

## **MOTIVATION**

Employees turnover → the rate at which labour leaves particular job.

Indicators of non-motivated staff

- low profit
- inefficiency
- low productivity
- more absenteeism
- laziness
- low product quality etc

### **Motivation**

It is a desire that pushes an individual to work well. It is an influence that causes people to behave in a particular way. There is positive and negative motivation. Positive motivation related to monetary and non-monetary rewards and negative motivation is referred to punishment and penalties.

## **Gains of Motivation**

### **For the Workers**

1. keen to be at work
2. takes pride in business performance
3. displaced positive attitude
4. regular and punctual
5. accepts responsibility
6. willing to accept changes rather than resist them
7. shows highest level of commitment
8. gets personal satisfaction out of work
9. makes suggestion for improvement
10. higher productivity

### **For the organisation**

1. improves efficiency
2. low absenteeism rates
3. punctual and regular staff
4. lower labour turnover
5. minimum complains
6. lower level of accidents
7. workers respond to orders and the leaders so it is easy to implement strategies in turn to achieve desired objectives
8. improved quality of goods with less wastage
9. changes are accepted so the organisation becomes dynamic
10. contribution of ideas and higher productivity
11. higher outputs and profits

## Motivation

Q.1. Give the indicators of poor staff motivation.

Ans. There are several indicators which would show that low morale exists amongst employees.

- Absenteeism – Greater number of days that employee doesn't attend to the job due to no feet of loyalty to work.
- High labour turnover – More workers leave the job for others as they don't derive job satisfaction.
- Lateness – Employees aren't bothered about punctuality and are take for work.
- Low and falling labour productivity – workers don't work hard or efficiently.
- Low product quality – Workers don't concentrated on work and no quality maintenance and faults occur.
- Low profit – Since productivity is low average cost are higher and output is low so owners get less return.

Q.2. Make a note on productivity

Ans. Productivity is the number of units produced by each worker and is calculated by the following formula:

$$\text{Pr oductivity per wor ker} = \frac{\text{total no.of output}}{\text{total no.of wor ker s}}$$

This is labour productivity. There are other types of productivity like capital productivity and multi factor productivity which measures the efficiency of these factors of production.

High loabour productivity may be an indicator of a well-motivated workforce. It is because workers which derive job satisfaction and feel that they receive good financial rewards are encouraged to work harder and efficiently. Well trained workers due to on-the-job training and off-the-job training like workshops would also be efficient.

Better machinery and technology also improves a firms productivity. It allows output to increase in less have as production is quickes, less faulty and accurate.

The effectiveness of management also affects productivity. If managers are efficient then they would allocate resources properly the deliveries of supplies & raw materials would be on time and co-ordinator would be good.

Higher productivity results in lower costs of production and could lead to greater profits if prices aren't reduced by the same ratio as costs have decreased.

However, it must be remembered that the increase in productivity shouldn't be at the expense of quality. The quality must be maintained so that sales are higher and customers are getting the value of their money and are satisfied.

## **MOTIVATIONAL THEORIES**

1. F.W. Taylor's Scientific Management (1911)
2. Elton's Mayo's Hawthorne Effect (1932)
3. Abraham Maslow's Need Hierarchy (1954)
4. McGregor's Theory X and Theory Y (1960)
5. Herzberg's Two Factor Theory (1969)

### Taylor's Scientific Management

The approach of establishing an idea or a hypothesis, than standing and recoding performance at work, altering work methods and re-recording performance is known scientific management. Taylor's scientific principles designed to reduce inefficiencies of workers and manager. It creates a partnership between managers and workers which reduces conflicts.

### Approach

The concept of an economic man:

1. This theory revolves around the assumption that workers only motivated through money or monetary rewards.
2. A fair day's pay for a fair day's work.
3. Bonuses and rewards should be related with performance.
4. This is based on principles of work study. Work study is defined as the system to find out the best possible way (with the exact nos. of employees and time needed) to perform and complete a particular task in the most efficient manner.

