

Chapter One: Introduction

1.1. Leadership Definition

Leadership would mean different things to different people. There is **NO** universal accepted or a standard definition exists for leadership. Some say: **it is a process**, and some say **it is ability** and other say **the ability to obtain follower through influence**. Because of such factor as growing global influences and generational differences, leadership will continue to have **different meanings for different people**.

Definitions:

- ✚ “Leadership is a function of knowing **yourself, having a vision** that is **well communicated, building Trust among colleagues**, and **taking effective action** to realize your own leadership potential.
- ✚ “Leadership is the **process** getting the cooperation of others in accomplishing a desired goal.”
- ✚ “Leadership is the process of **influencing** the activities of an organized **group** in its efforts toward goal setting and goal achievement”.
- ✚ Leadership is the **art of influencing** and **inspiring** subordinates to perform their duties **willingly, competently** and **enthusiastically** for achievement of **group objectives**.

From these definitions, four key components are:

- *Influence*
- *Can't have 'leader' without followers*
- *Goal achievement*
- *Inspiring*

Based on these components, the following definition of leadership can be made:

***“Leadership is a process where by an individual influence a group of individuals to achieve a common goal.*”**

Followers: Followers are individuals who follow the idea, goals or tasks of a leader. Followers are developed by working together to identify goals and strategies for achieving the organizational goals.

1.2. Leadership vs. Management

Management and leadership are not the same thing. Indeed, managers and leaders share a number of traits. Leadership and management are two distinctive and complementary system of action. Both are necessary for success in an increasingly complex and volatile business environment.

The difference between management and leadership illustrated below:

Management

- ☑ Management is the process of planning organizing coordinating, and controlling the activities of others.
- ☑ Management is a **wider concept**; including leadership. i.e. every manager is also a **leader**.
- ☑ Management is about path following.
- ☑ Management is about doing things right
- ☑ Management is about planning and budgeting
- ☑ Management is about controlling and problem solving

Leadership

- ☑ Leadership is the process of influencing for the purpose of achieving shared goals.
- ☑ Leadership is a **narrower concept** as every **leader** may or may not be a **manager**.
- ☑ Leadership is path finding.
- ☑ Leadership is about doing the right things.
- ☑ Leadership is about establishing direction.
- ☑ leadership is about motivating and inspiring

LEADER vs. MANAGER

Basically a leader has **followers** while a manager has subordinates. It will be interesting and illuminating to differentiate leader from manager.

- 📖 Manager is applicable to only **formal groups** i.e. there are no managers in **informal groups** or **unorganized groups**. But **leadership** is found in both **formal** and **informal groups**.

📌 Manager is more **significant** and rather imperative in the context of **business enterprises** and other organized endeavors. Leadership is required in **political organizations, military** and **government administration**.

📌 A manager is more concerned with the **shaping** or **moulding behavior** of **subordinates** towards attainment of common objectives. A leader is concerned with **inspiring followers** through **zeal** and **enthusiasm** in them towards the attainment of common objectives.

In addition to the above difference, the following table illustrates more differences among manager and leader.

Manager	Leader
✓ Say "Go and Do it" ✓ Make sure things happen through other people ✓ Task /work- oriented ✓ Is boss and pusher of his subordinates ✓ Plan, budget, organize staff, control, and problem solving. ✓ Deal with mostly status - quo ✓ Deal with Bottom line focus: How can I best accomplish certain things? ✓ Change is "Managed" through methods and tools ✓ Selected change managers are most qualified to handle change ✓ Issues and problems can be cleaned -up "after the fact" /Reactive ✓ Focusing of managing work ✓ Relies on control ✓ Accept reality ✓ Has a short range view	✓ Say "Let's Do it" ✓ Provide vision and motivate people ✓ People/ Goal- oriented ✓ Is friend and pulls his followers ✓ Communicate vision and strategies ✓ Deal with mostly with change ✓ Deal with Top line: What are the things I want to accomplish? ✓ Change is "Led" through the heart and mind ✓ A team of change leader is required to lead change. ✓ Issues and problems can be mitigated Proactively ✓ Focusing of leading people ✓ Inspire trust ✓ Investigated it ✓ Has a long - range perspectives

1.3. What Makes an Effective leader

To be a successful leader, a person is expected to possess the following qualities:

1. **Ability to analyze:** The leader must be able to analyze any problem and offer an immediate solution. He should be alert mentally.
2. **Emotional Stability:** The leader must not make decisions influenced by emotions. He has to approach any problem intellectually and find a solution.
3. **Self- Confidence:** A person cannot be a successful leader if he lacks self-confidence. If he has self- confidence in himself, he will be able to overcome resistance from anyone for his proposals.
4. **Foresight:** The leader must foresee what is likely to happen. He must be able to visualize the future events and prepare his followers to meet challenges
5. **Sense of judgment:** The leader must be able to judge what is good under the given circumstances. Only then he will be able to evolve certain practical decisions.
6. **Understanding:** The leader must not always thrust (push) his views on his followers. He must also listen to their viewpoints particularly while making decision in a critical situation.
7. **Mental courage:** The leader must be capable of taking certain bold decisions. For this, he must have mental courage. He need not play safe by just endorsing (supporting) the decisions of others.
8. **Capacity to motivate:** The leader must be able to induce and motivate his followers to work for the mission he has undertaken.
9. **Ability to guide:** The leader will be able to guide his followers in the work process only if he himself is well versed in the actual work.
10. **Communication skills:** Successful leaders are always known for the communication skills. Such skills are essential to direct the followers to work for attaining the desired goal. Moreover, the leader will always be able to defend him if he possesses good communication ability.
11. **Sociability:** The leader should not be indifferent to the needs of his followers. As his followers work wholeheartedly for fulfilling his mission, the leader has the duty to reciprocate. If any follower has certain personal problems, the leader must do his best to help him. The leader must make himself accessible to his followers.

12. **Positive thinking:** He must always have a positive attitude towards his work. Only then he will be able to instill such a feeling in his followers

1.4. Importance of leadership

Leadership is very important in view of the following reasons:

- **To have team work:** Leadership makes it possible for the employees to forget individual differences and work as a team for the attainment of the organisational objective. It develops co-operation and friendliness among the staff.
- **To guide:** Although the subordinates have potentials, they need to be properly guided to contribute their best. The leader knows how to get optimum performance from each of the subordinates working under him.
- **To motivate:** Leadership is necessary to induce the subordinates to put in greater efforts. The leader constantly motivates his subordinates to work for achieving the organizational goal.
- **To bring about changes:** Any organization has to be dynamic to accept changes caused by political, economic, technological and scientific factors. The leader of the enterprise knows how to bring about such changes in his organization by getting the consent of the subordinate staff.
- **To handle crisis:** Leadership is essential for handling crisis of any kind. When an organization faces a critical situation, the leader knows how to come out of it. The leader should be good at what is called 'crisis management'.

Chapter Two

Leadership Theories and Styles

Leadership styles

Different leaders approach the problem of altering the behavior of followers in different ways. The pattern of behavior displayed by a leader in influencing the behavior of his followers is called the ***style of leadership***.

It can be defined as the various patterns of behavior favored by leaders during the process of directing and influencing followers, which is determined by leader's ***personality***, *experience* and *value system*, nature of *followers* and *environment*. When leaders interact with followers they employ combination of *traits*, *skills* and

behaviors that is called leadership style. The style which leader adopt commonly based on combination of their beliefs, ideas, norms and values.

Different styles were needed for different situations and each leader needed to know when to exhibit a particular approach. There are many leadership styles from which to choose.

“Not everything old was bad and not everything new was good”

1. Autocratic or Authoritarian Leader

These leaders *keep the decision-making authority* and control in their *hands* and take full responsibility for *all actions*. They structure the situations in their own way and expect the workers to follow their orders. They will not allow any *deviation* from their orders. The subordinates are instructed to carry out their orders *without any question*. Also the subordinates entirely depend on their leader and normally they *suffer* in the absence of their leaders. Some autocratic leaders are tough and highly dictatorial and are a source of fear or intimidation. Some leaders are paternalistic depending on the approach of the leader.

The motivational approach of the leader can be *threat* and *punishment* or *appreciation* and *rewards*. When highly dictatorial, the subordinates develop a kind of fear, sense of insecurity, frustration, low morale, and will avoid responsibility. The drive and initiative in them is *killed* and they do not display their *innovative* behavior. The autocratic leader believes that his leadership is *unquestionable* as it is conferred upon him because of the position he enjoys. He also believes that his *knowledge is superior*, *power to punish or reward* is his *privilege*. They even impose *penalty* on *subordinates* or use *abusive language* in front of others and criticize. Rely on threats and punishment to influence staff. Autocratic leaders neither trust staff nor allow for employees input.

This style permits quick decisions, as there is only a single person to take decisions. There are also many members who prefer working under strict discipline and under central authority. However a majority of members do not like strictness and discipline especially because motivation is negative.

Advantage

Autocratic Leadership most effective when:

- New, untrained staff do not know which tasks to perform or which procedures to follow
- Effective supervision provided only through detailed orders and instructions
- Staff do not respond to any other leadership style
- Limited time in which to make a decision
- Work needs to be coordinated with another department or organization

Disadvantage

Autocratic leadership should not be used or ineffective when:

- Staff become tense, fearful, or resentful
- Staff depend on their leader to make all their decisions
- Low staff morale, high turnover and absenteeism and work stoppage

2. Democratic or Participative Leadership

In this type of leadership style, subordinates are *consulted* and their feedback is taken into *decision-making* process. Also known as *participative style* and this style encourage staff to be a part of the decision making. The leader Keeps staff informed about everything that affects their work and shares decision making and problem solving responsibilities. The leader makes the final decision, he acts more as a moderator and of course he takes responsibility for the results. The management in this type recognizes the fact that there are employees who are capable to give innovative ideas, intelligent, skillful, competent, suggestive etc. obviously the group members get an opportunity to display their talents and are encouraged to demonstrate initiative and creativity. The members thus get a chance to participate in decision-making. This incidentally leads to a good management-labor understanding or relations, higher morale and greater job satisfaction.

This style is very useful when you have educated labor, experienced, dedicated and ready to work independently with nil or least directives. By this you are developing a set-up conducive to growth and development. Good climate is generated for growth and individual personality development too.

Advantages

Most effective When:

- Wants to keep staff informed about matters that affect them.
- Wants staff to share in decision-making and problem-solving duties.
- Wants to provide opportunities for staff to develop a high sense of personal growth and job satisfaction.
- A large or complex problem that requires lots of input to solve
- Changes must be made or problems solved that affect staff
- Want to encourage team building and participation

Disadvantages

- Not enough time to get everyone's input
- Manager feels threatened by this type of leadership
- Staff safety is a critical concern

3. Laissez-Faire or Free Rein Leadership Style

This style also known as the “**hands-off**” style. In this style, a leader provides little or no direction and gives staff as much freedom as possible. All authority or power given to the staff and they determine goals, make decisions, and resolve problems on their own.

Here the group members perform everything and the manager keeps liaison with outside only to get materials for the group to perform. This style leaves everything to subordinates, who make their own decisions and it helps subordinates to develop independent personality.

The leader consciously makes a decision to pass the focus of power to members, to allow them freedom of action ‘to do as they think best’, and not to interfere; but is readily available if help is needed. Laissez faire leader does not exercise the formal authority of a leader

Advantages**An effective style to use when:**

- Staff highly skilled, experienced, and educated
- Staff have pride in their work and the drive to do it successfully on their own
- Outside experts, such as staff specialists or consultants used
- Staff trustworthy and experienced

Disadvantage

- Staff feel insecure at the unavailability of a leader
- The leader cannot provide regular feedback to staff on how well they are doing
- leader unable to thank staff for their good work
- The leader doesn't understand his or her responsibilities

4. Bureaucratic Leadership Style

Bureaucratic leadership is where the manager manages "by the book" everything must be done according to ***procedure or policy***. If it isn't covered by the book, the manager refers to the *next level* above him or her. This manager is really more of a police officer than a leader. He or she enforces the rules.

