

Block

# 4

**MANAGEMENT CONCEPTS-II**

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## **BLOCK 4 MANAGEMENT CONCEPTS-II**

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You have learnt in detail about the planning and organising functions of management in Block 3. This block discusses the function and process of Staffing, the process of Staffing and Control, the role of motivation and its theories and the theories and styles of leadership.

**Unit 15** deals with the meaning and importance of staffing function, the process of staffing, recruitment, training, and management development programmes

**Unit 16** explains the nature and importance of control, stages in the control process, requisites of effective control and various types (areas) of control.

**Unit 17** explains the concept and process of motivation, the different theories of motivation, the importance of job enrichment, and the various types of motivation.

**Unit 18** deals with nature and importance of leadership, the various theories and styles of leadership, the functions of leadership and the qualities of an effective leader. It also discusses the significance of morale and the factors determining morale.



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# UNIT 15 STAFFING

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## Structure

- 15.0 Objectives
- 15.1 Introduction
- 15.2 Meaning of Staffing
- 15.3 Importance of the Staffing Function
- 15.4 Human Resource Planning
- 15.5 Recruitment
  - 15.5.1 Internal Sources
  - 15.5.2 External Sources
- 15.6 Selection
- 15.7 Placement and Orientation
- 15.8 Training and Development
  - 15.8.1 Purpose and Importance of Training
  - 15.8.2 Features and Requirements of Training
  - 15.8.3 Types and Methods of Training
  - 15.8.4 Management Development Programme
- 15.9 Let Us Sum Up
- 15.10 Key Words
- 15.11 Answers to Check Your Progress
- 15.12 Questions for Practice

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## 15.0 OBJECTIVES

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After studying this Unit, you should be able to:

- explain the meaning and importance of staffing function
- describe the process of staffing
- explain the concept and steps of human resource planning
- describe different sources of recruitment
- explain different steps in the selection process
- describe the purpose and methods of training
- explain different management development programmes.

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## 15.1 INTRODUCTION

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In Unit 13, you have learnt how managers perform their function of organising and how the structure of an organisation is designed. Once the most suitable structure of activities and job positions are shaped, efforts should be made to find out and hire the right type of individuals to fill in the various job positions. This managerial function is known as Staffing.

In this Unit, you will learn the meaning and importance of staffing, major staffing activities such as human resource planning, recruitment, selection, placement and orientation and training and development.

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## 15.2 MEANING OF STAFFING

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“Staffing” may be defined as the managerial function of employing and developing human resources for carrying out the various managerial and non-managerial activities in the organisation. The function is concerned with attracting, acquiring and activating the human resources for achieving organisational goals. Staffing also involves upgrading the quality and usefulness of members of the organisation with a view to get higher performance from them.

The staffing function includes such activities as manpower or **human resources planning, recruitment, selection, placement, training and development, remuneration, performance appraisal, promotion, transfers** and so on. In many organisations, most of the above activities are handled by the personnel management or human resources management department. The basic responsibility for staffing decisions and initiatives is that of line managers. However, the personnel management department provides the needed expert advisory services to line managers in order to enable them to do their function more effectively. Often, the personnel management department also handles the administrative aspects of staffing.

Staffing is a continuous function of managers. This is because the organisation’s need to retain and maintain its personnel is a never-ending process. Managers have to keep a regular watch on the size and composition of personnel needed by the organisation. They have also to take care of the staffing needs as the organisation expands its activities and as new departments and work units are added. The on-going nature of the staffing function is self-evident to the extent that the nurturing and development of people is a constant concern of managers. Also, at any point of time, some people will be leaving, retiring, getting promotions or transferred. The vacancies thus caused have to be filled up.

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## 15.3 IMPORTANCE OF THE STAFFING FUNCTION

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The importance of the staffing function stems from its relationship with other functions, without people or personnel, organisations are empty entities which cannot move a bit in the achievement of their objectives. The function of planning, organising, direction and control become non-starters without managers and other members of the organisation. The effectiveness of the other managerial functions depends on the efficiency with which staffing function is done. An organisation which is in a position to hire, retain and develop the right quality of people will be in a position to take full advantage of opportunities of growth and verification. An organisation is strong to the extent that its members are strong in their abilities, skills and efforts to do things and to get things done.

It is a well recognised fact that all the physical, financial and other resources of the organisation have to be efficiently allocated and utilised by the managers and others who form part of its staff. Indeed, human resources of an organisation are

its most valuable assets and give it a distinct advantage over other organisations.

The staffing function takes care of the need for building a sound organisation. Organisations greatly differ in the quality and competence of their members. This reality is to be traced to the staffing function. It is the staffing functions which injects life and action into the organisation and make its functioning possible.

Some organisations may somehow be able to attract right talent because of such factors as high remuneration, perquisites, security of tenure and so on. But the talent so attracted has to be properly preserved and developed through the staffing function. Otherwise, human assets will turn into liabilities and burdens on the organisation.

**The Staffing Process:** Just like the other managerial functions, the function of staffing may also be viewed as a process consisting of certain well recognised activities. These activities (also called elements) include human resource planning, recruitment, selection, placement, and orientation, training and development, promotions and transfers, remuneration, performance evolution and so on. All these elements, when arranged sequentially may be regarded as the steps or phases of the staffing process.

We shall now discuss the major steps one by one.

### Check Your Progress A

- 1) Which of the following statements are True and which are False.
  - i) Staffing means recruitment, selection and placement of staff.
  - ii) Staffing decisions are the responsibility of line managers.
  - iii) All staffing activities are carried out in the personnel management division.
  - iv) The staffing process involves a number of sequential activities.
  - v) Staffing is a onetime function.
- 2) Fill in the blanks.
  - i) Personnel Management Department provides ..... to line managers.
  - ii) The staffing function takes care of the need for building a sound ..... organisation.
  - iii) The human resources of an organisation are its most valuable .....
  - iv) Staffing is a ..... function of managers.
  - v) The staffing function is concerned with ..... and ..... human resources.

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## 15.4 HUMAN RESOURCE PLANNING

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The first major element of the staffing function is human resource planning. **It is concerned with the determination of the size and composition of personnel needed by the organisation over a specific future period.** Planning for human resource requirements is also concerned with formulation of relevant policies, strategies and programmes for meeting such requirements in an efficient manner.

The objective of human resource planning is to ensure that the organisation gains full freedom and control over the size and quality of its personnel requirements on a continuous basis. Human resource planning provides a sound basis for making timely managerial decisions on hiring the various categories of personnel – skilled, unskilled, technical, clerical, administrative and professional needed at various levels of the organisation. It clears the way for the subsequent staffing functions of recruitment, selection, training, promotion and so on. Planning for human resource requirements also aids in formulation of action plans to optimise the contribution and satisfaction of the organisation's work force. It also keeps the investment and expenditure on staff at a reasonable level. The organisation is also likely to be free from situations of surpluses and shortages of staff at any point of time. In short, the objectives of human resource planning may be listed below:

- i) It helps in obtaining and retaining the quality and quantity of manpower.
- ii) It ensures the best use of manpower resources.
- iii) It helps in anticipating the problems arising from potential surpluses or deficits of manpower.

Human resource planning involves several activities. The management has to prepare a comprehensive account of the current size and composition of its personnel – their positions, qualifications, skills, experience, age and so on. Such an account of the present status of the personnel provides the basis for forecasting the future human resources requirements. The organisation has to take a close look at its future plans of expansion, possible changes in the technology of operations, and reforms contemplated in the organisational structure. All these give a partial idea of the future human resources needs. It will also have to make rough estimates and assumptions about the likely turnover of employees and workers, likely retirement and termination of services in the normal course, and so on. Projections are to be made about the likely promotions and transfers of its present personnel. The end-product of all these activities is a tentative plan of the intentions of the organisation about its manpower requirement. It is true that the plan so devised is to be implemented keeping in view the behavior of employment market and other external factors as relevant to the organisation.

### Steps in Human Resource Planning

Human resource planning consists of five basic steps as listed below:

- i) Determination of organisational objectives.
- ii) Determination of the skills and expertise required to achieve the organisational and departmental objectives.
- iii) Determination of the additional human resource requirements in the light of the organisation's current human resources.

iv) Developing action plans to meet anticipated human resource needs.

As a part of human resource planning, the organisation has also to do job analysis to determine the qualifications, skills, experience and expertise required for major categories of jobs. In short, job analysis includes: (i) identification of each job in terms of duties and responsibilities; (ii) determination of the nature of work and work conditions, and (iii) determination of the requirements as to abilities and skills that are prescribed for the persons holding it.

Thus, there are two major aspects of job analysis as discussed below.

- 1) **Job description** refers to a narration of the activities and duties to be performed in a job, the relationship of the job with other jobs, the equipment and tools involved, the nature of supervision, working conditions and hazards of the job and so on. All major categories of jobs have to be described clearly and comprehensively in order to determine the qualifications and skills required.
- 2) **Job specification** is a statement of the minimum levels of qualifications, skills, physical and other abilities, experience, judgement and attributes required for performing a job well. It sets forth the qualities required for performing the job.

Job description and job specification are useful in recruitment and selection of employees so as to find the right persons for the jobs. They are also useful to establish proper wage and salary structure and to provide proper orientation and training for new employees.

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## 15.5 RECRUITMENT

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After determining of the requirements of staff, the next step is recruitment. **Recruitment is the process of searching for and securing applicants for the various job positions which arise from time to time in the organisation.** For this purpose, the organisation is to locate the sources and availability of prospective candidates and publicise the specific personnel needs so as to inform and induce the people to apply for the job positions. The purpose of recruitment is to get as many potentially suitable applicants as possible in order to have wide choice for the organisation. The organisation has to cast the net wide enough through proper communication and contact with the reservoirs of manpower.

There are two sources of recruitment internal and external. The **internal sources** are obviously the employees of the organisation. Some organisations largely rely on internal sources while others do not. It is a matter of organisational policy, preferences, the nature of job requirements, the level of calibre of employees and the bargaining power of their unions.

### 15.5.1 Internal Sources

Internal recruitment generally consists of exploration of possibilities for promotion and transfer of the organisation's employees for filling up vacancies. Many organisations maintain an inventory of qualifications, skills and experience of their existing employees so as to have a rough idea of their promotability and transferability.



**Advantages:** The advantages include the following:

- 1) **Familiarity with own employees:** The organisation has more knowledge and familiarity with the strengths and weaknesses of its own employees than of unknown outsiders.
- 2) **Better use of the talents:** The policy of internal recruitment provides an opportunity to the organisation to make a better use of the talents internally available and to develop them further.
- 3) **Inexpensive Recruitment:** Internal recruitment is inexpensive. The organisation does not have to spend much effort, time and money to locate possible candidates and to attract their applications.
- 4) **Improves the morale:** In this process employees are sure that they would be preferred over the outside competitors. This feeling helps in boosting the morale of the employees.
- 5) **A source of motivation:** The opportunity of promotion implicit in internal recruitment is a source of motivation for employee to improve their career and income levels. It is also a means of attracting and retaining competent employees, who are likely to feel that the organisation is the place where they can build up their life long career.

**Limitations:** The drawbacks associated with internal recruitment are as follows:

- 1) **Restricts the options:** It restricts the options of the organisation for tapping the talent available in the vast outside employment market. The organisation denies itself fresh talent from outside. Internal recruitment means ‘inbreeding’ which is not healthy for the future of the organisation.
- 2) **Lack of availability of suitable candidates:** Suitable candidates may not be available internally. In such situation the organisation may have to compromise its quality requirements for the job positions by taking mediocre people from within.
- 3) **Discourage competition:** In this process internal candidates are protected from the element of competition from outside candidates. Therefore, they may develop tendencies to take their promotions for which they need not put in any extra performance.
- 4) **Creates controversies:** Conflicts and controversies are likely to arise among the internal employees who desire promotion, whether or not they deserve it.
- 5) **Stagnation of skills:** In the long run the skill of internal employees may become stagnant or obsolete which decreases the productivity and efficiency of the organisation.

### 15.5.2 External Sources

In the external sources of recruitment a vast mass of skilled, semi-skilled and unskilled people are recruited from the outside of the organisation. There are various methods of external requirement like **public employment agencies, private employment agencies, labour unions, educational institutions, professional associations, former employees**, etc. Organisation may also adopt informal approaches to get the employment aspirants through various contacts.

The success of recruitment from external sources depends upon the scales of wages/salaries offered, the general conditions of service, employment conditions in the market, the image of the organisation, availability of suitable conditions and so on.

**Advantages:** The advantages of external recruitment include the following:

- 1) **Open process:** It is a more open process and the organisation is likely to get a large number of applicants, thereby widening its options of selection.
- 2) **Availability of talented candidates:** The organisation can expect to get talented candidates from outside. It means injection of new blood into the organisation.
- 3) **Opportunity to select the best candidates:** The selection process would be characterised by competition. The prospects that the organisation can pick up the best candidate for the jobs are high.
- 4) **Provides healthy competition:** External candidates are supposed to be trained and efficient. As they join the new organisation they work with great vigour and put their best effort to achieve the objectives. This creates healthy competition and congenial work environment in the organisation.

**Limitations:** The external recruitment suffers from some limitations. They are:

- 1) **Expensive and time consuming:** It is expensive and time consuming. There is no guarantee that the organisation will get good candidates.
- 2) **Unfamiliarity with the nature of the organisation:** External candidates, being new to the organisation cannot be expected to be familiar with the tasks, job nature and the internal conditions in the organisation. The process of orienting them into the organisation will be time consuming.
- 3) **Generates feeling of discontent and frustration among existing employees:** External recruitment is likely to generate feelings of discontent and frustration among the existing employees. They may feel ignored by the organisation.
- 4) **Discourage the existing employees:** Existing employees are not sure to get promotion. Hence they feel discouraged from working hard. This decreases the productivity and efficiency of the organisation.

**Check Your Progress B**

- 1) Fill in the blanks.
  - i) Human resource planning is concerned with determination of ..... and ..... of personnel needed over a specified period of time.
  - ii) Job description and job specification are two aspects of .....
  - iii) There are two sources of recruitment, ..... and .....
  - iv) ..... and ..... are implicit in internal recruitment.

- v) The selection process in external recruitment is characterised by .....
- 2) Which of the following statements are True and which are False
- i) Job specification is a narration of the duties to be performed in a job.
  - ii) Surplus or shortage of staff can be avoided by means of human resource planning.
  - iii) External recruitment is more time consuming than internal recruitment.
  - iv) Internal recruitment is an open process.
  - v) Before recruitment there must be job analysis.

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## 15.6 SELECTION

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Selection is the process of choosing the most suitable candidates from applicants for the various jobs. It follows recruitment. Much information has to be obtained, analysed and evaluated from the prospective candidates to facilitate the selection process. The information relates to the qualifications, work experience, age levels of skills and other accomplishments, family background, aptitudes and interests, physical mental fitness and so on.

Steps in the selection process: Following are the steps in the selection process:

**Filling in application form:** This may be regarded as the first stage of the selection process. Candidates are supposed to provide complete information about themselves in a written form. The applications of candidates provide the basis for further analysis and examination of their suitability.

**Preliminary Screening:** This refers to initial assessment of basic suitability of candidates for the job positions. They see whether the applicants meet the basic academic and other minimum requirements as regards age, work experience and so on. The basic objectives of preliminary screening is to eliminate the unsuitable candidates and to reduce the overall cost of selection.

**Holding of tests:** Candidates who are filtered through the initial screening submit themselves to certain test, formal or informal. Test is a means of evaluating their knowledge, skills, experience, attitudes, personality, and so on. In some cases, as for example typing shorthand, computer knowledge, etc. Tests are the only way to determine the suitability of candidates for the jobs.

There are several types of tests which are widely used for selection purposes. They include: intelligence tests, aptitude tests, personality tests, performance tests and so on. These and other similar tests are meant to measure the major dimensions of the suitability of right candidates. Tests provide a more objective, authentic and consistent basis for selection of right candidates. They help the organisation in arriving at a judgement on the likely work behaviours and performance of candidates. However, it should be remembered that tests are not fool proof methods of selection.

**Interview:** The personal face-to-face interview with the candidates by a panel of selectors is a widely used method of selection. Interview enables the selectors to get a first hand idea of the personality of candidates, their poises and poses,

their communication, other related skills and their general behavior. The interviewers typically ask candidates several searching questions to elicit their responses and to evaluate them. Questions may be spontaneously asked or pre-planned in some way. Candidates may be interviewed either individually or in groups. In the latter case, a small group of five or six candidates is observed and evaluated in group discussions and interactions, by the selectors. For certain types of jobs, especially managerial jobs, candidates may be required to go through a series of interviews of a progressively rigorous nature. Conducting employment interviews is a delicate and difficult task. It requires much planning, restraint, maturity and understanding on the part of interviewers. They should have a very clear perspective of the job requirements and should be able to judge the process of matching the candidates and the jobs.

In combination with other methods of selection, interviews are useful for making sound decisions on hiring. While tests are impersonal, interviews are interactional in nature. If conducted properly, they open up ways of sizing up the competence and calibre of the candidates for the job positions for which they offer themselves. They also provide an opportunity to the candidates to get more information from the interviewers about the nature of the job, prospects of promotion and about other conditions of service.

The other aids of selection, apart from the above are (i) physical examination of the candidates to assess their general fitness and health, and (ii) making references to previous employers and others so as to verify some information provided by the candidates.

The climax of all the above processes of selection is the final choice of the candidates for the job. A final ranking of the short-listed candidates is often made on the basis of their scores in the tests and interviews. Appointment offers are made to the top one or more candidates depending on the number of vacancies. The decision on selection may be made by members of the interview board. Alternatively, the interview board makes only recommendations on the right candidates and leaves it to concerned top authority to take the final decision.

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## 15.7 PLACEMENT AND ORIENTATION

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Once the selected candidate eventually joins the organisation, he is to be placed in the job for which he is selected. In some cases, when two or more alternative positions are to be filled, the selected candidate is sought to be placed in the job to which he is more suited by virtue of his qualifications, experience, aptitudes and so on. It is partly a process of matching jobs and the selected candidates. Placement may be tentative in some cases; the final placement will be done after the incumbent is tested on alternative jobs, in actual practice.