### Scientific Methods

1. Select groups of workers.
2. Observe and note the key elements
3. record time
4. Eliminate unnecessary or redundant elements
5. Identify the quickest method
6. train workers accordingly
7. Include time for tests and breaks
8. Supervise the performance again
9. Paid according to the results

### Drawbacks

1. It doesn't take into account individual differences.
2. There is no guarantee that the best way will suit everyone.
3. It had considered people at work more as machines with financial needs rather than humans with social needs.
4. Workers can get demotivated and frustrated.
5. A lot of competition amongst the colleagues can give rise to conflicts.

### Maslows Need Hierarchy

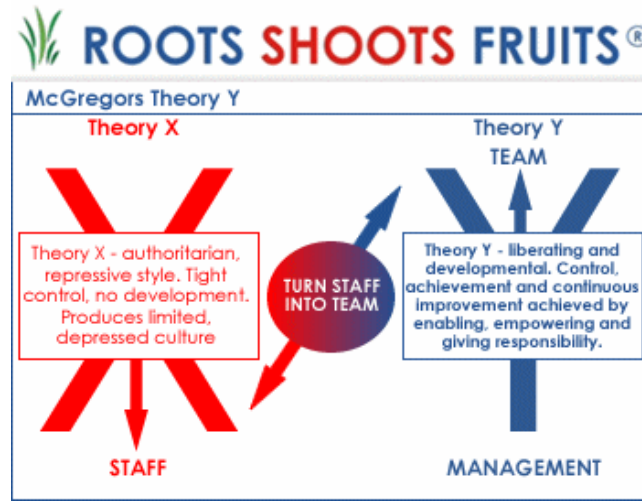


1. When one need is satisfied then only individuals move onto the next level.
2. If one level of need is being satisfied then that category of needs will become inferior or less important.
3. Self actualization, although people are capable of reaching this stage, is practically very difficult to achieve.
4. Reversion is also possible e.g. if a businessman is working at self-esteem needs but suddenly suffers from a great financial loss. He can come back to safety & security needs.

### Limitations of Maslows Theory

1. Very difficult to determine which level an individual accurately at.
2. Needs differ in individuals.
3. very difficult to determine whether a particular set of need has been satisfied or not.

Mc-Gregors Theory X and Y



**Theory X**

1. People dislike work and will seek to avoid it.
2. Workers are un-ambitious, lazy, irresponsible and not to be trusted.
3. Workers have to be controlled and directed by the management.
4. They require monetary rewards & money is their largest motivator.

**Theory Y**

1. People enjoy their work and seek responsibility of motivate properly.
2. They do not need to be directly controlled all the time.
3. Workers have many base need which includes monetary as well as social esteem and self-actualization needs so they should be given appropriate rewards.
4. Management must create a situation where workers can show job knowledge.

**Theory X**

**Acceptance of Theory X**

1. Autocratic leadership (authoritarian)
2. Traditional organisational structures
3. Scientific management
4. centralized decision making
5. A stress on extensive rewards external i.e. can be seen.

**Theory Y**

**Acceptance of Theory Y**

1. Democratic leadership and laissez fairee.
2. More flexible organizational structure
3. Decentralised decision making
4. A search for appropriate ways of motivating a workforce
5. Stess on intrinsic / factors of the

### Hertzberg's two factor Theory

1. Hygiene factors (dissatisfiers) (create dissatisfaction and must be eliminated)

- unfavourable or strict company policy
- bad relationship with the colleagues as well as supervisors
- poor working conditions
- inadequate salary and wage structure
- no opportunities for development
- lack of job security
- treatment workers receive on their job (unfavorable)

2. Motivators

- sense of achievement and recognition
- sharing of responsibility i.e. delegation
- liberty to perform the job
- opportunities of career advancement and promotion
- changes of self – development and grooming
- options of gaining more experience
- bonuses, allowances and other fringe benefits

3. Evaluation of Herzberg's Theory

- some doubt that the result of Herzberg's theory have had a significant impact on business
- however, team working is now much more wider, spread with whole units of work being delegated
- workers tend to be made much more responsible for the quality of their own work
- Group meetings allow two ways communication are often favoured
- Above all there is little doubt that his work and the publicity given to the research conclusions led to a hastening of the trends that may have occurred much more slowly without his intervention

4. Elton Mayo's Hawthorne Effect

Experiments were conducted on factory workers to determine how far – reaching were the effects of changing working conditions on workers and their productivity.

