

Types of Planning?

Informal Planning

1. Nothing is written down
2. Little or no sharing of goals
3. General and lacking in continuity

Formal Planning

1. Written and defined specific goals
2. Specific action programs exist to achieve goals

*Approaches to Planning*

Inclusive Approach

Employees at each level develop plans suited to their needs

Employees acquire greater sense of the importance of planning when they participate in the process

The planning process 'Setting goals and developing plans that leads to goal attainment and ultimately, to organisational efficiency and effectiveness.'

How Do Managers Plan?

Steps in Goal Setting

- 1 - Review the organization's mission
- 2 - Evaluate available resources
- 3 - Determine the goals individually or with input from others
4. Should be congruent with the organizational mission and goals in other organizational areas
- 5- Write down the goals and communicate them to all who need to know them
- 6- Review results and whether goals are being met

The planning process

Mission

The organisation's purpose or fundamental reason for existence.

Goal

Future target or end result an organisation wishes to achieve.

Plan

Means devised for attempting to reach a goal.

Organisational Mission

Mission statement may:

Be unwritten.

Address customers,

products/services, location,

technology, concern for survival,

concern for public image,

concern for employees.

Organisational Goals

Benefits of Goals

Increases Performance  
Clarifies Expectations  
Facilitates Control  
Increases Motivation

Levels of goals

Top Managers

Middle Managers

1st level Managers

Goals and Performance

Organisational Perspective

Departmental Perspective

Unit/individual Perspective

Key Aspects:

1. Goal Content

2. Goal Commitment

3. Work Behaviour

4. Other Process Components

5. Possible Problems

Goal Content

Content should be:

Challenging

Specific

Measurable

Attainable

Relevant

Time limited

Goal Commitment

Influenced by:

Supervisory Authority

Peer & Group Pressure

Public Display

Expectations of Success

Incentives & Rewards

Participation

Goals & Work Behaviour

Goals & Commitment affect

Work Behaviour:

Direction

Effort

Persistence

Planning

Goals & other Process Components

Job process components

affect performance:

Job Knowledge & Ability

Task Complexity

Situational Constraints

Goals & Possible Problems

Possible Problems with Goals:

Excessive risk taking

Increased stress

Undermined self-confidence

Ignored non-goal area  
Excessive short-run thinking  
Dishonesty & cheating

Levels of Goals and Plans:

Operational

Tactical

Strategic

Linking Goals & Plans

Time span of Goals and Plans:

Short (Operational)

Intermediate (Tactical)

Long range (Strategic)

How to Make a Plan That Works Developing Effective Action Plans Starting at the Top

A Corporation's Mission Bending in the Middle Finishing at the Bottom Linking Goals & Plans

Recurring use:

Single use

Standing Plans-

Policies,

Procedures,

Rules

Kinds of Operational Plans

Special-Purpose Plans

Management by Objectives (MBO)

'Process through which specific goals are set collaboratively for the organisation as a whole and every unit within it;

The goals are then used as a basis for planning, managing organisational activities, and assessing and rewarding contributions.'

Steps in the MBO process:

1. Develop organisational goals
2. Establish specific goals for departments
3. Formulate action plans
4. Implement & maintain 'self-control'
5. Review progress periodically
6. Appraise performance

Strengths:

1. Helps link goals & plans
2. Clarifies priorities, and expectations
3. Fosters organisational communication
4. Builds member motivation

Weaknesses:

1. Needs strong, enduring commitment
  2. Requires training of managers
  3. May be misused (i.e. for punishment)
  4. Risk of dominance of quantitative goals
- Strategic Management

Large scale action plan for interacting with the environment to achieve long term goals.

Concepts of Strategic Management

- 1.Strategic management process
- 2.Importance of strategic management
- 3.Levels of strategy

Strategic Management

Strategic Management Process:

‘Process through which managers Formulate and Implement strategies geared to optimising strategic goal achievement, given available external and internal environmental conditions.’

Strategy Formulation

1. Identify Mission & Goals
2. Competitive Situation Analysis (external & internal)
3. Develop / Formulate strategies to achieve identified goals

Strategic Management

Strategy Implementation

1. Implement Plans
2. Control / Monitor execution of Plans

Importance of Strategic Management

Important because:

1. Helps organisations to develop a competitive advantage (significant edge over competition in dealing with competitive forces).
2. Provides a sense of long-term direction for organisation members.
3. Highlights need for innovation.
4. Process involves members and fosters understanding of goals/strategy.

What Would You Do?

You are Head of a Furniture Company...

The furniture industry is highly fragmented and You like to turn this into opportunities!

What Would You Do?

You like to formulate strategies that include low prices and convenient packaging.

*Will the strategies work on a global basis?*

*How can You identify opportunities and threats, and select a competitive advantage strategy?*

A way of approaching business opportunities and challenges.

A comprehensive and ongoing management process aimed at formulating and implementing effective strategies which align the organization with its environment to achieve major organizational goals.

