TRAINING BOOK

MBA
LEADERSHIP™

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MBA LEADERSHIP™ DEGREE

TRAINING BOOK

SECOND EDITION

BY INTERNATIONAL MBA INSTITUTE™

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Yeliz Obergfell
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LEADERSHIP - AN INTRODUCTION

In this chapter, you will:
- Understand the definition and meaning of leadership.

Your success or failure as manager depends on your leadership qualities. You can be a successful leader by helping subordinates to find solutions to their problems. You are involved with bringing together resources, developing strategies, organizing and controlling activities in order to achieve objectives. At the same time you, as leader, have to select the goals and objectives of an organization, decide what is to be done and motivate people to do it. Thus, leadership is that function of management which is largely involved with establishing goals and motivating people to help achieve them. Leaders set goals and help subordinates find the right path to achieve these goals.

A person may be an effective manager — a good planner, and an organized administrator — but lack the motivational skills of a leader. Another may be an effective leader — skilled at inspiring enthusiasm and devotion — but lack the managerial skills to channel the energy he/she arouses in others. Given the challenges of dynamic engagement in today's business world, most organizations today are putting a premium on managers who also possess leadership skills.

Definition and Meaning of Leadership
Harold Koontz and Heinz Weihrich have defined leadership as the art or process of influencing people so that they will strive willingly and enthusiastically towards the achievement of group goals. In other words, leadership is the ability to persuade others to work towards defined objectives enthusiastically. It is the human factor, which binds a group together and motivates it towards goals. Leaders help a group attain objectives through the best use of its capabilities.

Based on the above definition, some of the features of leadership can be set out as follows:
- Leadership is the use of non-coercive influence to shape the group or organization's goals, and motivate behavior towards the achievement of those goals.
- It is a process in which you exert influence over others.
- Leadership involves other people - employees or followers - who by the degree of their

willingness to accept direction help to define the leader's status.

- It involves authority and responsibility, in terms of deciding the way ahead and being held responsible for the success or failure in achieving the agreed objectives.
- Leadership involves an unequal distribution of power between leaders and group members. Group members are not powerless; they can and do shape group activities in a number of ways. Still, the leader will usually have more power.

Leadership involves the application of certain values. Leadership based on moral principles requires that followers be given enough knowledge of alternatives to make intelligent choices when it comes to responding to a leader's proposal.

Methods for Developing Effective Leaders
The keys to an organization's success are managers who are able to inspire subordinates to perform exceedingly well. Substantial research has been undertaken to arrive at a description of a 'good manager' so that the desirable traits can be identified and measured. The following methods are used by most successful managers to bring out the best from their subordinates.

1 **Proper use of management by objectives:** Management by objectives is a very effective technique for establishing specific and challenging goals. Once managers define clear, specific and challenging goals, they provide direction to subordinates. Managers can also help subordinates if they encounter any problems.

2 **Providing employees meaningful and interesting work:** Subordinates have an inherent desire for achievement. Managers should provide work which is interesting and challenging, to subordinates. Moreover, the subordinates should be rewarded when they perform a task well. Finally, as they gain experience and become proficient in their work, subordinates should be given higher responsibilities.

3 **Focusing on improving communication skills:** Managers should remove all major barriers to effective communication. The manager must communicate clearly, specifically and unambiguously when giving instructions. The leader should not only be

able to communicate well, but should also be a good listener. By being a good listener, managers will be able to understand employee concerns and can address them in an appropriate manner. Another important aspect managers must take care of is feedback. They should provide necessary feedback to subordinates so that they can improve their performance.

4 **Using an effective performance appraisal for subordinates:** The manager should determine how well the subordinate has performed. The actual performance should be compared with the desired results. Performance appraisal should reward and reinforce effective employee performance. The appraisal should also highlight the areas of concern, and show subordinates how to improve their performance.

5 **Proper delegation of authority and responsibility:** The manager should give adequate authority and responsibility to subordinates to perform the appointed task. The motivation level of subordinates increases if they are given greater responsibilities or tasks which they perceive to be important.

6 **Building a team:** The manager should ensure that each subordinate understands his/her role and responsibilities. The manager should also make the employees understand the mission of the organization, and how each subordinate contributes to the profitability of the organization. They should make subordinates feel they are part of a team.

7 **Using standard procedures for effective decision-making:** The manager should ensure that the decisions made have merit, and are made within a scheduled time frame and is accepted by employees. For this, the manager should establish procedures for decision-making.

Summary:
1 Leadership is the ability to persuade others to work towards defined objectives enthusiastically.
2 Leadership involves the application of certain values.
3 A person may be an effective manager - a good planner, and an organized administrator — but lack the motivational skills of a leader.
4 Another may be an effective leader - skilled at inspiring enthusiasm and devotion — but lack

the managerial skills to channel the energy he/
she arouses in others.

KEY ELEMENTS OF LEADERSHIP

In this chapter, you will:
- Understand the key elements of leadership.

It has been observed that every group that attains its goals or performs efficiently has a skilled leader. Your skills as leader comprises of four major elements: (1) the ability to use power effectively and in a responsible manner, (2) the ability to understand the fact that people are motivated by different forces at different times and in different situations, (3) the ability to inspire and (4) the ability to behave in a manner that will develop a harmonious work culture.

Case Study: Developing Leaders at Infosys
The founders of Infosys wanted to build an organization that would last and could operate even under uncertain conditions. With this in mind, the Chairman of Infosys, Narayana N.R. Murthy, established an advisory body known as the Management Council entrusted with taking strategic decisions for the company. He noticed that during the management council meetings, young achievers in the company were reluctant to make suggestions. On probing further, Murthy found that these employees did have plenty of good-ideas, but hesitated to contribute to the discussions due to the fear of intimidating their superiors. This troubled Narayana Murthy and he decided to build a leadership institute, that would help promising employees at all levels to develop into leaders. It would also provide them opportunities to shape the future of Infosys.

Infosys Leadership Institute (ILI) was created in early 2001 to help promising Infoscions develop into good leaders. The aim of Infosys was to respond to the following specific challenges:
- To help people manage the phenomenal growth of the company.
- To make the employees of Infosys ready for the complexities of the market and the dynamic external environment.
- To create greater customer value through 'thought leadership.'

In Infosys, leadership is regarded as a journey, and it begins with the selection of high-potential employees. The top management identifies a pool of candidates on the basis of their past performance. They are also assessed for leadership potential. Each high-potential employee has an ILI faculty assigned to him. The faculty members guide these employees by developing personal development plans (PDPs)

and by creating action plans for employees. Most high potential employees are trained in one or more leadership skills. The duration of this training is three years and helps high-potential employees to develop into effective leaders. Infosys employs the 'nine pillar' model of leadership development. This model was developed after a careful analysis of the processes followed by 18 highly successful global corporations. Each pillar in the model has a unique relevance to development of individual's leadership competencies. The nine pillars in this model are:

1 360 degree feedback
2 Development assignments
3 Infosys culture workshops
4 Developmental relationships
5 Leadership skills training
6 Feedback intensive programs
7 Systemic process learning
8 Action learning
9 Community empathy

An employee can choose one or more these pillars for his or her personal development. The starting point of the leadership journey is the 360 degree feedback. Participation in other areas is optional and depends on the employee.

360 degree feedback: This method of systematic collection of data regarding a person's performance and abilities from many co-workers, including peers, direct reporters, managers, and internal and external customers. Feedback thus obtained is used to prepare individual personal development plans (PDPs). These serve as guides to the individuals for acquiring new skills, and to enhance their existing skills. Each individual is assigned an ILI faculty to help him/her draw up a PDP and put it into action.
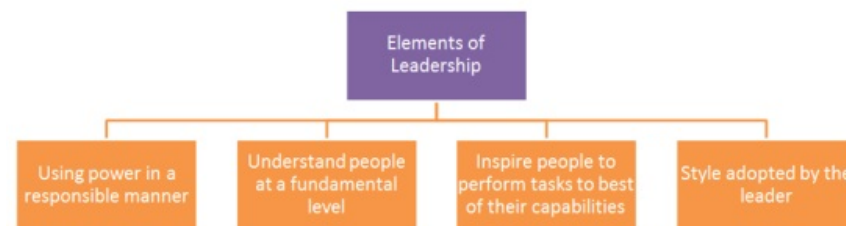
Elements of Leadership

The first element of leadership is using power in a responsible manner. Power is the control you can exercise over others. In other words, it is the capacity to affect the behavior of others. Leaders in organizations typically rely on some or all of the five major bases of power.

