

# Strategy Implementation: Aspects of Strategy Implementation

20/03/2020

**Strategy Implementation** is the process of turning a chosen strategic plan into actionable steps that achieve organizational goals. It involves aligning the company's resources, structure, processes, and culture with the strategic objectives. This includes assigning responsibilities, developing budgets, designing organizational systems, and ensuring effective communication and leadership. Successful implementation requires coordination among departments, consistent monitoring, and flexibility to adapt to unforeseen changes. It bridges the gap between strategy formulation and actual performance, ensuring that strategic intentions lead to measurable results. Without proper implementation, even the best-formulated strategies may fail to deliver desired outcomes, making this phase critical to overall business success.



## Process of Strategic Implementation:

### Defining Clear Objectives and Goals

The first step in strategic implementation is to break down the overall strategy into specific, measurable, achievable, relevant, and time-bound (SMART) objectives. These goals provide clarity and direction for every level of the organization. Clearly defined objectives help ensure that everyone understands what needs to be achieved and how their roles contribute to the broader strategic vision. This step aligns individual,

departmental, and organizational performance targets with the strategic intent, enabling accountability. Effective goal-setting motivates teams, sets expectations, and provides benchmarks against which progress and success can be measured over time.

### **Aligning Organizational Structure and Resources**

Once the objectives are set, the organization's structure must be adjusted or realigned to support the implementation of the strategy. This includes defining roles, delegating responsibilities, and ensuring clear reporting relationships. Human, financial, technological, and physical resources should be allocated efficiently to the strategic priorities. The right people must be placed in the right positions to carry out tasks effectively. Without proper alignment of structure and resources, strategy execution may suffer from inefficiencies, delays, or miscommunication. This phase also includes creating cross-functional teams or new units where necessary to support the new strategic direction.

### **Developing Supporting Policies and Procedures**

Policies and procedures are the rules, guidelines, and routines that govern daily operations. During implementation, organizations must develop or revise their internal policies to ensure consistency with the strategy. This could involve changes to HR practices, procurement methods, quality control standards, or customer service protocols. Policies should support the strategic goals by promoting desired behaviors, decision-making processes, and accountability systems. Clear procedures eliminate confusion, standardize operations, and enable the workforce to act confidently. Without strategic alignment in policies, employees may unknowingly act in ways that conflict with the organization's long-term goals.

### **Ensuring Effective Communication and Leadership**

Strong leadership and clear communication are critical for successful strategy implementation. Top management must communicate the strategic goals, expected outcomes, and individual responsibilities across all levels of the organization. Regular meetings, internal newsletters, training sessions, and workshops are effective channels for communication. Leaders must also listen to employee feedback, address concerns, and motivate teams. Transparency builds trust and encourages commitment to the strategy. Leadership plays a crucial role in resolving conflicts, removing implementation roadblocks, and modeling the behavior necessary for strategic success. An engaged and informed workforce performs more cohesively and efficiently.

### **Monitoring, Evaluation, and Control**

The final phase involves continuously monitoring progress against defined objectives and making adjustments as necessary. Organizations must set up key performance indicators (KPIs), dashboards, and review mechanisms to track implementation. Regular audits, feedback sessions, and performance appraisals help identify issues early and guide corrective action. This step ensures that the strategy remains on course and is responsive

to changes in the internal or external environment. Continuous evaluation helps maintain momentum, correct deviations, and learn from experiences. It also reinforces a culture of accountability and excellence, increasing the likelihood of long-term strategic success.

## **| Aspects of Strategic Implementation:**

### **Organizational Structure Alignment**

The structure of the organization must support the strategic plan. This includes clear roles, responsibilities, reporting lines, and coordination mechanisms. A well-aligned structure ensures that tasks flow logically, decision-making is streamlined, and resources are optimally used. For example, implementing a global expansion strategy might require a shift from a functional to a divisional structure.

### **Resource Allocation**

Strategic implementation requires careful allocation of financial, human, technological, and physical resources. Resources must be directed toward priority projects and initiatives that support the strategy. Proper budgeting, staffing, and technology support are essential to avoid bottlenecks and inefficiencies.

### **Leadership and Management Support**

Effective leadership is crucial in guiding the organization through the change process. Leaders must provide vision, motivation, direction, and resolve conflicts. They play a key role in championing the strategy, aligning teams, and ensuring that strategic goals are understood and embraced at every level.

### **Communication System**

Clear and consistent communication is vital. The strategic intent, goals, and expected roles must be communicated throughout the organization. Two-way communication helps in managing resistance, encouraging feedback, and ensuring all employees understand the importance of their contributions to the strategy.

### **Performance Monitoring and Control**

Monitoring systems such as KPIs (Key Performance Indicators), dashboards, and performance reviews track progress and highlight deviations. Strategic control involves timely corrective actions, process improvements, and adaptations to changes in the environment or internal capabilities.

### **Culture and Change Management**

Organizational culture must support the strategy. If a strategy calls for innovation, but the culture resists change, implementation will fail. Change management processes—including training, engagement initiatives, and leadership modeling—help align culture with strategy.