Importance of Strategic Management

1. Direction for Organization
2. Competitive Advantage
3. Builds Managers Commitment
4. Supports Innovation

The Basic Strategic Planning Process

The Components of Strategy

1. Distinctive Competence something the organization does exceptionally well!
2. Scope Range of markets in which the organization will compete
3. Resource Deployment. How an organization distributes its resources across areas in which it competes

Competitive analysis in strategy formulation

SWOT analysis:

Method of analysing an organisation's competitive situation involving assessing organisational strengths (S), weaknesses (W), environmental opportunities (O) and threats (T).

Environmental Assessment:

Five Competitive Forces Model (Porter)

Competitive Analysis in Strategy Formulation

1. Rivalry among Existing Firms
2. Bargaining power of Customers
3. Bargaining power of Suppliers
4. Threat of New Entrants
5. Threat of Substitute products/services within the Industry.

Levels of strategy

Corporate Level Strategy:

'Type of strategy addressing what businesses the organisation will operate, how strategies of those businesses will be co-ordinated to strengthen the organisation's competitive position, and how resources will be allocated among businesses.'

Business Level Strategy:

'Type of strategy concentrating on the best means of competing within a particular business while also supporting corporate level strategy.'

Functional Level Strategy:

'Type of strategy focussing on action plans for managing a particular functional area within a business in a way that supports business level strategy.'

Competitive Analysis in Strategy Formulation

Before managers devise an effective strategy for getting a competitive edge, they must analyse the organisation's competitive situation.

This is done through:

Environmental analysis (external)

Organisational assessment (internal)

Formulating Corporate Level Strategy

Corporate level strategy is the overall strategy an organisation follows.

Its development involves selecting a Grand Strategy and using Portfolio-Strategy approaches to determine the various businesses making up the organisation:

Portfolio Strategies:

Method of analysing an organisation's mix of businesses in terms of both individual and collective contributions to strategic goals.

1. BCG Growth-Share Matrix

Compares businesses in an organisation's portfolio on the basis of relative market market share and market growth rate.

2. Product-Market Evaluation Matrix

Compares businesses' strength against product/market life-cycle.

Formulating Corporate Level Strategy

Grand Strategies

1. Growth

Concentration

Vertical integration

Diversification

2. Stability

Harvest

Turnaround

3. Defensive

Divestiture

Bankruptcy

Liquidation

Formulating Business Level Strategy

1. Business level strategy is concerned with how a particular business competes.

2. The best known approach for strategy development is based on Porter's research.

Generic Business Strategies:

Porter outlined three generic business level strategies to gain competitive advantage over other firms operating in the same industry.

Generic Business Strategies (Porter)

1. Cost Leadership Strategy

Emphasises operational efficiency i.e. overall costs are lower than competitors.

2. Differentiation Strategy

Attempts to develop products/services viewed as unique in the industry.

3. Focus strategy

Concentration on a segment, portion of a market.

Functional level strategies spell out specific ways that functional areas can bolster business level strategy.

For example:

Under a product *differentiation* strategy, the R & D dept. may accelerate the innovation process to provide new products in advance of competitors.

Strategy Implementation

Strategy implementation involves management activities needed to put the strategy in motion, institute strategic controls for monitoring progress, and ultimately achieve organisation goals.

The Nature of Entrepreneurship

Entrepreneurship: The process of planning, organizing, operating, and assuming the risk of a business venture.

Entrepreneur: Someone who engages in entrepreneurship.

Small Business:

A business that is privately owned by one individual or a small group of individuals; it has sales and assets that are not large enough to influence its environment.

Three Basic Strategic Challenges:

1. Choosing an Industry in which to compete.

2. Emphasizing, Distinctive, Competencies.

3. Writing a Business Plan.

Writing a Business Plan

A Business Plan is a document that summarizes the business strategy and structure.

It should include:

1. Business Goals and Objectives.

2. Strategies used to achieve these goals and objectives.

3. A plan of HOW the entrepreneur will implement these strategies.

### Financing the New Business

#### 1. Personal Resources

Using your own money and money borrowed from friends and relatives to finance the business.

#### 2. Strategic Alliances

Partnering with established firms such as suppliers in a mutually beneficial relationship.

#### 3. Lenders

Obtaining funding from traditional lenders (e.g., banks, independent investors, and government loans).

#### 4. Venture Capital Companies

Groups of small investors who provide capital funds to small high-growth potential start-up firms in exchange for an equity position (stock) in the firms.

### The Role of Entrepreneurship in Society

#### Job Creation

1. Small business creates many new jobs in Pakistan.
2. Industry sectors dominated by small business have added the most jobs.

#### Innovation

Historically, major innovations are as likely to come from small businesses as from large firms.

#### Promoting Innovation

#### Entrepreneurship:

Encourage the take-up of entrepreneurship roles by organisation members e.g:

Idea generator

Idea champion

Idea sponsor

#### Promoting Innovation

Innovation is critical to various differentiation strategies.

#### Forces for Change & Innovation:

#### Promoting Innovation

Structure's ability to support strategy can be enhanced by using structural means to encourage innovation.

#### Key Concepts

#### Organizing

Deciding how to best group organizational activities and resources!

#### Responsibility

Obligation to carry out duties and achieve goals related to a position.