The second element of leadership is your ability to understand people at a fundamental level. Understanding of motivation theories, kinds of motivational forces, and the nature of a system of motivation is not sufficient; you must also be able to apply this knowledge to people and situations. If you understand the elements of motivation, you should be able to use your greater awareness of the nature and strengths of human needs to work out ways of satisfying these needs so as to get the desired results.

The third element of leadership is your ability as leader to inspire followers to perform a task to the best of their capacities. Although the superiors can inspire subordinates by means of various incentives, the behavior of superiors acts as a stronger motivating force. Your charismatic nature and personality may give rise to loyalty, devotion, and a strong desire on the part of the followers to carry out instructions. In such a situation, the followers do not merely try to satisfy their own needs but give unconditional support to the leader.

The fourth element of leadership concerns the style adopted by you as a leader, and the resulting influence on the work climate in the group or organization. The strength of motivation of followers is influenced by expectancies, perceived rewards, the task to be done, and other factors that are a part of the work climate in an organization. Leadership behavior has a considerable impact on these factors that affect the work climate, and therefore there has been a large amount of research into this area of leadership behavior. Many management scholars regard good leadership to be the result of an appreciation of the psychology of interpersonal relationships. Given that the most important function of managers is to design and maintain an environment which will help the organization to achieve its goals, a good manager-leader (you) should attempt to make the work of almost every member in the organization more productive and satisfying by acting on an understanding of their underlying motivations such as status, power, money, pride, etc. and working to fulfill them.

In summary, the fundamental principle of leadership can be described as follows: "Since people tend to follow those who, in their view, offer them a means of satisfying their own personal goals, the more managers understand what motivates their subordinates and how these motivations operate, and the more they reflect this understanding in

carrying out their managerial actions, the more effective they are likely to be as leaders."

Summary:
1   Your skills as leader comprises of four major elements:
    ○   the ability to use power effectively and in a responsible manner,
    ○   the ability to understand the fact that people are motivated by different forces at different times and in different situations,
    ○   the ability to inspire and
    ○   the ability to behave in a manner that will develop a harmonious work culture.

LEADERSHIP THEORIES

In this chapter, you will:
- Understand the trait theory of leadership and
- Also understand the behavioral theories

Attempts to explain and understand leadership have led to the formulation of various leadership theories. There are four broad categories of leadership theories: trait theory, behavioral theory, situational or contingency theory, and transformational theory. In this chapter, we will understand the Trait and Behavioral theories.

Trait Theory of Leadership

In the 1940s, most early leadership studies concentrated on trying to determine the traits of a leader. The trait theory was the result of the first systematic effort of psychologists and other researchers to understand leadership. This theory held that leaders share certain inborn personality traits. The earliest theory in this context was the "great man" theory, which actually dates back to the ancient Greeks and Romans. According to this theory, leaders are born, not made. Many researchers have tried to identify the physical, mental, and personality traits of various leaders.

However, the "great man" theory lost much of its relevance with the rise of the behaviorist school of psychology.

In his survey of leadership theories and research, Ralph M. Stogdill found that various researchers have related some specific traits to leadership ability. These include five physical traits (such as appearance, energy and height); four intelligence and ability traits; sixteen personality traits (such as adaptability, enthusiasm, aggressiveness, and self-confidence); six task-related characteristics (such as achievement, drive, initiative and persistence), and nine social characteristics (such as interpersonal skills, cooperativeness, and administrative ability).

More recently, researchers have identified the following key leadership traits: leadership motivation (having a desire to lead but not hungry for power), drive (including achievement, energy, ambition, initiative, and tenacity), honesty and integrity, self-confidence (including emotional stability), cognitive ability, and an understanding of the business.

In general, the study of leadership in terms of traits has not been a very successful approach for explaining leadership. All leaders do not possess all

the traits mentioned in these theories, whereas many non-leaders possess many of them. Moreover, the trait approach does not give one an estimate of how much of any given trait a person should possess. Different studies do not agree about which traits are leadership traits, or how they are related to leadership behavior. Most of these traits are really patterns of behavior.

Behavioral Theories
When it became evident that effective leaders did not seem to have a particular set of distinguishing traits, researchers tried to study the behavioral aspects of effective leaders. In other words, rather than try to figure out who effective leaders are, researchers tried to determine what effective leaders do — how they delegate tasks, how they communicate with and try to motivate their followers or employees, how they carry out their tasks, and so on.

This research grew largely out of work at the University of Iowa, the University of Michigan, and the Ohio State University. We also discuss about Likert's four systems of management and the Managerial Grid. We study all of this in the following chapters.

Summary:
1 The Trait theory held that leaders share certain inborn personality traits.
2 When it became evident that effective leaders did not seem to have a particular set of distinguishing traits, researchers tried to study the behavioral aspects of effective leaders.

IOWA AND MICHIGAN STUDIES

In this chapter, you will:
- Iowa and Michigan studies
- Ohio State studies

Kurt Lewin, a researcher at the University of Iowa, and his colleagues, made some of the earliest attempts to scientifically determine effective leader behaviors. They concentrated on three leadership styles: autocratic, democratic, and laissez-faire. The autocratic leader tends to make decisions without involving subordinates, spells out work methods, provides workers with very limited knowledge of goals, and sometimes gives negative feedback. The democratic or participative leader includes the group in decision-making; he consults the subordinates on proposed actions and encourages participation from them. Democratic leaders let the group determine work methods, make overall goals known, and use feedback to help subordinates. Laissez-faire leaders use their power very rarely. They give the group complete freedom. Such leaders depend largely on subordinates to set their own goals and the means of achieving them. They see their role as one of aiding the operations of followers by furnishing them with information and acting primarily as a contact with the group's external environment. They too avoid giving feedback.

To determine which leadership style is most effective, Lewin and his colleagues trained some persons to exhibit each of the styles. They were then placed in charge of various groups in a preadolescent boys' club. They found that on every criterion in the study, groups with laissez-faire leaders underperformed in comparison with both the autocratic and democratic groups. While the amount of work done was equal in the groups with autocratic and democratic leaders; work quality and group satisfaction was higher in the democratic groups. Thus, democratic leadership appeared to result in both good quantity and quality of work, as well as satisfied workers.

Later research, however, showed that democratic leadership sometimes produced higher performance than did autocratic leadership, but at other times produced performance that was lower than or merely equal to that under the autocratic style. While a democratic leadership style seemed to make subordinates more satisfied, it did not always lead to higher, or even equal, performance.