## **Policies and Procedures**

Policies and standard operating procedures (SOPs) must be aligned with strategic priorities. They guide daily decision-making and ensure consistency in action. Without supporting policies, strategic decisions may not be implemented effectively or uniformly across departments.

## **Strategic Fit and Synergy**

All parts of the organization (functions, departments, processes) must work together in harmony toward common goals. Strategic fit ensures alignment across functions, while synergy means that the combined performance is greater than the sum of individual efforts.

## **Technology and Information Systems**

Technology supports strategy execution by improving efficiency, enabling data-driven decisions, and enhancing communication. Information systems must be in place to provide real-time data, track outcomes, and support performance analysis.

## **Motivation and Incentive Systems**

Employee motivation is a critical aspect. Incentive programs—monetary or non-monetary—should be aligned with strategic objectives. Recognition and rewards systems help reinforce desired behaviors and drive performance toward strategic goals.

# Structural Consideration

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19/08/2020

Before implementing a new or revised strategy, company leaders must ensure the organizational structure can support the planned activities. After identifying the tasks that the company must perform well to succeed, company executives configure organizational hierarchies to support primary strategic goals and achieve competitive advantages. They also identify areas of weakness that pose risks and devise techniques for handling crises. Successful strategic implementation depends on structuring the organization's employees so they can most effectively use the tools and resources available to create quality products and services.

## Structuring Activities

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To prevent their staff from spending time on activities not directly related to achieving companies' strategic goals, managers identify tasks that can be outsourced to third-party vendors. Structuring work this way allows experts to perform these jobs, typically at a lower cost, while employees focus on their core competencies supporting main businesses. For example, computer manufacturers typically outsource assembly while focusing internally on design, sales and distribution duties.

## Aligning Functions to Strategic Objectives

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Before corporate leaders can implement new strategies, they need to ensure that all personnel in the organizational structure possess the necessary skills, knowledge and resources to accomplish the tasks. Work must flow from one function to another so leaders should establish clear processes with policies and procedures that define roles and responsibilities. The strategy must be consistent across all departments, adaptive to changes, competitively advantageous and technically feasible.

## Establishing Authority

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Successfully implementing a new strategy requires that managers and employees understand what activities require executive approval and which decisions employees have the empowerment to make without further approval. Ideally, decision makers should be those people who are closest to the situation and most knowledgeable about the impact. By avoiding micro-managing the organization, managers streamline operations and eliminate wasteful tasks. If the organization is structured to allow employees the flexibility to make critical decisions, they must also be held accountable for their actions.

## Developing Partnerships

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Strategic implementations require personnel to work together to achieve specific, measurable, attainable, relevant and time-constrained goals and objectives. Establishing a common balanced scorecard prevents groups from competing against each other to succeed individually at the expense of the whole company. If company executives foster a cooperative environment between departments, managers share resources, personnel

and knowledge effectively. Additionally, the organizational structure should encourage new employees to seek out coaching and mentoring from corporate executives. By encouraging learning and development, company leaders establish a framework for sustainable growth.

# Process and Structural of Implementation

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22/05/2020

## Process of Strategy Implementation

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- Building an organization, that possess the capability to put the strategies into action successfully.
- Supplying resources, in sufficient quantity, to strategy-essential activities.
- Developing policies which encourage strategy.
- Such policies and programs are employed which helps in continuous improvement.
- Combining the reward structure, for achieving the results.
- Using strategic leadership.

The process of strategy implementation has an important role to play in the company's success. The process takes places after environmental scanning, SWOT analyses and ascertaining the strategic issues.

## Structural of Implementation

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### STRUCTURE

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- Arrangement of **tasks** and **sub tasks** required to implement a **strategy**.
- Diagrammatic representation could be organizational chart but **administrative mechanism** provides '**Flesh and Blood**' to an organization.
- organizational strategy has 3 key components
  1. Identifies **Formal Relationships**, including span of control, no of levels in hierarchy.
  2. It specifies grouping of **individuals** in departments.
  3. Design of system to ensure **effectiveness, coordination** and **integration** of efforts across Departments.

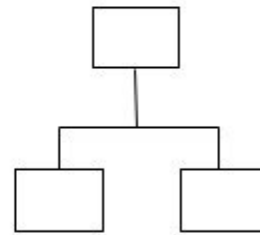
# VERTICAL STRUCTURE

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- Process of Differentiation
- Involves Division of Labor and Specialization.

Dominates:

1. SPECIALISED TASKS
2. HIERACHY OF AUTHORITY
3. RULES AND REGULATION
4. VERTICAL COMMUNICATION
5. CENTRALISED DECISION MAKING
6. EMPHASIS ON EFFICIENCY



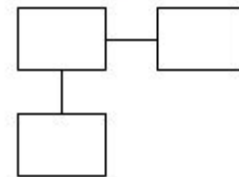
# HORIZONTAL STRUCTURE

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- Process of **Integration** among members in an organization, **cross functional systems** and **teamwork**.