**Orientation is the process of introduction of the new employee to the organisation.** He is given information on matters such as under whom and with whom he should work, requirements of job performance and behaviour, facilities and benefits available, hours of work and so on. Orientation is also a process of socialisation of the new employee with his fellow employees, superiors, seniors and subordinates. The purpose of orientation is to expedite the process of familiarisation of the new employee to the work culture of the organisation. Proper orientation of the new employees is likely to reduce their anxieties on

how to cope with the job requirements, how to become acceptable to the work group and how to become a part of the organisation. A planned orientation programme for new employees is an essential requirement to make employees feel at home and to minimize their initial problems of adjustment with the organisation during the first few critical weeks.

### Check Your Progress C

- 1) State whether the following statements are True or False .
  - i) Selection is the process of eliminating unsuitable applicants for jobs.
  - ii) The purpose of interview and tests is to get as much information from the applicants as possible.
  - iii) Interviews are useful for making sound decision on hiring.
  - iv) Orientation of a new employee is complete when he is acquainted with the rules and regulations of the company.
  - v) Candidates are always interviewed individually never in groups.
- 2) Fill in the blanks.
  - i) Interview enables selectors to get a first hand idea of the .....of candidates.
  - ii) Selection tests provide a more ..... basis of selecting the right candidates.
  - iii) Orientation is the process of ..... new employees to the organisation.

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## 15.8 TRAINING AND DEVELOPMENT

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**Training is the process of helping employees to acquire more knowledge of the job and to learn or sharpen the needed skills, attitudes and values associated with efficient performance of their jobs.** New employees as also existing employees often need training as a means of their progress in their jobs and careers. It is an important element of the staffing function. Many organisations make formal or informal arrangements for providing training to their managerial and non-managerial personnel. Typically, a separate training department under the charge of an expert in training techniques is established for the purpose.

A distinction is often made between training and development. Training is more concerned with immediate work skills and knowledge of new or existing employees. It is rather narrowly oriented to upgrade skills for the specific purpose of improving the job-behaviours and performance of employees and workers. On the other hand, development focuses on the general improvement of the overall personality of the employee. The aims of development tend to be more general and sometimes unclear. Another point of distinction between training and development is the term training is used with reference to non-managerial employees and workers while the term development is reserved with reference to managers and executives.

### 15.8.1 Purpose and Importance of Training

The need for training and development, their purposes and importance are outlined as follows:

- 1) **Provides adequate training to new employees:** Training is very essential for new employees who are often raw hands. Training make them more well-versed in the complexities of their jobs. It quickly helps the employees to reach the required level of efficiency in their work.
- 2) **Provides new skills to the existing employees:** For existing employees also, training is generally helpful to gain more job knowledge and skills. There are always better ways of doing jobs which can be transmitted by the former to the latter.
- 3) **Provides the knowledge of new technological development:** In some cases, new ways of performing jobs emerge as a result of work studies and also as a result of technological developments. Employees and workers may be required to acquire new skills, techniques, job knowledge and new attitudes. In such cases also, employees should be exposed to training so as to enable them to catch up with the new job demands. Employees who do not update and upgrade their knowledge and skills will become misfits in their jobs.
- 4) **Prepares employees for their promotion:** Training is also essential to prepare employees for their promotion and for assuming higher job responsibilities. It makes them more eligible for promotion. Also, when employees are transferred from one job to another of a different nature, they should be trained in order to enable them to get quickly acquainted and adjusted with their jobs.
- 5) **Improves the attitudes and behaviours of the employees:** Another way in which training is useful is orientation and re-orientation of employees with their jobs and with their work environment. Here the focus of training is to improve the attitudes and behaviours of employees in such matters as discipline, regular attendance, good relations with superiors and co-employees, careful use of equipment, materials, facilities, and so on.

**Advantages:** Following are the advantages of training:

- i) It enriches the quality of personnel and the quality of their working life, in conjunction with other conditions of their service.
- ii) It broadens their perspectives and problem solving abilities.
- iii) It makes them more competent, confident and adaptive so as to cope with the complex and changing conditions of their environment.
- iv) It improves their relations with their jobs and prepares them for upward mobility.
- v) It helps in reducing employees absenteeism and turnover.
- vi) Trained people need less supervision. They become capable of self-direction and self-control.
- vii) It improves their level of motivation and job satisfaction.

### **15.8.2 Features and Requirements of Training**

Certain typical features and requirements of training are listed as follows:

- 1) Training, like education, is based on certain principles of learning, such as **motivation to learn, reward for learning, feedback of training performance** and so on.

- 2) Training is a continuous process and includes programmes for retraining of people.
- 3) Training is a specialised function and should generally be handled by experts who are proficient in training techniques.
- 4) Training is to be tailored to the needs of jobs, job holders and the organisation.
- 5) It should be functional and practically useful to employees who undergo it.
- 6) The objectives of each training programme should be clearly spelt out.
- 7) The costs of training should be kept within reasonable limits. The benefits of training should commensurate with the costs.
- 8) Training programmes need to be reviewed and evaluated at periodic intervals to ascertain the extent of their effect on the job behaviour and performance of those who have undergone training.

### 15.8.3 Types and Methods of Training

There are several types and methods of training, suitable to different categories of employees and to different training needs. Management training, supervisory training and employee worker training may be categorised separately, based on the hierarchical status of the personnel. The techniques of training and treatment of training differ among these categories.

There are several methods of training which are discussed below:

**On the job training:** As the terms suggest themselves, **on the job training involves imparting of training to employees/workers in the course of their jobs.** Experienced workers, first line supervisors and specially qualified instructors serve as trainers in on the job training. The techniques of on the job training include job rotation coaching or job instruction, creation of assistant to or under study positions, temporary promotions, and so on. In general, on the job training methods have the merit of **learning by doing**. Trainees are in face-to-face interaction with their jobs and work environment. They quicken the process of self-learning and self-correction and are highly practice oriented. They are also relatively inexpensive.

**Off the job training:** So far as off-the job training is concerned, the techniques associated with them include class room lectures, conferences and discussions, films and TV shows, case studies and discussions and so on. These methods are intended to impart training at places away from the atmosphere of the work place. **The chief merit of off-the job training is that it helps trainees to learn things in a steady and systematic manner without any job pressure.** The focus is more on leaning than doing. The quality of training tends to be high because it is generally handled by experts.

**Vestibule training:** Vestibule training is intended to train workers and employees in specially designed workshops in which an attempt is made to duplicate as closely as possible the actual conditions of the work place. A large number of employees and workers could be trained in a relatively short period of time through vestibule training. It combines the advantages of on-the-job and off-the-job training approaches.

### 15.8.4 Management Development Programme

In many organisations, the training programmes as also the methods and techniques of training for development of their managers at various levels are referred to as management development programmes. The techniques of management development are outlined as follows:

**Creation of ‘assistant to’ position:** In some cases, it is possible to create assistant to positions to allow opportunities to junior managerial personnel to work under senior personnel. Senior personnel provides job-related insights and experiences to the junior personnel.

**Temporary promotions:** It is also possible to expose junior managers to higher responsibilities by offering promotions to them on a purely temporary basis. It helps them to acquire the needed skills and perspective.

**Membership in committees:** Committees often serve as training grounds to managers. Membership in or association with a formal or informal organisational committee is a valuable opportunity to individuals for meaningful interaction with other members. This provides them an opportunity for the development of communication and inter-personal skills and for understanding the diverse points of view expressed in committee deliberations.

**Under study:** This is a method adopted for specific individuals who are designated to take over certain job responsibilities from those who are to retire shortly or otherwise leave the organisation. The incumbent is to work with the current job holder for a period of time say 3 months, and get to know the job.

**Job rotation:** In this, the trainees are rotated on different but related assignments to broaden their perspectives and to make them well-rounded, before assuming permanent positions. The method permits the trainees to gain a systems view of their jobs.

**Sensitivity training:** The objective of sensitivity training is to develop the sensitivity of trainees to the views, feelings and reactions of others. This helps him to develop capability for behaving in an authentic manner and absorbing tensions and stresses. It makes the trainees understand their own behaviours self-awareness and to impart diagnostic and problem solving skills among them.

Sensitivity training is given to small groups of people (called T-Groups) from the same organisation. A trainer or consultant will be present in the session which begins without any agenda. The trainer functions as a **catalyst or facilitator**. He induces interactions and discussions among member who are allowed total freedom to express their views on one another – about attitudes, behaviours, mannerisms, pitfalls and so on. It is natural to expect violent out-bursts and emotional reactions from members. These very process are regarded as rich learning and training experiences. The duration of T-groups sessions ranges from a few days to a few weeks and the sessions are held outside the organisational work setting.

**Transactional analysis:** It is a technique of training developed by Eric Berne and popularised by Thomas Harris of U.S. **It is a tool of improving human relations and interactions (transactions) and of promoting rational, mature behaviours among superiors, subordinates and peers in an organisation.** Its



basic proposition is that people have to behave as adults, although sometimes parent-like and child-like behaviour are also useful. Adult-like behaviour is characterised by objectivity, problem solving orientation, mutual respect, understanding, and so on. Parent-like behaviour takes the form of authoritarianism, protective and patronizing stances. Child-like behaviours pertains to rebellious, angry, dependence-oriented moods and tantrums, though creative, spontaneous, obedient stances are not ruled out.

**Lectures and courses:** The trainees are provided with oral instruction of concepts, principles, processes and practices, supported by relevant material and readings. The trainees are given assignments to test their acquisition of knowledge.

**Conferences and discussions:** Seminars, workshops and similar interaction sessions belong to this category. It permits multilateral communication, exchange and feedback of ideas and experience, broadening of knowledge and insights and so on. Conferences and discussions need to be guided and moderated by competent trainers.

**Films and TV shows:** These devices demonstrate to the trainers the ways of doing things. They are also effective in transmitting information and in enriching the knowledge of trainees. They generate interest among the trainees by dramatising usually certain events, incidents and realities.

**Case studies:** They provide opportunities for the trainees to study and understand actual problem situations. They aim at improving conceptual, problem-solving and judgemental skills of personnel. Discussions and interactions permit enrichment of knowledge on actual organisational problems and situations.

**Simulation:** This technique seeks to duplicate the real life environmental setting in which the trainees will eventually work. **Role playing, business games and in-basket technique** are some of the simulation methods. In role playing, the trainees are assigned different roles in a case study and are expected to play the roles. Business games are spread over several sessions or sittings in which the trainees are required to make a series of decisions and tackle problems of a duplicated business situation.

### Check Your Programme D

- 1) State whether the following statements are True or False.
  - i) All employees and managers do not need training.
  - ii) Training provides valuable learning experience to the trainees.
  - iii) The techniques of training for managers are different from those applicable to non-managers.
  - iv) The focus of on-the-job training is more on learning than doing.
  - v) Sensitivity training is organised within a real work setting.
- 2) Fill in the blanks.
  - i) Training is more concerned with immediate ..... while development focuses on the improvement of overall.
  - ii) Training is essential for preparing employees for .....
  - iii) In sensitivity training, the trainer act as a .....

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## 15.9 LET US SUM UP

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Staffing refers to the managerial function of employing and developing human resources for carrying out the various managerial and non managerial activities in an organisation. Staffing also involves upgrading the quality and usefulness of members of the organisation with a view to get higher performance from them. The function includes such activities as **human resource planning, recruitment, selection, placement and orientation training and development, remuneration, performance appraisal, promotion and transfer**. The importance of staffing function stems from its relationship with other functions. Without people or personnel organisations are empty entities which cannot move a bit in the achievement of their objectives.

The staffing function, like other managerial functions, may be viewed as a process consisting of certain well recognised steps or activities. These include manpower planning, recruitment, selection, placement and orientation, training and development, promotion, transfer, remuneration, performance evaluation, etc.

Human resource planning is concerned with the determination of the size and composition of personnel needed by the organisation over a specified period of time. The objective of human resource planning is to ensure that the organisation gains full control over the size and quality of its personnel requirements on a continuous basis. It requires job-analysis which comprises two aspects: job description and job specification.

Recruitment is the process of searching for and securing applicants for the various job positions which arise from time to time. There are two sources of recruitment – internal (consisting of promotion and transfer of existing employees) and external (consisting of recruitment from outside the organisation).

Selection is the process of choosing the most suitable candidates from applicants for various jobs. The steps in the selection process include: filling in application forms, preliminary screening, holding of tests, interview, and final choice. Selection is followed by placement and orientation of the selected personnel.

Training and development refer to the process of helping employees to acquire more knowledge of the job and to learn or sharpen the needed skills, attitudes and values associated with efficient performance of their jobs. While training is concerned with the immediate work skills and knowledge of new or existing employees, development focuses on the general improvement of the overall personality of the employee.

There are several types and methods of training suitable to different categories of employees and to different training needs: **on-the-job training, off-the-job training, and vestibule training**. The techniques of management development include: creation of assistant to position, temporary promotions, membership of committees, under study, job rotation, sensitivity training, transactional analysis, lectures, conferences and discussions, films and TV shows, case studies, simulation which may consist of role-playing, business games, and in-basket techniques.

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## 15.10 KEY WORDS

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**Development:** The process of improving the overall personality of an employee.

**Human Resource Planning:** Planning for determining the size and composition of personnel needed by an organisation over a specified period.

**Job Analysis:** Identifying the elements of jobs to determine the qualifications, skill, experience and expertise required for the job.

**Job Description:** Narration of the activities and duties to be performed in a job, equipment involved, working conditions, etc.

**Job Specification:** Statement of the minimum level of qualifications, skill, experience, etc. required for performing a job well.

**Off-the-job Training:** Training of workmen at places other than their actual workplace.

**On-the-job Training:** Training of workmen in the course of their job.

**Orientation:** Process of introduction of new employees to the organisation and a process of their socialisation.

**Placement:** The managerial task of placing new employees in the jobs for which they are most suited.

**Recruitment:** The process of searching for and securing applicants for positions.

**Selection:** The process of choosing the most suitable candidates from among the applicants for jobs.

**Sensitivity training:** Training of employees to develop their sensitivity to the views, feelings and reactions of others.

**Simulation:** The technique of duplicating real life situation for training purpose.

**Transactional training:** Technique of training by analysing human interactions in terms of parent, adult and child behaviour patterns.

**Vestibule Training:** Training in specially designed workshop replicating the actual working conditions.

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## 15.11 ANSWERS TO CHECK YOUR PROGRESS

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**A) 1) (i) False (ii) True (iii) False (iv) True (v) False**

**2) (i) Export, advisory, services (ii) human (iii) assets  
(iv) continuous (v) attracting, acquiring, activating**

**B) 1) (i) Size, competition (ii) Job analysis (iii) internal, external  
(iv) promotion, transfer (v) competition**

**2) (i) False (ii) True (iii) True (iv) False (v) True**

C) 1 (i) True (ii)True (iii)True (iv)False (v)False

2 (i) Personality (ii) objective (iii) introduction

D) 1 (i) False(ii) True (iii) True (iv)False (v)False

2 (i) Work skills, personality (ii) promotion (iii)Catalyst

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## 15.12 QUESTIONS FOR PRACTICE

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- 1) Describe the importance of staffing function in an organisation.
- 2) There is no more important resource than human resources. Do you agree? Why?
- 3) What are the different sources of recruitment? Discuss its advantages and limitations.
- 4) Explain in detail the process of selection.
- 5) Do you agree that combinations of written test and interview provide better result?
- 6) Explain the importance of proper placement and orientation for effective job performance of a new employee.
- 7) Why is training so important for manpower development?
- 8) What do you mean by management development programmes? Explain the major techniques of management development programmes.

**NOTE:** These questions will help you to understand the Unit better. Try to write answers for them. But do not submit your answers to the university. These are for your practice only.

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## **UNIT 16    PROCESS OF CONTROL**

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### **Structure**

- 16.0 Objectives
- 16.1 Introduction
- 16.2 Definition of Control
- 16.3 Characteristics of Control
- 16.4 Importance of Control
- 16.5 Stages in the Control Process
- 16.6 Requisites of Effective Control
- 16.7 Limitations of Control
- 16.8 Areas of Control
- 16.9 Let Us Sum Up
- 16.10 Key Words
- 16.11 Answers To Check Your Progress
- 16.12 Questions for Practice

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### **16.0    OBJECTIVES**

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After studying this Unit, you should be able to:

- explain the nature and characteristics of control function
- describe the importance of control in management
- enumerate and analyse the stages in the control process
- explain the requisites of effective control, and
- outline the various types of control.

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### **16.1    INTRODUCTION**

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In the preceding units you have learnt in detail, the planning, organising, staffing and directing functions of management. Controlling is another very important function of management. The study of management practices cannot be complete unless the function is also examined in detail. In this unit we shall discuss the nature and importance of the control function of management, analyse the stages in control process, outline the types of control, and explain the requisite of an effective control system.

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### **16.2    DEFINITION OF CONTROL**

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Control may be defined as the process of analysing whether actions are being taken as planned and taking corrective measures to make them conform to the plan of action. Control is the essence of good management. It is concerned with ascertaining that planning, organising and directing functions result in attainment of organisational objectives. In fact control precipitates bad decisions and their consequences and restores effectiveness and efficiency. It is a continuous process

which helps a manager to get the performance of his subordinates correspond to the standard fixed. It also detects the variations as soon as they occur and takes corrective steps to prevent them in future.

**According to Henri Fayol:** “Control consists in verifying whether everything occurs in conformity with the plan adopted, instructions issued and principles established.”

The control function of management involves determining what is to be accomplished (the standard); what is being accomplished (the performance), and, if necessary, applying corrective measures so that performance takes place according to plans i.e. in conformity with the standard.

In other words controlling involves:

- a) Knowing exactly what work is to be done as to quantity, quality and time available
- b) Checking whether work has been or is being carried out with the resources available, within the time available, at a reasonable cost and in accordance with the required standard of quality
- c) Analysing deviations, if any, from the planned targets and standards to ascertain the causes thereof
- d) Adopting remedial measures to correct the deviations, and
- e) Suggesting revision of plans and targets, if necessary.