These findings put managers in a dilemma over which style to choose. Moreover, many managers are not used to operating in a democratic mode. To help you decide which style to choose, particularly when decisions had to be made, management scholars Robert Tannenbaum and Warren H. Schmidt devised a continuum of leader behaviors (see below figure).
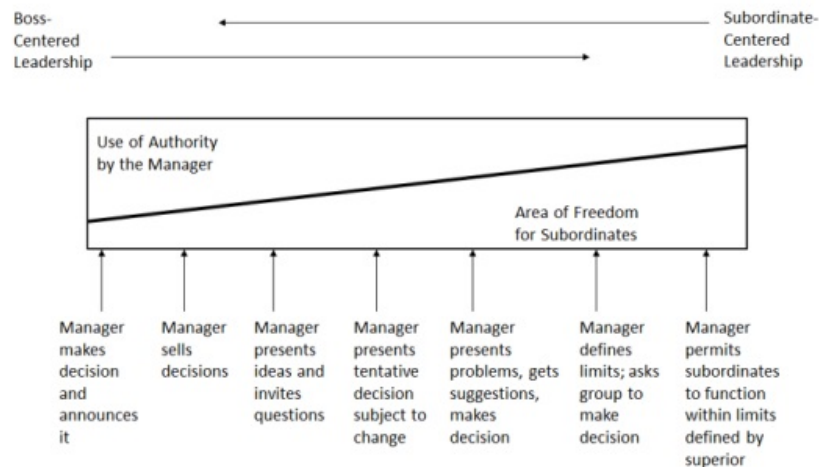
How to Choose a Leadership Pattern

The continuum depicts various gradations of leadership behavior, ranging from the boss-centered approach at the extreme left to the subordinate-centered approach at the extreme right. A move away from the autocratic end of the continuum represents a move towards the democratic end and vice versa. According to Tannenbaum and Schmidt, while deciding which leader behavior pattern to adopt, a manager should consider forces within themselves (such as their comfort level with the various alternatives), within the situation (such as time pressures), and within subordinates (such as readiness to assume responsibility). The researchers suggested that in the short term, depending on the situation, you should exercise some flexibility in their leader behavior. However, in the long run, you should attempt to move towards the subordinate-centered end of the continuum, as such leader behavior has the potential to improve decision quality, teamwork, employee motivation, morale, and employee development.

Further work on leadership at the University of Michigan seemed to confirm that the employee-centered approach was much more useful as compared to a job-centered, or production-centered approach. In the employee-centered approach, the focus of the leaders was on building effective work groups which were committed to delivering high performance. In the job-centered approach, the work was divided into routine tasks and leaders monitored workers closely to ensure that the prescribed

methods were followed and productivity standards were met. There were still variations in the level of the output produced. Sometimes the job-centered approach resulted in the production of a higher output as compared to the employee-centered approach. Therefore, no definite conclusions could be drawn and further studies appeared necessary.

Ohio State Studies

In 1945, a group of researchers at Ohio University began extensive investigations on leadership. They initiated the process by identifying a number of important leader behaviors. The researchers then designed a questionnaire to measure the behaviors of different leaders and track factors such as group performance and satisfaction to see which behaviors were most effective. The most publicized aspect of the studies was the identification of two dimensions of leadership behavior: 'initiating structure' and 'consideration.' Initiating structure is the extent to which a leader defines his or her own role and those of subordinates so as to achieve organizational goals. It is similar to the job-centered leader behavior of the Michigan studies, but includes a broader range of managerial functions such as planning, organizing, and directing. It focuses primarily on task-related issues. Consideration is the degree of mutual trust between leader and his subordinates; how much the leader respects subordinates' ideas and shows concerns for their feelings. Consideration is similar to the employee-centered leader behavior of the Michigan studies. It emphasizes people-related issues. A consideration-oriented leader is more likely to be friendly towards subordinates, encourages participation in decision—making, and maintains good two-way communication.

As opposed to the Iowa and Michigan studies, which considered leadership dimensions, i.e. employee-centered approach and job-centered approach, as the two opposite ends of the same continuum, the Ohio State studies considered initiating structure and consideration as two independent behaviors. Therefore, the leadership behaviors operated on separate continuums. A leader could thus be high on both the dimensions, or high on one dimension and low on the other, or could display gradations in between. This two-dimensional mode of leader's behavior made sense as many leaders display both initiating structure and consideration dimensions. The Ohio State two-dimensional approach is shown in the figure.

Low
Consideration

High
Consideration

Continuum of Consideration

Low Initiating
Structure

High Initiating
Structure

Continuum of Initiating Structure
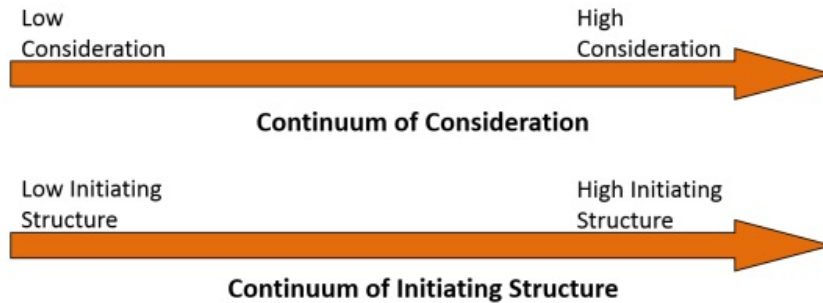
State Model of Leader Behaviour

The two-dimensional approach led to the interesting probability that you, as leader, might be able to place emphasis on both task and people-related issues. You may be able to produce high levels of subordinate satisfaction by being considerate, and at the same time can be specific about the results expected, thereby focusing on task issues too.

However, this theory was too simplistic. It later became apparent that situational factors like the nature of the task and the expectations of subordinates affected the success of leadership behavior.

Summary:

1 The autocratic leader tends to make decisions without involving subordinates, spells out work methods, provides workers with very limited knowledge of goals, and sometimes gives negative feedback.

2 The democratic or participative leader includes the group in decision-making; he consults the subordinates on proposed actions and encourages participation from them.

3 Laissez-faire leaders use their power very rarely. They give the group complete freedom.

4 Initiating structure is the extent to which a leader defines his or her own role and those of subordinates so as to achieve organizational goals.

5 Consideration is the degree of mutual trust between leader and his subordinates; how much the leader respects subordinates' ideas and shows concerns for their feelings.

LIKERT'S FOUR SYSTEMS OF MANAGEMENT

In this chapter, you will:

- Understand the various systems of management introduced by Likert.

Professor Rensis Likert and his associates at the University of Michigan studied the patterns and styles of leaders and managers over three decades and developed certain ideas and approaches for understanding leadership behavior. Likert considers an effective manager as one who is strongly oriented to subordinates and relies on communication to a great extent in order to keep all the departments or individuals working in unison. He suggested four systems of management.

Systems of Management

Systems of Management - 1

This is also described as an "exploitive-authoritative" style. This represents dictatorial leadership behavior, with all decisions made by the managers, and little employee participation. These managers are highly autocratic, hardly trust subordinates, use negative motivation tactics like fear and punishment, and keep the decision-making powers with them.
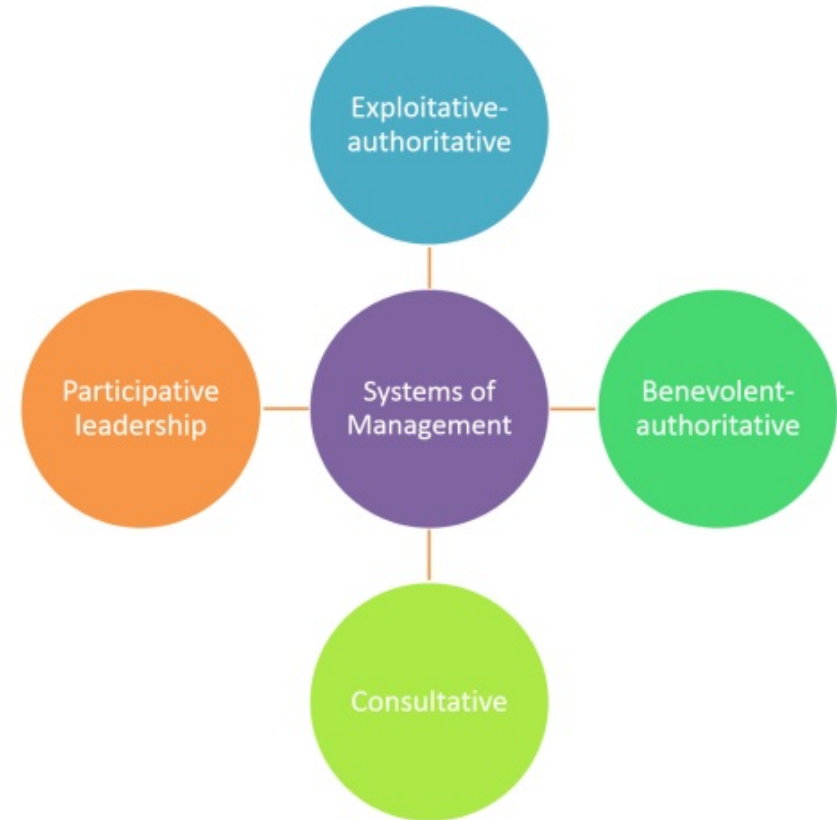
Systems of Management - 2

This management style is called the "benevolent-authoritative" style. Here, managers are patronizing but have confidence and trust in subordinates. They permit upward communication to a certain degree and ask for participation from subordinates.