Dominates:

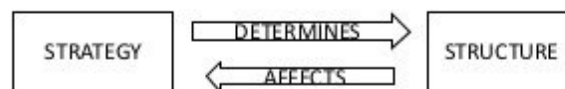
1. SHARED TASKS.
2. FLEXIBLE RULES AND REGULATION.
3. HORIZONTAL COMMUNICATION.
4. DECENTRALISATION DECISION MAKING.
5. EMPHASIS ON LEARNING.



# STRUCTURE AND STRATEGY

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- Research conducted by Chandler proposes **structure** follows **strategy** for economic efficiency.
- There is a 2 way relationship among the strategy and structure.
- Strategy determines how the organization structure has to be formed.
- And structure influences present strategy **implemented** and in future



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# Organizational Design and Change

20/03/2020

Organizational design and change are two interconnected concepts crucial to ensuring that a company remains effective, competitive, and adaptable in a dynamic business environment. As markets evolve, technologies advance, and customer expectations shift, organizations must continuously reassess and redesign their structures and processes. Effective organizational design provides the framework within which a business operates, while change enables the business to evolve that framework in response to internal and external pressures.

## Concept of Organizational Design:

Organizational design refers to the deliberate process of configuring an organization's structure, roles, processes, and systems to achieve strategic goals. It involves determining how work is divided, how departments are structured, how authority and responsibilities are allocated, and how coordination and communication occur. Good design enhances efficiency, encourages innovation, and enables the organization to adapt to new challenges.

Key elements of organizational design:

- **Division of Labor:** Allocating tasks and responsibilities to individuals or departments.
- **Hierarchical Structure:** Establishing levels of authority and decision-making.
- **Span of Control:** Determining how many employees report to each manager.
- **Coordination Mechanisms:** Creating systems for collaboration across functions and departments.
- **Formalization:** The degree to which rules, policies, and procedures govern behavior.

The right design depends on the organization's size, strategy, environment, culture, and goals. For instance, a startup may adopt a flat, flexible structure, while a multinational corporation may require a more hierarchical and formal design.

## | Importance of Organizational Design:

Organizational design is vital for:

- **Strategic Alignment:** Ensuring the structure supports long-term goals.
- **Operational Efficiency:** Streamlining processes to reduce waste and duplication.
- **Clarity in Roles:** Defining responsibilities to reduce conflict and confusion.

- **Adaptability:** Enabling quick responses to change or disruption.
- **Employee Satisfaction:** Creating an environment that motivates and engages the workforce.

When organizational design is misaligned with strategy, it can lead to inefficiencies, communication breakdowns, and employee dissatisfaction.

### Concept of Organizational Change:

Organizational change refers to any alteration in the organizational structure, processes, culture, technology, or goals. Change may be proactive—initiated to seize opportunities—or reactive—implemented in response to market pressures, competition, or crises.

Change can occur at different levels:

- **Strategic Change:** Shifts in long-term direction, such as entering a new market.
- **Structural Change:** Modifying hierarchies, reporting lines, or job roles.
- **Technological Change:** Adopting new tools, software, or systems.
- **People-Oriented Change:** Reskilling employees or modifying organizational culture.

### Need for Organizational Change:

- **External Factors:** Changes in technology, legislation, customer preferences, or economic conditions.
- **Internal Factors:** Low productivity, high turnover, leadership transitions, or financial difficulties.
- **Innovation:** To gain competitive advantage or improve products/services.
- **Globalization:** Expanding into new markets or dealing with global competition.

Without timely change, an organization risks obsolescence, inefficiency, and decline.

### Challenges in Organizational Change:

Implementing change is complex and often meets resistance. Common challenges:

- **Employee Resistance:** Fear of the unknown, loss of job security, or attachment to old routines.
- **Communication Gaps:** Lack of transparency or unclear messages from leadership.
- **Lack of Leadership Commitment:** Inconsistent support from top management.
- **Insufficient Resources:** Financial, human, or technological limitations.

- **Poor Planning:** Lack of a clear roadmap or strategy for managing change.

To overcome these challenges, organizations must adopt structured change management practices.

### | **Change Management Process:**

Effective change management involves several stages:

1. **Recognize the Need for Change:** Identify the driving forces behind change.
2. **Define the Change Vision:** Articulate the desired future state and its benefits.
3. **Engage Stakeholders:** Involve employees, customers, and partners in the change process.
4. **Develop a Change Plan:** Create a timeline, assign responsibilities, and allocate resources.
5. **Communicate Effectively:** Ensure open, honest, and continuous communication throughout the process.
6. **Implement the Change:** Execute the plan while monitoring progress and addressing issues.
7. **Reinforce and Sustain Change:** Provide training, incentives, and feedback mechanisms to embed the change in the organization.

Frameworks like **Lewin's Change Model (Unfreeze–Change–Refreeze)** or **Kotter's 8-Step Model** offer structured approaches to guiding organizational change.