#### Authority

Right to make decisions, carry out actions, and direct others in matters related to the duties and goals of a position.

#### Accountability

Requirement to provide satisfactory reasons for significant deviations from duties or expected results.

#### Delegation

Assignment of part of a manager's work to others, along with both responsibility and authority necessary to achieve expected results.

#### Autonomy

Amount of discretion allowed in determining schedules and work methods for achieving required output.

#### Feedback

Degree to which the job provides for clear and timely information about performance results.

#### Organization Chart

Line diagram depicting broad outlines of an organization's structure!

Nature of Organisational Chart/Structure

Principles of Chart Design:

1. As few hierarchical levels as possible.

2. Charts should show who has authority over who.
3. Charts should show official lines of responsibility & communication.

#### Organization Structure

Set of building blocks that can be used to configure an organization!

Nature of Organisational Structure

Formal pattern of interactions and co-ordination designed by management to link the tasks of individuals and groups in achieving organisational goals.

Four elements:

1. Assignment of tasks and responsibilities to individuals and units.
2. Clustering these (units and people) to form a hierarchy.
3. Mechanisms for vertical co-ordination.
4. Mechanisms for horizontal co-ordination.

1. Designing Jobs (Job Specialization)
2. Grouping Jobs (Departmentalization)
3. Establishing Reporting Relationships
4. Distributing Authority
5. Coordinating Activities
6. Differentiating Between Positions

1. Job Design

The determination of an individual's work-related responsibilities.

Specification of task activities associated with a particular job

Job Specialization

Degree to which the overall task of the organization is broken down into smaller components.

Benefits

1. Workers can become proficient at a task
2. Transfer time between tasks decrease
3. Specialized equipment can be developed
4. Employee replacement becomes easier

Limitations

1. Employee boredom and dissatisfaction
2. Anticipated benefits do not always occur

2. Grouping Jobs: Departmentalization

The process of grouping jobs according to some logical arrangement.

Rationale for Departmentalization

Organizational growth exceeds the owner-manager's capacity to personally supervise all of the organization.

Additional managers are employed and assigned specific employees to supervise.

Departmentalization

4 Basic Types:

1. Functional
2. Product
3. Customer
4. Location

Functional Departmentalization

Functional Structure

Structure in which positions are grouped according to their main functional (or specialised) area.

Advantages

1. Department can be staffed by experts
2. Supervision is facilitated



3. Coordination within department is easier

Disadvantages

1. Decision making becomes slow and bureaucratic
2. Lose sight of organizational goals/issues
3. Accountability and performance are difficult to monitor

1. Managers

but have broader experiences

specialize,

2. Easier to assess work-unit performance
3. Decision-making is faster.

Customer Departmentalization

Focuses on customer needs

Products and services tailored to customer needs

Geographic Departmentalization

Responsive to the demands of different market areas.

Unique resources located close to the customer

Matrix Departmentalization

Efficiently manage large, complex tasks

Effectively carry out large, complex tasks

3. Establishing Reporting Relationships

Chain of Command

The vertical line of authority in an organization. Clarifies who reports to whom.

Unity of Command

Each person within an organization must have a clear reporting relationship to one and only one boss.

Span of Management

(Span of Control)

The number of people who report to a particular manager.

Narrow versus Wide Operative Span - Upto 30 Subordinates Executive Span - 3 to 9 Subordinates

Tall versus Flat Organizations

Tall Organizations

1. More expensive
2. Communication can be difficult because of the number of channels through which it must pass.

Flat Organizations

1. Leads to higher levels of employee morale and productivity.

2. More administrative responsibility for managers.

3. Tall Versus Flat Organizations

4. Distributing Authority

Delegation

The process by which managers assign a portion of their total workload to others.

Reasons for Delegation

1. To enable the manager to get more work done by utilizing the skills and talents of subordinates.
2. To foster the development of subordinates by having them participate in decision making and problem solving that allows them to learn about overall operations and improve their managerial skills.

Centralization of Authority

Primary authority is held by upper management

Decentralization

Significant authority is found in lower levels of the organization

#### 5. Coordinating Activities

The process of linking the activities of the various departments of the organization.

#### 6. Differentiating Between Line & Staff Positions

##### Line Positions

Positions in the direct chain of command that are responsible for the achievement of an organization's goals/profits.

##### Staff Positions

Positions intended to provide expertise, advice, and support to line positions.

##### Staff Authority

The right to advise but not command others. An activity that supports profit generation.

##### Job Rotation

Enlargement, and Enrichment Job Rotation Periodically moving workers from one specialized job to another.

##### Job Enlargement

Increasing the number of tasks performed by a worker.

##### Job Enrichment

Adding more tasks and authority to an employee's job.

##### Organization Design (OD)

##### OD Concepts

Organizations are not designed and then left intact. Organizations are in a continuous state of change.

Organization's design for larger organizations is extremely complex and has many variations.

OD is a means to implement strategies and plans to achieve organizational goals.

##### Influences on Organization Design

##### Core Technology

1. Technology is the conversion processes used to transform inputs into outputs.
2. A core technology is an organization's most important technology.
3. As the complexity of technology increases, so do the number of levels of management.