Managers in this system use both rewards and punishment to motivate employees. They allow subordinates to participate to some extent in decision-making but retain close policy control.

Systems of Management - 3

System 3 management is referred to as the "consultative" style. Managers in this system do not have complete confidence and trust in subordinates. However, they solicit advice from subordinates while retaining the right to make the final decision. This management style involves (i) motivating employees with rewards and occasionally punishment (ii) broad policy and general decisions being made at the top while specific decisions are made at lower levels, (iii) using both upward and downward communication flow, and (iv) managers acting as consultants in order to resolve various problems.

Systems of Management - 4

This style of management is called the 'participative leadership' style. Managers in this system trust their subordinates completely and have confidence in their abilities. They always ask the opinions of the subordinates and use them constructively. They encourage participation of employees at all levels in decision-making and use both upward and downward communication. The managers in this system work with their subordinates and other managers as a group. Participation of employees in areas like the setting of objectives and accomplishment of goals is financially rewarded.

Likert found that those managers who adopted the system 4 approach had the greatest success as leaders, as they were most effective in setting goals and achieving them, and were generally more productive. The research by Likert and his team concluded that high productivity is associated with systems 3 and 4, while systems 1 and 2 are characterized by lower output.

Summary:

1. An effective manager as one who is strongly oriented to subordinates and relies on communication to a great extent in order to keep all the departments or individuals working in unison.
2. The four systems of management suggested by Likert are:
   - Exploitative-authoritative
   - Benevolent-authoritative
   - Consultative
   - Participative leadership

THE MANAGERIAL GRID

In this chapter, you will:
- Understand the details of the managerial grid created by Robert Blake and Jane Mouton.

The managerial grid, developed by Robert Blake and Jane Srygley Mouton, is a popular approach for defining leadership styles. Blake and Mouton argue that managerial behavior is a function of two variables: concern for people and concern for production. They use the managerial grid as a framework to help managers identify their leadership style and to track their movement toward the ideal management style. This grid shown in the next Figure is used all over the world for training managers and for identifying various combinations of leadership styles.

The level of concern for people (employees) is shown on the vertical axis and the level of concern for production on the horizontal axis of the grid. Each axis has a scale ranging from 1 to 9, with the higher numbers indicating greater concern for the specified variable. Depending on the degree of the managerial concern for people and production, a manager can fall anywhere on the grid. The management grid reflects five leadership styles:
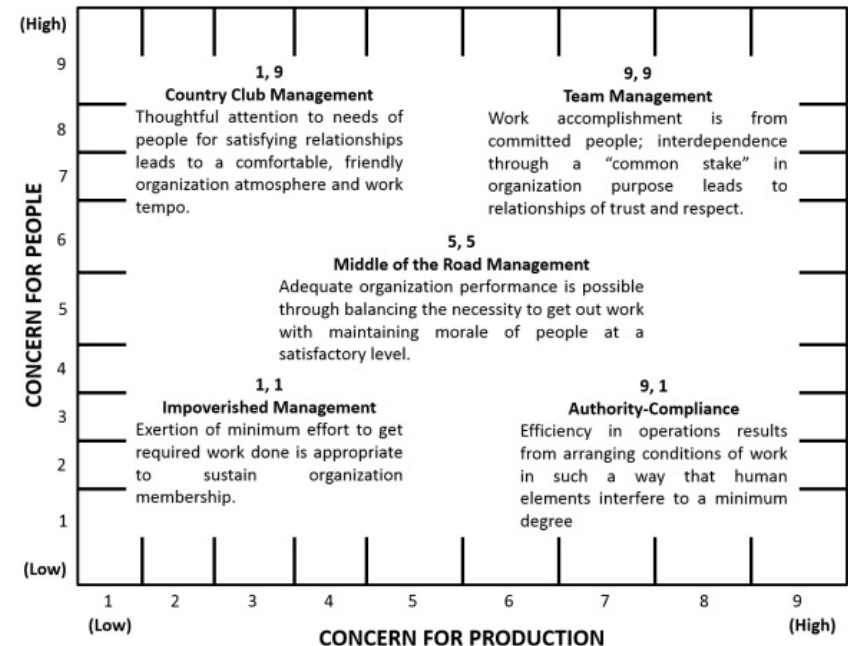
Leadership Grid

Leadership style 1,1 is called 'impoverished management.' In this context, there is a low concern for people and low concern for tasks or production. In other words, neither people nor production is emphasized, and little leadership is exhibited. This management style does not provide leadership in a

positive sense but believes in a "laissez-faire" approach, relying on previous practice to keep the organization going.

Leadership style 1,9 is called 'country club management.' There is high concern for people but low concern for production. Here managers try to create a work atmosphere in which everyone is relaxed, friendly, and happy. However, no one is bothered about putting in the effort required to accomplish enterprise goals. This management style may be based on a belief that the most important leadership activity is to secure the voluntary cooperation of group members in order to obtain high levels of productivity. Subordinates of such managers generally report high levels of satisfaction, but the managers may be considered too easy-going and unable to make decisions.

Leadership style 9,1 which reverses the emphasis of style 1,9 is called 'authority-compliance management.' There is high concern for production but low concern for people in this management style. This management style is task-oriented and stresses the quality of production over the wishes of subordinates. Such managers may be loyal, conscientious, and personally capable, but may

become alienated from their subordinates, who may do only enough work to keep themselves out of trouble.

Leadership style 5,5 is called 'organization-man management.' It is also called 'middle-of-the-road management.' Here there is an intermediate (or moderate) amount of concern for both production and people. Managers with this management style believe in compromise, so that decisions are taken but only if endorsed by subordinates. Such managers may be dependable and may support the status quo, but are not likely to be dynamic leaders. Moreover, they may have difficulty in bringing about innovation and change.

Leadership style 9,9 is called 'team management.' Here there is a high concern for both production as well as employee morale and satisfaction. Team managers believe that concern for people and for tasks are compatible. They believe that tasks need to be carefully explained and decisions endorsed by subordinates to achieve a high level of commitment. According to Blake and Mouton, 9,9 orientation is the most desirable one.

The Blake and Mouton managerial grid is widely used as a training device for managers. It is a useful device for identifying and classifying managerial styles, but it does not tell us why a manager falls into one part or another of the grid.

In order to determine the reason, one has to look at underlying causes, such as the personality characteristics of the leader or the followers, the ability of managers, the enterprise environment, and other situational factors that influence how leaders and followers act.

Summary:
1   Managerial behavior is a function of two variables: concern for people and concern for production.
2   Managerial grid is used all over the world for training managers and for identifying various combinations of leadership styles.
3   The level of concern for people (employees) is shown on the vertical axis and the level of concern for production on the horizontal axis of the grid.

SITUATIONAL OR CONTINGENCY THEORIES

In this chapter, you will:
- Understand Fiedler's contingency approach to leadership
- Understand components of Path Goal theory

The use of the trait and behavioral approaches to leadership showed that effective leadership depended on many variables, such as organizational culture and the nature of tasks. No one trait was common to all effective leaders. No one style was effective in all situations. Researchers, therefore, began trying to identify those factors in each situation that influenced the effectiveness of a particular leadership style. They started looking at and studying different situations in the belief that leaders are the products of given situations. A large number of studies have been made on the premise that leadership is strongly affected by the situations in which the leader emerges, and in which he or she operates. Taken together, the theories resulting from this type of study constitute the contingency approach to leadership.