### | **Relationship Between Organizational Design and Change:**

Organizational design and change are deeply interdependent. Every strategic change often requires a redesign of the structure to support new goals, roles, or capabilities. Conversely, an outdated or inefficient design may trigger the need for change. As organizations grow or diversify, they must adapt their design to remain aligned with their objectives. Thus, successful transformation requires both sound design and effective change management.

# Nature and Factors of Organizational Change

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30/03/2020

**Organizational** change refers to any alteration that occurs in total work environment.

Organizational change is an important characteristic of most organizations. An organization must develop adaptability to change otherwise it will either be left behind or be swept away by the forces of change. Organizational change is inevitable in a progressive culture. Modern organizations are highly dynamic, versatile and adaptive to the multiplicity of changes.

Organizational change refers to the alteration of structural relationships and roles of people in the organization. It is largely structural in nature. An enterprise can be changed in several ways. Its technology can be changed, its structure, its people and other elements can be changed. Organizational change calls for a change in the individual behaviour of the employees.

Organizations survive, grow or decay depending upon the changing behaviour of the employees. Most changes disturb the equilibrium of situation and environment in which the individuals or groups exist. If a change is detrimental to the interests of individuals or groups, they will resist the change.

## Nature of Organizational Change

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The term change refers to an alteration in a system whether physical, biological, or social. Thus organizational change is the alteration of work environment in organization. It implies a new equilibrium between different components of the organization- technology, structural, arrangement, job design, and people. Thus organizational change may have following features:

- When change occurs in any part of the organization, it disturbs the old equilibrium necessitating the development of the a new equilibrium. The type of new equilibrium depends on the degree of change and its impact on the organization.
- Any change may affect the whole organization; some parts of the organization may be affected more, others less; some parts are affected directly, others indirectly.
- Organizational change is a continuous process. However, some changes which are of minor type, may be absorbed by the existing equilibrium; others, which are major ones may require special change efforts.

## Factors of Organizational Change

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Organizational change as we have read is a strategic initiative impacting almost every aspect of its operations and functions. The factors that induce changes almost always require immediate attention. The major forces that drive this change in business are:

- Internal environment
- External environment

The internal environment of an organization consists of factors within the organization over which it can exercise a fair amount of control. Some of the internal factors are:

**(i) Employees:** Employees are the human capital of the organization. An organization without a motivated and dedicated workforce will not be able to perform in spite of having the best products and capital. Employees must take the initiative to change their workplace, or changes in work tasks for more efficient and effective performance.

**(ii) The Organizational Structure:** The organizational structure is what governs and guides the effective operations of the company. It defines and scopes the authority and hierarchy in the company. However, over time the organizational structure needs reorganization to answer to the needs of an evolving entity and becomes an internal source of organizational change.

**(iii) Organization Processes:** The processes in organization are collections of activities that need to be undertaken in order to produce an output, and that will have a value for consumers. There are various processes in the organization that need to be constantly updated to keep serving the market like – manufacturing, distribution, logistics, information technology, etc.

Apart from the above factors like the company's mission and objectives, organizational culture and style of leadership are factors typically associated with the internal environment of an organization and can have a considerable impact on the organization.

The external environment of an organization are those set of factors which the organization cannot exercise control on. Though these factors are external to the organization, they have a significant influence over its operations, growth and sustainability.

**(i) Economic Factors:** The macroeconomic factors like the political and legal environment, the rate of inflation and unemployment, monetary and fiscal policies of the government, etc. are causes that have a high influence on companies and prompt for changes in the organization. Managers need to carefully track these indicators in order to make the right decisions for change.

**(ii) Socio-cultural Factors:** The local and regional conditions greatly influence people's values, habits, norms, attitudes and demographic characteristics in the society. All of these factors highly influence the business operations or will do so in the future.

**(iii) Global Environment:** The increasing globalization of markets has made organizations sensitive to changes. Any change or crisis in the global market affects every business, and corrective measures are not often easy and immediately taken.

**(iv) Technology:** Technology has become an intrinsic part of business operations. It regulates processes in all aspects like manufacturing, distribution, logistics, finance, etc. Organizations have to be up-to-date with the ever-changing technological advancements in order to improve efficiencies and remain competitive.

# Organizational Change and Development

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24/04/2020

**Organizational change** can be defined as the alteration in structure, technology or people in an organization or behavior by an organization. Here we need to note that change in organizational culture is different from change in an organization. A new method or style or new rule is implemented here.

An organizational change occurs due to two major factors namely:

- **External factor:** External factors are those factors that are present outside the firm but force the firm to change or implement a new law, rule etc. For example, all banks are bound to follow the rules laid down by the RBI.
- **Internal factor:** Internal factors are those factors that are caused or introduced inside an organization that forces a change. For example, no smoking in the workplace.

## Kurt Lewin's Force Field Analysis

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Kurt Lewin, is a noted organizational theorist, who proposed the force field analysis for organizational change. In this theory, he has prioritized two factors for change in an organization, namely:

- **Driving force:** Driving force can be defined as an organizational force that makes a change with respect to structure, people and technology. In short, it drives the organization from one culture to another.
- **Restoring force:** Restoring force is the force which changes the culture from the existing state to the old state. It indicates a backward motion while the driving force indicates a forward motion.