Advantage

- Employees are performing routine tasks over and over.
- Employees need to understand certain standards or procedures.
- Employees are working with dangerous or delicate equipment that requires a definite set of procedures to operate.
- Safety or security training is being conducted.
- Employees are performing tasks that require handling cash.

Disadvantages

- Work habits form that are hard to break, especially if they are no longer useful.
- Employees lose their interest in their jobs and in their fellow workers.
- Employees do only what is expected of them and no more

5. The Charismatic Leader

People tend to think of leaders as people who influence others to follow by the power of their *charismatic personality*. The "*charismatic*" leader is able to articulate a compelling vision that responds to the needs and aspirations of the followers. ***Charisma*** is a form of interpersonal attraction that inspires support and acceptance. Charismatic leadership is accordingly a type of influence based on the leader's personal charisma.

Charismatic leader are likely to have a lot of self-confidence, firm confidence in their beliefs and ideas, and a strong need to influence people. Charisma can be based on

anything from **physical appearance** to past actions and successes. Charismatic leaders are generally very skilled **communicators**. They tend to be individuals who are both verbally eloquent, but also able to communicate to followers on a deep, emotional level. These charismatic leaders use **effective communication** with their followers to gain their **trust**, and then **influence** and **persuade** them to follow. Charismatic leaders also pay a great deal of attention to *scanning and reading their environment*, and are good at picking up the moods and concerns of both individuals and larger audiences. Charismatic Leaders are often better at creating and stimulating necessary and sometimes swift change.

6. Transactional Leadership

Another leadership style, transactional leadership, assumes that people are motivated primarily by reward and punishment. It is based on a relationship of mutual dependence and an exchange process of: ***'I will give you this, if you do that'***.

The transactional leader is more a manager than a leader, and is highly focused on getting tasks accomplished, providing very clear direction, and overseeing productivity in detail. He or she tends to think inside the box when solving organizational problems. The concern is with the work process, rather than with forward-thinking ideas. Rules, procedures, and standards are essential to the transactional leader. When a subordinate fails to meet expectations, the next step is often a penalty or punishment.

7. Transformational leadership

The transformational leadership style is one of the most implemented styles. It has integrity, defines clear goals, encourages clear steps to communication and expressive. This style of leadership encourages, motivates and supports employees, often involves recognizing and rewarding people for their good work. This type of leader inspires their team to work together towards a common target. Transformational leaders combine the best practices and are leaders who are trusted and can motivate others.

The transformational style requires a number of different skills. And its primary focus is to make change happen in our self, others, groups, and organizations. The transformational leadership style depends on high levels of communication from management to meet goals. Leaders motivate employees and enhance productivity and efficiency through communication and high visibility. This style of leadership requires the involvement of management to meet goals. Leaders focus on the big picture within an organization and delegate smaller tasks to the team to accomplish goals.

Transformational leadership occurs when leaders use 'the four I s' :

- **Intellectual stimulation:** encourage others to see what they are doing from new perspectives;
- **Idealised influence:** articulate the mission or vision of the organisation
- **Individualised consideration:** develop others to higher levels of ability
- **Inspirational motivation:** motivate others to put organisational interests before self-interest

Fourteen behaviours in three categories identified in transformational leadership are:

Leading and developing others

- showing genuine concern
- enabling
- being accessible
- encouraging change

Personal qualities

- being honest and consistent
- acting with integrity
- being decisive
- inspiring others

- resolving complex problems

Leading the organisation

- networking and achieving
- focusing effort
- building shared vision
- supporting a developmental culture
- facilitating change sensitively

8. Servant leader

Servant leadership emphasizes the leader's duty to serve his/her follower. Leadership arises out of a desired to serve rather than a desire to lead. It begins with the natural feeling that one wants to serve first. The Servant leader emphasis on developing their followers' personal potential development and facilitating their personal growth. The highest priority of this leader is to encourage, support and enable people to fulfill their full potential and abilities. Servant leader works for the people. ***Being a leader isn't what to do and expecting them to do it. Need to be servant first.***

Traits of servant leadership:

- Communicator
- Open minded

- Critical thinker
- Exhibits humility
- Self-directed

Leadership Theories

The leadership literature is voluminous, and much of it is confusing and contradictory. In order to make our way through this forest, we consider three approaches to explaining what makes an effective leader. The first sought to find universal **personality traits** that leaders had to some greater degree than non-leaders. The second tried to explain leadership in terms of the **behavior** a person engaged in. The third used **contingency** models to explain the **inadequacies of previous leadership theories** in reconciling and bringing together the diversity of research findings.

1. Great Man Theory

The Great Man theory has been introduced as the earliest theory of leadership. This theory implicit that great leaders are innate and not made and the theory was standard in the 19th and early 20th centuries. According to this theory exposed that great leaders as heroic, mythic and intended to increase to leadership when is essential. ■ Great Man Theory of leadership tried to clarify leadership in the view of

inheritance. The theory essential concept is that the leader is genetically able with higher qualities that distinguish him from his followers.

Great Man theories accept that the ability for leadership is inherent – that means great leaders are born not made. “Great Man” was used for the reason that, leadership was accepted of mostly as a male quality, especially in terms of military leadership.

The Great Man Theory of leadership is similar to the notion of divine right of kings to reign and rule over their subjects on a perpetual hereditary basis. Kings were supposed to acquire their legitimacy from God Himself. Similarly, some individuals were destined to become great leaders on their own because God gave them certain inimitable abilities of a divine nature. At that time, around the late 1940s, studies on leadership started to consider the trait theory of leadership.

The further implications of the theory that leaders are born and not made are as follows:

- (i) Leaders are gifts of God to mankind. A measure of divinity is attributed to leaders and their actions.
- (ii) Everyone cannot aspire to become a leader and to attain greatness.
- (iii) The inborn leadership qualities alone are necessary and sufficient for a leader to exercise influence over his followers and to become successful.

2. Trait Theories of Leadership

In the 1920's and 1930's, leadership research focused on trying to identify the traits that differentiated leaders from non-leaders. These early leadership theories were content theories, focusing on **"what" an effective leader is, not on 'how' to effectively lead**. The **trait approach** to understanding leadership assumes that certain physical, social, and personal characteristics are inherent in leaders. Sets of traits and characteristics were identified to assist in selecting the right people to become leaders. Physical traits include being young to middle-aged, energetic, tall, and handsome. Social background traits include being educated at the "right" schools and being socially prominent or upwardly mobile. Social characteristics include being

charismatic, charming, tactful, popular, cooperative, and diplomatic. Personality traits include being self-confident, adaptable, assertive, and emotionally stable. Task-related characteristics include being driven to excel, accepting of responsibility, having initiative, and being results-oriented.

Trait theories intended to identify traits to assist in selecting leaders since traits are related to leadership effectiveness in many situations. The trait approach to understanding leadership supports the use of tests and interviews in the selection of managers. The interviewer is typically attempting to match the traits and characteristics of the applicant to the position. For example, most interviewers attempt to evaluate how well the applicant can work with people.

Trait theory hypothesizes key traits for successful leadership (***drive, desire to lead, integrity, self-confidence, intelligence, and job-relevant knowledge***). No two leaders are alike. Leadership is basically inborn according to these theories.

For instance, what traits characterize leaders like Nelson Mandela? Research studies indicate six traits are consistently associated with leadership: ambition and energy, the desire to lead, honesty and integrity, self-confidence, intelligence, and job-relevant knowledge. Possessing these traits helped Mandela succeed in achieving his vision of ending apartheid in South Africa.

Table 2.1 Traits and Skills

Traits	Skills
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• Adaptable to situations • Alert to social environment • Ambitious and achievement oriented • Assertive • Cooperative • Decisive • Dependable • Dominant (desire to influence others) • Energetic (high activity level) • Persistent • Self-confident • Tolerant to stress • Willing to assume responsibility	• Cleaver (intelligence) • Conceptually skilled • Creative • Diplomatic and tactful • Fluent in speaking • Knowledgeable about group task • Organized (administrative ability) • Persuasive • Socially-skilled
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The trait approach has the following limitations:

1. There are no universal traits that predict in all situations.
2. It ignores situational factors. Traits predict behavior more in “weak” situations than in “strong” situations. Strong situations are those in which there are strong behavioral norms, strong incentives for specific types of behaviors, and clear expectations. Such strong situations create less opportunity for leaders to express their inherent dispositional tendencies.
3. It doesn't separate cause from effect. The evidence is unclear in separating cause from effect. (For example, are leaders self-confident or does success as leader build self-confidence)
4. Traits do a better job at predicting the *appearance* of leadership than in actually distinguishing between effective and ineffective leaders.
5. It overlooks the needs of followers
6. It generally fails to clarify the relative importance of various traits

3. Behavioral Theories

The **behavioral** theorists identified determinants of leadership so that people could be trained to be leaders. They developed training programs to change managers' leadership behaviors and assumed that the best styles of leadership could be learned.

3.1. The Ohio State Studies

These studies, started in the late 1940s, attempted to find what behaviors substantially accounted for most of the leadership behavior described by employees. The study narrowed the leadership behaviors into two categories, **initiating structure** and **consideration**, under which the various leadership behaviors were clubbed

- **Initiating Structure**. This dimension refers to the extent to which a leader is likely to define and structure his or her role and those of employees in the search for goal attainment. It includes behavior that attempts to organize work, work relationships, and goals.
- **Consideration**. This dimension is the extent to which a person is likely to have job relationships that are characterized by mutual trust, respect for employees' ideas, and regard for their feelings. People who are high in consideration show concern for followers' comfort, well-being, status, and satisfaction.

Both factors were found to be associated with effective leadership. Followers of leaders who are high in consideration were more satisfied with their jobs; more motivated, and had more respect for their leader. Leaders who were high in initiating structure typically had higher levels of group and organization productivity along with more positive performance evaluations.

3.2. University of Michigan Studies

Similar to the Ohio State University studies, research on leadership studies was also carried out by the University of Michigan's Research centers, in 1946 by Rensis Likert and his associates. The study made an analysis of the relationship between leadership behaviors and organizational performances. Michigan Studies also

identified a two factor component, "**employee-oriented leader**" and "**production-oriented leader**".

- **Employee-Oriented Leader:** The concern of the employee-oriented leaders were more on the interpersonal relations with the employees and such leaders paid more attention on the needs of the employees and accepted the individual differences among members.
- **Production-Oriented Leader:** The production oriented-leaders paid attention to the technical aspects of the job or the tasks assigned to the employees, rather than on employees. Such leaders gave least importance to the group members, and regarded the employees as only a means to achieve the ends, that is, the goals of an organization.