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### 16.3 CHARACTERISTICS OF CONTROL

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Control is a device or a procedure which keeps the manager informed as the activities for which he is responsible and which assures him that his plans and policies are being carried out according to schedule. The nature of control function will be clearly understood from the following characteristics of control:

- 1) **Control is all pervasive function:** Control is essential at all levels of organisation. It is a follow-up action to the other management functions. Every manager performs the control function irrespective of his rank and nature of job. Control is the essential counterpart of planning. It is the control function which completes the management process.
- 2) **Control is a continuous process:** Control is an ongoing and dynamic function of management. It involves continuous review of performance and revision of standards of operations. As long as an organisation exists, control continues to exist. It is amenable to change with the external environment. Therefore it is a highly flexible process.
- 3) **Planning is the basis of control:** Control can be exercised only with reference to and on the basis of plans. Effective control is not possible unless the management spells out clear objectives of the organisation. In fact, measurement of performance requires certain standards which are laid down under planning. Planning sets the course and control ensures that actual conforms to the planned action.
- 4) **Action is the essence of control:** Control is an action-oriented process. A manager initiates action which guides the operation within the sphere of

plans. In order to prevent a recurrence of deviations a manager modifies or improves the existing plans.

- 5) **Control is a forward looking process:** Control aims at future. Although past experience is the criteria for future standards, control is concerned with checking the current performance and providing guidelines for the future. Therefore, control is both backward-looking and forward-looking. It looks at future through the eyes of past.
- 6) **Delegation is the key to control:** Effective control requires adequate delegation of authority. An executive can perform the control function properly if he enjoys the authority to take remedial action and is to be held accountable for results.
- 7) **Control allows the organisation to cope with uncertainty:** Control helps in regulating the uncertain events of the organisation. It anticipates any shift in task and preference of consumers and directs the organisation to modify its process in order to meet the contingencies of the future.

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## 16.4 IMPORTANCE OF CONTROL

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The necessity of control in business organisation cannot be over-emphasised. Proper control smoothens the working of an organisation. Absence of control leads to lowering of efficiency of the employees, since there is no check on their performance. Existence of an efficient system of control creates an atmosphere of order and discipline, and helps greatly in minimizing the chances of work being defective or being delayed. The importance of control function also arises from the following benefits derived from it.

- 1) **Adjustment in operations:** A control system acts as a device for adjustment of organisational operations. There are various objectives which serve as the basis of control. It is through the control function that these objectives are achieved. Control provides the means of determining whether plans are being implemented and there is progress towards the achievement of objectives. It facilitates measures to be taken, if necessary, to correct any deviations.
- 2) **Managerial responsibility:** In every organisation, managerial responsibility is created through assignment of activities to various individuals. This process starts at the top level and then goes to the lower level. While manager assigns work to be carried out by his subordinates, he remains responsible for the performance of their activities. It is quite natural that when a person is responsible for the performance of his subordinates, he must exercise some control over them. Thus, controlling enables managers to discharge their responsibilities.
- 3) **Psychological effect:** The process of control induces individuals towards better performance. The performance of individuals is evaluated in the light of targets set for them. A person is likely to act according to the plan, if he is aware that his performance will be evaluated against the planned targets. Thus, he is more inclined to achieve the results according to the standards fixed for him, particularly when there is provision of reward or punishment on the basis of the performance. Since performance measurement is one of the basic elements of the process, it ensures that every person in the organisation contributes to his maximum ability.

- 4) **Coordination in action:** Though coordination is the essence of management and is achieved through the proper performance of all managerial functions, control affects this aspect significantly. Controls are designed in such a way that they focus not only on the operating responsibility of a manager, but also on his ultimate responsibility. So this forces a manager to coordinate the activities of his subordinates in such a way that each of them contributes positively towards the objectives. Since this follows throughout the organisation, coordination is achieved in the organisation as a whole.
- 5) **Organisational efficiency and effectiveness:** If the control function is carried out properly, it results in organisational efficiency and effectiveness. By making manager responsible, motivating them for higher performance, and achieving coordination in their performance, control ensures that the organisation works efficiently. As regards effectiveness, the organisation is effective if it is able to achieve its objectives. Since control focuses on the achievement of organisational objectives, it necessarily leads to organisational effectiveness.

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## 16.5 STAGES IN THE CONTROL PROCESS

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Controlling is the final step in the process of comparing actual performance with the plans and taking steps to initiate correction action. The basic control process, wherever it is found and whatever it controls, involves the following steps:

- 1) **Setting standards:** The total workload of the business is broken down into departments, sections and individuals. Each of them has specific objectives for detailed operation. These objectives are set in physical terms, such as quantities of products, units of service, labour-hours, speed or volume of rejections or they may be expressed in monetary terms, such as volume of sales, costs, capital expenditures or profits or it may be expressed in any other verifiable qualitative terms. These standards must be clear so that the checking of performance becomes possible. At the same time it is essential that the responsibility should be identified with definite individuals in the organisation and he is accountable for the lapse, if the performance varies from the standard laid down.

Establishment of standards may be discussed with S-O-G-P Chain. Standard is a measuring rod for the attainment of organisational objectives. These objectives aim at accomplishing the organisational goals, which is the ultimate purpose of every organisation.

Standards - Objectives - Goals - Purpose

As shown above, standards are used to control objectives, objectives are used to control goals, and goals are used to control purpose.

- 2) **Measurement of performance:** The second step is to measure actual performance of various individuals, groups or units in the light of standards. Management should not depend upon the guess that standards are being met. It should measure the performance and compare it with the standards. Quantitative measurement is done in those cases where standards have been set in numerical terms. This makes evaluation easy and simple. In all other cases, the performance is measured in terms of qualitative factors. For



instance, performance of Industrial Relations Manager may be measured in terms of attitudes of workers, frequency of strikes, and morale of workers. Attitude and morale of workers are not capable of being measured quantitatively. They have to be measured qualitatively. If standards are appropriately drawn and if means are available for determining exactly what subordinates are doing, appraisal of actual or expected performance is fairly easy.

- 3) **Comparing performance with standards and ascertaining the causes of difference, if any:** The responsibility of a manager does not end with measuring the performance. Deviations from the standard, if any, must be noted and the causes of deviation ascertained. Comparing performance with the standard and ascertaining the causes of deviation involve the third stage of control. The causes of factors responsible for deviations may be defective materials, machinery, process, slackening of efforts, etc. The comparative analysis should be done as close to the point of performance as possible. It assists in quick location of defects and results in correction with minimum losses.
- 4) **Adopting corrective measures:** The final step in the control process consists of remedial actions so that deviations may not occur again and the objectives of organisation are achieved. Towards that end, managers must take appropriate decisions so as to meet immediate needs, or revising the existing targets and standards, or changing the methods of selection and training of workmen, or even drawing up revised plants.

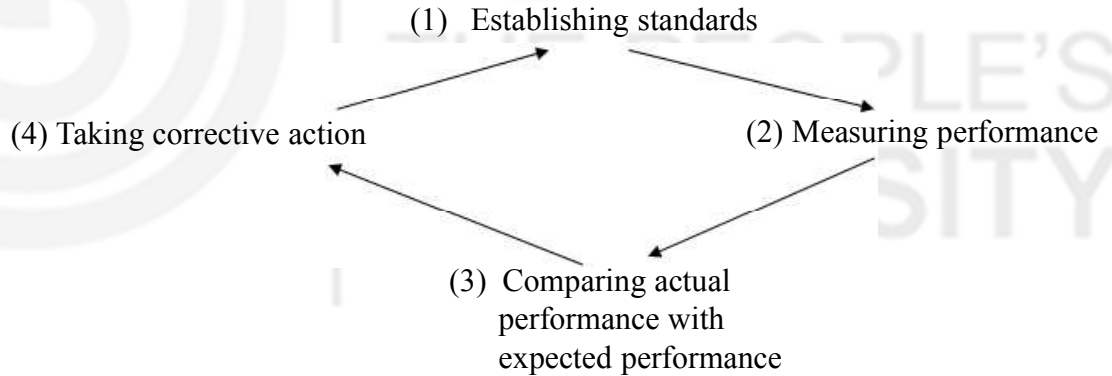


Fig. 16.1: Control Process

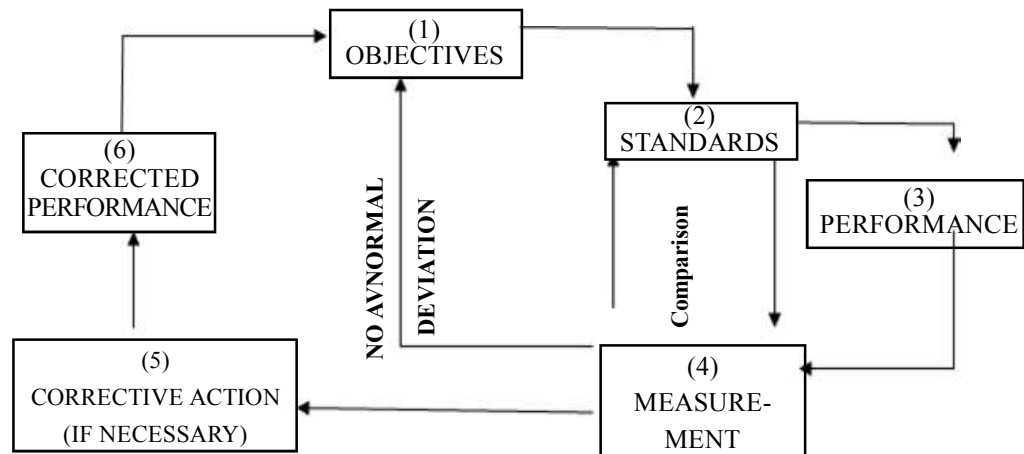


Figure 16.2: The Control Process

1) Define 'Control' as a function of management.

.....  
 .....  
 .....  
 .....  
 .....

2) Which of the following statement are True and which are False

- i) Control relieves managers of their responsibilities.
- ii) Control is necessary only when there is deviation of performance from standards.
- iii) Organisational efficiency is ensured with the help of controls
- iv) Controlling mainly involves punishing people and putting pressure on employees for efficient performance.
- v) The process of control is relevant at all levels of management.

3) Enumerate the stages in control process.

- i) .....
- ii) .....
- iii) .....
- iv) .....

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## 16.6 REQUISITES OF EFFECTIVE CONTROL

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To be effective and to serve its purpose, the system of control must satisfy certain requirements. These may be regarded as the prerequisites of effective control. The requirements of an effective control system may be enumerated in brief as under:

- 1) **Definition of objectives:** Before planning a control system, it is essential to clearly define the objectives of the organisation. The control system must be directed towards the potential or actual deviations towards the potential or actual deviations from plans early enough to permit corrective action.
- 2) **Efficiency of control techniques:** Control techniques are said to be efficient when they detect deviations from plans and make possible corrective action at an early stage with the minimum of unsought consequences.
- 3) **Responsibility of control:** The primary responsibility for the exercise of control should rest with the manager charged with the implementation of plans.

- 4) **Direct control:** Any control system should be designed to maintain direct contact between the controller and the controlled.
- 5) **Organisation suitability:** Controls should be tailored to fit the organisation. The flow of information concerning current performance should correspond with the organisational structure. If superior is to control overall operations, he must find a pattern that will provide control for individual parts.
- 6) **Flexibility:** A good control system must keep pace with the continuously changing pattern of a dynamic business world. It must be responsive to changing conditions. It should be adaptable to new developments including the failure of the control system itself. Plans may call for an automatic system to be backed up by a human system that would operate in an emergency; likewise, an automatic system may back up a human system.
- 7) **Self-control:** Units may be planned to control themselves. If a department can have its own goals and control system, much of the detailed controls can be handled within the department. These sub-systems of self-control can then be tied together by the overall control system.
- 8) **Strategic point control:** Effective and efficient control can be achieved if critical key or limiting points can be identified and close attention can be directed to adjustment at those points. This is known as '**Control by exception**'. It is called control by exception because according to this principle only significant deviations from standard, whether positive or negative, require management's attention as they constitute exceptions. An attempt to go through all deviations tends to increase unnecessary efforts and to decrease attention on important problems.
- 9) **Corrective action:** Merely pointing out deviations is not sufficient in a control system. It must lead to timely corrective action to be taken to check deviations from standards through appropriate planning, organising and directing.
- 10) **Forward-looking control:** The control system should be directed towards future. It should report the deviations from the plans quickly in order to safeguard the future. If the control reports do not relate to the future, then the reports are of no use as they will not be able to suggest the type of measure to be taken to rectify the past deviations.
- 11) **Human factor:** A good system of control should be **worker centered** rather than work centred as the control is exercised on the workers who do the work. It must find the persons accountable for results whenever large deviations take place and they must be directed accordingly. So the human factor must be given proper attention while controlling. A technically well-designed control system may fail because the human beings may react unfavorably to the system.
- 12) **Economical:** The system of control must be worth its cost. The controls must justify the expenses involved. A control system is justifiable if the savings anticipated from it exceed the expected costs in its working. Small-scale production units cannot afford elaborate and expensive control system.

- 13) **Objective standards:** As far as possible, standards should be objective, that is based on factual information. If they are subjective, a manager's or subordinate's personality may influence judgement of performance inaccurately. Effective control requires objective, accurate and suitable standards. Objective standards may be quantitative or qualitative. However, in either case, the standard should be factually determinable and verifiable. Although we have explained how the 'Control Function' can be effective with various requirements as mentioned above, even then there are some limitations of control. Let us now examine the limiting factors.

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## 16.7 LIMITATIONS OF CONTROL

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- 1) **No control over external factors:** Controls is intended to be exercised on factors which are internal to an enterprise. But there are external factors like government action, change of market conditions, discovery and invention of new techniques and material of production, innovation and so on, which are often beyond the control of management. So, controls may be ineffective in the face of changing external factors.
- 2) **Want of satisfactory standards:** Satisfactory standards help control operations. But there are many areas and activities with intangible nature of performance which do not permit accurate measurement. No satisfactory standards can be established for them, e.g. results of management development, public relations, human relations, advice of staff service, loyalty of workmen, and such other human behaviour.
- 3) **Measurement of imperfections:** Intangible performance presents difficulties in setting up standards. It is also a complicated matter to measure its results in quantitative or qualitative terms. It is then left to managerial judgement and interpretation which cannot be taken as perfect measurement. Moreover, results of day-to-day activities involving uneconomic expenditure cannot be evaluated or measured properly on grounds of economy.
- 4) **Limitations of corrective actions.** Business can be run on an even keel if all deviations and mistakes can be corrected properly in time. This will guard against losses. Control operations are carried out in assumption of fixed personal responsibility and the person concerned is expected to adopt necessary corrective and remedial actions. It is not uncommon that many deviations occur, but nobody in particular can be held responsible for them. Control becomes ineffective in such cases.
- 5) **Adverse reaction against control:** Control operations as a rule are not liked by the subordinates over whom they are exercised. Such operations curtail their freedom of action and interfere with their individual thinking and initiative. Control thus invites opposition and adverse reaction of the subordinates.
- 6) **Practical impediments to application:** Control involves analysis of deviations to find out their causes. But it faces great obstacles in such analytical work. First of all, it involves considerable expenditure. Secondly, it requires skilled and experienced staff to cope with the situation. Thirdly, corrections and deviations may require some time and even stoppage of work which may result in loss to the concern.

## 16.8 AREAS OF CONTROL

For effectiveness, it is important to decide on the critical areas where control should be exercised. There are many advantages of identifying these areas of control (also known as types of control) so as to enable management to:

- i) Delegate authority and fixing responsibility;
- ii) Reduce the burden of supervising each activity in detail; and
- iii) Secure means of achieving satisfactory results.

Controls are actually needed in every area where performance and results directly and vitally affect the survival and prosperity of the organisation. These areas need to be specially mentioned. In this connection, Peter Drucker has identified eight key result areas where objective should be set and **controls** should be exercised. These are:

- 1) Market standing
- 2) Innovation
- 3) Productivity
- 4) Physical resources
- 5) Financial resources
- 6) Profitability
- 7) Manager performance and attitude
- 8) Public responsibility

Apart from the identification of key areas, control may be distinguished on the basis of their nature and purpose. Let us discuss them one by one.

### 1) **Physical and Financial Control**

Physical controls refer to controls over the safety and maintenance of properties and assets, stocks of materials, stores, spare parts, and other articles on the task of quantitative and numerical measures. Financial controls include control over cash receipts and payments, fixed and working capital, income and expenditure as well as profits and the value of assets and liabilities.

### 2) **Control Over Actual and Anticipated Performance**

Day-to-day operations need to be controlled to achieve the short-run objectives, targets and standards as well as continuing goals. This is another category of controls.

### 3) **Control over Activities or Areas of Operations**

i) **Control over policies and procedures:** Policies are formulated, procedures laid down to govern the behaviour and action of personnel in the organisation. These are generally controlled through manuals which are prepared by top management. Each individual in the organisation is expected to function according to manuals.

ii) **Control over organisation:** Organisation Charts and Manuals are used to keep control over organisation structure. Organisation manuals

attempt at solving organisational problems and conflicts, making long-range organisational planning possible, enabling rationalisation of the organisation structure, helping in proper designing and clarification of each part of the organisation, and conducting periodic check on facts about organisation practice.

- iii) **Control over personnel:** Generally the Personnel Manager or Head of the Personnel Department, whatever his designation maybe, keeps control over personnel in the organisation. Sometimes, a personnel committee is constituted to act as an instrument of control over key personnel.
- iv) **Control on wages and salaries:** Control over wages and salaries is exercised through job analysis and job evaluation. The functions are carried out by personnel and industrial engineering departments. Often, a wage and salary committee is constituted to provide help to these departments.
- v) **Control over costs:** Control over costs is exercised through making comparison between standard costs and actual costs. Standard costs are set in respect of different elements of costs. Cost control is also supplemented by budgetary control system which includes different types of budgets. The Controller's department provides information for setting standard costs, calculating actual costs, and pointing out differences between these two.
- vi) **Control over methods and manpower:** Control over methods and manpower is required to ensure that each individual is working according to schedule. For this purpose periodic analysis of activities of each department is conducted. The functions performed, methods adopted, and time consumed by every individual are studied to eliminate non-essential functions, methods and time. Many organisations create a separate department or section known as 'Organisation and Methods' to keep control over methods and manpower.
- vii) **Control over capital expenditure:** Control over capital expenditure or acquisition of fixed assets exercised through the system of evaluation of projects and ranking of projects on the basis of their importance, generally on the basis of their earning capacity. A capital budget is prepared for the business as a whole. The budget is reviewed by the budget committee or appropriation committee. For effective control over capital expenditure, there should be a plan to identify the realisation of benefits from capital expenditure and to make comparison with anticipated results. Such comparison is important in the sense that it serves as an important guide for future capital budgeting activities.
- viii) **Control over service departments:** It is effected:
  - a) through budgetary control within operating departments,
  - b) through putting limits upon the amount of service an individual department can ask for, and
  - c) through authorising the heads of service departments to evaluate the request for service made by other departments and to use discretion about the quantum of service to be rendered to a particular department. Sometimes, a combination of the methods may be used.