## Importance of Organizational Change

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There is a need of change in an organization because there is always a hope for further development, and in order to survive in a competitive market, the organization needs to be updated with changes. However, we have listed some reasons to explain why changes are deliberately made and carefully planned by the organization before implementation.

- It improves the means to satisfy the economic requirements of people.
- It enhances the profitability of organization.
- It promotes employee satisfaction and well-being.

## Planned Change

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We can define planned change as any kind of alteration or modification which is done in advance and differently for improvement.

## The Need for Planned Change

Planned change takes place in an organization when there is a demand for change due to two types of forces. These forces are grouped into internal sources and external sources.

Internal forces that lead to a planned change in an organization include obsolescence of production and service, new market opportunities, new strategic direction, increasing workforce diversity, and shift in socio-cultural values.

External forces that lead to a planned change in an organization include regulators, competitors, market force, customers, and technology. Each of these forces can create pressing demand for change in small or big, public or private, business or non-business organizations.

### **Process of Planned Change**

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Once the management decides to implement some changes in the organization, it needs to be done carefully as it is a very sensitive issue. It is very important for all the employees to adapt to change. According to Kurt Lewin, the planned organizational change is implemented in three different stages. They are –

#### **1. Unfreezing**

In this stage, the organization studies if the change is required or not, what and why is the change necessary. Considering the entire situation, the organization decides for appropriate change. Thus a plan and strategy is formulated as required.

#### **2. Changing**

In this stage, the organization executes the plan and program for change. For this purpose, proper precautions are taken in order to maintain cooperation and coordination between the employees and management, avoiding miscommunication or disputes. Adequate supervision and control is arranged as needed.

#### **3. Refreezing**

This is the final stage, in order to bring organizational change. By way of supervision, the organization tries to evaluate the effectiveness of change. Collecting all this information, the management interprets whether to continue or replace change by some other alternatives or to make further minor changes.

### **Types of Planned Change**

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On the basis of a company's requirement planned change is classified into three types. They are:

- Change in structure
- Change in technology
- Change in people

We say that the planned change required is change in structure when development is required in these following areas:

- Change in management
- New management
- Change in position or location
- Change in objective, rules, regulations etc.
- Launching new branches

We say that the planned change required is change in technology when development is required in these following areas:

- Need of office automation
- Installing new hardware and software
- Executing new working procedures
- New methods in production function
- Producing new products and devices
- New training, research and development program

We say that the planned change required is change in people when development is required in these following areas:

- New candidate requirement
- Promotion or demotion
- Transfer to other location
- Suspension or dismissal
- Deputation
- Training and development

## **Organizational development**

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Organizational Development is a field of research, theory, as well as practice devoted to expanding the knowledge and effectiveness of how people accomplish successful organizational change and performance.

Organizational development is not an overnight transformation that can be done in an organization, rather it is a gradual process that has to be executed systematically and by taking care of the external environment.

## **Organization Development Techniques**

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Companies adopt organizational development technique to modify the behavior of people who are resisting change. It is a program to bring a change in the values, norms, attitudes, perception, and behavior of people and improve the quality of inter-personal relations. Some of the major organizational development techniques are:

- Sensitivity technique
- Survey feedback

- Process consultation
- Team building
- Intergroup development

### **1. Sensitivity Technique**

Here sensitivity refers to the psychological aspect of human mind that has to be shaped to act as expected by the group. In this technique, one's own weakness is exposed and members understand how others react towards them. Stress is on group dynamics and tackling inter-relationship disputes.

The idea is to improve the behavior of people in order to maintain smooth inter-personal relationship without any power or influence. Members are motivated to have an open, heart-to-heart talk to develop mature relationship. Sensitivity training borders on psychotherapy where the emotions as well as body language are considered.

### **2. Survey Feedback**

In this technique, the discrepancies among a group are weeded out using questionnaires, which identify the difference in perception amongst the same working family, group or department. The collected data is then tabulated and distributed for further deliberations. This acts as the basis for further discussions and the discrepancies if any can be sorted out by open discussions with all concerned, defending and opposing till a consensus is reached. This technique mainly focuses on ideas and not on persons who put up those ideas.

### **3. Process Consultation**

In this technique, a firm may either seek the support of experts from within the firm or from outside. The firm must check that process consultation is done through an external expert with the needed support provided by the authorities from within the organization.

### **4. Team Building**

In this technique, attempts are made at the group or inter-group level. The main objective is to improve co-ordination thereby improving the performance as a group. This can be done by goal setting, development of inter-personal relations, role analysis to identify roles and responsibilities and team process analysis.

### **5. Intergroup Development**

Inter group development technique attempts to change the perceptions of groups about themselves or about other groups. This can be done by organizing independent group meeting, developing a list consisting of perception of itself, views about other departments and how others view them, trying to understand and resolve the actual cause of conflicts, or sub grouping the groups to remove difference in perceptions and impressions that groups have about each other.