- A control group was set up whose working conditions weren't changed at all
- Other groups were established that had varying high tuning heating, rest periods, and other working conditions.

The experiments were to determine the optimum working condition but the result was surprising.

- Productivity rose in all groups (those who had bad as well as those who had good conditions) including the control groups

This proved that:

- working conditions weren't alone imp. in determining productivity
- other factors had to be investigated before conclusion

Other experiments were conducted on assembly line workers

- changes were made at twelve – week intervals to rest period, canteen food, payment systems, assembly layout & other conditions
- the new changes were firstly discussed with workers
- at the end, working conditions were returned to as they were before trial. The result was a significant rise in output or productivity of workers.

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5. Conclusions of Hawthorne Effect

- changes in working conditions and financial rewards have little no effect on productivity
- when management consults with workers and takes interest in their work, then motivation is improved
- working in teams and developing a team spirit can improve productivity
- there is +ve motivational effect when some control over their working lives is given to workers such as breaks
- groups can establish their own targets and norms and these can be greatly influenced by the informal leaders of the group.

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## **FINANCIAL REWARD AND NON-FINANCIAL REWARD**

### Financial Rewards

1. Time rate / hourly wage rate
2. Price rate
3. Salary
4. Commissions
5. Performance – related pay
6. Profit – sharing
7. Fringe benefits / perks

### Non - financial Rewards

1. Job enlargement
2. Job rotation
3. Job enrichment
4. Team working
5. Quality circles
6. Target setting
7. Delegation
8. Appreciation and recognition by the organization (onwards)

Job enlargement – in those that are not too skilled like manufacturing firms – this prevents monotony and makes it feel part of whole organization (job rotation)  
Job enrichment could be promotions in same department and make it more detailed.

Team working – e.g. Matrix structure – share of ideas so creativity increases – social needs are satisfied i.e. better relationship.  
Conflicts can occur – delays occur – waste of time

Quality circle – Japanese management concept – meetings are concluded even of workers on machines as they have hands on experience and can get suggestion to improve anything in organisation so quality of products, services and public relations improved.

Target setting (Management by objectives – MBC) set realistic objectives after discussions and then communicate the aim.  
This makes it clear to employees what they are to achieve i.e. what is required of them. If you achieve a target you get rewards.

## FINANCIAL REWARDS

- Q. Explain what is meant by financial rewards and discuss with advantages and disadvantages the following:
1. time rate
  2. piece rate
  3. performance – related pay

Ans. Financial rewards are those rewards in which payment is given to workers or monetary rewards are given. These rewards are regarded as necessary for motivation according to Taylor's Scientific Management and Theory X by which workers do work as a means to an end. Theory wants the monetary rewards for buying the needs of life like food, clothes, shelter and some wants. The necessity of financial rewards is recognized by all theorists as means to live a life, but the difference is over whether financial rewards are the only source of motivation. They include, time-rate, piece-rate, salary, commission, performance – related pay, profit – sharing and fringe – benefits.

### TIME-RATE

This is monetary payment to the manual and clerical workforce according to the time an individual spends on a job. Usually, an hourly wage rate is fixed according to what other workers in the market receive for a particular job. This is then multiplied by the number of hours worked. Payment is made weekly. It may be that 35 hours a week is a fixed requirement which all workers must conform to. However, if some more enthusiastic workers work for a greater time then they receive over-time which is at a slightly higher rate.

#### Advantages:

The major benefit is that it is very easy to calculate the wage that a worker would receive for a week.

The worker doesn't rush a job which proves extremely useful for specialist tasks or difficult one as workers also maintain high quality standards since they know that it doesn't matter if they haven't produced several units since wage is given according to time.

Time – rate is also a guarantee of income and so makes workers feel secure about receiving wages. They know that they'd still get the pay even if production is halted due to an unpredictable breakdown in the process.