Situational or contingency approaches obviously are of great relevance to managerial theory and practice. They are important for you (as practicing manager), who must consider the situation when they design an environment for performance. The contingency theories focus on the following factors.

1. Task requirements
2. Peers expectations and behaviour
3. Organizational culture and policies

There are four popular situational theories of leadership: (1) Fiedler's contingency approach to leadership (2) The path-goal theory, (3) The Vroom-Yetton model and (4) Hersey and Blanchard's situational leadership model. We will discuss each of these briefly in this chapter and in the next chapters.

Fiedler's contingency approach to leadership
Fred E. Fiedler provided a starting point for situational leadership research. Fiedler and his associates at the University of Illinois suggested a contingency theory of leadership, which holds that people become leaders not only because of their personality attributes, but also because of various situational factors and the interactions between leaders and followers. Fiedler's basic assumption is that it is quite difficult for managers to alter the management styles that made them successful. In

fact, Fiedler believes that most managers are not very flexible, and trying to change a manager's style to fit unpredictable or fluctuating situations is ineffective or useless. Since styles are relatively inflexible, and since no one style is appropriate for every situation, effective group performance can be achieved only by matching the style of the manager to the situation or by changing the situation to fit the manager's style.

On the basis of his studies, Feidler identified three critical dimensions of the leadership situation that would help in deciding the most effective style of leadership.

Position Power:
This is the degree to which the power of a position enables you, as leader, to get group members to obey instructions. In the case of managers, this is the power derived from the authority granted by the organizational position. According to Fiedler, a leader who has considerable position power can obtain followers more easily than one who lacks this power.
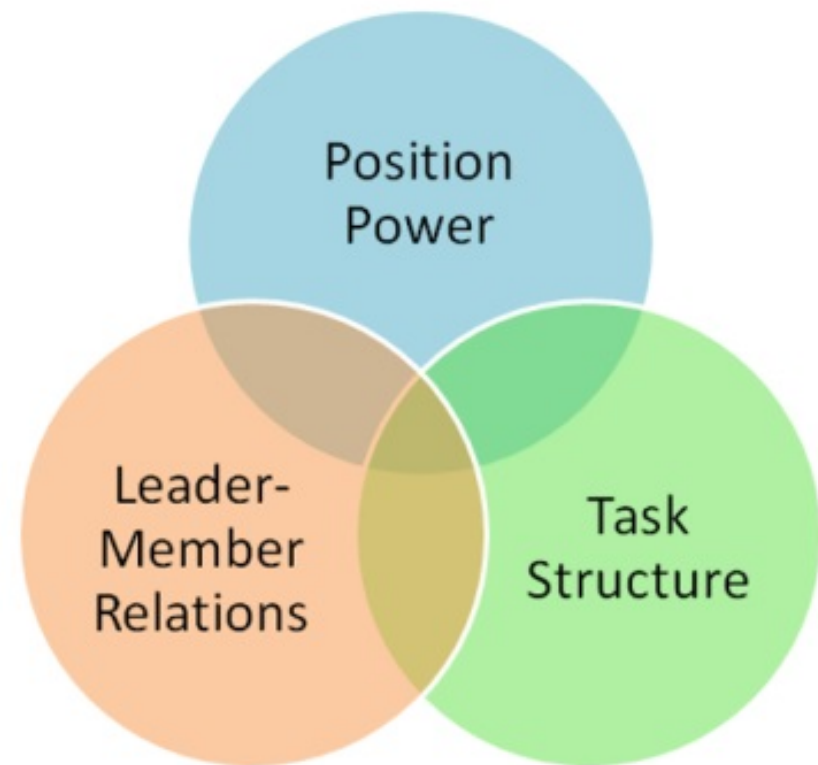
Critical Dimensions of Leadership

Task Structure:
This refers to the degree to which tasks can be clearly spelled out and people be held responsible for them. When task structure is clear, it becomes easier to assess the quality of performance of the

employees, and their responsibility with respect to accomplishment of the task can be precisely defined.

Leader-Member Relations:

This refers to the extent to which group members believe in you as leader and are willing to comply with his instructions. According to Fiedler, the quality of leader-member relations is the most important dimension from a leader's point of view, since the leader may not have enough control over the position power and task structure dimensions.

Fiedler identified two major styles of leadership: (1) task-oriented (the leader gives importance to the tasks being performed), (2) employee-centered (the leader gives importance to maintaining good interpersonal relations and gaining popularity).

In order to determine whether a leader is task-oriented or employee-centered and to measure leadership styles, Fiedler employed an innovative testing technique. His findings were based on two sources: (1) scores on the least preferred co-worker (LPC) scale — these are ratings made by group members to indicate those persons with whom they would least like to work with; and (2) scores on the assumed similarity between opposites (ASO) scale —

ratings based on the degree to which leaders identify group members as being like themselves. This scale is based on the assumption that people work best with those with whom they can relate. Even today the LPC scale is used in leadership research.

On the basis of LPC measures, Fiedler found that the leaders who rated their co-workers favorably were those who found satisfaction from maintaining good interpersonal relationships. On the other hand, leaders who rated their co-workers negatively were inclined to be task-oriented.

Fiedler's model suggests that an appropriate match of the leader's style (as measured by the LPC score) with the situation (as determined by the three dimensions — position power, task structure, leader-member relations) leads to effective managerial performance. For instance, a situation characterized by lack of adequate position, power of a leader, unclear definition of the task structure, and absence of cordial leader-member relationships would favor a task-oriented leader. At the other extreme, even in a favorable situation wherein the leader has considerable position power, a well-defined task structure and good leader-member relations exist, Fiedler found that a task-oriented leader would be

the most effective. Therefore, Fiedler concluded that an employee-oriented leader would be the most effective in moderate situations or situations which fall between these two extremes.

Path-goal theory
This theory was developed largely by Robert J. House and Terence R. Mitchell. The path-goal theory of leadership attempts to explain how you as leader can help your subordinates to accomplish the goals of the organization by indicating the best path and removing obstacles to the goals.

The path-goal theory indicates that effective leadership is dependent on, firstly, clearly defining, for subordinates, the paths to goal attainment; and, secondly, the degree to which the leader is able to improve the chances that the subordinates will achieve their goals. In other words, the path-goal theory suggests that you should set clear and specific goals for subordinates. You should help the subordinates find the best way of doing things and remove the impediments that hinder them from realizing the set goals.

Expectancy theory is the foundation of the path-goal concept of leadership. Expectancy theory indicates that employee motivation is dependent on those aspects of the leader's behavior that influence the employee's goal—directed performance and the relative attractiveness to the employee of the goals involved. The theory holds that an individual is motivated by his perception of the possibility of achieving a goal through effective job performance. However, the individual must be able to link his or her efforts to the effectiveness or his/her job performance, leading to the accomplishment of goals.

The expectancy theory comprises three main elements: (1) effort-performance expectancy (the probability that efforts of the employees will lead to the required performance level), (2) performance-outcome expectancy (the probability that successful performance by subordinates will lead to certain outcomes or rewards), and (3) valence (the perception regarding the outcomes or rewards). The path-goal theory uses the expectancy theory of motivation to determine ways for a leader to make the achievement of work goals easier or more attractive.

The path-goal theory suggests that four leadership styles (behaviors) can be used in order to affect subordinates' perceptions of paths and goals.

The Path Goal Theory Leadership Styles

Instrumental leadership:
Instrumental leadership behavior involves providing clear guidelines to subordinates. You describe the work methods, develop work schedules, identify standards for evaluating performance, and indicate the basis for outcomes or rewards. It corresponds to task-centered leadership, as described in some of the earlier models.