**ix) Control over line of products:** Control over line of products is exercised by a committee whose members are drawn from production, sales and research departments. The committee controls the product-mix on the basis of studies about market needs. Efforts are made to simplify and rationalise the line of products.

**x) Control over research and development:** Control over research and development is exercised in two ways:

- 1) by providing a budget for research and development, and
- 2) by evaluating each project keeping in view savings, sales or profit potentialities.

Research and development being a highly technical activity is also controlled indirectly. This is done by improving the ability and judgement of the research staff through training programmes and other devices.

**xi) Control over foreign operations:** Foreign operations are controlled in the same way as domestic operations. The tools and techniques applied are the same. The only difference is that the chief executive of foreign operations has relatively greater amount of authority.

**xii) Control over external relations:** External relations are regulated by the public relations department. This department may prescribe certain measures to be followed by other departments while dealing with external parties.

**xiii) Overall control:** Control over each segment of the organisation contributes to overall organisational control. However, some special measures are devised to exercise overall control. This is done through budgetary control, project profit and loss account and balance sheet. A master budget is prepared by integrating and coordinating budgets prepared by each segment. The budget committee reviews such budget. This budget acts as an instrument for overall control. Profit and loss account and balance sheet are also used to measure the overall results.

**Check Your Progress B**

- 1) Which of the following statements are True and which are False.
  - i) Control techniques may be said to be efficient if subordinates like them.
  - ii) Past deviations can be corrected only if controls are forward looking.
  - iii) Expenses on control should not matter because control relieves the manager of their worries.
  - iv) Manager having no control over external factors should not try to control internal disturbances.
- 2) Enumerate the critical or key result areas where control should be exercised by managers.
 

i) .....	v) .....
ii) .....	vi) .....
iii) .....	Vii) .....
iv) .....	viii) .....

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## 16.9 LET US SUM UP

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The study of management practices cannot be complete unless the controlling function is clearly understood. Control may be defined as the process of analysing whether actions are being taken as planned and taking corrective measures to make these conform to the plan of action. It is a continuous process which helps a manager to get the performance of his subordinates correspond to the standards fixed, to detect the variations as soon as they occur, and to take corrective steps to prevent them in future.

The characteristic features of control include: Control is all pervasive function, control is a continuous process, planning is the basis of control, action is the essence of control, control is a forward-looking process, delegation is the key to control and control allows the organisation to cope with uncertainty.

Proper control smoothens the working of an organisation. Existence of an efficient system of control creates an atmosphere of order and discipline and helps greatly in minimizing the chances of work being defective or being delayed. The importance of control function also arises from the various benefits derived from it. Like adjustment in operations, managerial responsibility, psychological effect, coordination in action and organisational efficiency and effectiveness.

The process of control involves (1) establishing standards (2) measurement of performance (3) comparing performance with the standards and ascertaining the causes of differences, if any, and (4) correcting deviations by remedial action.

To be effective and to serve its purpose, the system of control must satisfy certain requirements, which includes; (1) Definition of objectives in clear terms; (2) Efficiency of control techniques; (3) Assigning responsibility for control; (4) Direct contact; (5) Suitability of the system to the organisation; (6) Flexibility; (7) Encouragement of self-control; (8) Strategic point control' (9) Timely corrective action; (10) Forward-looking control; (11) Attention to human factor; (12) Economical; and (13) Specifying objective standards.

Despite all precautions, controls are not always perfect since there are several limiting factors which restrict the effectiveness of controls.

Controls may be distinguished on the basis of the key result areas where controls should be exercised. Controls may also be distinguished on the basis of their nature and purpose. Thus, controls may be divided into several categories, such as: (1) Physical and financial controls (2) Control over actual and anticipated performance, and (3) Control over activity or areas of operation.

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## 16.10 KEY WORDS

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**Control:** Process of verifying whether performance of work is in conformity with plan and correcting it where necessary.

**Control by exception:** Attending only to significant or exceptional deviations in the process of control.

**Financial Control:** Control over cash flows, capital, income, expenditure and profits.

**Forward-looking Control:** Correcting deviations to safeguard the future



operations in the concern.

**Physical Control:** Control over the safety and maintenance of properties, assets and physical quantifiable objects.

**Standards:** Norms of work performance.

**Strategic Point Control:** Identifying and directing closer attentions to key or limiting factors and points in the process of control.

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## 16.11 ANSWERS TO CHECK YOUR PROGRESS

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- A) 1) The controlling function of management may be defined as the process of determining what is to be accomplished, what is being accomplished, and, if necessary, applying corrective measures so that performance takes place according to plans.
- 2) i) False ii) False iii) True iv) False v) True
- 3) i) Establishing standards of performance.  
 ii) Measuring performance.  
 iv) Comparing performance with standards and ascertaining the causes of differences, if any.  
 v) Adopting corrective measures.
- B) 1) i) False ii) True iii) False iv) False v) True
- 2) i) Market standing ii) Innovation iii) Productivity  
 iv) Physical resources  
 v) Financial resources vi) Profitability  
 vii) Manager performance and attitudes  
 viii) Public responsibility

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## 16.12 QUESTIONS FOR PRACTICE

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- 1) What do you mean by controlling function of management? Describe salient characteristic features of control.
- 4) “Control is a fundamental management function that ensures worth accomplishment according to plans.” Discuss.
- 5) Explain the importance of control in a business enterprise. What are the requirements of an effective control system?
- 6) Explain in detail various stages in the control process.
- 7) Enumerate the various requisites of an effective control system and outline the limitations of control.
- 8) Discuss various types of control or control areas.

**Note:** These questions will help you to understand the Unit better. Try to write answers for them. But do not send your answers to the university. They are for your practice only.

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# UNIT 17 MOTIVATION

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## Structure

- 17.0 Objectives
- 17.1 Introduction
- 17.2 Concept of Motivation
- 17.3 Nature of Motivation
- 17.4 Process of Motivation
- 17.5 Role of Motivation
- 17.6 Theories of Motivation
  - 17.6.1 McGregor's Participation Theory
  - 17.6.2 Maslow's Need Priority Theory
  - 17.6.3 Herzberg's motivation Hygiene Theory
  - 17.6.4 Distinction between Herzberg's and Maslow's Theories
  - 17.6.5 Relationship between Maslow's and Herzberg's Theories
  - 17.6.6 Job Enrichment
- 17.7 Types of Motivation
  - 17.7.1 Financial Motivation
  - 17.7.2 Non-Financial Motivation
- 17.8 Let Us Sum Up
- 17.9 Key Words
- 17.10 Answer to Check your Progress
- 17.11 Questions for Practice

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## 17.0 OBJECTIVES

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After studying this Unit, you should be able to:

- explain the concept of motivation and the process of motivation
- describe the significance of motivation in present day organisations
- analyse some of the theories of motivation
- compare Maslow's Need Hierarchy Theory with Herzberg's Motivation Hygiene Theory
- explain the importance of job enrichment and its limitations in work motivation.
- classify different types of motivations – positive and negative, extrinsic and intrinsic and financial and non-financial
- explain the relative importance of financial and non-financial incentives

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## 17.1 INTRODUCTION

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In the previous Units you have read about some of the major Management functions. Directing is another important management function. Direction is telling people what to do and seeing that they do it to the best of their ability. It is

the managerial function of guiding, motivating, leading and supervising the subordinates to accomplish desired objectives. It is the process around which all performance revolves. In fact it is a pervasive function of management. It exists at every level, location and operations throughout the enterprise. Direction provides an opportunity to the subordinates to perceive the organisational goals properly and to act efficiently to achieve them. The basic principle of directing constitutes harmony of objectives, unity of command, direct supervision, effective communication and effective leadership. The process of directing function consists of four elements viz: Supervision, Motivation Leadership and Communication.

Supervision is a part of the directing function of every manager. It means observing the subordinates at work to ensure that they are working according to plans and schedules and to help them in solving their work problems. The qualities of a good supervisor includes: technical knowledge and managerial ability, adequate authority, human orientation, knowledge of rules and regulations, communication skills, leadership, decision-making skill, and ability to cope with non-supervisory duties.

Motivation guides, directs and activates the behaviour of the people to achieve the goal. Leadership influences the behavior of the people to work willingly, while communication provides a proper interaction between manager and subordinates. Manager has to coordinate all these elements to achieve the desired results. Motivation and leadership are the key performance areas of any manager and lead to the growth of both the employees and organisation in the long run.

In any organisation, all employees do not perform their work with equal efficiency. Some are found to be more efficient than others. The difference in their performance can be attributed either to difference in their abilities or in their urge or willingness to perform as best as possible. Given the ability and skill, it is the motive of employees which determines whether they will be more or less efficient. Employee motivation i.e. bringing about an inner urge or desire in employees to work to the best of their ability is an important function of management. Considering the important role of motivation and leadership in an organisation, in this Unit we shall deal with the concept and process of motivation - its importance, theories of motivation, and the types of incentives which may be provided to motivate people.

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## 17.2 CONCEPT OF MOTIVATION

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Motivation may be defined as the complex of forces inspiring a person at work to intensify his willingness to use his maximum capabilities for the achievement of certain objectives. Motivation is something that motivates a person into action and induces him to continue in the course of action enthusiastically. It determines the behaviour of a person at work. According to Dalton E. McFarland

**“Motivation refers to the way in which urges, drives, desires, aspirations, striving, or needs direct, control or explain the behaviour of human being.”**

The term ‘motivation’ is derived from the word ‘motive’. Motive may be defined as needs, wants, drives or impulses within the individual. Motives are expressions of a person’s needs and hence they are personal and internal. In this context, the term ‘need’ should not be associated with urgency or any pressing desire for

something. It simply means something within an individual that prompts him to action. Motives or needs are 'whys' of behaviour. They start and maintain activity and determine the general direction of the person. Motives give direction to human behaviour because they are directed towards certain 'goals' which may be conscious or sub-conscious.

Motives or needs of a person are the starting point in the motivation process. Motives are directed towards the achievement of certain goals which in turn determine the behaviour of individuals. This behaviour ultimately leads to goal directed activities such as preparing food and a goal activity such as eating food. In other words, unsatisfied needs result in tension within an individual and engage him in search for the way to relieve this tension. He will develop certain goals for himself and try to achieve them. If he is successful in his attempt, certain other needs will emerge which will lead to setting a new goal. But if he is unsuccessful he will engage himself in either constructive or defensive behaviour. This process keeps on working within an individual.

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### 17.3 NATURE OF MOTIVATION

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Motivation helps in inspiring and encouraging the people to work willingly.

- 1) **Motives are the energising forces within us:** These forces are invisible and it is very difficult to measure them, because all of us are different and the motives energising us at a point differ from time to time. All that is possible is to observe and measure the behaviour we choose and from this behaviour make a kind of backward causation statement to the possible motive. Observing someone's behaviour may indicate that a certain need is present in this person, motivating him onward.
- 2) **One motive may result in many different behaviours:** The desire for prestige may lead a person to run for political office, give money away, get additional educational training, steal, join, groups or may change his outward appearance. A person wanting acceptance will behave differently in a car pool, office secretarial pool, or swimming pool.
- 3) **The same behaviour may result from many different motives:** Behaviour may be caused by a number of different motives. For instance the motives underlying purchase of a car may be: to appear younger and attractive; to appear respectable; to gain acceptance from others; to maintain the acceptance already gained through a similar income level; to satisfy economic values and to reinforce company created status differentials. Thus it would be wrong for the manager of an organisation to lump all behaviour as coming from the same motive. People join unions, get married, attend class, and laugh at professor's jokes for many different reasons (motives). Thus a motive cannot be identified from any specific behaviour.
- 4) **Behaviour can be used as an estimate of an individual's motives:** It is possible to get repeated observations of one individual's behaviour and then make an estimate of the cause of that behaviour. For example, there is truth in the statement that some people always seem to feel insecure and thus behave continuously in a manner reflecting the insecurity of feeling. There are also people who behave in a way that radiates confidence. They are confident in many different social settings so that one finds a constant and

repeated behaviour from which probably estimate the motive of the person. Obviously, if a person is at a state of near starvation, most of his behaviour will be related to the need for food. Although it is dangerous to categorise people, it is also wrong to believe that individual behaviour, when looked at in a time perspective, cannot be used as an estimate for motivation.

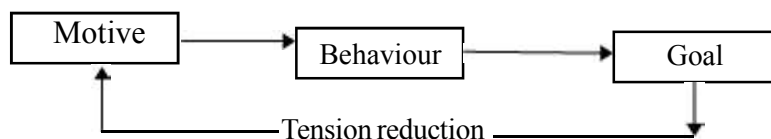
- 5) **Motives may operate in harmony or in conflict:** Behaviour is frequently the result of the interplay of several motives. These motives may push a person in one direction or in a number of directions. For example, a girl may want to get high grades in school while also wanting to help her mother in the kitchen. An athlete may desire an outstanding performance and may also be sensitive to being shunned by his fellow teammates if he performs too well and receives too much of credit. Behaviour, therefore, is the result of many forces differing in direction and intent.
- 6) **Motives come and go:** It is very rare that a motive has the same energy potential over a long period of time. A young man who prefers to travel during vacation may give up the idea during the football season because the joy of travelling takes second place to the need to play football. The girl who is overly concerned about her hair and clothes during adolescence may turn her attention to other things once she grows up. Because humans are constantly growing, the motive at one point in time will not be as intense as the motive at another point in time.
- 7) **Motives interact with the environment:** The situation at a particular point in time may trigger or suppress the action of a motive. You probably have experienced situations where you did not realize the intensity of your hunger needs until your smelling senses picked up the odour of palatable food. Similarly, many of these sociological needs become stimulated when you are in a situation filled with the sociology factors. Thus needs that may be latent can be quickly stimulated by the environmental situation. We have now identified a number of generalisations that could be useful in understanding the concept of motivation. The topic of human motivation is very complex and is related to other fundamental ideas such as drives and needs so that it is difficult to put our thinking into a clear system of relationships.

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## 17.4 PROCESS OF MOTIVATION

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The basic elements of the process of motivation are (i) behaviour (ii) motives (iii) goals and (iv) some form of feedback as shown in figure 17.1



**Figure 17.1: Process of Motivation**

**Behaviour:** All behaviour is a series of activities. Behaviour is generally motivated by a desire to achieve a goal. At any moment individuals may indulge in multifarious activities like walking, talking, eating, and so on. They switch

over from one activity to another activity swiftly. In order to predict and control behaviour managers must understand the motives of people.

**Motives (Needs/drives/wants):** Motives prompt people to action. They are the primary energisers of behavior. They are the 'ways' of behaviour and mainsprings of action. They are largely subjective and represent the mental feelings of human beings. They are cognitive variables. They cause behaviour in many ways. They arise continuously and determine the general direction of an individual's behaviour.

**Goals:** Motives are directed toward goals. Motives generally create state of disequilibrium, physiological or psychological imbalance, within the individuals. Attaining a goal will tend to restore physiological or psychological balance. Goals are the ends which provide satisfaction of human wants. They are outside an individual; they are hoped for incentives toward which needs are directed. One person may satisfy his need for power by kicking subordinates and another by becoming the president of a company. Thus, a need can be satisfied by several alternate goals. The particular goals chosen by an individual depends on four factors; (i) the cultural norms and values that are instilled as one matures, (ii) one's inherited and biological capabilities, (iii) personal experience and learning influences and (iv) mobility in the physical and social environment.

The dilemma posed by a large number of needs can often be resolved by integrating wants where one activity may satisfy several needs. Researchers have found that many overweight people continue to eat excessively because they have fused the satisfaction of a number wants (Love, Security, Comfort) into the act of eating. Eating, in a way, releases the tension built by the numerous unsatisfied needs.

The process of motivation discussed above implies that individuals possess a host of needs, desires and expectations. All of these needs compete for their behaviour and ultimately the need with the maximum strength at a particular moment leads to activity. When a need is satisfied, it is no longer a motivator of behaviour.

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## 17.5 ROLE OF MOTIVATION

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The following factors contribute to the significance of the role of motivation:

- 1) Managers and organisational researchers cannot avoid a concern with the behaviour requirements of an organisation. Every organisation needs people (in addition to physical and financial resources) in order to function.
- 2) Motivation as a concept is pervasive and a highly complex activity that affects and is affected by a host of factors in the organisational milieu.
- 3) Organisational effectiveness becomes to some degree a question of management's ability to motivate its employees, to direct at least a reasonable effort toward the goals of the organisation.
- 4) As technology increases in complexity, machines tend to become necessary, but insufficient vehicles of effective and efficient operations. In other words, it becomes necessary for an organisation to ensure that it has employees who are both capable of using and willing to use the advanced technology to achieve organisational goals.

- 5) Many organisations are now beginning to pay increasing attention to developing their employees as future resources (for talent bank) upon which they can draw as they grow and develop.

**Check Your Progress A**

- 1) Which of the following statements are True and which are False.
  - i) Motives and needs are the ‘whys’ of behaviour.
  - ii) Motives always operate in harmony and drive individuals in a single direction.
  - iii) To control the behaviour of subordinates, managers must understand their motives,
  - iv) Environment has nothing to do with human motive.
  - v) Motives do not change in intensity over time.
- 2) Fill in the blanks.
  - i) Motives are expressions of a person’s: ..... and hence they are personal and .....
  - ii) ..... can be used as an estimate of an individual’s motives.
  - iii) ..... needs may be quickly stimulated by the environment.
  - iv) Organisational effectiveness is to some degree a question of the management’s ability to ..... the employees.

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**17.6 THEORIES OF MOTIVATION**

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Theories of motivation generally aim at analysing the process of motivation and indicating how to motivate people. We shall discuss here three well known theories of motivation. These are McGeorge participation theory; Maslow’s need priority theory and Herzberg’s two factor theory.