##### Unit or Small-Batch Technology

Produce custom-made products for customer .

##### Large Batch/Mass Production

Uses assembly-line production methods to manufacture large quantities of products.

##### Continuous Process

Use continuous-flow processes to convert raw materials by processes and/or machines into finished products.

##### Influences on Organization Design

##### Environment

1. Stable environments that remain constant over time.
  2. Unstable environments subject to uncertainty and rapid change.
- Mechanistic organizations that are bureaucratic and found most frequently in stable environments.  
Organic organizations that are flexible and more informal and usually found in unstable and unpredictable environments.

##### Mechanistic Structure

##### Organic Structure

##### Emerging Issues in Organization Design

##### The Team Organization

An approach to organizational design that relies almost exclusively on project-type teams, with little or no underlying functional hierarchy.

##### Emerging Issues in Organization Design

##### The Virtual Organization

An organizational that has little or no formal structure with few permanent employees, and may conduct its

business entirely on-line .

Emerging Issues in Organization Design

The Learning Organization

An organization that works to facilitate the lifelong learning and development of its employees while transforming itself to respond to changing demands and needs.

Leading Motivating and Leadership

Leadership is a process of influencing others to achieve organisational goals.

Nature of Motivation

Motivation is the force energising, giving direction to, and / or leading Human Behaviour.

Motivation is a complex interaction of behaviours, needs, rewards/reinforcement and cognitive activities.

3 Major Types of Motivation Theories

1. Content Theories of Motivation

WHAT motivates us?

2.Process Theories of Motivation

WHY and HOW motivation occurs!

3. Reinforcement Theory

HOW outcomes influence behaviors!

What is Motivation?

The processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal

Intensity: how hard a person tries

Direction: where effort is channeled

Persistence: how long effort is maintained

Unsatisfied Needs develop a tension and creates a drive to fulfill those needs.

When those needs are satisfied, it reduces the tension and a state of relaxation is achieved.

Types of Motivators

1. Intrinsic

2. Extrinsic

Intrinsic

A person's internal desire to do something, due to such things as interest, challenge, and personal satisfaction.

Extrinsic

Motivation that comes from outside the person, such as pay, bonuses, and other tangible rewards.

1. Hierarchy of Needs Theory (Maslow)

2. Two-Factor Theory (Herzberg)

3. ERG Theory (Aldefe)

4. Acquired Needs Theory (McClelland)

Maslow's Hierarchy of Needs

Physiological

It includes hunger, thirst, shelter, sex and other bodily needs.

Maslow's Hierarchy of Needs

Safety

It includes security and protection from physical and emotional harm.

Maslow's Hierarchy of Needs

Social

It includes affection, belongingness, acceptance, and friendship.

Maslow's Hierarchy of Needs

Esteem

It includes internal esteem factors such as self-respect, autonomy, achievement; and external esteem factors such as status, recognition, and attention.

Maslow's Hierarchy of Needs

Self-Actualization

The drive to become what one is capable of becoming; includes growth, and achieving one's potential.

Weakness of Theory

1. Five levels of need are not always present
2. Order is not always the same
3. Cultural differences

Need's Hierarchy in China...an example:

*Belongingness*

*Physiological*

*Safety*

*Self actualizing in service to society*

Hygiene Factors

Extrinsic factors when these are adequate, people will not be dissatisfied. Company policy and administration, supervision, working conditions, and salary.

Motivating Factors

Intrinsic factors, such as achievement, recognition, the work itself, responsibility, advancement and growth.

People will be either satisfied or not satisfied.

ERG Theory

1. Existence Needs
2. Related Needs
3. Growth Needs

McClelland's Theory of Needs

Need for Achievement

The drive to excel, to achieve in relation to a set of standards, to strive to succeed.

McClelland's Theory of Needs

Need for Power

The need to make others behave in a way that they would not have behaved otherwise.

McClelland's Theory of Needs

Need for Affiliation

The desire for friendly and close interpersonal relationships.

Acquired Needs Theory (McClelland)

Theory stating that our needs are acquired or learned on the basis of our life experiences.

Needs Classification

Cognitive or Process Perspective Theories

1. Equity Theory
2. Expectancy Theory
3. Goal-setting Theory

Process Perspectives

Why people choose certain behavioral options to satisfy their needs and how they evaluate their satisfaction after they have attained their goals.

Equity Theory

Theory arguing that we prefer situations of Balance or, Equity.

Inputs

Employee contributions to the organization

Outcomes

Rewards employees receive from the organization

Outcome / input (O / I) Ratio

A comparison between self and others Output/Input Ratio Inequity

When Your O / I ratio differ from other's

Underreward

If other's O / I ratio is greater than yours, You experience anger or frustration !

Overreward

If other's O / I ratio is less than yours, You may experience guilt !

Reaction to Perceived Inequity

1. Reduce inputs
2. Increase outcomes
3. Rationalize inputs or outcomes
4. Change the referent
5. Leave

Equity Theory

*Implications for Managers:*

Communication is essential to assess Equity / Inequity perceptions in employees.