Supportive leadership:
Supportive leadership behavior involves creating a pleasant organizational climate. It also entails that you show concern for your subordinates and their being friendly and approachable. It is a similar concept to relationship-oriented behavior or consideration, in earlier theories.
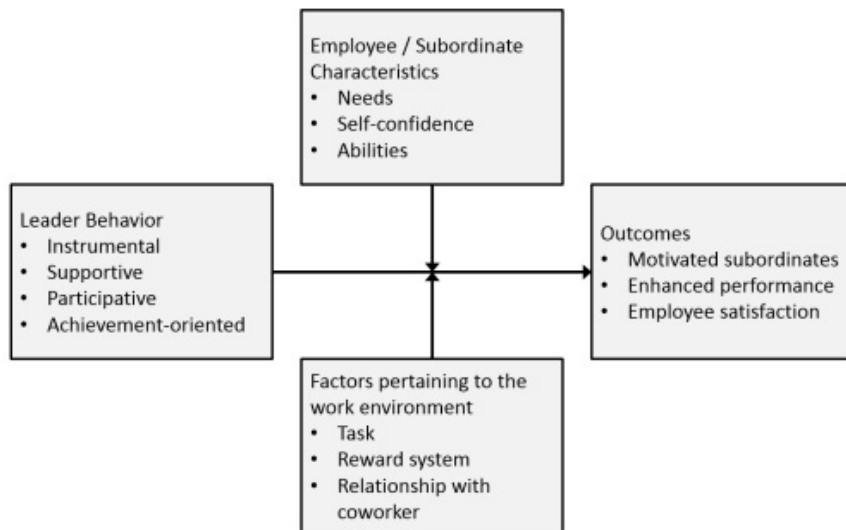
Participative leadership:
Participative leadership behavior entails participation of subordinates in decision-making and encouraging suggestions from their end. It can result in increased motivation.

Achievement-oriented leadership:
Achievement-oriented leadership behavior involves setting formidable goals in order to help the subordinates perform to their best possible levels.

Here, you have a high degree of confidence in subordinates.

The path-goal theory, unlike Fiedler's theory, suggests that these four styles are used by the same leader in different situations. Apart from the expectancy theory variables, the other situational factors contributing to effective leadership include: (1) characteristics of subordinates, such as their needs, self-confidence, and abilities; and (2) the work environment, including such components as the task, the reward system, and the relationship with co-workers (see the next Figure).

The Path Goal Theory

Two general propositions have emerged from the path-goal theory of House and Mitchell: (1) the behavior of the leader is acceptable and satisfying to subordinates to the extent that the subordinates see such behavior as either an immediate source of satisfaction, or as instrumental to future satisfaction, (2) the behavior of the leader will be motivational to the extent that (a) such behavior makes the satisfaction of subordinates needs contingent on effective performance and (b) such behavior complements the environment of the subordinates by providing the training, guidance, support, and rewards or incentives necessary for effective performance.

The path-goal theory makes a great deal of sense to the practicing manager. However, this model needs further testing before the approach can be used as a definitive guide for managerial action.

Summary:
1   Fiedler's contingency approach to leadership holds that people become leaders not only because of their personality attributes, but also because of various situational factors and the interactions between leaders and followers.

2 Feidler identified three critical dimensions of the leadership situation such as:
   ○ Position Power
   ○ Task Structure
   ○ Leader-Member Relationship
3 The path-goal theory of leadership attempts to explain how you as leader can help your subordinates to accomplish the goals of the organization by indicating the best path and removing obstacles to the goals.
4 The path-goal theory suggests that four leadership styles (behaviors) can be used in order to affect subordinates' perceptions of paths and goals.
   ○ Instrumental Leadership
   ○ Supportive Leadership
   ○ Participative Leadership
   ○ Achievement-oriented Leadership

VROOM-YETTON MODEL

In this chapter, you will:
- Understand Vroom-Yetton model of leadership
- Understand Hersey and Blanchard's situational leadership model
- Understand the theory of Transformational Leader

Another important issue in the study of leadership is the degree of participation of subordinates in the decision-making process. Two researchers, Victor Vroom and Philip Yetton, developed a model of situational leadership to help managers to decide when and to what extent they should involve employees in solving a particular problem. The Vroom-Yetton model identifies five styles of leadership based on the degree to which subordinates participate in the decision-making process. The five leadership styles are as follows:

Autocratic I (AI):
You (as manager) solve the problem or make decision themselves, using information available at that time.

Autocratic II (AII):
You (as manager) obtain the necessary information from subordinates, then make the decision yourselves.

Consultative I (CI):
You (as manager) discuss the problem with relevant subordinates individually, getting their ideas and suggestions without bringing them together as a group. Then you make the decision, which may or may not reflect subordinates' influence.

Consultative II (CII):
You (as manager) share the problem with subordinates as a group, collectively obtaining their ideas and suggestions. Then you make the decision, which may or may not reflect subordinates' influence.

Group I (GI):
You (as manager) share a problem with subordinates as a group. You and subordinates together generate and analyze alternatives and attempt to reach a consensus on the solution. You do not try to get the group to adopt your own preferred solution; you accept and implement any solution that has the support of the entire group.

Vroom and Yetton prepared a list of seven 'yes-no' questions that you can ask yourself to determine which leadership style to use for the particular problem you are facing (See the next table for Situational Characteristics and Diagnostic Questions developed by Vroom and Yetton).

Situational Characteristic	Diagnostic Question
Quality of the decision	How important is the technical quality of the decision?
Availability of information	Do you have enough information to be able to take a high quality decision?
Structure of the issue	Is the problem well-structured?
Necessity of commitment of subordinates	How important is the subordinates' commitment in putting the decision into practice?
Probability of commitment	If you took the decision by yourself are you certain the subordinates will commit themselves to putting it into practice?
Congruency of objectives	Do your subordinates share the organizational objectives that will be reached by solving the issue?
Conflicts among subordinates	Can conflicts among subordinates come up because of their preferences for certain solutions?

Vroom and Yetton developed a decision model by matching the decision styles to the situation according to the answers given to the seven questions. The managers can identify the most suitable leadership style for each type of problem by answering these questions. Depending on the nature of the problem, more than one leadership style might be suitable. Research conducted by Vroom and other management scholars has demonstrated that decisions consistent with the model have been successful.

Hersey and Blanchard's situational leadership model

One of the major contingency approaches to leadership is Paul Hersey and Kenneth H. Blanchard's situational leadership model. It is based on the premise that leaders need to alter their behaviors depending on a major situational factor - the readiness of followers. Hersey and Blanchard define readiness as the desire for achievement, willingness to accept responsibility and task-related ability, experience and skill. In other words, the readiness of employees refers to their willingness and ability to handle a particular task.

Hersey and Blanchard believe that the relationship between a leader and follower moves through four phases as followers develop over time. Accordingly, leaders need to alter their leadership style (see Table below for Hersey and Blanchard's Model of Leadership).

Task behavior refers to the extent to which you (as leader) have to provide guidance to the individual or group. It includes telling people what to do, when to do it, how to do it, and who is to do it. Relationship behavior refers to the degree to which you engage in two-way communication. It includes listening, facilitating and supportive behaviors.

Hersey and Blanchard's Model of Leadership		
Relation	**Task**	**Leader Behavior**
Low	High	• Initial phase of 'readiness' • Managers need to spell out duties and responsibilities clearly to the group • Employees need to be instructed in their tasks
High	High	• Overtime, employees learn to perform their tasks • Leaders still need to provide guidance
High	Low	• Employees become more capable, actively begin to seek responsibility • Leader need not be as task-oriented as earlier, but still needs to be supportive and considerate

Low	Low	- Employees become more experienced and confident - Leader can reduce the amount of support and encouragement - Employees no longer need to be guided and can take their own decisions

In the initial phase of 'readiness', you must spell out duties and responsibilities clearly for the group. This is appropriate since employees need to be instructed in their tasks and should be familiarized with the organization's rules and procedures. It would be inappropriate to use participatory relationship behavior at this stage because the employees need to understand how the organization works.

Case Study: Distributed Leadership
Leadership has fascinated many researchers and has been studied very extensively. However, there is no generally accepted approach to leadership. Until World War II, leadership was defined by the personality traits of the leader. It was considered that leaders were born and not made. An alternative approach considered leadership as 'a set of behaviors and actions' which could be learnt. A third approach is the situational or contingency leadership approach, which holds that leadership styles depend on the situation. According to this approach, there is no particular leadership style that is effective in all situations, and the leader must use a leadership style appropriate for the situation.

