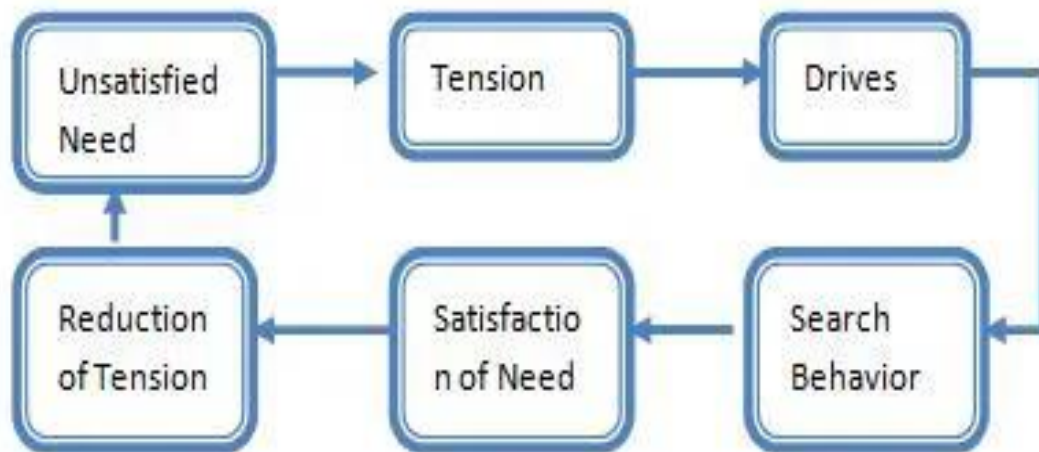
CHECK YOUR PROGRESS

- | |
|---|
| <ul style="list-style-type: none">g. In managerial grid concept, which is the ideal position for an organisation?h. In which leadership style, the highest form of freedom is given to subordinates? |
|---|

5.5 Motivation: Meaning, Types, Techniques of Motivation

Motivation can be defined as stimulating, inspiring and inducing employees to perform to their best capacity. **Motivation** is a psychological term which means it cannot be forced on employees.

Process of Motivation:



Types of Motivation: There are two types of Motivation:

1. Intrinsic Motivation
2. Extrinsic Motivation
3. Positive Motivation
4. Negative Motivation

Techniques of Motivation:

1. Financial incentives
2. Job enlargement
3. Job enrichment
4. Job rotation
5. Participation
6. Quality of work life

CHECK YOUR PROGRESS

- i. Promotion is a _____ motivation.
- j. Motivation arise, when there is _____.

5.6 Theories of Motivation: Maslow's Need Hierarchy, Herzberg Two-Factor Theory, ERG Theory, Vroom's Expectancy Theory and Mc Gregor Theory.

1. Maslow's Need Hierarchy Theory:

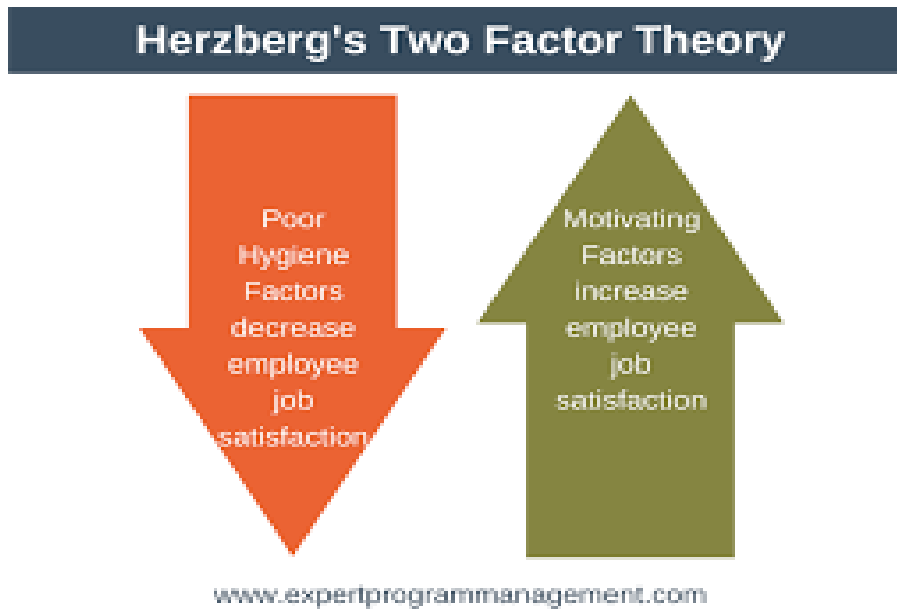


Abraham Maslow postulated that a person will be motivated when all his needs are fulfilled. People do not work for security or money, but they work to contribute and to use their skills. He demonstrated this by creating a pyramid to show how people are motivated and mentioned that ONE CANNOT ASCEND TO THE NEXT LEVEL UNLESS LOWER-LEVEL NEEDS ARE FULFILLED. The lowest level needs in the pyramid are basic needs and unless these lower-level needs are satisfied people do not look at working toward satisfying the upper-level needs.