**17.6.1 McGregor’s Participation Theory**

Douglas McGregor’s formulated two sets of assumptions about human beings based on the participation of workers. The first sets of assumptions are contained in Theory X and the second sets of assumptions are contained in ‘Theory Y’. In the Theory X, McGregor proceeds with the assumption that the average human being has inherent dislike for work and will avoid it if he can. The managers, of such employees think that “most people must be coerced, contribute, directed, threatened with punishment to get them put forth adequate efforts towards the achievement of organisational objectives.” Theory X presumes that people by nature:

- 1) Lack integrity.

- 2) Are fundamentally lazy and desire to work as little as possible.
- 3) Avoid responsibility.
- 4) Are not interested in achievement.
- 5) Are incapable of directing their own behaviour.
- 6) Are indifferent to organisational needs.
- 7) Prefer to be directed by others.
- 8) Avoid making decision whenever possible.
- 9) Are not very bright.

McGregor described Theory X as the **traditional theory** of what workers are like and what management must do to manage them. Workers have to be persuaded and pushed into performance. Workers can be made to work only through autocratic leadership. After describing Theory X, McGregor questioned if this view of human behaviour is correct. He propounded theory Y which, he felt better represents the human behaviour. Under theory Y it is assumed that people by nature:

- 1) Have integrity.
- 2) Work hard towards objectives to which they are committed.
- 3) Assume responsibility within their commitments.
- 4) Desire to achieve.
- 5) Are capable of directing their own behaviour.
- 6) Want their organisation to succeed.
- 7) Are not passive and submissive.
- 8) Will make decisions within their commitments.

In developing theory Y, McGregor made the following assumptions:

- 1) Engaging in physical and mental efforts – as natural as play or rest. The average human being does not inherently dislike work.
- 2) External control and the threat of punishment are not the only mean of directing efforts towards organisational objectives. Man will exercise **self-direction** and **self-control** in the service of objectives to which he is committed.
- 3) Commitment to objectives follows the rewards associated with their achievement. The most significant of such rewards namely **satisfaction of ego** and **self-actualisation needs**, can be the direct result of efforts toward organisational objectives.
- 4) The average human being learns, under proper conditions, not only to accept but to seek responsibility. Avoidance of responsibility, lack of ambition and emphasis on security are generally consequences of experience and not inherent human characteristics.



- 5) The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organisational problems is widely, not narrowly, distributed in the population.
- 6) Under the conditions of modern industrial like the intellectual potentialities of the average human being are only partially utilised.

The assumptions of McGregor's theory Y suggest a new approach to management. It lays greater emphasis on cooperation between management and workers. The managers following this theory aim at getting maximum output with minimum degree of control. Generally, no conflict is visible between the organisational goals and individual goals. Thus, the efforts of employees which are in their best interest are also in the interest of the organisation. Theory Y has proved to be useful in such management practices as job enrichment, decentralisation and participative management. However these techniques are applicable in organisations where self-motivated, self-controlled mature and responsible people work. According to McGregor, researches in the behavioural sciences have shown that the assumptions of theory Y are more valid than practices of theory X.

**Appraisal:** McGregor's contribution should be analysed in the proper perspective. All that he postulated and sought to dramatise through his theory X and theory Y is to outline the extremes to draw the fencing within which the organisational or enterprise man is seen to behave. No enterprise man would belong either to theory X or theory Y. He shares the traits of both, with emphasis shifting from one set of properties to the other with changing moods and impulses (needs and motives) and with the varying environment.

The chief merit of McGregor's formulation is that it helped to crystallise and set the right perspective to the findings of Elton Mayo, which had then puzzled management and productivity experts and set in motion a wave of research into the behaviour of the enterprise man. It (along with Hawthorne Studies) can be said to have been the starting point and mainspring that evoked wide and lasting interest in the area of motivation, leadership and techniques of manipulating behaviour of the human element of the enterprise.

One might get the impression that theory X is bad and theory Y is good. This is not true because the assumptions under these theories are attitudes or predispositions of managers towards people. They are not behaviour patterns. Thus, although the 'best' assumptions for a manager to have may be theory Y, it may not be advisable to behave consistently with these assumptions about human nature, but he may find it necessary to behave in a very directive manner (as if he had theory X assumptions) with some people in the short-run to help to be mature and self-motivated as per Y.

### 17.6.2 Maslow's Need Priority Theory

Maslow's theory is based on the needs of people. Maslow was of the view that the process of motivation begins with behaviour which at least in part, is directed towards the satisfaction of needs. He proposed that human needs can be arranged in a particular order from the lower to the higher as shown in figure 17.2.

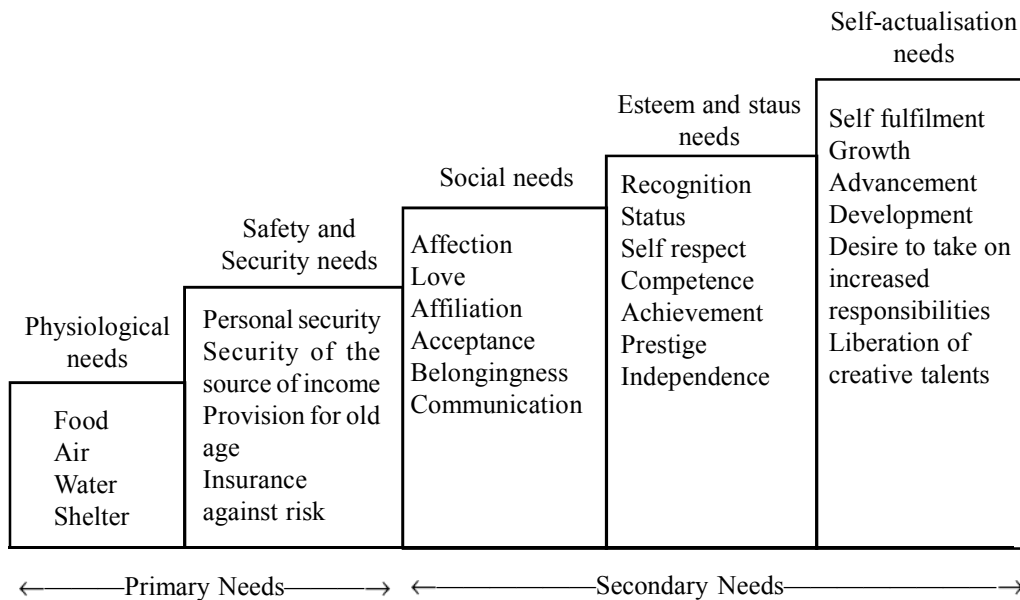


Figure 17.2: Maslow's Need Hierarchy

- 1) **Physiological needs:** The needs that are taken as the starting point of motivation theory are the physiological needs. These needs relate to the survival and maintenance of human life. These needs include such things as food, clothing, shelter, air, water and other necessities of life. These needs must be met at least partly before higher level needs emerge. They exert tremendous influence on behaviour. They are the most powerful of motivating stimuli. Therefore, we must satisfy most of them for survival.
- 2) **Safely and security needs:** After satisfying the physiological needs, people want the assurance of maintaining a given economic level. These needs include job security personal security, security of the income, provision for old age, insurance against risks, etc.
- 3) **Social needs:** Man is a social being. He is, therefore, interested in conversation, social interaction, exchange of feelings, companionship, recognition, belongingness, etc. Socialising is one of those reasons why many individuals (especially older people) go to work, and why people generally work better in small groups where they can develop affiliations that are important to them.
- 4) **Esteem and status needs:** These are concerned with awareness of self importance and recognition from others. Most people feel this need to be rated higher than other needs and seek recognition and respect on that account. Satisfaction of esteem needs produces feelings of self-confidence, prestige, power, and control. The fulfillment of esteem needs leads to self confidence strength and capability of being useful in the organisation. Whereas inability to fulfill these needs results in feelings of inferiority, weakness and helplessness.
- 5) **Self- Actualisation needs:** The final step under the need priority model is the need for self-actualisation also called self fulfilment or the need to fulfill what one's potentialities for continued self-development and for being creative in the broadest sense of that term. After his other needs are fulfilled, a man has the desire for personal achievement. He wants to do something which is challenging and since this challenge gives him enough dash and initiative to work, it is beneficial to him in particular and to the society in general. The sense of achievement gives him satisfaction.

Maslow felt that the needs have a definite sequence of domination. The second need does not dominate until the first is reasonably satisfied, and the third need does not dominate until the first two needs have been reasonably satisfied and so on. The other side of the need hierarchy is that man is never satisfied. If one need is satisfied another need arises. According to Maslow, if one's lower order needs (physiological and security needs) are not satisfied, he can be motivated only by satisfying these needs first and not by satisfying the higher order needs. Further, once a need or a certain order of needs is satisfied, it ceases to be a motivating factor.

The physiological and security needs are finite, but the needs of higher order are sufficiently infinite and are likely to be dominant in persons at higher levels in the organisation. Studies have also revealed that those needs which are thought to be most important like social needs, ego needs and self-realisation needs are also the best satisfiers.

### **Do needs follow a hierarchy**

The need priority model may not apply at all times in all places. Surveys in continental European countries and Japan have shown that the model does not apply very well to their managers. The degree of satisfaction of needs does not vary according to the need priority model. For example, workers in Spain and Belgium felt that their esteem needs are better satisfied than their security and social needs. Apparently, cultural differences are an important cause of these differences. Thus, need hierarchy may not follow the sequence postulated by Maslow. Even if safety need is not satisfied, the ego or social need may emerge.

The proposition that one need is satisfied at one time is also of doubtful validity. The phenomenon of multiple motivation is of great practical importance in understanding the behaviour of man. Man's behaviour at any time is mostly guided by multiplicity of motives. However, one or two motives in any situation may be predominant while others may be of secondary importance. Moreover, at different levels of needs, the motivation will be different. Money can act as a motivator only for physiological and social needs, not for satisfying higher order needs. Employees are enthusiastically motivated by what they are seeking, more than by what they already have. They may react protectively to try to keep what they already have, but they move forward with enthusiasm only when they are seeking something else. In other words, man works for bread alone as long as it is not available.

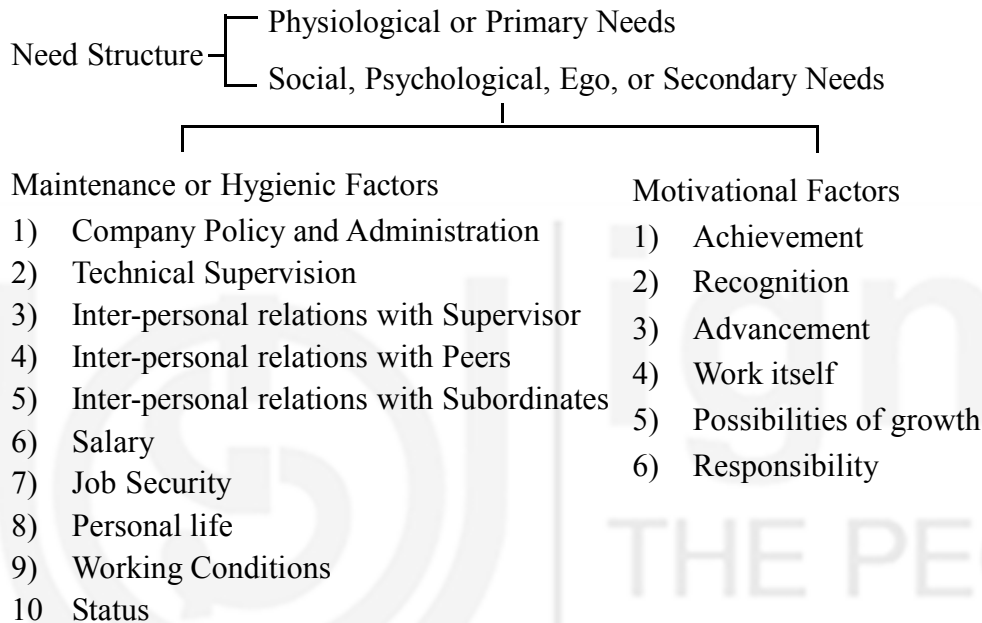
There are always some people in whom, for instance, need for self-esteem seems to be more prominent than that of love. There are also creative people in whom the drive for creativeness seems to be more important. In certain people, the level of motivation may be permanently lower. For instance, a person who has experienced chronic unemployment may continue to be satisfied for the rest of his life if only he can get enough food. Another cause of reversal of need hierarchy is that when a need has been satisfied for a long time it may be under-evaluated.

### **17.6.3 Herzberg's Motivation Hygiene Theory**

A significant development in motivation theory is based on the distinction between motivation and maintenance factors in job situation. On the basis of his research findings Herzberg drew a distinction between what he called 'motivators' and 'hygiene' factors.

Some job conditions operate primarily to dissatisfy employees when the conditions are absent, but their presence does not motivate employees in a strong way. Many of these factors are traditionally perceived by management as motivators, but these are really more potent as dissatisfiers. The potent dissatisfiers are called maintenance factors in job because they are necessary to maintain a reasonable level of satisfaction among the employees. They are also known as dissatisfiers or ‘hygienic factors’ because they support employees’ mental health. Another set of job condition operates primarily to build strong motivation and high job satisfaction but their absence rarely proves strong dissatisfier. These conditions are ‘Motivational Factors’. Herzbergs maintenance and motivational factors have been shown in the table given below.

**Table: Herberzg’s Maintenance and Motivational Factors**



Hygienic factors include wages, fringe benefits, physical conditions and overall company policies and administration. The presence of these factors at a satisfactory level prevents job dissatisfaction, but they do not provide motivation to the employees. So they are not considered as motivational factors. Motivational factors on the other hand are essential for increasing the productivity of the employees. They are also known as satisfiers and include such factors as recognition, feeling of accomplishment and achievement, opportunity of advancement and potential for personal growth, responsibility and sense of job and individual importance, new experience and challenging work etc.

Herzberg further stated that managers have hitherto been very much concerned with hygienic factors. As a result, they have not been able to obtain the desired behaviour from employees. In order to increase the motivations of employees. It is necessary to pay attention to the satisfiers or motivational factors.

According to Herzberg today’s motivators are tomorrow’s hygiene because the latter stop influencing the behaviour of persons when they get them. When a person gets one thing, then something else will motivate him and the need which has been fulfilled will have only negative significance in determining his behaviour. It should also be noted that one’s hygiene may be the motivator of another. For instance It is likely that workers in underdeveloped economies will

designate some of the maintenance factors as motivators because their primary needs have not been fulfilled and they continue to be motivated by these factors.

### 17.6.4 Distinction between Herzberg’s and Maslow’s Theories

Both Herzberg and Maslow theories focus on motivational factors Maslow’s motivation theory is based on the hierarchy of needs. According to him an unsatisfied need becomes a motivating factor for the individual and governs his behaviour in that direction. But Herzberg has developed a theory of motivation by differentiating between motivational and maintenance (or hygienic) factors. Maintenance factors avoid job dissatisfaction but do not provide motivation to workers. According to him lower order needs like physiological, safety and social needs act as maintenance factors.

Herzberg’s theory has a limited applicability in the sense that it is more applicable to professional personnel, Maslow’s theory on the other hand has universal applicability, it is applicable to all kinds of workers.

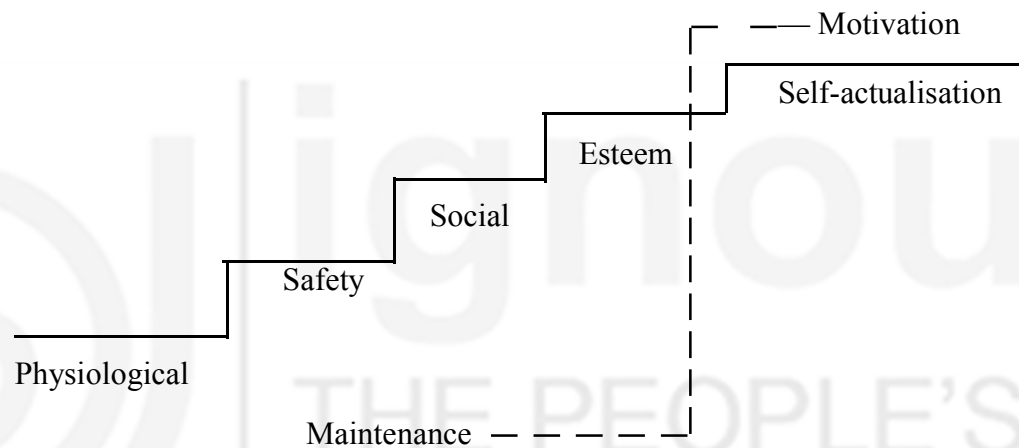


Figure 17.2: Relationship between Maslow’s and Herzberg’s Theories

### 17.6.5 Relationship between Maslow’s and Herzberg’s Theories

Though there are differences between the theories of Herzberg and Maslow still they are related to each other. Most of the maintenance factors of Herzberg come under comparatively lower order needs. Most of these needs remain satisfied and hence cease to be motivating. Maslow’s physiological, security and social needs come under Herzberg’s maintenance factors while self-actualisation comes under motivating factors. A portion of esteem needs like status becomes part of the maintenance factors and the remaining portion including advancement and recognition comes under motivational factors.

### 17.6.6 Job Enrichment

Herzberg attached greater importance to job enrichment in his two factor theory. Job enrichment implies enriching the content of job or the deliberate upgrading of responsibility, scope and challenge in work. Job enrichment is a motivational technique which emphasises the need for challenging and interesting work. It suggests that jobs be redesigned so that intrinsic satisfaction is derived from doing the job. In its best application, it leads to a vertically enhanced job by adding functions from other organisational levels so as to contain more variety, and challenge and offering autonomy and pride to the employees.

The term job enrichment should be distinguished from the term 'job enlargement'. Job enlargement attempts to make a job more varied by removing the dullness associated with performing repetitive operations. It involves a horizontal loading or expansion i.e. the addition of more tasks of the same nature. But in jobs enrichment, the attempt is to build into job a higher sense of challenge and importance of achievement. Job enrichment involves vertical loading. Additions in job enrichment require higher levels of skills and competence.