It is very suitable to give to workers whose output units cannot be determined e.g. the value of the work of a doctor or a teacher is very difficult to decide. So they get pay according to the time they spent. However, they receive annualized payments.

They are also fairer than piece-rates when situations exist in which employees cannot control the speed at which they work (e.g. dependency on the speed of machines).

Also it is easy to adjust the pay level according to the job status of the worker i.e. the skills required may be different. So this rate is flexible to account for changes of such differences.

#### Disadvantages:

The workers may delay their job in order to increase their work hours and get higher pay. This may result in inefficiency and loss of productivity as workers laze around and work slowly for overtime as high payment is made.

Also as there is no reward for working fast, the workforce may take too much time to complete a job and so there may be need for additional supervision.

Then if the production is halted completely, the workers would still have to be paid wages if they have come to work despite no units being produced.

### PRICE – RATE

This system is the giving of monetary rewards to the workers according to the number of units produced by an individual.

A fixed rate of wage for every unit is given and so the total wage is found by multiplying the rate by the output. This ensures that wages are paid only for the work that they employees do. It is regarded as an incentive for the workforce as the more they produce, the higher wages they get. This system is also known as Payment by Result.

#### Advantages:

It is a very easy way to reward employees for whom the value of output can easily be calculated, e.g. workers in a textile factory.

Workers are encouraged to work quickly to produce more and so there is high productivity and no time wastage as workers don't try to delay work.

The working atmosphere is highly competitive as each worker tries to produce more in less time.

The cost of labour for each unit is determined beforehand and so the total costs of production can be determined.

Therefore the setting of prices is easy.

#### Disadvantages:

For piece rate to be used fairly amongst all workers, the products being made should be of the same type quality and standard and should require the same skills. If each product is different, then piece rate is inappropriate.

It may also be that workers may compromise on the quality of goods in order to rush through the job to produce a greater number of outputs for higher rewards.

In case of failure of machinery, the output produced would drop considerably and workers who are willing to work and are present on the job will have no basic salary to fall to and may have to go without wages until production starts again. This is fair for workers as it was an unavoidable situation.

Workers may decide to achieve a certain level of pay for themselves as sufficient and so may not be motivated to work harder or faster. They would only work upto a certain level and get the wages.

Workers may also become rigid by this system of pay as so may lose their willingness to accept changes if it affect their level of pay.

Then it is also difficult to decide the best rate for each unit of output so that workers get good wages. There is also a continuous trade union pressure hat piece rate results in lower wages.

### PERFORMANCE – RATED PAY

This scheme is used to reward workers who have performed well and reached targets on time or exceeded the targets in addition to their basic salary, they get an extra bonus or monetary reward. It is usually used to motivate employee

whose value of work cannot be judged quantitatively. Such employees are in the lower and higher level of management.

Such a pay reflects the importance given to an individual employee and her performance. For PRP to be possible an individual is given a target or set objectives to be achieved annually. At the end of the year, an appraisal or services of performance occurs by comparing it to the objectives worker is now paid according to her placement in the perform category which is done by the degree of achievement or exceeding of targets. Then the extra bonus is given.

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**Advantages:**

PRP is a source of motivation to staff to be improve their performance and efficiency in order to seek the extra financial rewards.

The annual appraisal provides a chance of feedback on the performance of workers and whether they are performing to their fullest potential. But just once an year isn't enough to find out exactly where are employee stands and if its in need of job enrichment then is it possible.

Since objectives are set for workers at an individual level, all of them feel a sense of direction and purpose to work towards.

**Disadvantages:**

Since the seniors are appraising the work and giving rewards, it may be that the employees feel an increased control over themselves, as seniors may not give the bonus unless employees conform to them.

It is not guaranteed that additional financial rewards will motivate an employee. It may be that employees don't want more pay and to wouldn't be motivated to improve the performance.

Then if some workers receive frequented and high bonuses, the other employees could accuse managers of favoritisms which negatively affects the relationship of subordinates & managers.