Expectancy Theory

Theory arguing that we consider three main issues; (Effort-Performance, Performance-Outcome, and Valence) before we expend effort necessary to perform at a given level.

Effort-Performance Expectancy

Our assessment of our efforts that will lead to the required level of performance.

Performance-Outcome Expectancy

Our assessment of our performance that will lead to desired outcomes.

Instrumentality

Perceived relationship between Performance and Rewards / Outcomes.

Valence

Our assessment of anticipated value of various outcomes or rewards.

Expectancy Model of Motivation

Expectancy Theory

$$M = E \times I \times V$$

For motivated behavior to occur:

1. Effort-to-performance must be greater than 0
2. Performance-to-outcome must be greater than 0
3. Sum of valences must be greater than 0

Motivating with Expectancy Theory

1. Systematically gather information to find out what employees want from their jobs
2. Clearly link rewards to individual performance
3. Empower employees to make decisions which enhance expectancy perceptions

Goal-setting Theory

It works by focussing attention on action, mobilising effort, increasing persistence, & encouraging the development of strategy to achieve goals.

Goal Difficulty

Extent to which a goal is challenging and requires effort.

Goal Specificity

Clarity and precision of the goal.

Goal Acceptance

Extent to which persons accept a goal as their own.

Goal Commitment

Extent to which an individual is personally interested in reaching a goal.

Performance Feedback

Information on goal progress

Motivating with Goal-Setting Theory

1. Assign specific, challenging goals
2. Make sure workers truly accept organizational goals
3. Provide frequent, specific performance-related feedback

Integrated Model

Reinforcement THEORY

It explains the role of rewards as they cause behavior to change or remain the same over time.

Reinforcement Process

Positive Reinforcement

It strengthens behavior by providing a desirable consequence.

Punishment

It weakens behavior by providing an undesirable consequence.

Reinforcement THEORY

Extinction

It weakens behavior by not providing a desirable consequence.

Current Issues In Motivation

Open-Book Management

1. Involve employees in workplace decisions by opening up the financial statements.
2. Workers treated as business partners.
3. Get workers to think like an owner.
4. May also provide bonuses based on profit improvements.

Current Issues In Motivation

Motivating Professionals

1. They are more loyal to their profession than their employer ?
2. They value challenging jobs and need the support for their work.

Current Issues In Motivation

Motivating Professionals

Professionals tend to derive intrinsic satisfaction from their work and receive higher pay.

Social Learning Theory

Theory arguing that learning occurs through continuous reciprocal interaction of our behaviours, various personal factors and environmental forces.

Other Motivational Strategies

1. Empowerment
2. Participation
3. Variable Work Schedules
- Compressed work schedule
4. Flexible Work Schedules

Flextime

Job Sharing

Telecommuting

Designing Effective Systems

Reward system must meet an individual's needs.

Rewards should compare favorably with other organizations.

Distribution of rewards must be perceived to be equitable.

Designing Effective Systems

Reward system must recognize different needs.

Merit system.

Incentive system.

Leadership

Leader

Someone who can influence others and who has managerial authority.

All managers should *ideally* be leaders

Not all leaders have the ability to be an effective manager.

Leadership is a process of influencing others toward the achievement of goals.

A heavily researched topic

Nature of Leadership

Leadership is an ability to influence and motivate others toward organizational goals.

What leaders actually do!

Process behaviors include:

1. Influencing organizational goals;
2. Motivating behavior toward goals;
3. Helping define organizational culture.

Leadership Property!

Set of characteristics attributed to individuals perceived to be leaders.

How Leaders influence others?

Sources of Leadership Power:

1. Legitimate power  
Power stemming from a position's placement in the managerial hierarchy.
2. Reward power  
Power based on the capacity to provide valued rewards to others.
3. Coercive power  
Power based on the ability to punish others.
4. Expert power  
Power based on the possession of expertise valued by others.
5. Information power  
Power based on access and control over the distribution of information.
6. Referent power  
Power resulting from being liked, admired or identified with.

Effective use of Power

Likely reaction to use of power! = Resistance  
= Compliance  
= Commitment

Leadership Schools

1. Trait Model
2. Behavioral Models  
--Michigan Studies  
--Ohio State Studies  
--Leadership Grid
3. Situational (Contingency) Models  
Leadership Continuum  
Least Preferred Coworker Theory (Fiedler)  
Path Goal Model  
Vroom Model  
The Leader-Member Exchange Approach  
Search for Leadership Traits

Approach assumes that some basic traits (individual qualities) differentiated leaders from non-leaders.

Search for Leadership Traits

Approach eventually determined to be impractical- the list of suggested traits grew too long to be useful.

Search for Leadership Traits

Despite weaknesses, leaders today are often chosen on various traits.

Traits

1. Intelligence
2. Supervisory Ability
3. Initiative
4. Drive
5. Individuality

Traits

6. Self Confident
7. Risk Taker
8. Motivated
9. Hard Working
10. Self Assurance

Leadership Behaviour  
Michigan Studies

Employee centred leaders superior to Job centred leaders.