Some of the principles which make job enrichment effective are:

- 1) Give the workers the freedom of operation and responsibility.
- 2) Managers should have better understanding of what workers really want. They wish that their managers feel concerned about the welfare.
- 3) Workers should be consulted and given the chance to offer their suggestions.
- 4) Introduce new and more difficult tasks at each step, giving workers an opportunity to learn and specialise.
- 5) The workers should be given frequent feedback on their performance. Recognition and appreciation of their work induce them to learn more. It also eliminates possibilities of wide variations. This increases the efficiency of workers.

### **Advantages of job Enrichment**

Following are the advantages of job enrichment:

- i) It makes the work interesting
- ii) It decreases the rates of absenteeism and labour turnover.
- iii) It helps motivation through opportunities for growth and advancement.
- iv) It makes for task reinforcement and increases the skill of workers.
- v) Workers get higher job satisfaction.
- vi) The enterprise gains through improvement of output both quantitatively and qualitatively and higher satisfaction of the workers.

### **Limitations of job Enrichment**

Following are the limitations of job enrichment:

- i) Technology may not permit the enrichment of all jobs. With specialised machinery, it may not be possible to make jobs very meaningful.
- ii) Job enrichment has proved to be a costly process in certain cases as the expenditure involved is bigger than the gains in productivity.
- iii) Jobs of highly skilled professional employees contain many challenging elements, but they are not necessarily that much efficient.
- iv) It is difficult to say that all workers really want challenging jobs. Many of them even like to avoid responsibility. They seem to like above all job security and pay.
- v) All those who prefer job enrichment may not have the requisite capability to meet the new challenges.

**Check Your Progress B**

- 1) Fill in the blanks.
  - i) According to Theory X, workers can be made to work only through ..... leadership.
  - ii) Needs that are taken as the starting point of Maslow’s motivation theory are the ..... needs.
  - iii) Lower order needs are ..... but the higher order needs are .....
  - iv) ..... factors also known as dissatisfiers are of negative importance in motivation.
  - v) Job enrichment is a ..... technique.
- 2) Match the following words/phrases in columns I and II by pairing the alphabets and number against each:

**Column I**

**Column II**

- |                     |                               |
|---------------------|-------------------------------|
| i) Hygienic factor  | a) Increased responsibility   |
| ii) Theory X        | b) Achievement                |
| iii) Theory Y       | c) Addition of similar tasks  |
| iv) Job enrichment  | d) Salary                     |
| v) Real motivators  | e) Work is as natural as play |
| vi) Job enlargement | f) Dislike of work            |

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**17.7 TYPES OF MOTIVATION – FINANCIAL AND NON-FINANCIAL**

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Motivation may be classified on various bases:

- 1) Positive or negative
- 2) Extrinsic and intrinsic
- 3) Financial or non-financial

**Positive motivation** is the process of attempting to influence the employees’ behaviour through recognition & appreciation of employees’ efforts and contribution towards achievement of organisational goal. Examples of positive motivators are – taking interest in subordinates benefits, appreciation and credit for work done, delegating the authority and responsibility of subordinates etc. **Negative motivation** is based upon fear i.e. demotion, lay off etc. The fear of punishment affects the behaviour towards changes. Though punishment has resulted in controlling the misbehaviour and contributed towards positive performance but it may also lead to poor performance & lower productivity. The second classification relates to **extrinsic** and **intrinsic motivation**. Extrinsic motivators arise away from the job. They do not occur on the job. These factors include wages, fringe benefits, medical reimbursement, etc. Thus, they are generally associated with financial incentives. But, intrinsic motivators occur on the job and provide satisfaction during the performance of work itself. Intrinsic or internal motivators include recognition, status, authority, participation, etc.

Lastly motivators may be **financial** or **non-financial**. **Financial motivators** are those which are associated with money. They include wages and salaries, fringe benefits, bonus, retirement benefits, etc. **Non-financial motivators** are those which are not associated with monetary rewards. They include intangible incentives like **ego satisfaction, self-actualisation and responsibility**. Here we shall be confining our discussion only to financial and non-financial motivation/incentives.

### 17.7.1 Financial Motivation/Incentives

Money plays an important role in motivation. Management generally makes use of financial incentives like wages and salaries, bonus, retirement benefits, insurance, medical reimbursement, etc. to motivate the workers. However, such incentives may not always prove to be motivating. In many cases, management may have to increase into the financial incentives to keep the workers with the organisation. This can be appreciated from the practice of making wages and salaries competitive between various enterprises so as to attract and maintain good work-force.

Money is a real motivating factor when the physiological and security needs of the workers have not been fully satisfied. Money plays a significant role in satisfying these needs. Therefore, management can use financial incentive for motivation. Money also helps in satisfying the social needs of employees to some extent because money is often recognised as a symbol of status, respect and power. Besides money is an important means of achieving a '**minimum standard of living**' although this 'minimum' has the tendency to go up as people become more affluent. But this should not lead one to conclude that money will always be a motivating factor to all people. To some people, importance of money may be reduced after a certain stage, and non-financial rewards may become more important. They are motivated by money only up to the stage they are struggling for satisfying their physiological and security needs.

Money provides for the satisfaction of physiological and safety needs only which have been called hygienic factors by Herzberg. **Hygienic factors** include wages and salaries and other fringe benefits. The presence of these factors at a satisfactory level prevents job dissatisfaction. They do not provide 'on a job satisfaction' to the employees and, therefore, cannot be considered as motivational factors. According to Herzberg, in order to motivate the employees, it is necessary to provide for the satisfaction of ego, social and self-actualisation needs. But these needs are present generally in case of employees in the higher positions, who get higher monetary rewards and are not motivated by increased monetary benefits. In case of employees at the operative levels, money certainly plays a significant role in motivating them because their survival and safety depends on it.

From the above discussion, it can be said that money is not the only motivator and it is not always a motivator. Management should therefore establish a motivational system which is capable of satisfying different kinds of human needs. On the job, satisfaction can be provided by helping the employees to develop themselves. Job enlargement, participative management, recognition, status symbols, and making the job challenging are some of the other non-financial incentives which also motivate employees.



### 17.7.2 Non-Financial Motivation/Incentives

When the physiological and security needs are satisfied with the help of money, it ceases to be a motivating force; that is why it is regarded as a maintenance factor. Indeed employees have other needs also. They want status and recognition in society; they want to satisfy their ego needs and they want to achieve something in their lives. In order to motivate the employees having these needs, management may use the following no-financial incentives:

- 1) **Competition:** If there is healthy competition among individual employees, groups of employees, it leads them to achieve their personal or group goals. Hence competition acts as a non-financial incentive.
- 2) **Praise or Appreciation of work done:** Recognition of satisfactory performance acts as a non-financial incentive since it satisfies one's ego needs. Sometimes appreciation of work done is more effective than any other incentive. However, this incentive should be used with great care because praising an incompetent employee creates resentment among competent employees.
- 3) **Knowledge of the results:** Knowledge of the results of work accomplished leads to employee satisfaction. A worker feels happy if he is informed about performance. He derives satisfaction when his superior appreciates the work he has done. In modern industry, the production workers have no contact with the consumers and so they cannot get the reaction of the consumers. However, they can be motivated to a greater extent if they are told the rating of their performance.
- 4) **Workers' participation in management:** Participation in management provides strong motivation to the employees. It gives them psychological satisfaction that their voice is heard. Participation in management provides for two-way communication and so imbibes a sense of importance.
- 5) **Suggestion system:** Suggestion system is an incentive which satisfies many needs of the employees. Many organisations which use the suggestion system make use of cash awards for useful suggestions. They sometimes publish the worker's name with his photograph in the company's magazine. This motivates the employees to be in search for something which may be of greater use to the organisation.
- 6) **Opportunity for growth:** Opportunity for growth is another kind of incentive. If the employees are provided opportunities for their advancement and growth and to develop their personality they feel very much satisfied and become more committed to organisation goals.

#### Check Your Progress C

- 1) Which of the following statements are True and which are False.
  - i) Negative motivation influences behaviour through the threat of penalty.
  - ii) Intrinsic motivation includes such factors as wages, fringe benefits, etc.
  - iii) Employees participation in management acts as a non-financial incentive.

- iv) Opportunity for growth is a financial incentive.
  - v) Money can be a motivator to an unlimited extent.
- 2) Fill in the blanks.
- i) Money is a real motivating factor so long as ..... and ..... needs are not fully satisfied.
  - ii) Positive motivation is based on .....
  - iii) Hygienic factors satisfy the ..... needs.
  - iv) Competition among employees is a ..... incentive.
  - v) Knowledge of the result of one's performance leads to .....

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## 17.8 LET US SUM UP

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Motivation may be defined as the complex of forces inspiring a person at work to intensify his willingness to use his maximum capabilities for the achievement of certain objectives. Motives or needs of a person are the starting point of the motivation process. Motives are energising, invisible forces. One motive may result in many different behaviours. Also the same behaviour may result from many different motives. Behaviour can be used as an estimate of an individual's motives. Motives can operate in harmony or in conflict. Motives change over time. Motives can also interact with the environment.

The basic elements of the process of motivation are: (i) behaviour, (ii) motives, (iii) goals, (iv) some form of feedback or reaction. Behaviour is generally motivated by the desire to achieve a goal. Motives are directed towards goals and prompt people to action.

McGregor formulated two sets of assumptions about human beings, which formed the basis of Theory X and Theory Y of motivation. He described Theory X as the traditional theory which required workers to be persuaded and pushed into performance on the assumption that the average human being dislikes work and would avoid it if he can. He propounded Theory Y based on the assumption that people by nature love work and can exercise self-direction and self-control in the service of objectives to which they are committed.

Maslow's need priority theory is based on needs of people which arise in sequence and hierarchical order from physiological needs through security needs, social needs, esteem needs and self-fulfillment needs. Herzberg's two-factor theory distinguishes between maintenance or hygienic factors and motivational factors, the former having only negative significance and the latter having positive effect on motivation. The absence of maintenance factors like wages, job security, physical conditions of work and such extrinsic elements cause dissatisfaction, but their presence does not provide motivation. On the other hand, motivational factors such as recognition, achievement, etc. are essential for motivating employees and these factors provide positive incentives.

Herzberg emphasised the importance of job enrichment as one of the motivational factors. It refers to enriching the job content or the deliberate upgrading of responsibility, scope and challenge in work. Job enrichment differs from job enlargement which involves horizontal loading, that is, addition of more tasks of the same nature.

Motivation may be classified on different bases e.g. positive and negative, extrinsic and intrinsic, financial and non-financial. Positive motivation is the process of attempting to influence the employees behaviour through the possibility of reward. Negative motivation is based on fear & threats i.e. demotion, lay off etc. Extrinsic motivators arise away from the job and are financial in nature. Intrinsic motivators are concerned with the state of self-actualisation and occur on the job.

Financial motivation refers to motivation induced by money or money's worth, like wages and salaries, bonus, medical benefits, etc. Non-financial motivation includes incentives like competition, praise, knowledge of results, participation in management, opportunity for growth etc.

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## 17.9 KEY WORDS

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**Behaviour:** Behaviour refers to the series of activities undertaken by an individual or a group with a view to achieving stated goals.

**Esteem and status needs:** They relate to self-confidence independence, achievement, competence, initiative, success, etc.

**Extrinsic Motivation:** Extrinsic motivation refers to the incentives which are external to the job, such as, salary, fringe benefits, etc.

**Financial Incentives:** Financial incentives are those which involve money or benefits in kind like wage, salary, retirement benefits, insurance, medical reimbursement etc.

**Goals:** Goals are the ends which provide satisfaction of human needs.

**Intrinsic Motivation:** It refers to incentives internal to the job and provides satisfaction during the performance of work itself.

**Job Enrichment:** It refers to the process whereby a job is enriched in terms of its contents, responsibility, scope, variety and challenge.

**Motivation:** Motivation refers to the process by which human needs direct and control the behaviour of a human being.

**Motives:** Motives are the primary energisers of behaviour which prompt people to action.

**Motivators:** Motivators are associated with positive feelings of employees about the job.

**Negative Motivation:** It refers to the process of influencing employees' behaviour through fear of losing the job or losing promotion.

**Non-Financial Incentives:** It includes incentives like status, recognition, challenge in work etc.

**Physiological Needs:** These needs relate to survival and maintenance of human life, such as, need for food, clothing, shelter, water, rest, etc.

**Positive Motivation:** It refers to the process of influencing employees' behaviour through the possibility of reward.

**Safety and security Needs:** These needs relate to job security, physical security, income security, provision for old age, etc.

**Self-Actualisation or Self-Fulfilment:** It refers to realizing one's potentiality for continued self-development and for being creative in the broadest sense of the word.

**Social needs:** These relate to need for social incentive, relatedness, companionship, belongingness, etc.

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## 17.10 ANSWER TO CHECK YOUR PROGRESS

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- A) 1) (i) True (ii) False (iii) True (iv) False  
(v) False
- 2) (i) needs internal (ii) behaviour (iii) latent  
(iv) goals (v) motivate
- B) 1) (i) autocratic (ii) physiological (iii) finite, infinite  
(iv) hygienic/maintenance (v) motivational
- 2) (i) -d (ii)-f (iii) -d (iv) -e (v) -b (vi) -c
- C) 1) (i) True (ii) False (iii) True (iv) False (v) False
- 2) (i) physiological security (ii) rewards (iii) lower-order  
(iv) non-financial (v) satisfaction.

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## 17.11 QUESTIONS FOR PRACTICE

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- 1) Define motivation. Explain its importance to a modern enterprise.
- 2) What do you understand by the term 'motivation'? Point out the difference between positive and negative motivation.
- 3) Explain Herzberg's two-factor theory and differentiate it from Maslow's theory of Need Hierarchy.
- 4) Enumerate the assumptions of McGregor's Theory X and Theory Y. Which one is applicable in India?
- 5) What is meant by hierarchical nature of needs? Is the hierarchy rigid? Discuss with suitable examples.
- 6) "Money holds the key to work motivation in modern business organisations." Discuss.
- 7) "Non-financial incentives are as strong motivators as the financial ones" Critically examine this statement in the light of need-priority model and two-factor theory of motivation.

**Note:** These questions will help you to understand the Unit better. Try to write answers for them. But, do not submit your answers to University. These are for your practice only

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## UNIT 18 LEADERSHIP

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### Structure

- 18.0 Objectives
- 18.1 Introduction
- 18.2 What is Leadership?
- 18.3 Importance of Managerial Leadership
- 18.4 Theories of Leadership
- 18.5 Leadership Styles
- 18.6 Functions of Leadership
- 18.7 Motivation and Leadership
- 18.8 Leadership Effectiveness
  - 18.8.1 Factors Influencing Leadership Effectiveness
  - 18.8.2 Qualities of an Effective Leader
- 18.9 Morale
  - 18.9.1 Meaning and Significance of Morale
  - 18.9.2 Factors Determining Morale
  - 18.9.3 Leadership and Morale
- 18.10 Let Us Sum Up
- 18.11 Key Words
- 18.12 Answers to Check Your Progress
- 18.13 Questions for Practice

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### 18.0 OBJECTIVES

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After studying this Unit, you should be able to:

- explain the meaning of leadership
- describe the importance of managerial leadership
- state the theories and different styles of leadership
- outline the functions of leadership
- analyse the relation between motivation and leadership
- explain the meaning of leadership effectiveness and enumerate the qualities of an effective leader
- describe the meaning and significance of morale.

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### 18.1 INTRODUCTION

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In the previous Unit you have learnt about one of the important management functions viz., motivation. In this Unit, you will learn another management function, that is, leadership. As you know, management involves getting work done through the people. By virtue of their position, managers can issue orders and instructions to their subordinates to get work done. But it is also necessary to ensure that subordinates put in their maximum effort in performing their tasks. Hence, managers have to regulate and influence the subordinates' behaviour and

conduct at work. It is through the leadership role of managers that employees may be induced to perform their duties properly and maintain harmony in group activities. A manager having formal authority can direct and guide his subordinates and command their obedience by virtue of his positional power. But as a leader, the manager can influence work behaviour by means of his leadership ability to get the cooperation of all members of the group.

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## 18.2 WHAT IS LEADERSHIP?

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Leadership may be defined as **a process of influencing group activities towards the achievement of certain goals**. Thus, the leader is a person in a group who is capable of influencing the group to work willingly. He guides and directs other people and provides purpose and direction to their efforts. The leader is a part of the group that he leads, but he is distinct from the rest of the group. As defined by George R. Terry “Leadership is the activity of influencing people to strive willingly for group objectives”.

Leadership naturally implies the existence of a leader and followers as well as their mutual interaction. It involves inter-personal relation, which sustains the followers accepting the leader’s guidance for accomplishment of specified goals.

Managers have to guide and lead their subordinates towards the achievement of group goals. Therefore, a manager can be more effective if he is a good leader. He does not depend only on his positional power or formal authority to secure group performance but exercises leadership influence for the purpose. As a leader he influences the conduct and behaviour of the members of the work team in the interest of the organisation as well as the individual subordinates and the group as a whole. But leadership and management are not the same thing. Management involves planning, organising, coordinating and controlling operations in achieving various organisational goals. Leadership is the process which influences the people and inspires them to willingly accomplish the organisational objectives. Thus, a manager is more than a leader. On the other hand, a leader need not necessarily be a manager. For instance, in an informal group, the leader may influence the conduct of his fellow members but he may not be a manager. His leadership position is due to the acceptance of his role by his followers. But, the managers, acting as a leader, has powers delegated to him by his superiors. His leadership is an accompaniment of his position as a manager having an organised group of subordinates under his authority. Thus, managerial leadership has the following characteristics:

- i) It is a continuous process whereby the manager influences, guides and directs the behaviours of subordinates.
- ii) The manager-leader is able to influence his subordinates behaviour at work due to the quality of his own behaviour as leader.
- iii) The purpose of managerial leadership is to get willing cooperation of the work group in the achievement of specified goals.
- iv) The success of a manager as leader depends on the acceptance of his leadership by the subordinates.
- v) Managerial leadership requires that while group goals are pursued, individual goals are also achieved.

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## 18.3 IMPORTANCE OF MANAGERIAL LEADERSHIP

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The importance of managerial leadership in an organisation arises from the basic nature of the managerial and leadership roles of managers. Combination of these roles invariably leads to not only effective task performance and fuller achievement of organisation goals but also human satisfaction around. This is because management is based on the formal authority of managers. Whereas, being leaders of work groups enables managers to achieve results on the basis of inter-personal relations. The leader manager identifies himself with the work group. He acts as an intermediary between his subordinates and the top management. He takes personal interest in the development of his subordinates, helps them in overcoming individual problems through advice and counseling, creates appropriate work environment and builds up team spirit. As a result the leader manager is able to develop better team work. The subordinates willingly accept his advice, guidance and direction and are inspired as a group to accomplish the specific goals.