A new approach to leadership called 'distributed' leadership is becoming popular these days. Distributed leadership involves the sharing of leadership functions in an organization. This approach is based on five assumptions:

- The powers and functions of a leader are shared, and are not limited only to a particular person or an elite group.
- Individuals have the potential to lead, if they are provided suitable training and support.
- Individuals, groups and organizations tend to be effective, when leadership is distributed.
- Leadership is not just a set of independent characteristics, but a process.
- Leadership is organization-centered rather than person-centered.

In this approach to leadership, there we three different and complementary types of leadership.

Each of these types of leadership requires a different role, mindset and timescale. At the top level there is a need for a visionary who can frame strategies and goals for the organization. This 'visionary' element of leadership should take care of not just organizational strategies but should also respond to and anticipate the changes taking place in the industry. Such leadership requires farsightedness.

Next comes 'integrative' leadership, where leaders integrate the corporate vision, values and strategy and develop the necessary systems and processes for operational needs. They should resolve conflicts between units. The leaders should be able to see beyond the present situation and should have a broad mindset, which encompasses a wider sphere than just the organization.

Finally, at the team or project level, there lies a need for 'fulfillment' leadership. This involves getting the project done or achieving the results efficiently and effectively. The time-scale here is short. The leader should focus on the project and make the customer happy.

These three types of leadership require different abilities. Moreover, different organizational contexts demand different skills. For instance, leading in a marketing position requires different skills from those in a finance position. Further, different leadership situations demand different leadership styles. For instance, certain situations may demand a quick decision, whereas others require consultation of different members of the organization. Distributed leadership requires a strong communication system through which leaders at various levels can relate to each other. The key to successful distributed leadership is the discretion, or freedom to operate, permitted to each leader in the organization.

Overtime, as employees learn their tasks, it is still necessary for you to provide guidance, as the new employees are not very familiar with the way the organization functions. However, as you become acquainted with the employees, you trust them more. It is at this stage that you need to increase relationship behavior.

In the third phase, employees become more capable and they actively begin to seek greater responsibility. You need not be as task-oriented as before, but will still have to be supportive and considerate so that the employees can take on greater responsibilities.

As followers gradually become more experienced and confident, you can reduce the amount of support and encouragement. In this fourth phase, followers no longer need direction from you and can take their own decisions.

Hersey and Blanchard's situational leadership model holds that the leadership style should be dynamic and flexible. In order to determine which style combination is more appropriate in a given context, the motivation, experience and ability of followers must be assessed; and re-assessed, as the context changes. According to Hersey and Blanchard, if the style is appropriate, it will not only motivate employees but will also help them develop in their professions. Therefore, the leader who wants to help his followers to progress, and wants to increase their confidence, should change his style in accordance with their needs. If you are flexible in your leadership style, you can be effective in a variety of leadership situations. If, on the other hand, you are relatively inflexible in leadership style, you will be effective only in those situations that best match your style or that can be adjusted to match your style.

There are a growing number of situational theories of leadership. Each approach adds some insight into your understanding of leadership. Table above contains a brief explanation of the four popular leadership theories that stress the importance of situational variables. Though Fiedler's theory has the largest research base, since it was formulated earliest, the Vroom-Yetton theory appears to offer the most promise for managerial training.

Transformational Leadership Theory
Recently, it has been realized that managers are not necessarily leaders. According to one point of view, managers do things right, but it takes leaders to innovate and do the right things. Leaders bring about major changes, and inspire followers to put in extraordinary levels of effort. The German sociologist, Max Weber, introduced the concept of charisma into discussions of leadership. He regarded charisma as an adaptation of the theological concept of possessing divine grace. Charismatic leaders have great influence over their followers. The followers are attracted to the leader's magnetic personality, oratory skills, and exceptional ability to respond to crises.

#	Points of comparison	Fiedler's Contingency Theory	Path-Goal Theory	Vroom-Yetton Theory	Hersey-Blanchard Theory
1	**Theme**	No best style. Leader success determined by the interaction of environment and leader personality variables	Most successful leaders are those who increase subordinate motivation by charting out and clarifying paths to effective performance	Successful leadership style varies with situation. Leader can learn how to recognize requirements of situation and how to fit style to meet these requirements	Successful leaders adapt their styles to the demands of a situation
2	**Leadership styles (range of choice)**	Task-or-relationship oriented	Directive to achievement	Autocratic to participative	Task behaviour to relationship behaviour
3	**Research base (number of supportive studies)**	Large in many settings: military, educational, industrial. Some contradictory results	Moderate to low. Generally supportive	Low but increasing. Generally supportive	Low but generally supportive
4	**Application value for managers**	Moderate to low: leaders cannot generally be trained	Moderate	High: leaders can be trained,	Moderate but increasing

James MacGregor Bums, a pioneer in the study of leadership, discussed the concept of 'hero.' According to Burns, heroic leadership was displayed by those leaders who inspired and transformed followers. Leadership expert Bernard M. Bass has extended Burn's view, characterizing a transformational leader as one who motivates individuals to perform beyond normal expectations by inspiring them to focus on broader missions that transcend their own immediate self-interests, to concentrate on intrinsic higher-level goals (such as achievement and self-actualization) rather than extrinsic lower-level goals (such as safety and security), and to have confidence in their abilities to achieve the extraordinary missions articulated by the leader.

According to Bernard M. Bass, a transformational leader displays the following attributes: (1) charismatic leadership, (2) individualized consideration and (3) intellectual stimulation (offering new ideas to stimulate followers, encouraging followers to look at problems from multiple vantage points, and fostering creative breakthroughs to obstacles that had seemed insurmountable). The insight provided by Bums and Bass suggest that leaders are able to stimulate, transform, and use the values, beliefs, and needs of their followers to accomplish tasks. Leaders who do this in a rapidly changing or crisis-laden situation are transformational leaders.

The other approaches to leadership such as behavioral or situational approaches typically focus on transactional leadership. Leaders who are accepted by followers as transformational are depicted as more charismatic and intellectually stimulating than leaders described as transactional. One major distinction between a transactional leader and a transformational leader is that a transactional leader motivates subordinates (followers) to perform at expected levels, whereas a transformational leader motivates individuals to perform beyond normal expectations.

Transformational leadership is not a substitute for transactional leadership. It is a supplementary form of leadership with an add-on effect — performance beyond expectations. The reason for this is that even the most successful transformational leaders require transactional skills as well to effectively manage the day-to-day events that form the basis of a broader mission.

A potential area of concern in discussing and learning more about transformational leadership characteristics is that the discussion and interpretations are beginning to resemble the early trait approaches to leadership theory. Searching for what constitutes divine grace, attraction and power to influence, is like examining such traits as intelligence, self-confidence and physical attributes, to determine what produces success.

the leader's magnetic personality, oratory skills, and exceptional ability to respond to crises.

Summary:
1   The Vroom-Yetton model identifies five styles of leadership based on the degree to which subordinates participate in the decision-making process. The five leadership styles are as follows:
    o   Autocratic I
    o   Autocratic II
    o   Consultative I
    o   Consultative II
    o   Group I
2   According to Hersey and Blanchard's situational leadership model, a leader need to alter their behaviors depending on a major situational factor - the readiness of followers.
3   Charismatic leaders have great influence over their followers. The followers are attracted to

MOTIVATION OF EMPLOYEES

In this chapter, you will:
- Understand the definition and meaning of motivation

In any type of organization, a manager must know what motivates his workers in order to make each individual employee perform to the best of his ability. It is not an easy task to motivate employees because they respond in different ways to their jobs and to organizational practices. Motivation is a human psychological characteristic that affects a person's degree of commitment. It is the set of forces that move a person towards a goal. It deals with how behavior is energized, how it is directed and how it is sustained. The manager's challenge, then, is to channel this energy and direct this behavior toward the organization's ends?