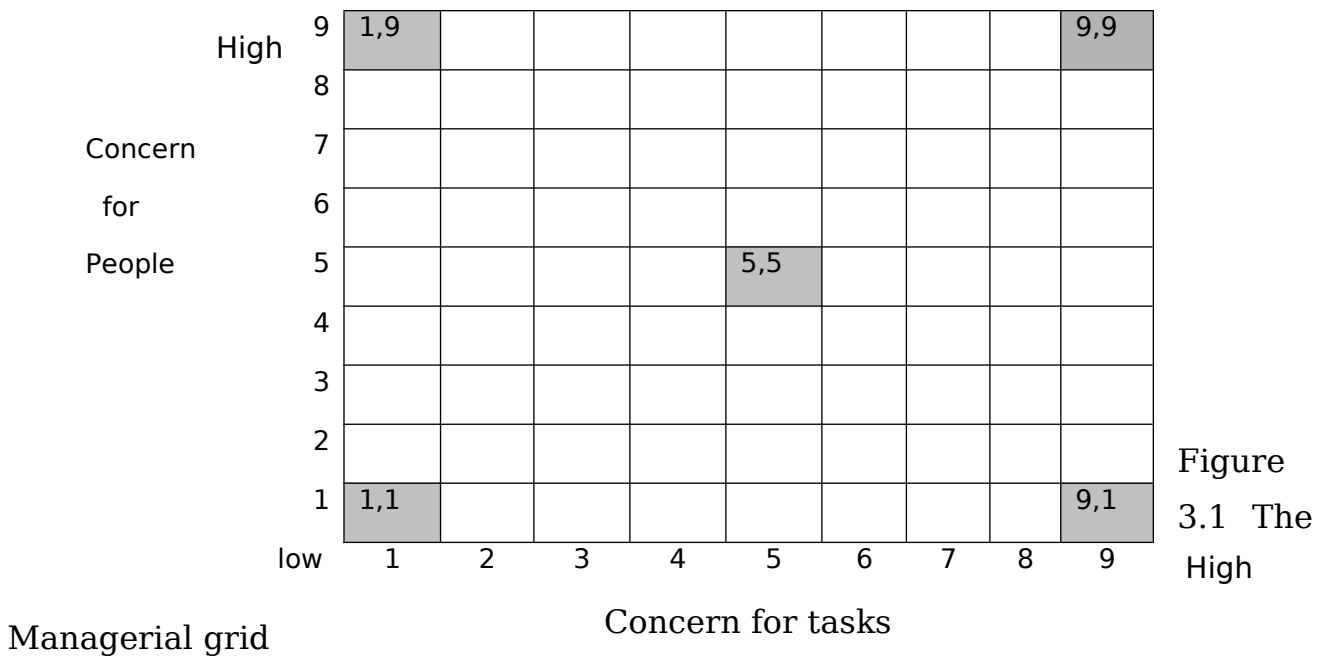
It can be found that the two-factor conceptualization of the Ohio study is similar to the two way dimension of the Michigan studies. While the employee-oriented leadership can be compared with the "consideration" component of Ohio studies, production-oriented leadership can be compared with "initiating structure". While the Ohio studies considered both its components to be important for effective leadership, the Michigan studies gave supremacy to the component of "employee-orientation" over "production-orientation".

3.3. The Managerial/Leadership Grid

Like the Ohio State studies and Michigan studies, the Managerial Grid theory of leadership was also based on the styles of "concern for people" and "concern for production". The Managerial Grid theory of leadership was proposed by Robert Blake and Jane Mouton in 1964.

When the model refers to **concern for production**, it means the attitude of superiors towards a variety of things like *quality of policy decision, procedures, work efficiency, volume of output, creativeness of research, processes etc.* **Concern for people** refers to the degree of *personal commitment towards goal achievement, maintaining the self-esteem of workers, responsibility based on trust, satisfying interpersonal relations.*

Thus the managerial grid identifies five different styles of leadership as shown in the figure below.



Through the Managerial Grid, 5 kinds of Leadership Style were identified, which include the following:

- i. **Impoverished (1, 1)**: in which there is low concern for people and production. The primary objective of the impoverished style is for managers to stay out of trouble. This is the least effective approach to leadership.
- ii. **Country Club (1, 9)**: wherein the concern for production is low, but for people is high. The primary objective of the country club style is to create a secure and comfortable atmosphere and trust that subordinates will respond positively. This style is often not good for creating or producing results. People feel good and happy, but what they are supposed to do lacks priority. Ironically, the group suffers ultimately because they fail to achieve. The style is common among leaders who are afraid of upsetting people, and/or who fear rejection and being disliked
- iii. **Task/Perish (9, 1)**: in which there is high concern for production and low concern for people. The primary objective of the produce or perish style is to achieve the organization's goals. This style is often referred to as autocratic. Leaders using this style seek to control and dominate others. A leader like this will commonly take the view that staff should be grateful to be employed and paid a salary. Motivation is often attempted through a threat of punishment,

such as being fired, which makes this a dictatorial style. Certainly, it can be effective in the short term.

- iv. **Middle of the Road (5, 5)**: where there is moderate concern for both the production and the people. A balance between workers' needs and the organization's productivity goals characterize it. The primary objective of this style is to maintain employee morale at a level sufficient to get the organization's work done.
- v. **Team (9, 9)**: wherein there is high concern for both the people and production. The primary objective of the team style is to establish cohesion and foster a feeling of commitment among workers. Leaders who behave like this manages to blend concern for both people and organizational aims by using a *collaborative teamwork approach*. This involves considerable dialogue that enables the development of a shared (not imposed) motivation to achieving the organization's goals. This style normally requires that followers/the group are suitably *mature* and *skilled* for a high level of involvement.

3.4. Theory X and Theory Y

Douglas McGregor described Theory X and Theory Y in his book, *The Human Side of Enterprise*. Theory X and Theory Y each represent different ways in which leaders view employees. Theory X managers believe that employees are motivated mainly by money, are lazy, uncooperative, and have poor work habits. Theory Y managers believe that subordinates work hard, are cooperative, and have positive attitudes.

Theory X is the traditional view of direction and control by managers.

1. The average human being has an inherent dislike of work and will avoid it if he or she can.
2. Because of this human characteristic of dislike of work, most people must be controlled, directed, and threatened with punishment to get them to put forth adequate effort toward the achievement of organizational objectives.
3. The average human being prefers to be directed, wishes to avoid responsibility, has relatively little ambition, wants security above all.

Theory X leads naturally to an emphasis on the tactics of control - to procedures and techniques for telling people what to do, for determining whether they are doing it, and for administering rewards and punishment. Theory X explains the consequences of a particular managerial strategy. Because its assumptions are so unnecessarily

limiting, it prevents managers from seeing the possibilities inherent in other managerial strategies. As long as the assumptions of Theory X influence managerial strategy, organizations will fail to discover, let alone utilize, the potentialities of the average human being.

Theory Y is the view that individual and organizational goals can be **integrated**.

1. The expenditures of physical and mental effort in work are as natural as play or rest.
2. External control and the threat of punishment are not the only means for bringing out effort toward organizational objectives.
3. Commitment to objectives is a function of the rewards associated with their achievement.
4. The average human being learns, under proper conditions, not only to accept but also to seek responsibility.
5. The capacity to exercise a relatively high degree of imagination, ingenuity, and creativity in the solution of organizational problems is widely, not narrowly, distributed in the population.
6. Under the condition of modern industrial life, the intellectual potentialities of the average human being are only partially utilized.

Theory Y's purpose is to encourage integration, to create a situation in which an employee can achieve his or her own goals best by directing his or her efforts toward the objectives of the organization. It is a deliberate attempt to link improvement in managerial competence with the satisfaction of higher-level ego and self-actualization needs. Theory Y leads to a preoccupation with the nature of relationships, with the creation of an environment which will encourage commitment to organizational objectives and which will provide opportunities for the maximum exercise of initiative, ingenuity, and self-direction in achieving them.

3.Contingency/Situational Theories

Sometimes the success of a leader does not depend upon the qualities, traits and behavior of a leader alone. The context in which a leader exhibits her/his skills, traits and behavior matters, because same style of functioning may not be suitable for different **situations**. Thus the effectiveness of leadership also depends upon **situations**. Several research studies, when analyzing the reason for inconsistent

results in differing conditions with the same leadership style, laid their focus on situational variables. This theory views leadership in terms of a **dynamic interaction** between a **number of situational variables** like the *leader*, the *followers*, the *task situation*, the *environment*, etc. Some of these studies on situational contexts that gained wide recognition include **Fiedler's model**, **Hersey and Blanchard's Situational theory**, **Path-Goal theory** and **Vroom-Yetton Leader-Participation model**, which have been discussed over here.

3.1. Fiedler's Contingency Model

Leadership Theory and Research: Perspectives and Directions (Academic Press Inc (HBJ), 1993) was a tribute to Fred Fiedler's 40 year study of leadership and organizational effectiveness. Fiedler's conclude that: "The realization that leadership effectiveness depends on the interaction of qualities of the leader with demands of the situation in which the leader functions, made the simplistic "one best way" approach of earlier eras obsolete."

Fred E. Fiedler's **contingency theory** postulates that there is no best way for managers to lead. Situations will create different leadership style requirements for a manager. The solution to a managerial situation is contingent on the factors that impinge on the situation. For example, in a highly routinized (mechanistic) environment where repetitive tasks are the norm, a certain leadership style may result in the best performance. The same leadership style may not work in a very dynamic environment.

Fiedler looked at three situations that could define the condition of a managerial task:

- i. **Leader-Member Relations:** The degree of confidence, trust and respect that members have on their leader
- ii. **Task Structure:** The degree to which the job assignments are structured or unstructured
- iii. **Position Power:** The degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases.

Fiedler's model evaluates the effectiveness of leadership, based on the degree of existence of the above mentioned situational factors. The degree varies from good to poor in leader-member relations, high to low in task structure and strong to weak in

position power. According to Fiedler, a leadership is said to have more control of organizational situations, if the leader-member relations are good, task assignments are highly structured along with a stronger power positions. Similarly, the situations in an organization would be unfavorable, if the respect that members have for leaders is poor, with unstructured task assignments and weak position power.

Managers were rated as to whether they were relationship oriented or task oriented. Task oriented managers tend to do better in situations that have good leader-member relationships, structured tasks, and either weak or strong position power. They do well when the task is unstructured but position power is strong. Also, they did well at the other end of the spectrum when the leader member relations were moderate to poor and the task was unstructured. Relationship oriented managers do better in all other situations. Thus, a given situation might call for a manager with a different style or a manager who could take on a different style for a different situation.

These environmental variables are combined in a weighted sum that is termed "Favorable" at one end and "unfavorable" at the other. Task oriented style is preferable at the clearly defined extremes of "favorable" and "unfavorable" environments, but relationship orientation excels in the middle ground. Managers could attempt to reshape the environment variables to match their style.

Another aspect of the contingency model theory is that the leader-member relations, task structure, and position power dictate a leader's situational control. Leader-member relations are the amount of loyalty, dependability, and support that the leader receives from employees. It is a measure of how the manager perceives he/she and the group of employees is getting along together. In a favorable relationship the manager has a high task structure and is able to reward and or punish employees without any problems. In an unfavorable relationship the task is usually unstructured and the leader possesses limited authority. The spelling out in detail (favorable) of what is required of subordinates affects task structure.

Positioning power measures the amount of power or authority the manager perceives the organization has given him or her for the purpose of directing, rewarding, and punishing subordinates. Positioning power of managers depends on the taking away (favorable) or increasing (unfavorable) the decision-making power of employees.

The task-motivated style leader experiences pride and satisfaction in the task accomplishment for the organization, while the relationship-motivated style seeks to

build interpersonal relations and extend extra help for the team development in the organization. There is no good or bad leadership style. Each person has his or her own preferences for leadership. Task-motivated leaders are at their best when the group performs successfully such as achieving a new sales record or outperforming the major competitor. Relationship-oriented leaders are at their best when greater customer satisfaction is gained and a positive company image is established.

3.2. Hersey and Blanchard's Situational Theory

The Hersey-Blanchard [Situational Leadership](#) theory is based on the **amount of direction (task behavior)** and **amount of socio-emotional support (relationship behavior)** a leader must provide given the situation and the "**level of maturity**" of the followers. To an extent, the effectiveness of a leader depends on whether his or her followers accept or reject him/her, as well as on the extent to which the follower have the *ability* and *willingness* to accomplish a specific task. The key words are *acceptance* and *readiness*.

Task behavior is the extent to which the leader engages in spelling out the duties and responsibilities to an individual or group. This behavior includes *telling people what to do, how to do it, when to do it, where to do it, and who's to do it*. In task behavior the leader engages in *one-way communication*.

Relationship behavior is the extent to which the leader engages in *two-way or multi-way communications*. This includes *listening, facilitating, and supportive* behaviors. In relationship behavior the leader engages in two-way communication by providing socio-emotional support.

Maturity is the *willingness* and *ability* of a person to take **responsibility** for directing his or her own behavior. People tend to have varying degree of maturity, depending on the specific task, function, or objective that a leader is attempting to accomplish through their efforts.

To determine the appropriate leadership style to use in a given situation, the leader must first determine the maturity level of the followers in relation to the specific task that the leader is attempting to accomplish through the effort of the followers. As the level of followers' maturity increases, the leader should begin to reduce his or her task behavior and increase relationship behavior until the followers reach a moderate

level of maturity. As the followers begin to move into an above average level of maturity, the leader should decrease not only task behavior but also relationship behavior.