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## 18.4 THEORIES OF LEADERSHIP

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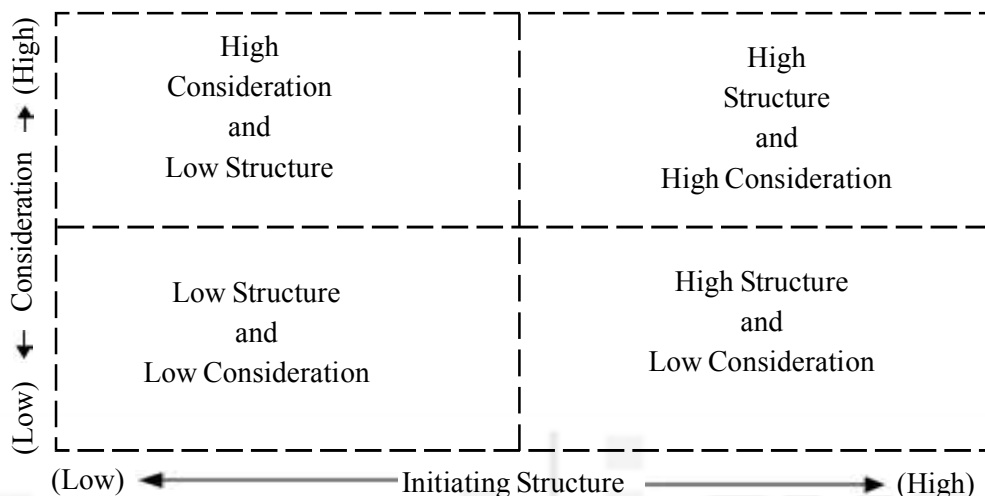
There are a number of theories which provide explanations regarding various aspects of the leadership phenomenon. Let us examine some of the theories.

**Trait Theory:** This is the earliest theory based on a distinction between the personal qualities or traits of successful leaders. The theory suggests a list of personality traits or characteristics which must be present in a person for his success as a leader. According to this theory, leaders must be physically strong and well-built, intelligent, honest and mentally mature. He must have initiative, self-confidence, ability to take decisions, and so on. Since all individuals did not have these qualities, only those who had them would be considered potential leaders. Following are the limitations of this theory:

- i) The trait theory is not accepted as a valid theory.
- ii) There is no universally agreed list of traits associated with successful leaders.
- iii) It is difficult to measure the traits and, therefore it is not always possible to distinguish between leaders and followers.

**Behavioural Theories:** The behavioural theories of leadership are based on the belief that **leaders can be identified by reference to their behaviour in relation to the followers**. In other words, it is suggested that leadership can be described in terms of **what leaders do rather than what they are**. Behavioural theories have been presented mostly on the basis of research studies. According to the studies conducted in the States of Michigan, USA, leaders who treat their subordinates as human beings, are concerned about their well-being, and encourage and involve them in goal setting, are more effective. They are described as **'employee-centred'** leaders. On the other hand, leaders who are **'production-centred'** emphasise job performance in conformity with prescribed standards. He exercises close control over the employees as if they were tools of production. Such a leadership is associated with unsatisfactory work performance due to the low morale of employees.

Studies conducted in Ohio State University showed two dimension of leader's behaviour viz., **Initiating structure** and **Consideration**. Initiating structure refers to the leader's behaviour in delineating the relationship between himself and members of the work group and in endeavouring to establish well defined pattern of organisation, channels of communication and methods of procedure. Whereas, consideration refers to behaviour indicative of friendship, mutual trust, respect and warmth in the relationship between leader and the members of his staff.



**Figure 18.1: Combination of Initiating Structure and Consideration**

Look at Figure 18.1 which shows that the behaviour of a leader may be described as any mix of both dimensions.

**Situational Theories:** In the situational theories of leadership the success of leadership depends upon the situation in which the leader operates.

According to leadership contingency model developed by Fred E. Fiedler, the leader's effectiveness depends upon three situational factors:

- i) **Leader-followers relations**, that is the degree of follower's trust, confidence and respect for the leader.
- ii) The extent to which the task performed by subordinates is routine or non-routine (known as **task structure**).
- iii) The **position power** of the leader, that is, the power associated with the rank and position of the leader in the organisation. He defined favourableness of a situation as the degree to which the situation enables the leader to exert his influence over his group.

**The most favourable situation for leaders to influence their group is one in which they are well liked by the members, the task is highly structured (i.e., routinised and predictable) and the leader has enormous power attached to his position.** On the other hand, the most unfavourable situation for leaders is one in which they are disliked, the task is highly unstructured and he will have little position power.

Task Oriented	Relationship Oriented	Task Oriented
Very favourable leadership situation	Intermediate favourable leadership situation	Very unfavourable leadership situation

**Figure 18.2: Appropriateness of leadership behaviour for various group situations**



Look at Figure 18.2 which shows that task oriented leaders tend to perform best in group situations that are either very favourable or very unfavourable to the leader. On the other hand, relationship-oriented leaders tend to perform best in situations that are intermediate (medium) in favourableness.

Another situational theory is the '**Path-Goal Theory**'. According to this theory, leaders are effective due to their influence on followers' motivation, ability to perform, and their satisfaction. Subordinates are motivated by the leader to the extent he is able to influence their expectancies relating to the performance and attractiveness of the goal. Further, individuals are satisfied with their job if they believe that (a) performance of the job will lead to desirable outcomes and (b) with hard work they will be able to achieve the desirable outcomes.

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## 18.5 LEADERSHIP STYLES

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The dominant behaviour pattern of a leader-manager in relation to his subordinates is known as leadership style. There are three basic styles of leadership as follows:

- 1) Autocratic or Authoritative Style
- 2) Democratic or Participative Style and
- 3) Laissez-faire or Free-rein Style.

### **Autocratic or Authoritative Style**

An autocratic leader centralises power and decision-making in himself and exercises complete control over the subordinates. In this style subordinates are compelled to follow the orders of the leader under threat of penalties. They have no opportunity to take part in goal-setting, or take initiative of make suggestions. They are subject to close supervision and, thus have a tendency to avoid responsibility. The autocratic manager has little concern for the well-being of employees, who suffer from frustration and low morale. They do not have any sense of belonging to the organisation and try to work as little as possible.

**Limitations:** it should be clear from the above that there are several limitations of the autocratic style of leadership.

- i) It results in low morale due to the inner dissatisfaction of employees.
- ii) Efficiency of production goes down in the long run.
- iii) It does not permit development of future managers from among capable subordinates.

Despite the above limitations, autocratic leadership can be successfully applied in the following situations:

- i) When subordinates are incompetent and inexperienced.
- ii) The leader prefers to be active and dominant in decision-making.
- iii) The company endorses fear and punishment for disciplinary techniques.
- iv) There is a little room for error in final accomplishment.
- v) Under conditions of stress when great speed and efficiency are required.

Since the leader-manager takes all decisions in autocratic style, there is uniformity and consistency in decision-making.

## Democratic or Participative Style

The democratic style is also known as participative style. In this style, decisions are taken by the leader in consultation with the subordinates and with their participation in the decision-making process. The participative leader encourages subordinates to make suggestions and take initiative in setting goals and implementing decisions. This enables subordinates to satisfy their social and ego needs, which in turn, lead to their commitment to the organisation goals and higher productivity. Frequent interaction between the manager and subordinates helps to build up mutual faith and confidence.

Several benefits can be derived from the participative style of leadership as listed below:

- i) It helps subordinates to develop their potential abilities and assume greater responsibilities.
- ii) It provides job satisfaction and improves the morale of employees.
- iii) The group performance can be sustained at a high level due to the satisfied and cohesive nature of the group.

However, the democratic style cannot be regarded as the best style under all circumstances. Its limitations are as follows:

- i) Decisions taken through consultation may cause delay and require compromises to meet different viewpoints.
- ii) A few vocal individuals may dominate the decision-making process.
- iii) No one individual may take the responsibility for implementing the decision taken by the group as a whole.

Despite the above limitations, democratic style is suitable in the following situations:

- i) When subordinates are competent and experienced.
- ii) The leader prefers participative decision-making process.
- iii) Rewards and involvement are used as the primary means of motivation and control.
- iv) The leader wishes to develop analytical and self-control abilities in his subordinates.
- v) The organisation has clearly communicated its goals and the objectives to the subordinates.

## Laissez Faire Leadership Style

Laissez faire leadership style is just the opposite of autocratic style. A manager, who adopts this style, completely gives up his leadership role. The subordinate group is allowed to make decisions and it is left to the members of the group to do as they like. The role of any leader is absent. The group members enjoy full freedom as regards goal-setting and acting on it. Hence, there is chaos and mismanagement of group goals. However, laissez faire leadership is found to be quite suitable where the subordinates are well-trained, competent and the leader-manager is able to fully delegate the powers of decision-making and action to the subordinates.

Laissez faire style is suitable in the following situations:

- i) When leader is interested in delegating decision-making fully.
- ii) Subordinates are well trained and highly knowledgeable.
- iii) Organisation goals have been communicated well.

Despite a few suitability this style should be adopted rarely because it may lead to chaos and mismanagement.

Look at Figure 18.3 which shows diagrammatic representation of all these leadership styles:

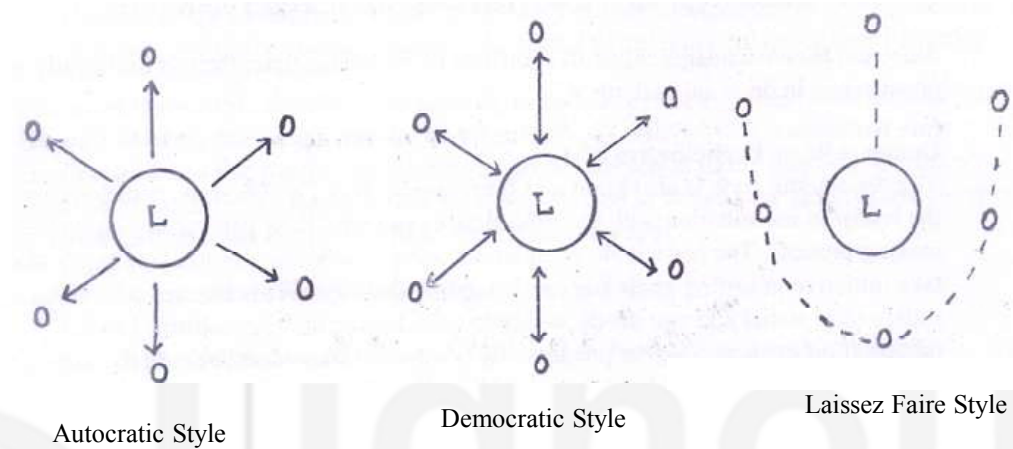


Figure 18.3: Diagrammatic Representation of Leadership Style

**Continuum of Leader Behaviour**

Robert Tannenbaum and Warren Schmidt depicted a broad range of leadership styles on a continuum which moves from authoritarian or boss-centred leader behaviour at one end to democratic or subordinate-centred behaviour at the other end.

(Democratic) ..... (Authoritarian)  
 Relationship Oriented ..... Task Oriented

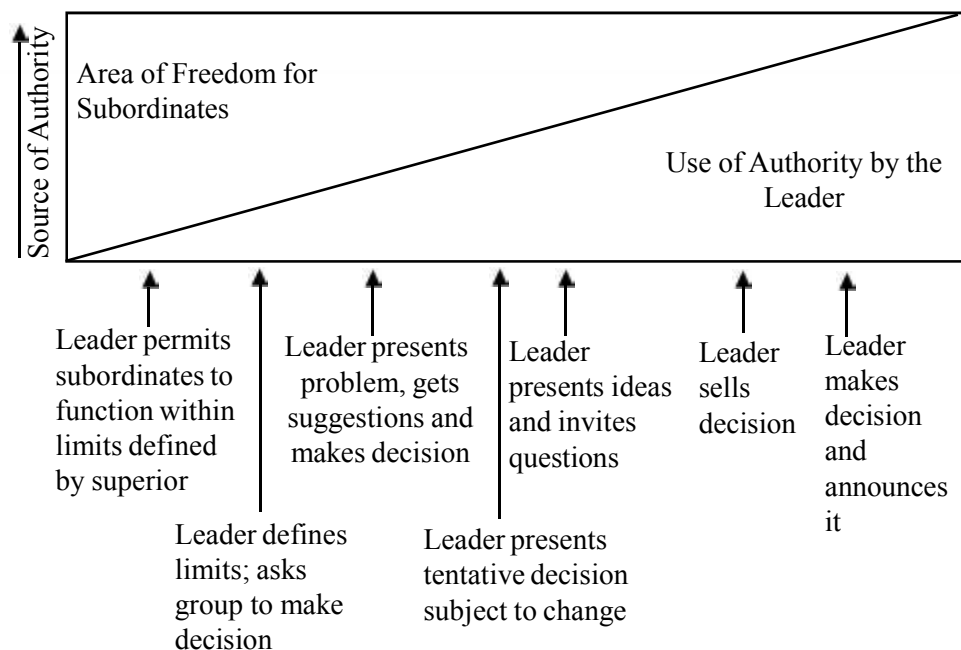


Figure 18.4: Continuum of Leader Behaviour

Look at Figure 18.4 which shows that leaders who are at the authoritarian end of the continuum tend to be task-oriented and use their power to influence their followers. He enjoys a high degree of control and delegate very little authority. On the other hand, leaders who are at the democratic side tend to be group oriented and provide their followers considerable freedom in their work.

Although the leader continuum approach provides a wide range of leader's behaviour. It identifies the number of behavioural alternatives available to a manager. Moreover, the success of the leadership style depends on the modification of the leader to the needs of the situation. Its major limitation is that it supports unidimensional thinking. It has been found that employees orientation and task-orientation are not opposite ends on a continuum.

### Check Your Progress A

- 1) Which of the following statements are True and which are False.
  - i) Leadership is not the same things as managership.
  - ii) Leadership is a function of management.
  - iii) Managerial Leadership involves pursuit of group goals, not individual goals.
  - iv) Trait theory of leadership emphasises the behaviour of leaders.
  - v) An autocratic leader-manager can be effective in the short-run, but not in the long-run
- 2) Fill in the blanks selecting appropriate words from those given within brackets.
  - i) A leader manger invariably ..... his subordinates (commands / directs and guides/rewards).
  - ii) Managerial leadership is a ..... process (regular/continuous/convenient).
  - iii) A democratic leader takes decisions on the basis of ..... (his own judgement / group opinion / individual views).
  - iv) Employee-centred leaders have maximum concern for ..... (work / subordinates/ organisational goals).
  - v) If the situation is highly favourable ..... leadership is most suitable (relations oriented / task oriented).

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## 18.6 FUNCTIONS OF LEADERSHIP

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A leadership functions of a managers are closely related with his managerial functions. But they are somewhat different as well as overlapping. Essentially, the leader as a manager has to set the group goal, make plans, motivate and inspire subordinates and supervise performance. But he has to perform several other functions as leader. The more important of these functions are given below:

- 1) **To develop team work:** One of the primary functions of the leader is to develop his work-group as a team. It is his responsibility to create a congenial work-environment keeping in view the subordinates competence, needs and potential abilities.

- 2) **To act as a representative of the work-group:** The leader of a work-group is expected to act as a link between the group and top management. When necessary, the leader has to communicate the problems and grievances of his subordinates to the top management.
- 3) **To act as a counsellor of the people at work:** Where the subordinates face problems in connection with their performance at work, the leader has to guide and advise the subordinates concerned. The problems may be technical or emotional in nature.
- 4) **Time management:** The leader's functions include not only ensuring the quality and efficiency of work performed by the group, but also checking on the timeliness of completing different stages of work.
- 5) **Proper use of power:** While exercising power or authority in relation to his subordinates, the leader must be careful about using his power in different ways according to the situation. It may be necessary to use reward power, coercive power, or expert power, formal or informal power, depending on what will stimulate positive response from the subordinates.
- 6) **Secure effectiveness of group-effort:** To get the maximum contribution towards the achievement of objectives the leader must provide for a reward system to improve the efficiency of capable workmen, delegate authority, and invite participation of employees in decision-making, ensure the availability of adequate resources, and communicate necessary information to the employees.

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## 18.7 MOTIVATION AND LEADERSHIP

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Effective leadership makes a positive impact on the motivation of members of a work group. This is due to the following reasons:

- i) Leadership creates a congenial work environment and thus ensures job satisfaction.
- ii) It enables group members to achieve individual goal as well as organisational goals.
- iii) It provides for a proper system of rewards and incentives for capable employees, which includes both financial and non-financial incentives.
- iv) The leader's concern for the well-being and development of subordinates promises self-fulfilment to every group member.

An effective leader-manager helps and supports his subordinates in the light of their individual values and expectations. This supportive relationship increases their motivation as it builds and maintains a sense of personal worth and importance of each individual.

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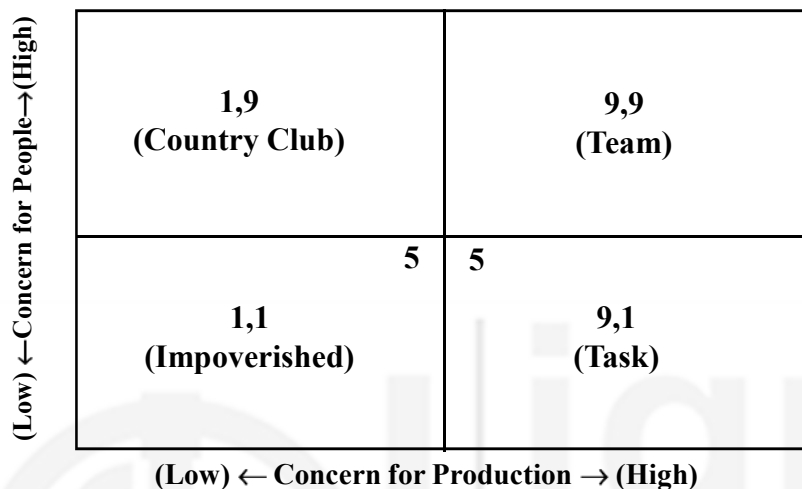
## 18.8 LEADERSHIP EFFECTIVENESS

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We have discussed above how different styles of leadership reflect the behaviour pattern of the leaders. The manager leader may be effective or ineffective depending upon the leadership style adopted by him. He may be **employee-centred** (i.e., relations-oriented) or **production centred** (i.e., task oriented). In

other words, the style may reflect the leaders **concern for people** or **concern for production**. But in reality, the manager-leaders may combine his concern for people and concern for production with different degrees of emphasis on each. This idea was developed in the form of what is known as ‘**Managerial Grid**’, which is briefly outlined below.