Also due to the competition and rivalry to do better than others, the team spirit of the organisation could be damaged due to jealousy of colleagues receiving higher pay.

## **NON-FINANCIAL REWARDS**

- Q. Explain what is meant by non – financial rewards and explain the following:
1. job enlargement
  2. quality circles
  3. target setting

Ans. Non-financial rewards are those rewards that are given to workers to motivate them but do not involve any monetary rewards. They are needed for the job satisfaction of employees. They are required according to the motivation theories of Herzberg's two factor, McGregor's Theory Y, Hawthorn's effect and Maslows need hierarchy for the workers social, self-esteem and self actualization needs. These have proven that money alone is not an effective motivator and that workers are not machines but have many other requirements. It is also not possible to use individual reward scheme in teams. The non-financial rewards include job enlargement, job rotation, job enrichment, team working, quality circles, target setting, delegation and appreciation by the organisation.

### **JOB ENLARGEMENT**

It is the increase of the scope of the job so as to provide broader and deeper tasks. It is for unskilled or semi-skilled workers as in manufacturing firms. It can include both job rotation and job enrichment. Job rotation is when workers switch jobs e.g. on a production line after a set time. This allows them to handle more jobs and breaks the routine. Job enrichment is organizing work in such a way that employees are able to use their fullest abilities and do work with lesser supervision. They are given more responsibility. They are provided with tasks of similar nature to original ones but more challenging. They may also be allowed to take some decisions e.g. allowing the shopkeeper to arrange products on shelves along with cleaning and keeping a record of their quantity.

#### Advantages:

Job enlargement provides variety to the workers and so they don't get bored or find their work monotonous.

They feel themselves a greater part of the process and business as they are carrying out more than one task and may be encouraged to become more efficient.

They may find that they are given responsibility and they could feel trusted which may make them more loyal to the business.

As workers may be carrying out tasks related to the entire production process, they would derive greater satisfaction of having seen the entire process along with the end result.

As the workers have performed more tasks, they would have increased their skills as well as gained greater experience and so increased their opportunities for the future.

Since workers feel more satisfied with their job, there would be less labor turnover and absenteeism and so the efficiency of the business would increase.

#### Disadvantages:

Even though productivity may increase, however, it may be countered by the time taken for workers to learn and adjust to the new jobs during which productivity would have been lost or slowed down.

Their motivation isn't guaranteed. It may be that the additional task is as boring as the one before which leaves no motivating factor.

Not all workers feel ready to do new jobs as they aren't sure of their abilities and whether they'd be able to perform the new tasks efficiently.

### QUALITY CIRCLES

Quality circles are small groups of workers in the same area of production who meet regularly to study and solve production problems. They not only deal with the quality of product and its improvements but about the production process as a whole and any problems with it. They are not led by a proper manager and so are considered as informal meetings of workers. There may be several teams on a single line. Each team tries to find the solutions to problems and presents their researches and results to the management. The management may then implement the best result not only in the production line but across the whole organisation as per the nature of the solution.

Advantages:

- Quality circles allow the successful participation of the entire staff in the decision – making.
- They provide responsibility to workers and offer many challenges to give the workers a deeper sense of trust and satisfaction.
- They make the workers feel part of the organisation and workers are more willing to work and follow targets that they have themselves helped to decide.
- Workers have had hands-on experience and are in the best position to understand the problems and so are best able to provide solutions to exactly meet the situation and can therefore greatly improve efficiency of the organisation.

Since the most successful circles are also rewarded by the management, this would make workers feel appreciated and recognized.

Disadvantages:

- There may be time wastage if the groups call their meetings a bit too frequently and keep on requesting changes.
- A feeling of jealousy may be created between the successful and other groups that may affect the team spirit of the entire organization.
- The major limitation of Quality circles is the willingness of employees to make them. Sometimes employees are not willing to take on the responsibility or may just not willing to try to come up with ideas and be creative.

### TARGET – SETTING

It is related to the techniques of management by objectives (A2 topic). This is the setting of targets for each division, department and individual by dividing the overall aim of the organization.