Once the maturity level is identified, the appropriate leadership style can be determined. The four leadership styles are **telling, selling, participating, and delegating**.

Relations ↑ High ↓ Low	<i>Participating Style</i> <i>Share Ideas</i> <i>Followers able, unwilling, not confident</i>	<i>Selling Style</i> <i>Explain decisions</i> <i>Followers unable, willing, confident</i>
	<i>Delegating Style</i> <i>Turn over decisions</i> <i>Followers able, willing, confident</i>	<i>Telling Style</i> <i>Give Instructions</i> <i>Followers unable, unwilling, not confident</i>
	Low	high

Task Behavior

📖 **The Directing, or “telling,” (S1):** high task/low relationship behavior. It involves telling people what they should be doing (one-way communication): *What to do, How to do it, Where to do it, When to do it*. The giving of direction is followed by closely supervising their performance.

📖 **Couching or “selling” (S2):** High task/high relationship behavior. The leader encourages two-way communication and helps build confidence and motivation on the part of the employee, although the leader still has responsibility and controls decision making. Selling style is best matched with a moderate follower readiness level.

📖 **Supporting “participating” (S3):** High relationship/low task behavior. With this style, the leader and followers share decision making and no longer need or expect the relationship to be directive. Participating style is best matched with a moderate follower readiness level.

Which includes: Listening to people, providing support and encouraging the efforts of the followers, Facilitating their involvement through problem-solving and decision making, Passing day-to-day decisions on tasks to the followers who are involved with them.

📌 **Delegating (S4):** Low relationship/low task behavior. This style is appropriate for leaders whose followers are ready to accomplish a particular task and are both competent and motivated to take full responsibility. Delegating style is best matched with a high follower readiness level. The decision-making for addressing the problem is handled by the subordinates, who “run their own show.”

3.3. House's Path-Goal Model

The **path-goal** theory developed by Robert House is based on the expectancy theory of motivation. The manager's job is viewed as coaching or guiding workers to choose the best paths for reaching their goals. "Best" is judged by the accompanying achievement of organizational goals. It is based on the precepts of goal setting theory and argues that leaders will have to engage in different types of leadership behavior depending on the nature and demands of the particular situation. It's the *leader's job* to assist *followers* in *attaining goals* and to *provide direction and support needed* to ensure that *their goals* are compatible with the organizations.

This theory identifies four types of leadership behavior; directive leader, supportive leader, participative leader and achievement-oriented leader. Unlike Fiedler, who assumes the leader to follow a *fixed leadership* style, the theory put forward by House, assumes the leader to be a *flexible person*, who can display different kinds of behaviors based on a given situation. The four types of leadership behavior, identified by Robert House are as follows:

- (i) Directive Leader:** A directive leader clarifies the followers of the role expected of them, schedules the work to be done and gives the needed direction or guidance as to how to accomplish tasks.
- (ii) Supportive Leader:** A supportive leader behaves in an friendly manner with the followers, and the main concern of the leader is placed on the needs of the followers, rather than on accomplishing the tasks.
- (iii) Participative Leader:** A participative leader involves the followers in the consultation process and also gets the suggestions or views of the followers, before making a decision.
- (iv) Achievement-Oriented Leader:** An achievement oriented leader set challenging goals for the followers and expects them to perform at their highest level.

Path-Goal theory assumes that leaders are flexible and that they can change their style, as situations require. The theory proposes two contingency variables (*environment and follower characteristics*) that moderate the leader behavior-outcome relationship. Environment is outside the control of followers-task structure, authority system, and work group. Environmental factors determine the type of leader behavior required if follower outcomes are to be maximized. Follower characteristics are the locus of control, experience, and perceived ability. Personal characteristics of subordinates determine how the environment and leader are interpreted. Effective leaders clarify the path to help their followers achieve their goals and make the journey easier by reducing roadblocks and pitfalls.

3.4. Vroom-Yetton, Leader-Participation Model

The Leader-Participation Model was developed by Victor Vroom and Phillip Yetton in 1973 and this theory is called by different names as, Decision-Participation Model and Normative Model. This model was called normative, as it provided a sequential set of rules that should be followed in determining the form and amount of participation in decision making, as determined by different types of situations. According to this model, three set of variables affect the performance of the leader in terms of his capacity as a decision maker, which include: (i) Quality of the decision; (ii) Degree of acceptance of the decision by subordinates; and (iii) Time required in making the decision.

Thus, based on the variables identified, Vroom and Yetton defined 5 different kinds of decision making procedures. That is, it represents a continuum from **authoritarian approaches** (A1, AII), **Consultative approaches** (C1, CII) and a **group based approach** (G2) which is as follows:

- A1: Leader takes known information and then decides alone.
- A2: Leader gets information from followers, and then decides alone.
- C1: Leader shares problem with followers individually, listens to ideas and then decides alone.
- C2: Leader shares problems with followers as a group, listens to ideas and then decides alone.
- G2: Leader shares problems with followers as a group and then seeks and accepts consensus agreement.

3.5. Leadership Core Competencies

The Leadership Core Competencies are divided into five levels.

1. Managing Self

- **Integrity/Honesty:** Behaves in an honest, fair, and ethical manner. Shows consistency in words and actions.
- **Interpersonal Skills:** Treats others with courtesy, sensitivity, and respect. Considers and responds appropriately to the needs and feelings of different people in different situations.
- **Continual Learning:** Assesses and recognizes own strengths and weaknesses; pursues self-development.
- **Resilience:** Deals effectively with pressure; remains optimistic and persistent, even under adversity.
- **Oral Communication:** Makes clear and convincing oral presentations. Listens effectively; clarifies information as needed.
- **Written Communication:** Writes in a clear, concise, organized, and convincing manner for the intended audience.
- **Flexibility:** Is open to change and new information; rapidly adapts to new information, changing conditions, or unexpected obstacles.
- **Problem Solving:** Identifies and analyzes problems; weighs relevance and accuracy of information; generates and evaluates alternative solutions; makes recommendations.

2 Managing Projects

- **Team Building:** Inspires and fosters team commitment, spirit, pride, and trust. Facilitates cooperation and motivates team members to accomplish group goals.
- **Customer Service:** Anticipates and meets the needs of both internal and external customers. Delivers high-quality products and services; is committed to continuous improvement.
- **Technical Credibility:** Understands and appropriately applies principles, procedures, requirements, regulations, and policies related to specialized expertise.

- **Accountability:** Holds self and others accountable for measurable high-quality, timely, and cost effective results. Determines objectives, sets priorities, and delegates work. Accepts responsibility for mistakes.
- **Decisiveness:** Makes well-informed, effective, and timely decisions, even when data are limited or solutions produce unpleasant consequences; perceives the impact and implications of decisions.
- **Influencing / Negotiating:** Persuades others; builds consensus through give and take; gains cooperation from others to obtain information and accomplish goals.

3 Managing People

- **Human Capital Management:** Builds and manages workforce based on organizational goals, budget considerations, and staffing needs. Ensures employees are appropriately recruited, selected, appraised, and rewarded; takes action to address performance problems. Manages a multi-sector workforce and a variety of work situations.
- **Leveraging Diversity:** Fosters an inclusive workplace where diversity and individual differences are valued and leveraged to achieve the vision and mission of the organization.
- **Conflict Management:** Encourages creative tension and differences of opinions. Anticipates and takes steps to prevent counter-productive confrontations. Manages and resolves conflicts and disagreements in a constructive manner.
- **Public Service Motivation:** Shows a commitment to serve the public. Ensures that actions meet public needs; aligns organizational objectives and practices with public interests.
- **Developing Others:** Develops the ability of others to perform and contribute to the organization by providing ongoing feedback and by providing opportunities to learn through formal and informal methods

4 Managing Programs

- **Technology Management:** Keeps up-to-date on technological developments. Makes effective use of technology to achieve results. Ensures access to, and security of, technology systems.

- **Financial Management:** Understands the organization's financial processes. Prepares, justifies, and administers the program budget. Oversees procurement and contracting to achieve desired results. Monitors expenditures and uses cost-benefit thinking to set priorities.
- **Creativity / Innovation:** Develops new insights into situations; questions conventional approaches; encourages new ideas and innovations; designs and implements new or cutting edge programs/processes..
- **Partnering:** Develops networks and builds alliances; collaborates across boundaries to build strategic relationships and achieve common goals.
- **Political Savvy:** Identifies the internal and external politics that impact the work of the organization. Perceives organizational and political reality and acts accordingly.

5 Leading Organizations

- **External Awareness:** Understands and keeps up-to-date on local, national, and international policies and trends that affect the organization and shape stakeholders' views; is aware of the organization's impact on the external environment..
- **Vision:** Takes a long-term view and builds a shared vision with others; acts as a catalyst for organization change. Influences others to translate vision into action.
- **Strategic Thinking:** Formulates objectives and priorities, and implements plans consistent with the long-term interest of the organization in a global environment, Capitalizes on opportunities and manages risks.
- **Entrepreneurship:** Positions the organization for future success by identifying new opportunities; builds the organization by developing or improving products or services. Takes calculated risks to accomplish organizational objectives.

3.6. Traits of good leaders and bad leaders

Good leaders have traits, if you can recognize these within leader her/his self and capitalize on followers, and then the leaders become a successful leader in the work environment.

❖ Traits of Good leader

- **Listen**:-it is important to listen others and what they are saying about each other's and the leader. Information is important management style and what others think about it.
- **Enthusiasm**: - a good leader is enthusiastic about their work or cause and about their role as a leader. Leader need to be able to be source of inspiration and be a motivator toward the required actions. Although the responsibility and roles of a leader may be different the leader needs to be part of team working towards the goals.
- **Observations** :-observe others and note the strengths and weakness ,observe what they like to do what they dislike.
- **communication** :-effective communication will boost leadership ability.be relatable ,approachable, listening who come to you and encourage communication among all employees.
- **Trust**:-trust others and let their voices be heard. Allow others to participate in decisions, share leadership and distribute tasks. This will boost morale and enforce employees' worth in organization.
- **Adapt**:-react to shifting circumferences accepting difference as difference rather than as a problem. Adaptability and flexibility are key when it comes to being a good leader.
- **Self-awareness**:-somebody with good self-awareness knows their own internal states, preferences, resources and intuitions therefore can recognize their own weakness and strengths.
- **Clear vision**:-a leader with vision has a clear, vivid picture of where to go as well as a firm grasp on what success looks like and how to achieve it. But it is not enough to have a vision leaders must also share it and act up on it.

Other general traits include, but are not limited to: honesty, fair minded imaginativeness, broadminded and competences.

❖ **Bad leaders' traits**

- **Lack of energy**:-this lack of enthusiasm means that those in charge do not like new ideas or moving away from the norm.
- **Pessimism**: often bad leaders are pessimistic and set low target so they may be perceived as over achieving. These leaders are not open to challenges.

- **Lack of clear vision**:-poor leaders often vague in their vision for the success and are opposed to collaborating with others.
- **Lack of interpersonal skill**:-this comes from a refusal to listen to others and to relate to others.

Chapter Three

Overview of Change Management

Up on completing this unit, students will be able to:

- Have an understanding of the meaning and implications change Management
- Identify factors of organizational change
- Identify level of change
- Understand the relevant process of organizational change
- Explaining the reason why employees resist to change and ways of managing employee's resistance.

3.1.Meaning and Implication

Change means making things different. When an organization makes things in a different way, an organizational change is occurred. Thus, **Organizational change** is the movement of an organization away from its present state and toward some desired future state to increase its efficiency and effectiveness.

Change is a simple process. At least, it's simple to describe. It occurs whenever we replace the old with the new. Change is about travelling from the old to the new, leaving yesterday behind in exchange for the new tomorrow. But implementing change is incredibly difficult. Most people are reluctant to leave the familiar behind.