**Managerial Grid:** The managerial grid refers to a diagrammatic representation of the possible combinations of concern for people and concern for production which may be reflected in the style of leadership. The concept of managerial grid was developed by Blake and Mouton in 1964.



**Figure 18.5: Diagrammatic Representation of Managerial Grid**

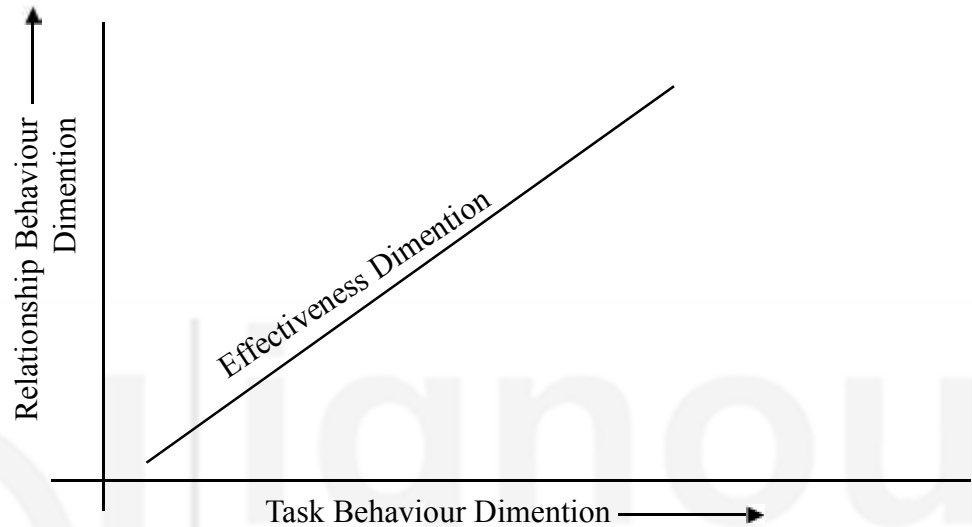
As shown in the diagram, there are nine degrees of concern each for people and production. Combining lower degrees and higher degrees of concern, five basis styles of leadership are distinguished as follows (No. 1 representing minimum concern, and No. 9 maximum concern):

- 1,1 style, where the manager has minimum concern for people as well as production, is known as **impoverished management**. This represents a casual attitude of the manager towards his job the organisation cannot be expected to survive.
- 9,1 style reflects the manager’s highest concern for production but least concern for people. It is known as **task management**.
- 1,9 style in which the manager has the maximum concern for people and minimum concern for production is described, as **country club management**. It implies that the manager is inclined to keep people happy expecting that happiness will make them more efficient, which is not true for business enterprises.
- 5,5 style represents moderate concern for both people and production and therefore known as **middle of road management**. This style of leadership is preferred by many managers whose approach to management is that of “live and let live”.
- 9,9 style is the best combination of concerns for people and production with maximum concern for both. In this case, the manager tries to integrate the

objectives of the organisation with the objectives of the people employed. This style therefore represents **team management**. It may be suggested that the 9,9 management style is likely to be most effective.

### Effective and Ineffective Styles

Effectiveness depends on the situational demands of a specific environment. When the style of a leader is appropriate to a given situation, it is termed effective. On the other hand, when the style is inappropriate to a given situation it is termed ineffective. Look at Figure 18.6 which shows the effective dimension of leadership.



**Figure 18.6: Diagrammatic Representation of Effectiveness Dimension**

The basic styles of leadership are further divided into eight styles according to their degrees of effectiveness i.e., as more effective and less effective styles. The following are regarded as **more effective styles**.

**Executive:** Used by a manager this style attaches maximum importance to work as well as the people. Such a manager is able to motivate people and utilise the team effectively. He sets high standards of performance and can accomplish the goals successfully.

**Developer:** The manager adopting this style attaches greatest importance to the people at work and has minimum concern for work. He devotes maximum attention to the development of individual subordinates and believes in their capability.

**Benevolent autocrat:** The manager whose attitude and style are those of a benevolent autocrat has high concern for work and low concern for people. But he is able to achieve the goals without causing any resentment among the subordinates.

**Bureaucrat:** With a bureaucratic style the manager is able to control the work-situation and achieve goals by means of rules and procedure. He has minimum concern for people and work as such.

The less effective (or **ineffective**) style are stated to be those which are not appropriate to the situation. These are as follows:

**Compromiser:** A manager who is equally concerned with people and work in a situation which requires emphasis on one of these, is a poor decision-maker due to pressures on both counts. Thus is ineffective manager leader.

**Missionary:** The missionary manager is one who aims at harmonious relations among people as an ideal and is little concerned with work, although the situation requires greater emphasis on work. He is unable to get results.

**Autocrat:** An autocratic manager is interested only in work and results thereof, whereas the situation requires relation-orientation. Such a manager lacks confidence in his subordinates and depends on high-handed management. So his leadership fails in the long-run.

### 18.8.1 Factors Influencing Leadership Effectiveness

Taking an overall view of the question of effectiveness of leaders, some writers have identified a number of factors that influence the leader and his effectiveness. These factors are:

- 1) The leader's own personality, past experience and expectations.
- 2) The expectations and behaviour of his supervisors.
- 3) The subordinates' characteristics, expectations and behaviour.
- 4) The requirements of tasks to be performed by subordinates.
- 5) Expectations and behaviour of fellow managers (peers).
- 6) Organisational culture (climate) and policies.

### 18.8.2 Qualities of an Effective Leader

A leader cannot be effective unless he possesses certain qualities of head and heart. Irrespective of the nature of the manager-leader's own responsibilities of the job and the styles adopted by him, a number of qualities are generally found to be possessed by the effective leader. The more important of these qualities are listed below:

- 1) **Mental and physical health:** To be able to bear the pulls and pressures of leadership, it is essential for the leader to have sound health both mental and physical. Along with a balanced temperament and optimistic outlook, he must possess stamina and sound health.
- 2) **Empathy:** A leader must have the capacity to appreciate others and look at things from his subordinates' angle. This attitude of the leader motivates his subordinates.
- 3) **Self-confidence:** Confidence about one's leadership ability makes it possible for a leader to analyse and face different situations and adopt a suitable style. Lack of self-confidence often prevents managers to adopt participative style and repose trust in his subordinates.
- 4) **Awareness of others' opinion about himself:** A leader having self-confidence should not ignore how others perceive him as a leader. He must be aware of his strength and weakness in relation to his subordinates.
- 5) **Objectives:** A leader who is effective does not get carried away by emotions. He is fair and objective in his dealings with subordinates.



- 6) **Knowledge and intelligence:** A leader to be effective must have knowledge of group behaviour, human nature, and activities involving technical and professional competence. He must have intelligent perception of human psychology and ability to think clearly and argue cogently on points of dispute.
- 7) **Decisiveness:** Decision-making is a necessary but difficult tasks for every leader. A leader often has to take initiative and exercise mature judgement while taking decisions. Besides, he has to have foresight, imagination and creative ideas for effective decision-making. Open mindness is yet another essential quality for that purpose.
- 8) **Ability to communicate:** The skill of effective communication of goals and procedure of work is extremely important in leadership. To achieve desired results and coordination of efforts in a group, oral communication is of great significance.
- 9) **Sense of purpose and responsibility:** A leader must have clarity of purpose and responsibility to be able to inspire his subordinates to achieve specific goals.
- 10) **Other qualities:** Enthusiasm, courage, sense of direction, judgement, tact, courtesy and integrity are also regarded as necessary qualities for a leader to be effective.

### Check Your Progress B

- 1) Fill in the blanks.
  - i) The primary function of the leader is to develop the work group as a .....
  - ii) When subordinates at work face problems the leader must act as a .....
  - iii) Leadership enables group members to achieve ..... as well as .....
  - iv) The leader-manager's effectiveness depends upon the ..... adopted by him.
  - v) Maximum concern for people and minimum concern for work is known as ..... management.
- 2) Which of the following statement are True and which are False.
  - i) Team management refers to moderate concern of the manager for work and people.
  - ii) A leader provides for a proper system of financial and non-financial incentives for subordinates.
  - iii) The managerial grid represents combination of lower degrees of concern for people and concern for work.
  - iv) Middle of the road management means a passive attitude on the part of manager leader.

- v) The bureaucratic manager attaches maximum importance to work as well as to people.
- 3) Match the following expressions given in column (A) and (B) by reference to the alphabets and numbers against each.

**Column A****Column B**

- |  |                        |
|--|------------------------|
| i) Minimum Concern for people & work                           | a) Executive           |
| ii) No Concern for people & work                               | b) Benevolent autocrat |
| iii) Maximum Concern for people & work                         | c) Deserter            |
| iv) Maximum Concern for work and<br>Minimum Concern for people | d) Bureaucrat          |

## 18.9 MORALE

You have learnt different dimensions of leadership behavior. Effective leader tries his best to boost the morale of the employees which in turn motivate them to work willingly. Let us discuss about morale in detail.

### 18.9.1 Meaning and Significance of Morale

Morale is the state of mind or attitude of an individual or group towards the work and environment i.e. towards the superior, fellow members of the group and goal of the organisation as well as the task assigned. A favourable attitude is an indication of high morale, while an unfavourable attitude indicates low morale.

Morale is an important factor which contributes to the willingness of people to work, leads to their happiness and determines their productivity. It is regarded as a significant variable which determines the success of an organisation. With high morale, people work willingly and enthusiastically for the achievement of organisational goals. Further, high morale leads people to attach greater importance to group goals as compared with their personal goals. It also reduces absenteeism and labour turnover. On the other hand, low morale leads to inefficiency, waste, low productivity, unrest and indiscipline among employees.

### 18.9.2 Factors Determining Morale

Morale reflects a state of mind or attitude of people which result from the conditions under which they work in an organisation. The more important factors that influence morale are the following:

- 1) **Objectives of the organisation:** if the organisational goals are considered by the employees to be useful and important, morale generally tends to be high.
- 2) **Leadership:** The effectiveness of a leader in providing satisfactory work environment is another important factor in moral building. If leadership enables the subordinates to achieve their goals and aspirations, there is a positive impact on morale.
- 3) **Group members:** High morale also results from the nature and behaviour of co-workers in the group. If members of the work group are cooperative and there is mutual faith and understanding among them, morale is likely to be high.

- 4) **Job satisfaction:** The jobs assigned to employees are performed well if they derive personal satisfaction from the work they do are proud of it,. Satisfying jobs contribute towards high morale particularly when the employees thereby have opportunity of self development.
- 5) **Structure of organisation:** The organisation structure defines the lines of superior-subordinate relations. If the authority and responsibility are clearly defined and there is free and frank communication between the superior and the subordinates, the situation is highly conducive to morale building.
- 6) **Compensation:** Satisfactory levels of wages and salaries as well as a system of rewards and incentives for higher efficiency are basic requirements for employee satisfaction. Thus, the morale tends to be high when fair compensation and rewards are assured.
- 7) **Advancement and promotional opportunity:** An organisation in which capable employee has opportunities of advancement in their career through promotion is highly preferred by ambitious people. The scope of promotion to position of higher responsibility and remuneration is a positive factor that determines the morale of employees.
- 8) **Living conditions and health:** The living conditions of employees which contribute to the physical and mental health also affect morale indirectly. People who live under satisfactory conditions naturally have a better attitude in relation to their work.
- 9) **Working environment:** Conditions in the work place have of course a direct impact on morale. Provision for safety, health care, and welfare of employees help a great deal in building up their morale.

### 18.9.3 Leadership and Morale

There are different reasons which may explain the correlation between managerial leadership and morale of subordinates. Good leadership inspires confidence in the subordinates not only to work efficiently but to derive adequate satisfaction from their work. Morale is generally high where the leader recognises the needs and aspirations of employees and identifies himself with the work group. Democratic leadership style wins over the loyalty of subordinates due to their involvement and participation in decision-making. The leader-manager who is concerned about the well being and advancement of careers of subordinates, supports them when they need his support, and represents their interests to higher-level managers, may build up the morale of subordinates more significantly. Provision of a system of fair compensation and incentive scheme by the leader also contributes a great deal to employee satisfaction leading to high morale

#### Check Your Progress C

- 1) Which of the following statements are True and which are False.
  - i) Morale is an attitude of mind which is reflected in willingness to work enthusiastically.
  - ii) Living conditions of employees do not have any effect on their morale.
  - iii) Manager leaders who are autocratic in their behaviour are able to build high morale.

- iv) People with low morale are misfits in their work-group.
  - v) Leadership and morale are positively correlated.
- 2) Fill in the blanks:
- i) Good health has a ..... effect on morale.
  - ii) Morale is ..... when workers have a favourable attitude to their work.
  - iii) Working conditions affect morale .....
  - iv) Managerial leadership and morale are ..... correlated.
  - v) Morale tends to be high if there is a system of ..... compensation.

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## 18.10 LET US SUM UP

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Leadership is a process of influencing group activities towards the achievement of certain goals. It is a continuous process whereby the manager influences, guides and directs the behaviour of subordinates to secure willing cooperation of the group. Combination of the managerial and leadership roles in the manager leads to not only effective task performance but also human satisfaction all round.

The trait theory of leadership suggests that the success of a leader depends mainly on his personality traits or characteristics. Whereas the behavioural theories of leadership are based on the belief that leaders can be identified by reference to their behaviour in relation to the followers.

In the situational theories of leadership the success of leadership is said to depend upon the situation in which the leader operates. The situational factors which influence leader's effectiveness include **leader-follower relations, the task structure** and the **position power of the leader**.

The dominant behaviour pattern of a leader-manager in relation to his subordinates is known as leadership style. There are three basic styles of leadership:

- (1) Autocratic, (2) Laissez faire and (3) Democratic style.

An autocratic leader centralises power and decision-making in himself and exercises complete control over the subordinates. Hence it results in low morale, and decline of productivity in the long run.

In democratic style of leadership decisions are taken by the leader in consultation with members of the group and with their participation in the decision-making process. It helps subordinates to develop their potential abilities, provides job satisfaction and improves morale, in laissez faire style, subordinates are left to take the decisions and perform their work as they like. Hence there may be chaos and mismanagement under this leadership style.

The functions of a leader manager include: developing teamwork, representing the group and acting as a link with top management, advising and counselling subordinates, managing the time schedule of work performance, using power properly, and securing effectiveness of group effort.

Effective leadership makes a positive impact on the motivation of the members of the work group. The manager-leader may be effective or ineffective depending upon the leadership style adopted by him. The concept of managerial grid helps managers to identify their own leadership style in terms of the degrees of concern for people and concern for work combined in the style.

More effective styles are said to be the following which reflect the manager's orientation: Executive, developer, Benevolent autocrat, and Bureaucrat, Less effective styles are those which are not appropriate to the situation e.g., Compromiser, Missionary, Autocrat, and Deserter.

An effective leader must possess certain qualities like physical and mental health, empathy, self-confidence, awareness of his strength and weaknesses, objectivity, knowledge and intelligence, decisiveness, ability to communicate, etc.

Morale is the state of mind or attitude of an individual or group towards the work and work environment. It is an important factor which contributes to the willingness of the people to work, leads to their happiness and determines their productivity. A favourable attitude is an indication of high morale, while an unfavourable attitude indicates low morale. High morale makes for the success of an organisation as people work willingly and enthusiastically for the achievement of organisational goals. Factors that influence the morale of employees are: Objectives of the organisation, leadership, behaviour of co-workers, job satisfaction, structure of the organisation, compensation, opportunity of career advancement, living conditions health, and working environment. There is a positive correlation between managerial leadership and morale of subordinates.

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## 18.11 KEY WORDS

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**Leader:** A person who is capable of influencing the group in its activities.

**Leadership:** The process of influencing group activities towards the achievement of certain goals.

**Leadership Style:** The dominant behaviour pattern of a leader-manager in relation to his subordinates.

**Managerial Grid:** Diagrammatic representation of the possible combination of concern for people and concern for work which may be reflected in the style of leadership.

**Morale:** The state of mind or attitude of people towards their work and work environment.

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## 18.12 ANSWERS TO CHECK YOUR PROGRESS

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A) 1) (i) True (ii) True (iii) False (iv) False

(v) True

2) (i) directs and guides (ii) continuous, (iii) group opinion

(iv) subordinates (v) task oriented

- B) 1) (i) team (ii) counsellor (iii) individual, organisational  
(iv) leadership style (v) team
- 2) (i) False (ii) True (iii) False (iv) False (v) False
- 3) (i) and (d), (ii) and (c); (iii) and(a); (iv) and (b)
- C) 1) (i) True (ii) False (iii) False (iv) True  
(v) True
- 2) (I) Positive (ii) high (iii) directly (iv) positively (v) fair.

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## 18.12 QUESTIONS FOR PRACTICE

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- 1) What do you understand by leadership? How does it differ from managership?
- 2) Enumerate the principal characteristics of managerial leadership.
- 3) Define ‘leadership style’. What are the main differences between autocratic, democratic and free rein leadership styles?
- 4) What are the two types of leader behaviour identified in research studies in the State of Michigan and Ohio in U.S.A? Explain briefly.
- 5) Explain in detail the concept of ‘managerial grid’ and its purpose.
- 6) Write explanatory notes on:
  - a) Effective and Ineffective styles of leadership
  - b) Functions of leadership
  - c) Qualities of an effective leader
  - d) Trait theory of leadership.
- 7) What is meant by morale? Outline the factors that influence the morale of employees in an organisation. What is the significance of leadership vis a vis morale?

**Note:** These questions will help you to understand the Unit better. Try to write answers for them. But do not submit your answers to the university. They are for your practice only.