# Examining International Organisational Design

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25/11/2024

Organizational design is the administration and execution of an organization's strategic plan. This means that the organization's strategy determines the optimal organizational design. In addition, it also means that there aren't really any organizational design best practices. As we discuss in our Organizational Development Certificate Program, organizational design is more about creating the best fit between the strategic choices of the organization and the organizational setting.

This is represented in the figure below. Organizational design is determined by the strategic direction of the company, a.k.a. the vision, mission, and goals of the company. These lead to strategies that the company competes on which are enabled through the organizational design.

## Types of Organizational Structure

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Companies may adopt one of six organizational structures based upon company size and diversity of scope of operations.

### Pre-bureaucratic

Ideal for smaller companies, the pre-bureaucratic structure deliberately lacks standardized tasks and strategic division of responsibility. Instead, this is an agile framework aimed at leveraging employees in any and all roles to optimize competitiveness.

### Bureaucratic

A bureaucratic framework functions well in large corporations with relatively complex operational initiatives. This structure is rigid and mechanical, with strict subordination to ensure consistency across varying business units.

### Post-bureaucratic

This structure is a combination of bureaucratic and pre-bureaucratic, where individual contribution and control are coupled with authority and structure. In this structure, consensus is the driving force behind decision making and authority. Post-bureaucratic structure is better suited to smaller or medium-sized organizations (such as nonprofits or community organizations) where the importance of the decisions made outweighs the importance of efficiency.

### Functional

A functional structure focuses on developing highly efficient and specific divisions which perform specialized tasks. This structure works well for large organizations pursuing economies of scale, usually through production of a large quantity of homogeneous

goods at the lowest possible cost and highest possible speed. The downside of this structure is that each division is generally autonomous, with limited communication across business functions.

## **Divisional**

A divisional structure is also a framework best leveraged by larger companies; instead of economies of scale, however, they are in pursuit of economies of scope. Economies of scope simply means a high variance in product or service. As a result, different divisions will handle different products or geographic locations/markets. For example, Disney may have a division for TV shows, a division for movies, a division for theme parks, and a division for merchandise.

## **Matrix**

A matrix structure is used by the largest companies with the highest level of complexity. This structure combines functional and divisional concepts to create a product-specific and division-specific organization. In the Disney example, the theme park division would also contain a functional structure within it (i.e., theme park accounting, theme park sales, theme park customer service, etc.).

## **Strategic Organizational Design**

Structure becomes more difficult to change as companies evolve; for this reason, understanding which specific structure will function best within a given company environment is an important early step for the management team. Smaller companies function best as pre-bureaucratic or post-bureaucratic; the inherent adaptability and flexibility of the pre-bureaucratic structure is particularly effective for small companies aspiring to expand. Larger companies, on the other hand, achieve higher efficiency through functional, bureaucratic, divisional, and matrix structures (depending on the scale, scope, and complexity of operations).

McDonald's fast-food restaurants departmentalize varying elements of their operation to optimize efficiency. This structure is divisional, meaning each specific company operation is segmented (for example, operations, finance/accounting, marketing, etc.).

## **Principles:**

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**Specialization principle.** This principle states that boundaries should exist to encourage the development of specialist skills. The test here is if any specialist cultures, which are entities that have to be different from the rest of the organization, have sufficient protection from the influence of the dominant culture.

**Co-ordination principle.** This principle states that activities that are done should be coordinated in a single unit. This unit can be a business unit, business function, (horizontally coordinating) overlay unit, sub-business, core resource unit, shared service unit, project unit, or parent unit. The test here is if there needs to be coordination between departments that is hard to do. These 'difficult links' are links where normal networking

will not provide coordination benefits. In that case, coordination should be made easier, or responsibility should be put in within a single unit. There are many different units that can be used in organizational design, as we will show below.

**Knowledge and competence principle.** This principle states that responsibilities should be allocated to the person or team best fit to do them. This means that tasks are retained by higher levels based on their knowledge and competitive advantage. If this is not the case, they should be positioned lower in the organization.

This means that the CEO should not be involved in every decision especially not decisions that involve specialists with much more subject-matter knowledge. The CEO is there for the big picture and to balance complex decisions that impact the organization and strategy.

**Control and commitment principle.** This principle is about having effective control on the one hand while maintaining engagement and commitment on the other hand. This is always a balance. The test here is to have a control process that is aligned with the unit's responsibility, cost-efficient to implement, and motivating for the people in the unit.

This means that the CEO is not giving the 'go' on the purchase decision for a Rs. 3000/- keyboard this would be highly demotivating and control on such small expenditures should be put lower in the organization to be adaptive anyway.

**Innovation and adaptation principle.** This principle states that organizational structures should be sufficiently flexible to adapt to an ever-changing world. The test here is that the organizational design will help the development of new strategies and to adapt to future changes. Later in this article, we will give a case study of an organization that was unable to adapt to a rapidly changing environment, hurting its internal processes and bottom line.