We are all suspicious about the unfamiliar; we are naturally concerned about how we get from the old to the new, especially if it involves learning something new and risking failure.

Change management is the discipline that guides how we prepare, equip and support individuals to successfully adopt change in order to drive organizational success and outcomes.

Change management is a structured approach to transitioning individuals, teams, and organizations from a current state to a desired future state, to fulfill or implement a vision and strategy. It is an organizational process aimed at empowering employees to accept and embrace changes in their current environment.

Organizational success depends on the organization's adaptations to environmental changes.

✓ It implies:

- Efficiency and effectiveness
- Successes or un successes depending up on its effect
- More profit and organizational growth etc

3.2. Three Levels of Change Management

1. Individual Change Management

While it is the natural psychological and physiological reaction of humans to resist change, we are actually quite resilient creatures. When supported through times of change, we can be wonderfully adaptive and successful. Individual change management requires understanding how people experience change and what they need to change successfully. It also requires knowing what will help people make a successful transition: what messages do people need to hear when and from whom, when the optimal time to teach someone a new skill is, how to coach people to demonstrate new behaviors, and what makes changes —stick in someone's work.

2. Organizational/Initiative Change Management

While change happens at the individual level, it is often impossible for a project team to manage change on a person-by-person basis. Organizational or initiative change management provides us with the steps and actions to take at the project level to support the hundreds or thousands of individuals who are impacted by a project.

Organizational change management involves first identifying the groups and people who will need to change as the result of the project, and in what ways they will need to change. Then, involves creating a customized plan for ensuring impacted employees receive the awareness, leadership, coaching, and training they need in order to change successfully.

3. Enterprise Change Management Capability

Enterprise change management is an organizational core competency that provides competitive differentiation and the ability to effectively adapt to the ever-changing world. An enterprise change management capability means *effective change management is embedded into your organization's roles, structures, processes, projects and leadership competencies*. Change management processes are consistently and effectively applied to initiatives, leaders have the skills to guide their teams through change, and employees know what to ask for in order to be successful. The end result of an enterprise change management capability is that individuals embrace change more quickly and effectively, and organizations are able to respond quickly to market changes, embrace strategic initiatives, and adopt new technology more quickly and with less productivity impact. This capability does not happen by chance, however, and requires a strategic approach to embed change management across an organization.

3.3. Forces of Organizational Change

Today organizations are operating in the ever changing environment. An organization is an open system which has to interact with environment and is solely dependent on it. Any change in environment makes it necessary for the organization to incorporate change in the internal systems, sub-systems and processes. This change has a chain reaction on the other internal elements of organization. Organizations and their managers are need to be able to control their activities, make their operations routine predictable, and responsive to the need to change. A modern manager is change conscious and operates in the constantly changing environment.

In general there are two main forces drive organizations toward change: **internal** and **external** forces.

i) External Forces for Organizational Change

- **Customer demand:** customers are more sophisticated and demanding; knowledgeable about their own needs; customers often change over time. Customers are exerting ever greater pressure on their supplier. They will no longer accept poor service or low quality. To be competitive, organizations have to respond more rapidly to customer's needs. Sellers no longer have the upper hand; rather customers do have. Customers now tell suppliers, what they want, when they want it, how they want it, and what they will pay. This new situation is problematic issue for companies that have known life only in the mass market.
- **Intensive Competition:** competition is intensifying, and becoming more global. More organizations are compelled to attain the standards of quality and cost effectiveness by the pacemakers in the industry. The company that could get to market with an acceptable product or service at the best price would get a sale. Companies are competing each other through: service delivery, customer satisfaction, customer delighting, costumer handling, market share, product differentiation and Product quality, style etc.
- **Technology:** Technological changes have increased the rate of speed at which change takes place. Technology is the most commonly used method of increasing productivity to gain competitive leverage. The rate of technological change is greater today than any time in the past and technological changes are responsible for changing the nature of jobs performed at all levels in the given organization.
- **Reduction of Government Regulations:** Government barriers such as: Deregulation, reduction of trade barriers, privatization, free market economy system, economic integration, and other related issues are the result of reduction of government regulations; and all these factors leads organizations toward change.

ii) Internal Forces for organizational changes

- **Changes in the managerial personnel:** these changes include
 - The retirement of the old managers, transfer and promotion of mangers and placement of old and static managers by more versatile (having ability to adapt things) Dynamic and young lots (informational).

- Moreover, increasing training of the existing personnel attribute to change. So, a change in the managerial personnel is, thus, a constant pressure for change.

■ **Certain deficiencies in the existing system:** such as;

- Unmanageable span of control
- Lack of coordination between the departments
- Obstacles in communication
- Lack of uniformity in the policies (as you know policies are guidelines for decision making);
- Contradiction of organizational procedures
- Non-cooperation between line and staff member, etc

■ **Certain other forces:** Changes in machinery, equipment, methods, and procedures, working standard (work force), changes in authority and responsibility, and Employee attitude.

3.4. Process Of Organizational Change

To improve efficiency and effectiveness it is vital that managers develop the skills necessary to manage change effectively. Most people go through four distinct stages in the change process.

📖 **1st Assessing the Need for Change:** Change can affect organizational structure, culture, strategies, controlling system, and way of managing. So, organizations should assess the need for change properly. Assessing the need for change calls for two important activities:

- Recognize that there are problems that require change. The real problem/s, not the symptom.
- Identify the sources of the problem/s.

📖 **2nd Decide On the Change to Make:** Decide what the organization's ideal future would be. Decide where they would like their organization to be in the future: decide what kinds of goods and services it should make, what its business-level strategy should be, how structure should be changed and develop strategy.

What can change agents change? Change agents can change the options essentially fall into four categories: *structure, technology, physical setting, and people.*

- Plan how to attain organization's ideal future state.
- Identifying sources of resistance for change and how to overcome them

👉 **3rd Implementing the Change:** Under this stem the manager introduces and manages the change. The manager should decide whether change will occur from the *top down* or from the *bottom up*.

□ **Top down change:** when the change is required to implement quickly top down approach is appropriate. It is revolutionary in nature. The top manager will identify the need for change, decide what to do, and then move quickly to implement the changes throughout the organization. Usually managers use this approach for restructuring and downsizing the organization.

□ **Bottom up change:** it is more gradual and evolutionary. Top managers consult with middle and first-line managers about the need for change. Then, over time, managers at all levels work to develop a detailed plan for change. Such approach is important to overcome resistance.

- **4th Evaluating the Change:** Evaluate how successful the change effort has been in improving organizational performance. Managers can evaluate change effect using measures such as improvements in market share and profits, in the ability of managers to meet their goal. We can also use benchmarking-the process of comparing one company's performance on specific dimensions with the high performing organizations.

3.5. Resistance To Change

Resistance to change is any attitude or behavior that indicates unwillingness to make or support a desired change. Change agents often view any such resistance as something that must be "overcome" in order for change to be successful. This is not always the case, however. It is helpful to view resistance to change as feedback that the change agent can use to facilitate gaining change objectives. The essence of this constructive approach to resistance is to recognize that when people resist change, they are defending something important and that appears threatened by the change attempt.

3.5.1. Reasons for resistance to change

Even though resistance to change can take many forms, it is difficult to identify the reasons for the resistance. The forces against change in work organizations include

disregarding the needs and expectations of the organization members; providing insufficient information about the nature of change and not acknowledging the need for change. Therefore, people may exhibit fear and anxiety over such matters like job security, employment levels, loss of job satisfaction, different wage rates, loss of individual control over work and changes to working conditions.

Some common reasons for resistance to change within organizations include interference with need fulfillment, selective perception, habit, inconvenience or loss of freedom, economic implications, security in the past, fear of the unknown, threats to power or influence, knowledge and skill obsolescence, organizational structure and limited resources.

- ***Interference with need fulfillment:*** Changes preventing people from fulfillment of economic, social, esteem and other needs may encounter with resistance. Thus, people resist changes that lower their income, job status and social relationships.
- ***Selective perception:*** People process the provided information selectively in order not to change their point of view. Indeed, people hear what they want to hear and disregard any information threatening their perspective. In other words, people interpret an image of the real world with their own perception of reality which gives birth to a biased view of a particular situation and resistance to change occurs.
- ***Habit:*** When changes are faced with, individuals may tend to re-act these changes due to accustom to their usual manner of behaving. Actually, people tend to respond situations in an accustomed manner. Since habits serve as means of security and comfort, proposed changes to habits may be resisted.
- ***Inconvenience or loss of freedom:*** When change is seen as troublesome and reduce freedom of action with increased control, organization members may resist change implementations.
- ***Economic implications:*** If change is perceived as reducing pay or other rewards, individuals are likely to resist change. People may want to maintain the status quo by establishing the patterns of working.
- ***Security in the past:*** Individuals who have higher security needs resist change more than others because change threatens their sense of security. When people

face with new and unfamiliar methods or difficult and frustrated occasions, they may reflect on past with a wish to retain old ways.

- ***Fear of the unknown:*** If innovative or radical changes introduced without giving information about the nature of change, the organization members become fearful and anxious about change implications. In fact, change takes place of doubt and uncertainty because people like stability.
- ***Threats to power or influence:*** Administrative and technological changes threatening power bases in the organization may lead to trigger resistance due to being seen as a threat to power or influence of certain groups in controlling over decisions, resources and information concepts. Specifically, intimidating changes may menace specialized groups in the organization. Reallocation of decision making authority could threaten long term power relations.
- ***Knowledge and skill obsolescence:*** Organization members resist organizational changes when their knowledge and skills are obsolete. It is essential to state that knowledge is related to management while skills can be applied to any member of the organization.
- ***Organizational structure:*** In organizations which have ideal bureaucracy with hierarchy of authority; division of labour and specialization, regulations and rules, some degree of structure are given to groups for fulfilling the organization's goals. However, this need would be dysfunctional to the organization with serving as a main factor for resistance to change.
- ***Limited resources:*** Organizations not having available resources prefer to maintain their status quo since change requires resources like capital and people having appropriate skills and time. Inadequate resources may lead to abandon the desired changes.

3.6. Managing resistance to change

The major methods managers can use to overcome resistance to change are the following:

- ☑ ***Education/Communication:*** if the employees do not have adequate information or if the information they have is inaccurate, then it is necessary to educate them about the change, its process, its working and its results. Communication is the highest priority and first strategy required for any organizational change. It

reduces the restraining forces by keeping employees informed about what to expect from the change effort.

Communication improves the change process in at least two ways. First, it is the conduit through which employees typically learn about the driving forces for change. Second, communication clarifies an otherwise uncertain future. The more corporate leaders communicate their images of the future, the more easily employees can visualize their own role in that future.

- ☑ **Develop a positive climate for change:** develop and maintain good human relations. Because change and trust are so closely intertwined, the manager's first concern should be to develop mutual trust.
- ☑ **Encourage interest in improvement:** continually give employees opportunities to develop new skills, abilities, and creativity. Constantly look for better ways to do things. Encouraging employees to suggest changes and listening to and implementing their ideas are important part of continuous improvement.
- ☑ **Give facts:** get all facts and plan how you will present them to employees. Clearly state why change is needed and how it will affect employees positively and negatively.
- ☑ **Involve employees:** employees who participate in developing changes are more committed to them than employees who have changes assigned to them.
- ☑ **Provide support:** allow employees to express their feelings in a positive way. Since training is very important to successful changes, give as much advance notice and training as possible before the change takes place. Giving thorough training helps reduce learning anxiety and helps employees realize they can be successful with the change.
- ☑ **Avoid direct confrontation:** confrontation tends to make people emotional and more resistant to change. A subtle approach is preferable to most people.
- ☑ **Negotiation and agreement:** buying out active and potential resisters. Negotiation is a form of exchange, in which the promise of benefits or resources is exchanged for the target person's compliance with influencer's request.
- ☑ **Use power:** if other strategies are ineffective, leaders rely on forcing people to accept the change.