Below is the hierarchy of needs:

- **Physiological needs:** are basic needs for survival such as air, sleep, food, water, clothing, sex, and shelter.
- **Safety needs:** Protection from threats, deprivation, and other dangers (e.g., health, secure employment, and property)
- **Social (belongingness and love) needs:** The need for association, affiliation, friendship, and so on.
- **Self-esteem needs:** The need for respect and recognition.
- **Self-actualization needs:** The opportunity for personal development, learning, and fun/creative/challenging work. Self-actualization is the highest-level need to which a human being can aspire.

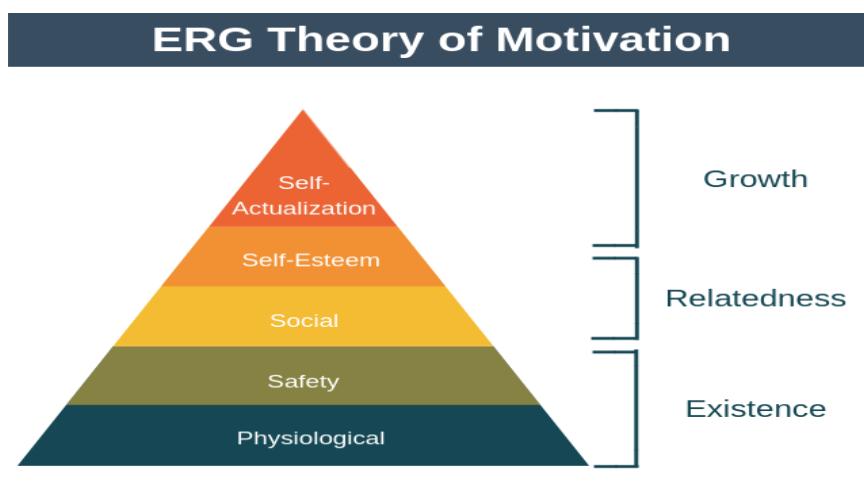
2. Herzberg's Two Factor Theory:



Hertzberg classified the needs into two broad categories; namely hygiene factors and motivating factors:

- poor hygiene factors may destroy motivation but improving them under most circumstances will not improve team motivation
- hygiene factors only are not sufficient to motivate people, but motivator factors are also required

3. ERG theory of Motivation:



C. P. Alderfer, an American psychologist, developed Maslow’s hierarchy of needs into a theory of his own.

His theory suggests that there are three groups of core needs: existence (E), relatedness (R), and growth (G). These groups are aligned with Maslow’s levels of physiological needs, social needs, and self-actualization needs, respectively.

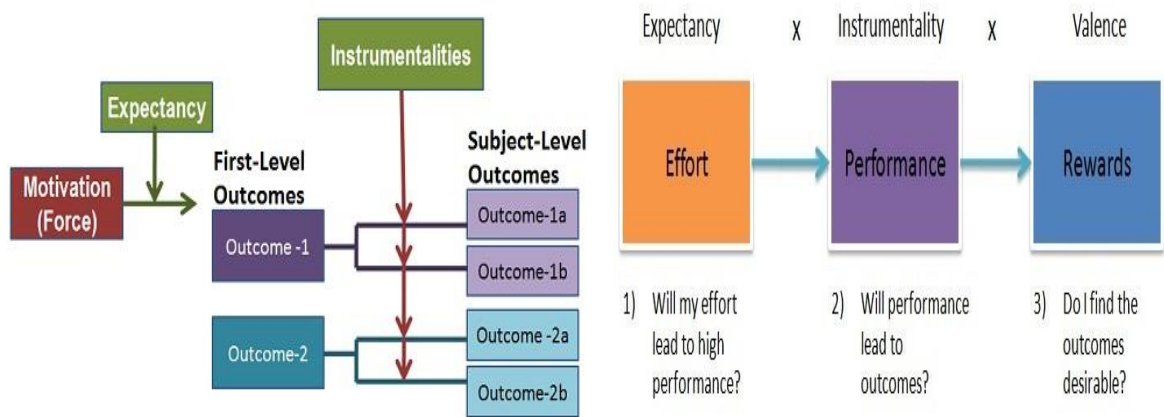
Existence needs concern our basic material requirements for living, which include what Maslow categorized as physiological needs such as air, sleep, food, water, clothing, sex and shelter and safety-related needs such as health, secure employment, and property.