# Behavioral in Strategic Implementation

22/05/2020

It is vital to bear in mind that organizational change is not an intellectual process concerned with the design of ever-more-complex and elegant organization structures. It is to do with the human side of enterprise and is essentially about changing people's attitudes, feelings and above all else their behavior. The behavioral of the employees affect the success of the organization. Strategic implementation requires support, discipline, motivation and hard work from all manager and employees.

The organizational leaders have to successfully implement the strategies and achieve the objectives. Therefore the leader has to change the behavior of superiors, peers or subordinates. For this they must develop and communicate the vision of the future and motivate organizational members to move into that direction.

It is the potential ability to influence the behavior of others. Leaders often use their power to influence others and implement strategy. Formal authority that comes through leaders position in the organization (He cannot use the power to influence customers and government officials) the leaders have to exercise something more than that of the formal authority (Expertise, charisma, reward power, information power, legitimate power, coercive power).

The top executives have to empower lower level employees. Training, self managed work groups eliminating whole levels of management in organization and aggressive use of automation are some of the ways to empower people at various places.

Organization politics is defined as those set of activities engaged in by people in order to acquire, enhance and employ power and other resources to achieve preferred outcomes in organizational setting characterized by uncertainties. Organization must try to manage political behavior while implementing strategies. They should;

- Define job duties clearly.
- Design job properly.
- Demonstrate proper behaviors.
- Promote understanding.
- Allocate resources judiciously.

Culture is the set of values, beliefs, behaviors that help its members understand what the organization stands for, how it does things and what it considers important. Firms culture must be appropriate and support their firm. The culture should have some value in it. To change the corporate culture involves persuading people to abandon many of their existing beliefs and values, and the behaviors that stem from them, and to adopt new ones. The first difficulty that arises in practice is to identify the principal characteristics of the existing culture. The process of understanding and gaining insight into the existing culture can be aided by using one of the standard and properly validated inventories or questionnaires that a number of consultants have developed to measure characteristics

of corporate culture. These offer the advantage of being able to benchmark the culture against those of other, comparable firms that have used the same instruments. The weakness of this approach is that the information thus obtained tends to be more superficial and less rich than material from other sources such as interviews and group discussions and from study of the company's history. In carrying out this diagnostic exercise, such instruments can be supplemented by surveys of employee opinions and attitudes and complementary information from surveys of customers and suppliers or the public at large.

Value is something that has worth and importance to an individual. People should have shared values. This value keeps the everyone from the top management down to factory persons on the factory floor pulling in the same direction.

Ethics are contemporary standards and a principle or conducts that govern the action and behavior of individuals within the organization. In order that the business system function successfully, the organization has to avoid certain unethical practices and the organization has to bound by legal laws and government rules and regulations.

To change is almost always unavoidable, but its strength can be minimized by careful advance. Top management tends to see change in its strategic context. Rank-and-file employees are most likely to be aware of its impact on important aspects of their working lives. Some resistance planning, which involves thinking about such issues as: Who will be affected by the proposed changes, both directly and indirectly? From their point of view, what aspects of their working lives will be affected? Who should communicate information about change, when and by what means? What management style is to be used?

Conflict is a process in which an effort is purposefully made by one person or unit to block another that results in frustrating the attainment of the others goals or the furthering of his interests. The organization has to resolve the conflicts.

# Behaviour Modification

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22/03/2021

Organisational Behaviour Modification is a technique for personnel management that focuses on improving observable and measurable work-related behaviour. Examples include absence or tardiness, but also quality or quantity of work. Organisational Behaviour Modification argues for intervention to encourage desired performance behaviour and discourage undesired behaviour.

## Attitude

An attitude constitutes a way of thinking or feeling about something, a certain emotional state at that specific moment.

## Behaviour

Behaviour is defined as the way in which a person acts towards themselves and to those around them.

## Organisational behaviour

A way to change behaviour and attitudes through technology and use newly discovered knowledge to influence employees to act in various ways.

## A-B-C's of Behaviour Modification:

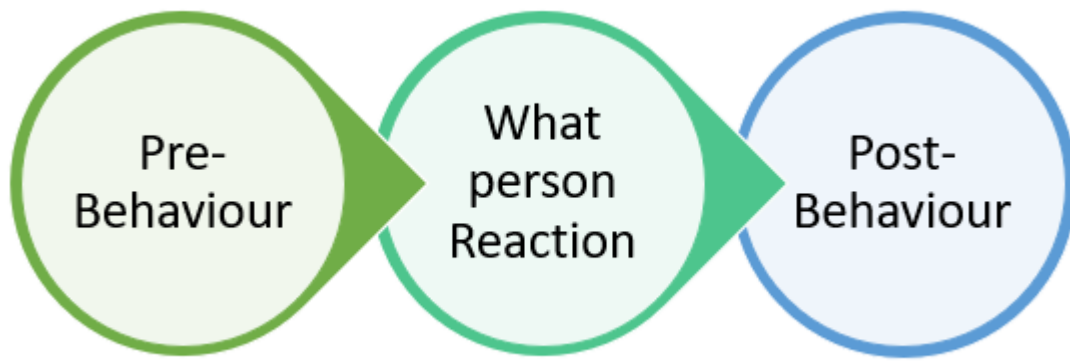
Behaviour modification as has been just explained helps the manager in eliminating or modifying undesirable behaviour and replacing it with behaviour that's more compatible. It further helps us to understand how environmental contingencies influence behaviour.