Leadership Behaviour

Ohio State Studies

Suggested that the ideal was for leaders to combine job-centred-ness with an ability to build mutual trust with subordinates.

Leadership grid

Behavioral Theories

Knowing the ways how effective leaders behave would provide basis for training other leaders !

Leadership Schools

2. Behavioral Models

--Iowa Studies

--Michigan Studies

--Ohio State Studies

--Leadership Grid

Leadership Behaviour

Iowa Studies

( By Kurt Lewin)

Explored three leadership styles related to performance!

Leadership Styles

1. Autocratic

Leader dictated the work methods.

2. Democratic

Involved staff in decision making.

3. Laissez-Faire

Gave the group complete freedom.

Leadership Behaviour

Michigan Studies

Employee centred leaders superior to Job or Production centred leaders?



Ohio State Studies

Suggested that the ideal was for leaders to combine job-centred-ness (Initiating Structure) with an ability to build mutual trust with subordinates (Consideration).

Leadership grid

Contingency Theories Of Leadership

Basic Assumptions

1. Leader's effectiveness depends on the situation.
2. Must isolate situational conditions or contingencies.

Leadership Schools

3. Situational (Contingency) Models

1. Fiedler's Model
  2. Path Goal Model
  3. Hersey and Blanchard Leadership approach
4. Leaders Member Exchange Model

Situational Theory

Theories of leadership taking into consideration important situational factors and related leadership styles.

Fiedler's Contingency Theory

Putting Leaders in the Right Situation:

Leadership Style:

Least Preferred Coworker

Leadership style is the way a leader generally behaves toward followers.

Style is measured by the LPC Scale!

Relationship-oriented Style

Task-oriented Style

Situational Favorableness

How a particular situation affects a leader's ability to lead

Three factors

1. Leader-member relations
2. Task structure
3. Position power

Situational Favorableness

Matching Leadership Styles to Situations

Path-Goal Theory

Leadership Styles

1. Directive  
Clarifying expectations and guidelines
2. Supportive  
Being friendly and approachable
3. Participative  
Allowing input on decisions
4. Achievement-Oriented  
Setting challenging goals

Four leadership styles defined by the two dimensions i.e.

1. Task Behavior and
2. Relationship Behavior!

Tests of the theory have yielded disappointing results

LMX Leadership Model

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Leader Member Exchange approach stresses the importance of variable relationships between supervisors and each of their subordinates.

Leaders form unique independent relationships with each subordinate in which the subordinate becomes a member of the leader's out-group or in-group.

Cutting-Edge Approaches To Leadership or Strategic Leadership

Transactional Leadership

Transactional Leaders guide or motivate their followers in the direction of established goals by clarifying role and task requirements!

Transformational Leaders inspire followers to transcend their own self-interests for the good of the organization!

1. Capable of having profound effect on followers.
2. Pay attention to concerns of followers.
3. Change follower's awareness of issues.
4. Excite and inspire followers to put forth extra effort.
5. Built on top of Transactional leadership
6. good evidence of superiority of this type of leadership!

Goes beyond Charismatic leadership.

Different than *Transactional leadership!*

Components of Transformational Leadership

Charismatic leadership or idealized influence.

Inspirational motivation.

Intellectual stimulation.

Individualized consideration.

Charismatic Leadership

Charismatic leaders are enthusiastic, and self-confident leader whose personality and actions influence people.

Charismatic leaders creates an exceptionally strong relationship between leader and followers.

Kinds of Charismatic Leaders

Ethical Charismatics

1. Provide developmental opportunities.
2. Open to positive and negative feedback.
3. Recognize others' contributions.
4. Share information.
5. Concerned with the interests of the group.

Unethical Charismatics

1. Control and manipulate followers.
2. Only want positive feedback.
3. **Motivated by self-interest.**

Visionary Leadership

Visionary leader has the ability to:

1. Explain the vision to others.
2. Express the vision verbally and behaviorally.
3. Apply the vision to different leadership contexts.

Team Leadership

It requires skills such as:

1. Patience to share information.

2. Ability to trust others and give up authority.
3. Understanding when to intervene.

#### Gender and Leadership

When rated by peers, employees, and bosses, women executives score better than male counterparts

Explanations of difference in effectiveness include:

1. Flexibility, teamwork, trust, and information sharing are replacing rigid structures, competitive individualism, control, and secrecy
2. Women managers listen, motivate, and provide support better than men

There is still no “one best” leadership style

Can't assume that women's style is always better

#### Leadership Styles in Different Countries

Effectiveness of leadership style influenced by national culture

Most leadership theories developed in the U.S.

1. Emphasize follower responsibilities rather than rights.
2. Stress rationality rather than spirituality.

What Would You Do?

You are the CEO of Unique Food Co...

1. Your success is based on your reputation and your staff.
2. But, business is down and employee benefits expenses are increasing.
3. You have three options: eliminate health benefits, find a cheaper plan, or pass the cost to the employee!

*How can you best make the tough decision?*

*How involved should your employees be in making it?*

Understanding Group

Behavior

*Why People Join Groups ?*

1. Interpersonal Attraction

People are attracted to one another.