This process should be undertaken after discussion and agreements with workers at each level. This would enable the best possible delegation of responsibility and authority. This is according to Theory Y where workers like responsibility and wish to work. This enables greater motivation.

Advantages:

- As targets have been discussed with managers and workers, which means that there is involvement of staff which is a great motivating force as it makes employees feel part of the decisions.
- Also as managers and workers know exactly what they have to do they feel a sense of direction and purpose? They are able to fully utilize their time in the best manner possible. As they could see what they are doing, they feel their importance and their value to the organization.
- Since all departments and individuals have objectives as their key focus, they know exactly what they are aiming for. This should avoid any conflicts and ensure a co-ordinate approach.
- The targets also act as a control. By comparing the work of the employees with their set targets, their performance is known i.e. what they have achieved by a particular date.

Disadvantages:

- The division of the overall aim all the way down to individual targets is only possible after consultation with the entire workforce. This could prove very time-consuming and slows down production until targets are set.
- New objectives are required all the time as targets become out dated quickly. So if the economic environment changes then checking workers performance with the fixed targets is pretty useless as targets have to be updated in accordance with the economic changes.
- Setting targets doesn't guarantee their fulfillment. Managers also have to keep in mind the resource allocation and staff training so that the set targets could actually be achieved.



## **MANAGEMENT AND LEADERSHIP**

### **Definition**

- Management is the attainment of organizational goals in an efficient and effective manner by planning, organizing, coordinating, leading and controlling the humans as well as artificial capital.
- It is the achievement of objectives with the help of effective utilization of resources.
- Management is the art of getting things done through people
- Management is the art of getting people to do their work efficiently and effectively to achieve the organizational objectives.

### **Managerial functions**

1. Planning – deciding for future, setting & discussing objectives, formulating tactics.
2. Organizing – capitalize and prioritize resources, making departments.
3. Staffing – hire people according to requirements.
4. Coordinating – getting proper communication to all departments & getting every one orientated.
5. Leading / Commanding
6. Controlling – (a) setting targets / standards (b) measuring performance according to set standards (c) analyzing the results

### **Management process**

1. Setting objectives
2. Organizing the work
3. Motivating employees
4. Job measurement
5. Developing people – training, feedback, grooming, attend workshops.

### **Management roles**

1. Interpersonal roles
  2. Information roles
  3. Decision-making roles
- 
1. Interpersonal – managers are a link between workers and organization as well as customers and organisation like see to their problems and suggestion as well as feedback.
  2. Decision-making – decisions have to be taken day in day out and mostly for the employees that who is efficient? How to motivate them or punish them as well as when to hold the decision.

Managers act on the behalf of the owners, however they are the leaders and they should work in partnership with the subordinates also. They ensure the corporate values in an organisation and they are responsible for the achievement of objectives.

## LEADERSHIP

### Definition

Leadership is the art or process of influencing people so that they perform the assigned tasks willingly, effectively and efficiently. It is the role adopted by managers when bending workers towards the goals of the organisation. It is the ability to command (in an organisation)

### Qualities of a good leader

1. Positive self-image and natural self-confidence.
2. Ambitions – they have a desire to succeed.
3. Able to get to the core of the other problems – intelligent.
4. Creative thinkers.
5. Innovative
6. Charismatic and dynamic – good personality.
7. Inspiring for other.
8. Generally expert in one field and well informed in others.
9. Effective communication skills.
10. Good analytical abilities.
11. Can delegate effectively.
12. Decision making power.
13. Organizational ability.
14. Risk bearing capacity – willing to risks and face the consequences.
15. Motivating for others.
16. Role models for their subordinates.
17. Dependable.
18. Dominant
19. Energetic
20. Persistent

### Difference between managers and leaders

#### MANAGERS

- Functionaries
- Protect their operations
- Accept responsibility
- Control Employees
- Competent
- Specialist
- Minimize risk
- Accept speaking opportunities
- Set reasonable goals
- Pacify
- Strive for a comfortable working environment
- Use power cautiously
- Delegate cautiously
- View workers as employees