Factors that affect work motivation include individual differences and organizational practices. Individuals differ in their personal needs, values and attitudes, interests and abilities. Organizational practices that affect motivation include the rules, policies, managerial practices and reward systems. In order to motivate employees, managers must consider how these factors influence and affect their job performance.
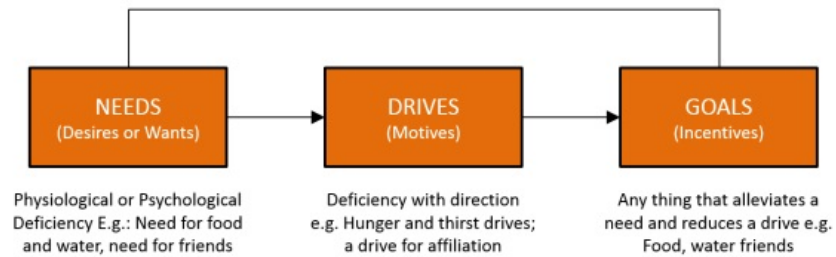
Definitions and Meaning of Motivation
According to Stephen P. Robbins, motivation is the willingness to exert high levels of effort toward organizational goals, conditioned by the effort's ability to satisfy some individual need.

Fred Luthans views motivation as "a process that starts with a physiological or psychological deficiency or need that activates behavior or a drive that is aimed at a goal or incentive." The three key elements in the above definitions are needs, drives and goals. Needs set up drives aimed at goals; this is the basic process of motivation. The figure depicts the motivation process.

Need is the origin of any motivated behavior. Need is a felt deprivation of physiological or psychological well-being. Needs exist in each individual in varying degrees. When an individual recognizes a need, he is driven by a desire to fulfill the need. Drives are directed at fulfillment of needs. Drives are action-oriented and provide an energizing thrust toward reaching a goal. Incentives or goals are the instruments used to induce people to follow a

desired course of action. Once the goal is attained, the physiological or psychological balance is restored and the drive is cut off.


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┌─────────────┐      ┌─────────────┐      ┌─────────────┐
│    NEEDS    │ ───► │   DRIVES    │ ───► │    GOALS    │
│(Desires or Wants)│ │  (Motives)  │      │(Incentives) │
└─────────────┘      └─────────────┘      └─────────────┘
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| Physiological or Psychological Deficiency E.g.: Need for food and water, need for friends | Deficiency with direction e.g. Hunger and thirst drives; a drive for affiliation | Any thing that alleviates a need and reduces a drive e.g. Food, water friends |

The Basic Motivation Process

Summary:
1   Need is the origin of any motivated behavior.
2   Drives are directed at fulfillment of needs.
3   Once the goal is attained, the physiological or psychological balance is restored and the drive is cut off.

CLASSIFICATION OF MOTIVATION THEORIES

In this chapter, you will:
- Understand Maslow's needs hierarchy
- Also understand the limitations of Maslow's model

Numerous theories have been developed by behavioral scientists about how managements can motivate employees. These theories assist managers in understanding why an individual chooses to work, why he may continue to work for a firm for a considerable amount of time, and how to boost the morale of a worker and motivate him to produce at his or her highest possible level. Thus, motivation theories are important for managers who want to be effective leaders.

One of the most popular explanations for human motivation was developed by the psychologist, Abraham Maslow and popularized during the early 1960s. Maslow's hierarchy of needs theory argues that human needs form a five-level hierarchy (see below figure). Maslow classified these needs into five

Motivation theories can be classified into two categories — content or need theories, and process theories. Motivation theories based on needs determine the motives that drive individual behavior. Need theories contend that the way we behave is entirely dependent on the internal needs which we attempt to fulfill. Need theories specify precisely what motivates an individual. Thus they specify the content of the needs of an individual. These theories are therefore also called content theories of motivation. Several other theories are concerned with the mechanics of motivation. These theories are referred to as process theories of motivation. While content theories focus on factors within the individual that lead to motivation, the process theories focus on the dynamics of motivation and how the motivation process takes place. The table below tabulates the contributions of content and process theories of motivation.

Maslow's needs hierarchy theory
groups: physiological needs, need for security, social needs (love and belongingness), self-esteem needs and self-actualization needs.

Type	Characteristics	Theories	Managerial Examples
Content	Concerned with factors that arouse, start or initiate motivated behaviour	1. Needs hierarchy theory 2. Two-factor theory 3. ERG theory	Motivation by satisfying individual needs for money, status and achievement.
Process	Concerned not only with factors that arouse behaviour, but also with the process, direction, or choice of behavioural patterns	1. Expectancy theory 2. Equity theory	Motivation by clarifying the individual's perception of work inputs, performance requirements and rewards.

Physiological needs:

Physiological needs are the basic needs for food, clothing and shelter. An organization helps in satisfying the physiological needs of its employees by offering them adequate wages. According to Maslow's theory, until these needs are satisfied to the degree necessary to maintain life, other needs will not motivate an individual. Further, once these basic needs are satisfied, they no longer motivate the individual.

Safety and security needs:

Once the physiological needs of an individual are met, the individual aims to satisfy his safety and security needs. These needs include the need to be

free from the fear of physical, psychological or financial harm. Once the individual feels reasonably safe and secure, he/she turns his/her attention to developing relationships with others.

Social needs:

Social needs are also called belongingness needs or need for love. They involve the desire to affiliate with and be accepted by others. Managers can satisfy this

need of employees by allowing social interaction between them by means of appropriate office layout, coffee breaks, and by providing them lunch and recreational facilities.

Esteem needs:
This level represents the higher needs of humans. They include the desire to have a positive self-image and obtain respect and recognition from others. An organization may appreciate an employee's performance by rewarding him with a pay hike, a promotion, a well-furnished office, a car, a personal assistant and other benefits such as stock options, club memberships, etc. Such measures on the part of an organization help to satisfy the esteem needs of its employees.

Self-actualization needs:
These comprise the highest level needs in Maslow's needs hierarchy theory. Self-actualization needs are an individual's need to realize his full potential through continuous growth and self-development. Here, the individual is concerned with matters such as the freedom to express his creativity and translate innovative ideas into reality, pursue knowledge and develop his talents in uncharted directions.

Mawlow's Needs Hierarchy

Most management experts feel that employees' need for self-actualization can be satisfied by allowing them to participate in decision-making and giving them the power to shape their jobs.

This theory suggests that the importance of lower order needs (physiological, safety and security, and social needs) declines as an individual progresses through the needs hierarchy. An individual joins a job to satisfy his basic physiological needs for food,

clothing and shelter. Once these needs are fulfilled, he seeks job security to fulfill his safety needs. He may join a social organization or a club to satisfy his social needs. Once social needs are satisfied, fulfilling higher levels of needs — esteem and self-actualization — becomes his goal.

Limitations to Maslow's theory

A number of research studies have been conducted on the needs hierarchy theory in organizations. The studies revealed that human needs do not always emerge in a hierarchical manner. The reversal of Maslow's hierarchy can be seen from an example of a starving artist who attempts to fulfill his self-actualization needs despite his physiological and security needs not being fulfilled. Similarly, Maslow's theory does not explain how a person prioritizes the needs at a particular level of hierarchy. For example, a person may experience more than one physiological need such as hunger, thirst and shelter. Maslow's theory does not explain which of these needs he will fulfill first.

About a decade after publicizing his original paper, Maslow attempted to clarify his position by saying that gratifying the self-actualizing need of growth-motivated individuals can actually increase rather than decrease the striving for self-actualization. In his later conceptualization, Maslow allowed for the occasional possibility of reversals in the needs hierarchy.

Summary:
1   Motivation theories based on needs determine the motives that drive individual behavior.
2   Process theories focus on the dynamics of motivation and how the motivation process takes place.
3   Maslow classified these needs into five groups: physiological needs, need for security, social needs (love and belongingness), self-esteem needs and self-actualization needs.
4   One of the limitation of Maslow's hierarchy is that human needs do not always emerge in a hierarchical manner.

THANK YOU

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