2. Group Activities

Activities of the group appeal to them.

3. Group Goals

Group's goals motivate them.

4. Need Satisfaction

Satisfies an individual's need for affiliation.

#### Foundations of Work Groups

Two or more interdependent individuals interacting and influencing each other in collective pursuit of a common goal.

What is a Group?

Two or more interacting and interdependent individuals who come together to achieve particular goals!

Types of Groups?

Formal Groups

Informal Groups

#### Formal Groups

Group officially created by an organisation for a specific purpose.

1. Command/Functional

2. Task Groups:

Permanent.

Temporary.

### Task Group

A group created by the organization to accomplish a relatively narrow range of purposes within a stated time horizon.

#### Informal Groups:

Group established by employees (not the organisation) to serve members' interests or social needs.

Interest groups

Friendship groups

Groups and Teams in Organizations

Basic Group Concepts

#### 1. Group Size

Effect on behavior of group depends upon the type of outcome and number of persons in group.

1. Large groups - good for getting diverse input
2. Small groups - good at making use of information
3. Dispersion of responsibility in large groups leads to *free rider tendency* !

#### 2. Group Role.

Set of expected behavior patterns attributed to someone who occupies a given position in a social unit or group.

1. Group members have particular roles oriented towards task accomplishment or maintaining group member satisfaction.
2. Individuals play multiple roles.

#### 3. Group Norms

Acceptable standards or expectations that are shared by the group's members.

1. its own unique set of norms.
2. Common norms related to levels of effort and performance.
3. Exert powerful influence on performance.

#### 4. Group Cohesiveness

Degree to which members are attracted to a group and share the group's goals.

The group effectiveness depends upon the alignment of group and organizational goals.

Effectiveness and Efficiency of Group Decisions

1. Size of group affects effectiveness.
2. The groups of 5-7 are the most effective.
3. Odd number of members helps avoid deadlocks.

Steps must be taken to avoid Group Think.

Conformity marked by withholding different or unpopular views in order to give the appearance of agreement.

Stages of Group Development

#### 1. Forming

People join the group either because of a work assignment or for some other benefit.

Define the group's purpose, structure, and leadership.

#### 2. Storming

Acceptance of the group's existence.

Conflict over who will control the group !

#### 3. Norming

Relationships and a sense of group identity develops.

Group assimilates a common set of expectations and defines correct member behavior.

#### 4. Performing

Group structure is functional and accepted!

Group energy has moved to task performance!

#### 5. Adjourning

Group prepares to disband!

Attention devoted to wrapping up activities.

Group Development

Turning Groups into Effective Teams

Teams versus Groups

#### Work Group

A group that interacts primarily to share information and to make decisions to help each other perform within his or her area of responsibility.

#### Work Team

A group whose individual efforts result in a performance that is greater than the sum of those individual inputs.

What Is a Team?

Work Team is a formal group made up of interdependent individuals who are responsible for the attainment of a goal

work teams are popular in organizations

Why Have Teams

Become So Popular?

1. Performance on complex tasks
2. Utilization of employee talents
3. Flexibility and responsiveness
4. Motivational properties

Developing And Managing Effective Teams

Characteristics of Effective Teams

1. Clear Goals - members understand and support the goals to be achieved.
2. Relevant Skills - members have the necessary technical and interpersonal skills.
3. Mutual Trust - members are confident in each others' ability, character, and integrity.
4. Unified Commitment - loyalty and dedication to the team.
5. Good Communication - messages are readily understood.

Types of Teams

1. Problem Solving Team  
Comprises knowledge workers who gather to solve a specific problem, then disband.
2. Management Team  
Consists mainly of managers from various functions, who coordinate work among other teams.
3. Work Team  
Responsible for the daily work of the organization and, when empowered, are self-managed teams.
4. Quality Circle  
Consists of workers and supervisors, who meet to discuss workplace problems.

Special Kinds of Teams

Cross-Functional Team

Employees from different functional areas.

Attack problems from multiple perspectives.

Generate more ideas and alternative solutions.

Project Teams

Created to complete specific, one-time projects within a limited time.

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Often used to develop new products, improve existing products, roll out new information systems, or build new factories/offices.

### Understanding Managerial Communication

#### What is Communication?

Everything that a manager does ... involves communication!

Ineffective communication is the basis for many managerial problems.

#### Communication

The process of transmitting information from one person to another.

#### Effective Communication

The process of sending a message so that the message received is as close in meaning as possible to the message intended.

#### Interpersonal Communication

It occurs between people.

#### Organizational Communication

All the patterns, networks, and systems of communication in an organization.

#### Communication in Management

#### Communication Process

#### Information Richness of Channels

#### Managerial Communication

#### Verbal

Written or oral use of words to communicate.

#### Non-Verbal

Communication by means of elements and behaviours that are not coded into words.

#### Communication Channels

Patterns of communication flow through which managers and other organisation members can send and receive information.

1. Vertical communication
2. Horizontal communication
3. Informal communication

#### Vertical Communication

##### 1. Downward Communication

Managers overuse downward communication.