#### LEADERS

- Innovators
- Advance their operations
- Seek responsibility
- Trust employees
- Creative
- Flexible
- Take calculated risks
- Generate speaking opportunities
- Set challenging goals
- Challenge
- Strive for exciting working environment
- Use power forcefully
- Delegate enthusiastically
- View workers as potential followers

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## LEADERSHIP

### Important leadership positions in a firm

- Director
- Manager
- Supervisor – e.g. of Factory floors
- Workers' Representatives / Leader of the Trade Union

### Leadership Styles

1. Autocratic / Authoritarian leadership
  2. paternalistic leadership
  3. democratic leadership ——— Persuasive
  4. laissez-faire leadership ——— Constructive
3. → Persuasive – when leader leads the employees by telling them the negative  
Positive and allowing them to select.
4. → Appropriate for creative business – architecture – art galleries – artists  
→ Scientists given broad guidance

### Informal Leaders

They are the leaders of informal organisation.

- They are the people who have the ability to lead without formal power perhaps because of their experience, personality or special knowledge. They may have more influence over the activities of the group than formal leaders especially when the formal leaders are inefficient.

### Factors affecting the leadership styles

- type of the workforce – skilled or unskilled
- personality of the leader
- group personality
- group size
- the task itself or the nature of the job
- the tradition of the organisation or its corporate culture
- time factor

### Autocratic / Authoritarian Leadership

- leader retains all authority and responsibility
- takes all decisions
- gives little information to staff
- assign people to clearly defined tasks
- primarily a downward flow or one – way communication
- requires greater supervision of workers who have very limited knowledge of the business
- expects compliance from workers
- such leadership results in prompt, orderly and predictable performance.

### Drawbacks

- de-motivates staff who want to contribute and accept responsibility
- stifles individual initiative as no chance to participate
- decisions do not benefit from staff input who can offer valuable hands on experience

#### Possible Applications

- defense forces and police where quick decisions are needed and the 'scope' for 'discussion' must be limited
- in times of crisis when decisive action might be needed to limit damage to the business or danger to others

#### Paternalistic Leadership

- they are father-like leaders
- similar to autocratic leadership except importance to welfare of workers is given
- managers do what they think is best for their workers
- some consultation might take place but final decisions are taken by the managers
- some fearable chances of two-way communication

#### Drawbacks

- some workers will be dissatisfied with the apparent attempts from leader to consult, while not having any real power or influence
- experienced-workers will want more delegated authority

#### Applications

- used by managers who have a genuine concern for workers interests but feel that managers know best in the end. When workers are young, unskilled and untrained, this might be an appropriate style.

#### Laissez-Fire Leadership

- means to let them do it
- managers delegate virtually all authority and decision making powers
- relaxed atmosphere where employees carry out activities freely to the best of their abilities within broad limits
- permits self-starters to do things as they see fit without interference

#### Drawbacks

- workers may not appreciate the lack of structure and direction in their work as this could lead to a loss of security
- the lack of feedback – as managers may not be closely monitoring progress – may be de-motivating

#### Applications

- when managers are too busy (or lazy) to intervene
- where the work requires creativity like architecture
- appropriate in research institutions where experts are more likely to arrive at solutions when not constrained by narrow rules or management controls

#### Demcoratic Leadership

- encouraging participation in decision making

- could be
  - Persuasive
  - leader has made a decision but takes time to persuade others that it is a good idea
  - Consultative
  - Leaders consult others about their views before making a decision. The decision takes into account the views
- leaders delegates a great deal of authority while retaining responsibility
- work is divided and assigned on basis of participatory decision-making
- workers given information about business to allow full staff involvement
- active two-way communication to allow staff feedback
- enhances personal commitment and gives higher morale

#### Drawbacks

- consultation is too time-consuming and at times quick decisions needed
- certain issues such as job losses are too sensitive or new product development are too secret to be consulted

#### Applications

- it is most likely to be useful in business that expect workers to contribute fully to the production and decision-making process, there by satisfying their higher order needs
- an experienced and flexible workforce will be likely to benefit most from this style
- in situations that demand a new way of thinking or new solution then staff input can be very valuable