Relatedness needs have to do with the importance of maintaining interpersonal relationships. These needs are based in social interactions with others and are aligned with Maslow’s levels of love/belonging-related needs such as friendship, family and sexual intimacy and esteem-related needs such as gaining the respect of others.

Growth needs describe our intrinsic desire for personal development. These needs are aligned with the other part of Maslow’s esteem-related needs such as self-esteem, self-confidence, and achievement and self-actualization needs such as morality, creativity, problem-solving and discovery.

Alderfer is of the opinion that when a certain category of needs is not being met, people will redouble their efforts to fulfil needs in a lower category.

4. Vroom’s Expectancy theory of Motivation



Vroom’s expectancy theory of motivation says that an individual’s motivation is affected by their expectations about the future. In his view, an individual’s motivation is affected by –

- **Expectancy:** Here the belief is that increased effort will lead to increased performance i.e., if I work harder then it will be better. This is affected by things such as:
 - Having the appropriate resources available (e.g., raw materials, time)
 - Having the appropriate management skills to do the job
 - Having the required support to get the job done (e.g., supervisor support, or correct information on the job)
- **Instrumentality:** Here the belief is that if you perform well, then the outcome will be a valuable one for me. i.e., if I do a good job, there is something in it for me. This is affected by things such as:
 - Clear understanding of the relationship between performance and outcomes – e.g., the rules of the reward ‘game’
 - Trust in the people who will take the decisions on who gets what outcome
 - Transparency in the process decides who gets what outcome
- **Valence:** is how much importance the individual places upon the expected outcome. For example, if someone is motivated by money, he or she might not value offers of additional time off.

$$\text{Motivation} = V * I * E$$

The three elements are important when choosing one element over another, because they are clearly defined:

- **E>P expectancy:** our assessment of the probability that our efforts will lead to the required performance level.
- **P>O expectancy:** our assessment of the probability that our successful performance will lead to certain outcomes.

5. **McGregor theory of Motivation:**

Theory X : Managers who accept this theory believe that if you feel that your team members dislike their work, have little motivation, need to be watched every minute and are incapable of being accountable for their work, avoid responsibility and avoid work whenever possible, then you are likely to use an authoritarian style of

management. According to McGregor, this approach is very "hands-on" and usually involves micromanaging people's work to ensure that it gets done properly.

Theory Y: Managers who accept this theory believe that if people are willing to work without supervision, take pride in their work, see it as a challenge and want to achieve more, they can direct their own efforts, take ownership of their work and do it effectively by themselves. These managers use a decentralized, participative management style.

CHECK YOUR PROGRESS

- k. Which is the highest level of need according to Maslow's need hierarchy theory?
- l. According to Herzberg theory of motivation, how many types of factors are there?
- m. According to ERG theory, how many needs are there?
- n. According to Vroom's theory, $M=V*I*$ ____.

5.7 Let us Sum up

After going through this unit, you will have understanding on the concept of leadership and motivation and will also realise their importance in organisation. It will help in deciding and defining when to adopt what kind of leadership style for better management of organisation. Various glimpses are given on the different approaches of leadership and how they think on the mechanism of leadership. In addition to this, motivation, an another aspects of management are also discussed by mentioning different theories of motivation and types of motivational tools.

5.8 Suggested Readings:

1. Bhattacharya D.K/Bilner MJ, Organisational Behaviour, Oxford University Press, 1stEdition, 2009.
2. Pareek U/ Understanding Organisation Behaviour, Oxford University Press, 2nd Edition, 2007.

5.9 ANSWERS TO CHECK YOUR PROGRESS

- a. Influencing
- b. Transformational
- c. Proactive

- d. Born, made
- e. acquired
- f. functional
- g. Middle position
- h. Free-rein
- i. Extrinsic
- j. Need
- k. self-actualization
- l. two types: hygiene and motivational factor
- m. three
- n. E

5.10 Model questions

1. Discuss the different types of leadership styles.
2. Strike out the differences between leadership and management.
3. Explain the process of motivation.
4. Discuss the various theories or models of leadership and their impact on the organisation.
5. Explain the different techniques of motivation
6. Explain the different motivational theories and their impact on organisation