Chapter Four

Type of Change

At the end of this chapter students will be able to:

- Discuss planned and unplanned change
- Explain revolutionary and evolutionary change
- Understand BPR meaning, objectives, and its implementation
- Understand Total Quality Management concept

4.1 Planned Change VS Unplanned Change

4.1.1 Planned Change

Planned change is intentional and occurs with a change agent's direction. It is a direct response to a person's *perception of a performance gap*, or discrepancy between the desired and actual state of affair. Performance gap may represent problem to be resolved or opportunities to be explored. In each Case manager as a change agent should be ever alert to performance gap and take action to initiate planned change to deal with them.

Planned change is also regarded as developmental change which is implemented with objectives of improving the present way of operation and to achieve the predefined goals. Planned change is calculated and is not threatening as in this the future state in being chosen consciously. The introduction of new product and technologies, organizational restructuring, team building, enhancing employee communications as well as technical expertise fall under the category of planed change.

Strategies for planned change

Managers and other change agents use various means for mobilizing power, exerting influence over others, and getting people to support planned change efforts. Each power source has somewhat different implications for the planned change process. There are three strategies for planned change.

i) Force-Coercion Strategy

A force-coercion strategy uses *legitimacy*, *rewards*, or *punishments* as primary inducements to change. That is, the change agent acts unilaterally to “*command*” change through the formal authority of his or her position, to induce change via an offer of special *rewards*, or to bring about change via threats of *punishment*. People respond to this strategy mainly out of the fear of being punished if they do not comply with a change directive or out of the desire to gain a *reward* if they do. Compliance is usually temporary and continues only as long as the change agent and his or her legitimate authority are visible, or as long as the opportunities for rewards and punishments remain obvious.

ii) Rational Persuasion Strategy

Change agents using a rational persuasion strategy attempt to bring about change through the use of *fact*, special *knowledge*, *empirical support*, or *rational arguments*. This strategy assumes that *rational people will be guided by reason and self-interest in deciding whether or not to support a change*. Expert power is mobilized to convince others that the change will leave them better off than before. It is sometimes referred to as an *empirical-rational strategy* of planned change. When successful, this strategy results in a *longer lasting*, more *internalized change* than does force-coercion. As a change agent taking the rational persuasion approach to a change situation, you might behave as follows.

You believe that people are inherently rational and are guided by reason in their actions and decision making. Once a specific course of action is demonstrated to be in a person’s self-interest, you assume that reason and rationality will cause the person to adopt it. Thus, your approach change with the objective of communicating—through information and facts—the essential “desirability” of change from the perspective of the person whose behavior you seek to influence. If this logic is effectively communicated, you are sure of the person’s adopting the proposed change.

iii) Shared Power Strategy

A shared-power strategy actively and sincerely involves the people who will be affected by a change in planning and making key decisions relating to this change. Sometimes called a *normative-reductive* approach, this strategy tries to develop

directions and support for change through involvement and empowerment. It builds essential foundations, such as personal values, group norms, and shared goals, so that support for a proposed change emerges naturally. Managers using normative-reductive approaches draw upon the power of personal reference and also share power by allowing others to participate in planning and implementing the change. Given this high level of involvement, the strategy is likely to result in a longer lasting and internalized change.

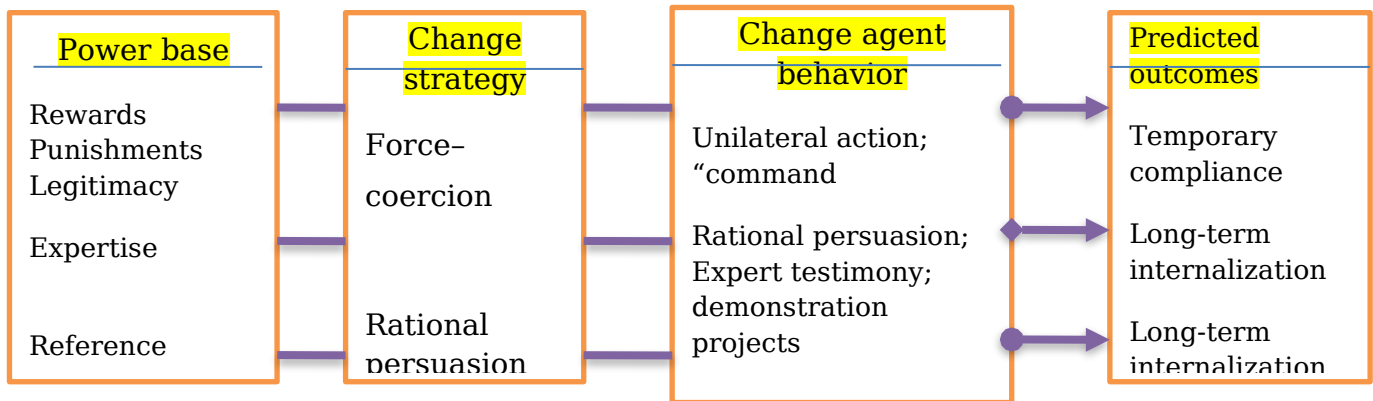


Figure 4.1 Power bases, change strategies, and predicted change outcomes

4.1.2 Unplanned Change

It occurs *spontaneously* or *randomly* and *without benefit of change agent's attention*. Unplanned change is a result of unforeseen occurrence various factors like change in the demographics compositions, change in governmental regulations and economic uncertainties are under this category. They may be disruptive, such as a wildcat strike that ends in a *plant closure*, or beneficial, such as an *interpersonal conflict* that results in a *new procedure designed* to smooth the flow of work between two departments. The appropriate goal in managing unplanned change is to act immediately once it is recognized in order to minimize negative consequence and maximize possible benefits.

4.2. Evolutionary Vs Revolutionary Change

Organizational change can be occurred *quickly* or *slowly* it is useful to classify organizational change in to two types.

4.2.1. Evolutionary Change

Evolutionary change is gradual, incremental, and narrowly focused. Evolutionary change is not dramatic or sudden but, rather, is a constant attempt to improve,

adapt, and adjust strategy and structure incrementally to accommodate to changes taking place in the environment. Such improvements might entail utilizing technology in a better way or reorganizing the work process. *Total quality management (TQM)* and organizational development are among the known evolutionary changes.

📖 **Total quality management (TQM)**

Is a management technique that focuses on finding the ways to continuously make incremental improvements to work procedures that drive down cost and drive up quality of organization's products or services. TQM focuses on improving the quality of an organization's products and stresses that all of an organization's value-chain activities should be directed toward this goal. TQM requires the cooperation of managers in every function of an organization, and across functions, if it is to be succeeded.

The following steps are necessary for managers to implement a successful TQM program

🌈 **Focus on customers:** TQM see customers as the starting point. It requires:

- i) To identify what customers want from the good or service that the company provides;
- ii) To identify what the company actually provides to customers;
- iii) To identify the gap that exists between what customers want and what they actually get (the quality gap); and
- iv) To formulate a plan for closing the quality gap.

🌈 **Find ways to measure quality:** TQM requires the development of a measuring system that managers can use to evaluate quality.

🌈 **Set goals and create incentives:** once a measure has been devised, managers 'next step is to set a challenging quality goal and to create incentives for reaching that goal, Such as reducing consumers 'complaints by 50%, and so on. Regarding incentives- give bonus and promotional opportunities for contributions and goal attainment.

🌈 **Solicit input from employees:** create an environment in which employees will not be afraid to report problems or recommend improvements. Quality circle is the one among the mechanism. Quality circles -group of employees who meet regularly to discuss ways to increase quality-are often created to achieve this goal.

- ✚ **Identify defects and trace them to their sources:** identify defects in the work process, trace those defects back to their source, find out why occurred, and make corrections so that they do not occur again.
- ✚ **Design for ease of production:** designing product that have fewer parts or finding ways to simplify providing a service should be linked to fewer defects or customer complaints. Because the more steps required assembling a product or providing a service, the more opportunities there are for making a mistake.
- ✚ **Break down barriers between functions:** successful implementation of TQM requires substantial cooperation between the different value-chain functions.

❖ **Advantage of Evolutionary Change**

- Highly likely that, if the change is implemented it will become part of the culture
- more people have been involved in the design more people identifies with change
- likely that the change fits the organizations, understanding the current situations
- More brains around the problem, leading to more thoughtful solution

❖ **Disadvantage of Evolutionary Change**

- Very risky upfront high likelihood that people will not understand the change
- Change may be introduced that doesn't do not move the organizations toward where it needs to go.
- Can be designed by committee where a sense of central direction is lost especially true if there is not clear owner or change agent.
- Hard to find people who are good at making evolutionary change it is skill what's more these people rarely take credit for their work.

4.2.2. **Revolutionary Change**

Revolutionary change is a *rapid, dramatic, and broadly focused change*. It involves a bold attempt to quickly find new ways to be effective. Organizations faced with dramatic, unexpected changes in the environment (for example, a new technological breakthrough) or with an impending disaster resulting from mismanagement, an organization might need to act quickly and decisively. Revolutionary change is a *radical shift* in ways of doing things, new goals, and new structure for the organization. *Reengineering, restructuring, and quantum innovation* are the three important instruments for revolutionary change.

- **Reengineering:** involves rethinking and redesigning business processes to increase organizational effectiveness
- **Restructuring** - changing task and authority relationships and redesigning organizational structure and culture to improve organizational effectiveness.
- **Innovation:** the process by which organizations use their skills and resources to Create new technologies, Develop new goods and services, and better respond to the needs of their customers.

❖ **Advantage of revolutionary change**

- low risk of the change failing to take effect
- Change will occur quickly.
- looks good on resumes and annual report
- Feels planned.

❖ **Disadvantage of revolutionary change**

- change may not become part of the culture before focus shift the change may be roll back a few month after leadership change focus.
- Job security for the leader if the change doesn't provide the benefit expected ,or otherwise fails the people who mandated the change may lose their job

Opportunity cost other improvement may be needed but everyone is tied up working on mandated improvements.

4.3.Business Process Reengineering (BPR)

Michael Hammer and James Champy of the US are the scholars who developed the concept of Business Process Reengineering. According to J.Champy and M. Hammer, business process reengineering (BPR) is ***“the fundamental rethinking and radical design of business processes to achieve dramatic improvement in critical contemporary measures of performance such as cost, quality, service and speed.”*** In this definition, there are *four* key. These are:

- ✓ **Fundamental Rethinking:** ask basic questions about the company and how they operate. Like: Why do we do? Why do we do it? Make people to look at

the tacit rules and assumptions that underlie the way they conduct their business.

- ✓ **Radical redesign:** reengineering is about throwing the already existing system away and starting with a clean slate and redesign how you do your work. Thus, reengineering is about business reinvention not business improvement or modification.
- ✓ **Dramatic improvement:** it is about achieving quantum performance growth. Reengineering is not making marginal improvements to the business.
- ✓ **Business process:** process is the core of the reengineering. Process is an organized group of related activities that together create value to customers. It is about how work is done.

Radical redesigning of business involves dropping existing procedures and reinventing the process. Reengineering seeks to enhance the speed of product/service delivery without compromising quality through improving the utilization of materials, labor and equipment.

Some of the symptoms that indicate the need of reengineering in an organization are:

- i) Complexity of the budget process;
- ii) Incompatible of the services provided by the organization with the needs of the customers; and
- iii) Failure of an organization to make its products reach the market place at the right time, as compared with its competitors.

4.3.1. Objective of BPR

The following are some of the major objective of BPR.

1. Improving efficiency of the key process of business with a view to improve quality and reduce cost.
2. Encouraging teamwork and reducing the number of layers in the organization.
3. Reshaping business processes in a holistic approach and not in isolation like taking only one of the functions or redesign it separately.
4. Training and developing human resources and improve information technology, downsizing if necessary as a result of increased efficiency of the key process.
5. Identifying core competencies and managing environmental changes to develop competitive strength with a clean focus on goals to be achieved.

4.3.2. Principles of BPR

BPR mainly focuses on strategic business processes which include: order processing, logistics, manufacturing system, procurement and supplies, cash flow management, etc. the following are the five key principles of business process reengineering:

- (i) Strategic redesign of process;
- (ii) Involvement of right teams of people;
- (iii) Wise use of information technology;
- (iv) Changed management style; and
- (v) Continuous improvement of processes.