##### Filtering

(deliberate or accidental).

##### 2. Upward Communication

Can be distorted by 'only' favourable messages going up.

Managers don't encourage upward flow.

#### Horizontal Communication

Lateral or diagonal message exchange within work-unit boundaries, involving peers reporting to the same supervisor, or across work-unit boundaries, involving individuals who report to different supervisors.

#### Informal Communication

Communication which takes place without regard to hierarchical or task requirements.

Problems Can carry gossip/distorted information.

Benefits Valuable tool for continuation/propagation of culture.

#### Communication Networks

Patterns through which members of a group or team communicate.

#### Grapevine

An informal network that is active in almost every organization.

1. Important source of information.
2. Identifies issues that employees consider important and anxiety producing.
3. Can use the grapevine to disseminate important information.
4. Grapevine cannot be abolished.

Rumors can never be eliminated entirely.

Barriers to Communication

Individual Barriers

Conflicting or inconsistent cues.

Credibility about the subject.

Reluctance to communicate.

Poor listening skills.

Predispositions about the subject.

Organizational Barriers

Status or power differences.

Different perceptions.

Noise.

Overload.

Improving Communication Effectiveness

Individual Skills

1. Encourage two-way communication.
2. Be aware of language and meaning.
3. Be sensitive to sender's and receiver's perspective.
4. Develop good listening skills.

Organizational Skills

1. Follow up.
2. Regulate information flow
3. Understand the richness of media.

How Technology Affects Managerial Communication!

Communication Channels

Information Technology has changed organizational communication.

1. Disseminates more complete information
2. Provides more opportunities for collaboration
3. Employees are fully accessible

Effects of IT

1. Networked Computer Systems

Linking computers through compatible hardware and software.

1. *e-mail* - instantaneous transmission of written messages

7. *Intranet* - Internet technology that links organizational employees

8. *Extranet* - Internet technology that links an organization with customers and suppliers

9. *Internet-based voice communication* - allows users to talk with each other

2. Wireless Capabilities

Depends on signals sent through space without any physical connection.

Based on microwave signals, satellites, radio waves, or infrared light rays.

Control as a Management Function

Process of regulating organisational activities so that actual performance conforms to expected organisational standards and goals.

Planning-Controlling Link

What Is Control?

Control is the process of monitoring activities to ensure that they are being accomplished as planned and of correcting significant deviations.

Control systems are judged in terms of how well they facilitate goal achievement

Control as a Management Function

Role of Controls:

1. Coping with uncertainty
2. Detecting irregularities
3. Identifying opportunities
4. Handling complex situations

Control as a Management Function

Levels of Plan                      Levels of Control

The Control Process

The Control Process

Steps in the control process:

Five Eras of Management Control

Primary Types of Organizational Control

Managerial Approaches

Bureaucratic control

Organic/Clan control

Market control

Quality & Innovation

Managerial Approaches

Bureaucratic Control

Managerial approach relying on regulation through rules, policies, supervision, budgets, schedules, reward systems and other administrative mechanisms aimed at ensuring employees exhibit appropriate behaviours and meet performance standards.

Market Control

Managerial approach relying on market mechanisms to regulate prices for certain clearly specified goods and services needed by an organisation.

It emphasizes the use of external market mechanisms to establish standards of performance.

1. Useful where products and services are distinct
2. Useful where marketplace competition is considerable
3. Divisions turned into profit centers and judged by the percentage of total corporate profits each contributes

Organic/Clan Control

Managerial approach relying on values, beliefs, traditions, corporate culture, shared norms and informal relationships to regulate employee behaviours and facilitate reaching of organisational goals.

Quality & Innovation:

Lever for strategic control/innovation:

1. Belief Systems

Mission, core values

2. Performance Management Systems

Critical goals, evaluation & feedback

3. Interactive Monitoring System

Networking, continuous search & learning based system

Traditional Financial Controls

The budgets provide quantitative standards against which to measure and compare resources consumption.

Other



#### Financial Controls

Other Financial Control Measures increasing in popularity;

1. Economic Value Added (EVA)

Economic value created with the firm's assets less any capital investments made by the firm in its assets.

2. Market Value Added (MVA)

Stock market's estimate of the value of the firm's past and expected capital investment projects.

#### Automation Based Controls

##### Management Information Systems

MIS are used to provide management with needed information on a regular basis.

1. Organizes data in a meaningful way
2. Can access the information in a reasonable amount of time

##### Quality-Related Characteristics

##### ISO 9000

1. A series of international standards:  
ISO 9000 to ISO 9004
2. Certifies quality processes
3. Customers are increasingly demanding ISO 9000 certification

##### HRM Process

##### Job Analysis and HRM

##### Value Chain Management

##### Value

Performance characteristics, features, and attributes, and any other aspects of goods and services for which customers are willing to pay resources.

value Chain is the entire series of work activities that add value at each step of the transformation process.

Value Chain Management is the process of managing an entire sequence of activities along the entire value chain.

Focuses on both incoming materials and outgoing products and services.

##### Goal of Value Chain Management

Better the collaboration among chain participants, better the customer solutions!