4.3.3. BPR Tools and Techniques

➤ Following are some of the tools and techniques for the successful application of reengineering.

- 1. Process Visualization:** For a process to be reengineered the “end state” is to be visualized in prior to the defining and establishment of the systems needed to implement the new innovation. The development of the vision of a process is the key to the successful reengineering.
- 2. Process mapping/operational method study:** Operational method study is one of suitable tool to reengineering. It involves the systematic investigation of the present way of doing a particular job with an aim of doing the same job in a better way at reduced cost and/or time.
- 3. Change Management:** It refers the management of organizational Change and is an important tool for successful reengineering. This refers the human side of reengineering. Generally there will be resistance from employees to change as if it affects their level of performance. So change management is to be effectively used to overcome the resistance that arises because of reengineering.
- 4. Benchmarking:** Benchmarking is an essential and integral part of reengineering. It allows the visualization of the best processes that are in use in other organizations.
- 5. Process and customer focus:** Sometimes the primary objective of reengineering is solely to redesign the processes to improve the customer satisfaction. This provides a lead to improve the process to improve the quality and/or minimize the costs

4.3.4. Implementation of Reengineering

Hammer says that a business process can be defined as a set logically related task to achieve a defined business outcome. The collection of processes forms a business system. And business system is the way in which a business unit carries out its business. According to him, an organization which realizes that its processes are inefficient is required to embark on the following major steps to redesign its processes:

Step 1: Develop business vision and process objective: the organization is required to prioritize its reengineering objectives and set the targets for the future.

Step 2: Identify processes to be redesigned: this is the responsibility of the top and senior management. Thus, the management is required to identify critical or bottleneck processes and envision the steps to avert the shortcomings identified.

Step 3: Identify and measure existing processes: it involves assessing the current state of affairs. The current level of performance of the processes to be reengineered is determined.

Step 4: Identify information technology levels: involves arrangement of a brainstorming session to identify new approaches.

Step 5: Design and build a prototype of the process: involves implementation of organizational and technical aspects of processes. The word prototype 'here is concerned with a process not a product. A design engineer is required to work on the prototype of a product before the initiation of the actual product. Thus, he/she needs to test whether it fulfills the desired requirements.

Comparison of BPR and TQM today

Aspects	TQM	BPR
Level of change	Incremental	Dramatic and Radical
Starting points	Existing process	Clean slate
Frequency of change	Continuous	One-time
Time required	Long	Short

Risk	Moderate	High
Participation	Bottom-up	Top-down
Typical scope	Narrow, within functions	Broad, cross functional

Table 4.1 comparison of BPR and TQM

Chapter five

MANAGEMENT OF ORGANIZATIONAL CONFLICT

At the end of this unit students will be able to:

- Explain the meaning and nature of conflict
- Identify the consequences of conflict
- Figure out main sources of conflict

5.1. Meaning and Nature of Conflict:

Conflict can be defined as the *“process that begins when one party perceives that another party has negatively affected something that the first party cares about.”*

Austin defines conflict *“as a disagreement between two or more individuals or groups, with each individual or group trying to gain acceptance of its views or objective over others.”*

Conflict must be perceived by either of the parties. Stiff opposition due to incompatibility of organizational goals characterizes it. Conflict can also be caused due to difference about interpretation of facts or issues involved. Conflict takes an ugly turn and takes a form of violence due to disagreement based on behavioral expectations. It could be covert or overt and can be seen when one observes violent acts of individual in organizations.

Every organization has its objective. It is further broken down as departmental objectives, group goals and lastly individual goals. When individual interacts with another individual there is perceptual and communication problems that causes misunderstanding and leads to individual conflict situation. It is also true of groups.

Conflict can be considered as expression of hostility, negative attitude, aggression and gross misunderstanding. It is caused due to varying interest of individual or groups.

Pondy has described that the term ‘*conflict*’ is used in *four* ways to indicate:

- Antecedent conditions of conflictual behavior, such as scarcity of resources.
- Affective states of individuals involved such as stress, tension, hostility, anxiety, etc.
- Cognitive state of individuals that is their perception or awareness of conflict situations.
- Conflict behavior, ranging from passive resistance to overt aggression.

5.2 **Functional and Dysfunctional Conflict**

Not all conflict is bad. In fact, some types of conflict encourage new solutions to problems and enhance the creativity in the organization, in these cases, managers will want to encourage the conflicts. Therefore, managers should stimulate functional

conflict and prevent or resolve dysfunctional conflict. This is the key to conflict management. However, the difficulty lies in trying to tell the difference between dysfunctional and functional conflicts. The consequences of conflict can be positive or negative, as shown below.

5.1.1. Functional Conflict

Functional conflict is a healthy, constructive disagreement between two or more people. Conflict develops cohesiveness within the group members. A group goal therefore becomes a priority. Individual goals are then relegated to secondary position. Conflict leads to innovation and creativity, as there is competing spirit among various groups. Conflict provides challenging work environment and enhances opportunities for self-development of group that leads to formation of group norms. Functional conflict enhance work culture leads to up gradation of various systems within the organization and therefore growth is achieved.

5.1.2. Dysfunctional Conflict

Dysfunctional conflict is an unhealthy, destructive disagreement between two or more people. It's danger in that it takes the focus away from the work to be done and places the focus on the conflict itself and the parties involved. Dysfunctional conflict is that does not lead to solution and basic goals of the organization are neglected. If it is violated and a climate of distrust and suspicion is created people feel defeated and demeaned which develops antagonism and leads to conflict.

Conflict may lead to absenteeism and subsequently to increased turn over if not controlled in time. Dual management style may create hatred and lead to dysfunctional conflict. Disagreement with management may be considered as disloyalty, if this environment prevails, an opportunity for creativity would be lost and employees would lose interest in their job. This would lead to increased conflicting situations.

5.2. Causes of Conflict in Organizations

Conflict is pervasive in organizations. To manage it effectively, managers should understand the many sources of conflict. They can be classified into two broad

categories:

- **Structural factors:** which stem from the nature of the organization and the way in which work is organized and
- **Personal factors:** which arise from differences among individuals.

5.2.1. Structural Factors causes of conflict

The causes of conflict related to the organization's structure include:

- 📄 **Specialization:** When jobs are highly specialized, employees become experts at certain tasks. A classic conflict of specialization is one between salespeople and engineers. Engineers are technical specialists responsible for product design and quality. Salespeople are marketing experts and liaisons with customers. Salespeople are often accused of making delivery promises to customers that engineers cannot keep because the sales force lacks the technical knowledge necessary to develop realistic delivery deadlines.
- 📄 **Interdependence:** Work that is interdependent requires groups or individuals to depend on one another to accomplish goals. Depending on other people to get work done is fine when the process works smoothly.
- 📄 **Common resources:** Any time multiple parties must share resources, there is potential for conflict. This potential is enhanced when the shared resources become scarce. One resource often shared by managers is secretarial support. It is not uncommon for a secretary to support ten or more managers, each of whom believes his or her work is most important.
- 📄 **Goal differences:** When work groups have different goals, these goals may be incompatible. For example, in one cable television Company, the salesperson's goal was to sell as many new installations as possible. This created problems for the service department, because its goal was timely installations.
- 📄 **Authority relationships:** The nature of a traditional boss-employee relationship brings to mind a vision of a hierarchy of a boss who is superior to the employee. For many employees, this relationship is not a comfortable one, because another individual has the right to tell them what to do. Some people resent authority more than others, and obviously this creates conflicts.
- 📄 **Status inconsistencies:** Some organizations have a strong status difference between management and non-management workers. Managers may enjoy

privileges such as flexible schedules, personal telephone calls at work, and longer lunch hours that are not available to non-management employees. This may result in resentment and conflict.

📖 **Jurisdictional ambiguities:** Have you ever telephoned a company with a problem and had your call transferred through several different people and departments? This situation illustrates jurisdictional ambiguity that is, unclear lines of responsibility within an organization. When a problem occurs for which there is no definite source of responsibility, workers tend to "pass the buck," or avoid dealing with the problem. Conflicts emerge over responsibility for the problem.

5.2.2. Personal Factors causes of Conflict

The causes of conflict that arise from individual differences include

📖 **Skills and abilities:** The work force is composed of individuals with varying levels of skills and ability. Diversity in skills and abilities may be positive for the organization, but it also holds potential for conflict, especially when jobs are interdependent. Experienced, competent workers may find it difficult to work alongside with new and unskilled recruits. Workers can become resentful when their new boss, fresh from college, knows a lot about managing people but is unfamiliar with the technology with which they are working.

📖 **Personalities:** Individuals do not leave their personalities at the doorstep when they enter the workplace. Personality conflicts are realities in organizations. To expect that you will like all of your coworkers may be a naive expectation, as would be the expectation that they will all like you.

📖 **Perceptions:** Differences in perception can also lead to conflict. One area in which perceptions can differ is the perception of what motivates employees.

📖 If managers and workers do not have a shared perception of what motivates people, the reward system can create conflicts. Managers usually provide what they think employees want rather than what employees really want.

📖 **Values and ethics:** Differences in values and ethics can be sources of disagreement. Older workers, for example, value company loyalty and probably

would not take a sick day when they were not really ill. Younger workers, valuing mobility, like the concept of "mental health days," or calling in sick to get away from work. This may not be true for all workers, but it illustrates that differences in values can lead to conflict.

📖 **Emotions:** The moods of others can be a source of conflict in the workplace. Problems at home often spill over into the work area, and the related moods can be hard for others to deal with.

📖 **Communication barriers:** Communication barriers such as physical separation and language can create distortions in messages, and these can lead to conflict. Another communication barrier is value judgment, in which a listener assigns a worth to a message before it is received.

5.3. Conflict Outcome/Consequences

Positive consequences

- Leads to new ideas
- Stimulates creativity
- Motivates change
- Promotes organizational vitality
- Helps individuals and groups establish identities
- Serves as a safety valve to indicate problems

Negative Consequences

- Diverts energy from work
- Threatens psychological well-being
- Waste resources
- Creates a negative climate
- Breaks down group cohesion
- Can increase hostility and aggressive behaviors

5.4. Type of Conflict

The following are the major and main types of conflicts in organization.

1. Intra-personal Conflict: Intra personal conflict is also called the conflict within the individual. This type of conflict can be of two types:

- **Value conflict:** Every individual has to play certain roles, which conforms to his value system. However, there are certain situations when an individual may have to compromise on value system and beliefs. For example, finance manager of an organization, while submitting tax returns to the government may conceal some facts, which may go against his belief and value system. This situation may cause tension and conflict within the individual.
 - **Decision-making:** Problem solving is one of the important jobs every individual has to undertake in work environment. Every problem has various courses open. At times it is difficult for a person to select an appropriate course of action. This situation causes conflict within the individual. He therefore will have to take decisions based on the past experience and the knowledge.
2. **Inter-personal Conflict:** This relates to conflict between two or more individuals and is probably the most common and recognized form of conflict. Interpersonal conflict is caused due to disagreement over goals and objectives of the organization. These are heightened due to difference of opinion of individuals and when issues are not based on facts. Every organization is full of unresolved issues, problems and differing situations that leads to conflict. Conflict can also take place between one person of a group with another person of the same group or another group on issues relating to decision-making.
 3. **Intra-Group Conflict:** this relates to values, status and roles played by an individual in the group and the group norms. Individual may want to remain in the group for social needs but may disagree with the methods and procedures followed by the group. The conflict may arise when social changes are incorporated in the group. When group faces new problems and when values are changed due to change in social environment. Intra-group conflict is like inter-personal conflict except that the people involved in the conflict episode belong to a common group.
 4. **Inter-Group Conflict:** Conflicts between different groups, sections and departments are called inter-group conflict. For example, conflict between production and sales departments over the quality being produced and the customer requirements. Inter-group conflict causes due to factors inherent to the organizational structure like independence, inconsistency in various policy matter,

variance on promotion criteria, reward system and different standards being adopted for different sub-units and departments.

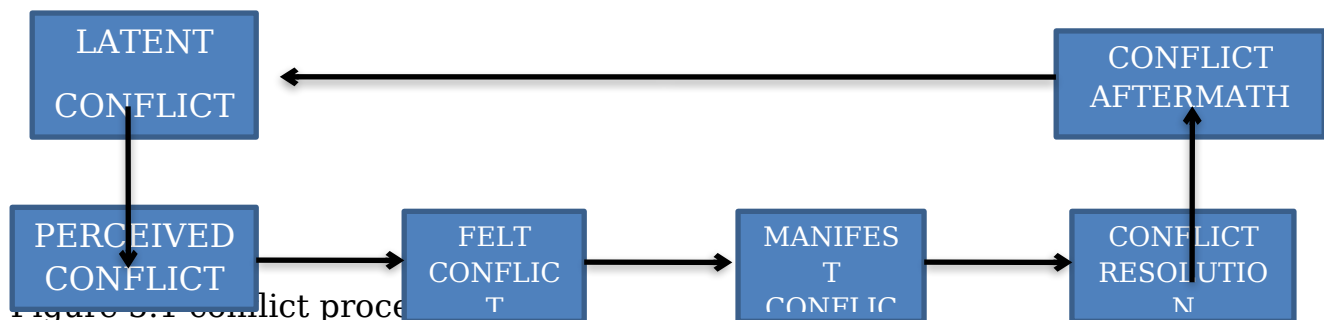
5. Inter-Organizational Conflict: this conflict takes place between two dependent organizations. Conflict can take place between government organization, unions and the operating industry. Government organizations function to ensure that minimum standards are followed by the organizations. Managers must try and reduce inter-organizational conflicts by adopting positive approach and by following strictly, the rules and regulations laid down by the government agencies. Conflict can also take place between seller and buyer organizations.

6. Intra-Organizational Conflicts: this conflict encompasses horizontal, vertical, line-staff and role based conflicts.

5.5. Conflict Process

Pondy developed a conflict process model, which is useful to understand how a conflict starts. He has delineated *five steps* that he calls as 'conflict episode' These are:

- Latent conflict,
- Perceived conflict,
- Felt conflict
- Manifest conflict,
- conflict resolution and
- Conflict aftermath



□ **Latent Conflict:** It is a first stage of conflict when conflict-promoting situations appear on the scene between individuals and groups. In this stage potential conflict inducing forces exist. For example demand for various resources by

departments when some may get and be satisfied and others may not get and be dissatisfied. Hence there may exist a situation between two groups. At this stage the seed of dissatisfaction has been sown.

- ▣ **Perceived Conflict:** When one party frustrates the design of the other party, people perceive that a conflict conditions exist. For example sales manager may need additional budget for promotional activities which financial manager may not release.
- ▣ **Felt Conflict:** At this stage, the conflict is actually felt and recognized. As stated earlier, the funds are not released by the finance manager and the problem is being surfaced and there is a likelihood of confrontation.
- ▣ **Manifest Conflict:** In this stage, there is not only recognition or acknowledgement of conflict but also manifestation of conflict by covert or overt behavior. It is a stage of open dispute. Both parties devise their strategies to face each other. In the above example sales manager may make his point for additional funds for promotional activities especially during festival season. Finance manager may openly turn down the request since he might have allotted additional funds for procurement of better raw material for production department.
- ▣ **Conflict Aftermath:** Once the conflict is resolved between the two parties, there is always a party, which is loser because the resolution is the outcome of win - lose or the compromise strategy, a stage is set for subsequent conflict episodes. A party, which feels defeated, may start preparations and be on the look -out for the assault to take the revenge.
- ▣ **Conflict resolution:** This has been added as an additional box in the figure to elucidate that conflict aftermath is a direct function of the results of the conflict resolution style adopted and exercised in any given situation.

5.6. Conflict Management Strategies and Techniques

Several strategies can be used to manage conflict in organizations. There are *two types: effective and ineffective ways of managing conflict.*

5.6.1. Ineffective Techniques

There are many techniques for dealing with conflict. Before turning to techniques that work, it should be recognized that some actions commonly taken in organizations to deal with conflict are not effective. Non action is doing nothing in

hopes that the conflict will disappear. This is not generally a good technique, because most conflicts do not go away, and the individuals involved in the conflict react with frustration. Some of these ineffective techniques are:

- ✚ **Secrecy:** trying to keep a conflict out of view of most people, only creates suspicion. An example is an organizational policy of pay secrecy. In some organizations, discussion of salary is grounds for dismissal. When this is the case, employees suspect that the company has something to hide.
- ✚ **Administrative or biting:** This is delaying action on a conflict by buying time, usually by telling the individuals involved that the problem is being worked on or that the boss is still thinking about the issue. Like non action, this technique leads to frustration and resentment.
- ✚ **Due process non action:** is a procedure set up to address conflicts that is so costly, time-consuming, or personally risky that no one will use it. Some companies' sexual harassment policies are examples of this technique. To file a sexual harassment complaint, detailed paperwork is required, the accuser must go through appropriate channels, and the accuser risks being branded a trouble-maker. Thus, the company has a procedure for handling complaints (**due process**), but no one uses it (**non action**).
- ✚ **Character assassination:** is an attempt to label or discredit an opponent. Character assassination can backfire and make the individual who uses it appear dishonest and cruel.

5.6.2. Effective Techniques

Fortunately, there are effective conflict management techniques. These include appealing to:

- ▮ **Superordinate Goals:** An organizational goal that is more important to both parties in a conflict than their individual or group goals is a super ordinate goal. Super ordinate goals cannot be achieved by an individual or by one group alone. The achievement of these goals requires cooperation by both parties. One effective technique for resolving conflict is to appeal to a super ordinate goal ,in effect, to

focus the parties on a larger issue on which they both agree. This helps them realize their similarities rather than their differences.

- ▢ **Expanding Resources:** One conflict resolution technique is so simple that it may be overlooked. If the conflict's source is common or scarce resources, providing more resources may be a solution. Of course, managers working with tight budgets may not have the luxury of obtaining additional resources. Nevertheless, it is a technique to be considered.
- ▢ **Changing Personnel:** Sometimes a conflict is prolonged and severe, and efforts at resolution fail. In such cases, it may be appropriate to change personnel. Transferring or firing an individual may be the best solution, but only after due process.
- ▢ **Confronting and Negotiating:** Some conflicts require confrontation and negotiation between the parties. Both these strategies require skill on the part of the negotiator and careful planning before engaging in negotiations. The process of negotiating involves an open discussion of problem solutions, and the outcome often is an exchange in which both parties work toward a mutually beneficial solution.

Negotiation is a joint process of finding a mutually acceptable solution to a complex conflict.

Negotiating is a useful strategy under the following conditions:

- There are two or more parties.
- It is primarily an interpersonal or inter - group process.
- There is a conflict of interest between the parties such that what one party wants is not what the other party wants.
- They prefer to work together than to fight openly, or take the dispute to a higher authority.

There are two major **negotiating approaches**: distributive bargaining and integrative negotiation.

- **Distributive bargaining:** is an approach in which the goals of one party are in direct conflict with the goals of the other party. Resources are limited, and each

party wants to maximize its share of the resources. It is a competitive or win-lose approach to negotiations. Sometimes distributive bargaining causes negotiators to focus so much on their differences that they ignore their common ground. In these cases, distributive bargaining can become counterproductive.

- **Integrative negotiation:** is an approach in which the parties' goals are not seen as mutually exclusive and in which the focus is on making it possible for both sides to achieve their objectives. Integrative negotiation focuses on the merits of the issues and is a **win-win** approach.

There are **preconditions** for integrative negotiation to be successful. These include:

- o Having a common goal,
- o Faith in one's own problem-solving abilities,
- o a belief in the validity of the other party's position,
- o Motivation to work together,
- o Mutual trust, and
- o Clear communication.

5.7. Conflict Management Styles

Managers have their disposal on a variety of conflict management styles: **Avoiding, Accommodating, Competing, Compromising, and Collaborating**. One way of classifying styles of conflict management is to examine the styles' **assertiveness** (the extent to which you want your goals met) and **cooperativeness** (the extent to which you want to see the other party's concerns met).

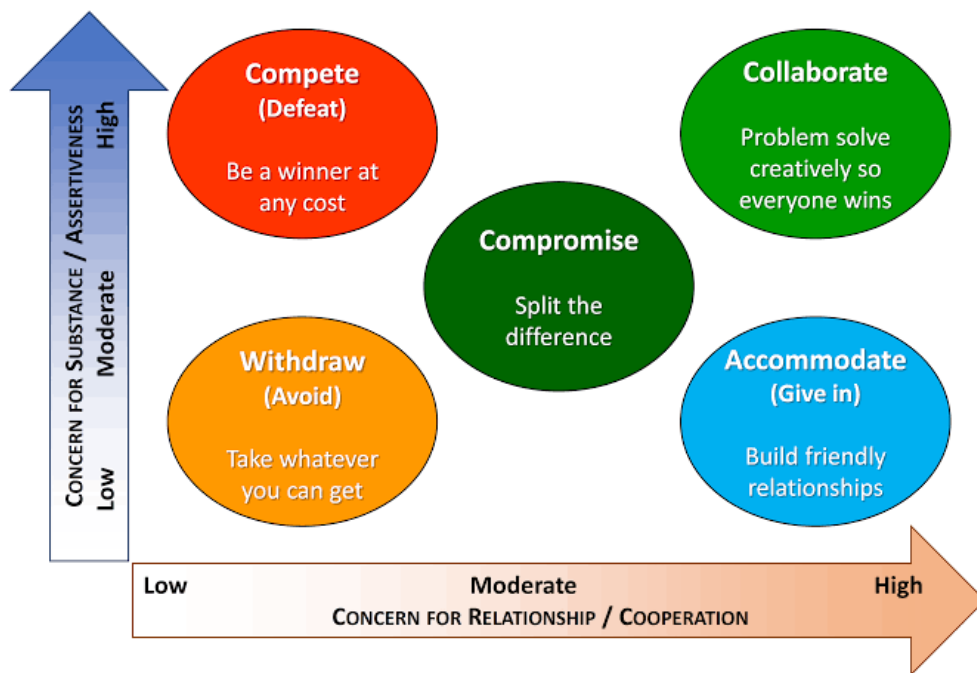


Figure 5.2 conflict management style

i) **Avoiding**

Avoiding is a style low on both assertiveness and cooperativeness. Avoiding is a deliberate decision to take no action on a conflict or to stay out of a conflict situation. There is a potential danger in using an avoiding style too often, however. Research shows that overuse of this style results in negative evaluations from others in the workplace.

ii) **Accommodating**

A style in which you are concerned that the other party's goals be met but relatively unconcerned with getting your own way is called accommodating. It is cooperative but unassertive. Appropriate situations for accommodating include times when you find you are wrong, when you want to let the other party have his or her way in order to remind the individual that he or she owes you similar treatment later, or when the relationship is important.

iii) **Competing**

Competing is a style that is very assertive and uncooperative. You want to satisfy your own interests and are willing to do so at the other party's expense. In an

emergency or in situations where you know you are right, it may be appropriate to put your foot down. Relying solely on competing strategies is dangerous. Managers who do so may become reluctant to admit when they are wrong and may find themselves surrounded by people who are afraid to disagree with them.

iv) **Compromising**

The compromising style is intermediate in both assertiveness and cooperativeness, because each party must give up something to reach a solution to the conflict. Compromises are often made in the final hours of union-management negotiations, when time is of the essence. Compromise is also an effective backup style when efforts toward collaboration are not successful.

v) **Collaborating**

A win-win style that is high on both assertiveness and cooperativeness is known as collaborating. Working toward collaborating involves an open and thorough discussion of the conflict and arriving at a solution that is satisfactory to both parties. Situations where collaboration may be effective include times when both parties need to be committed to a final solution or when a combination of different perspectives can be formed into a solution.