There can be two contingencies of behaviour:

- (i) The Antecedents. These are the events preceding the behaviour.
- (ii) The consequences i.e. the events that follow a particular behaviour.

Both these variables put together form the A-B-C model.

The main aim of this model is to change Behaviour by managing its antecedents and consequences as is shown in the following diagram:

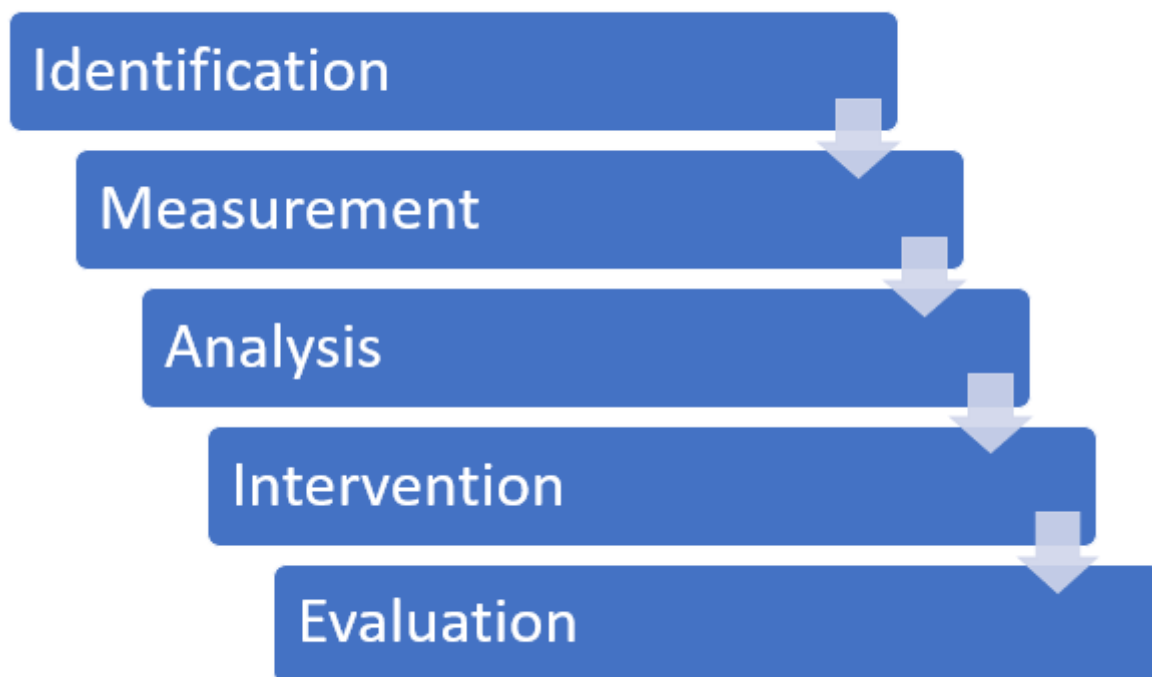


### Steps in OB Modification:

Fred Luthans and R. Kreitner developed and used OB Mod to represent a behavioural approach to the management of human resources for performance improvement.

The steps given by them in applying the OB Mod are summarized in the following figure:

### Luthans and Kreitner's Steps of OB MOD



These steps are discussed as follows:

#### 1. Identification:

The first step in the OB Mod is identification of performance related behaviours. First of all the behaviour should be identified as desirable or undesirable from the point of view of the organisation. Then in the next stage, critical behaviours, that have significant impact on the employees' performance, should be given due attention. The critical behaviours can be identified through discussions with the particular employee and his immediate superior as both are closely intimated with the job behaviours.

Some of the critical behaviours which affect job performance are absenteeism or attendance, tardiness or promptness, complaints or constructive criticism, listening to or not listening to the instructions, etc. If such behaviours are modified, good results could be expected. Due attention should be given to the critical behaviour because they get repeated again and again.

## **2. Measurement:**

After the critical behaviours of the employees have been identified, the next step for the manager is to measure the frequency of the critical behaviour over time. The measurement can be done by observation and by extraction of information from records. If the frequency is within the acceptable limit, it will require no action, but if it exceeds the acceptable limit,

it will need immediate attention. The measurement of behaviour will also help the managers in determining the success in changing the employees' behaviour.

## **3. Analysis:**

At the next step, the managers will have to do a functional analysis of the behaviour that requires modification. This analysis will determine what circumstances lead to a particular type of behaviour, what are the consequences of such behaviour etc. Contingent consequences of behaviour should be identified because these consequences have impact on subsequent behaviour. Moreover, some contingent consequences appear to be affecting the critical behaviour on the surface only, the functional analysis should try to find out the competing contingencies for every behaviour also.

## **4. Intervention:**

Once the critical behaviours have been identified and the circumstances which cause such behaviours have been determined, the next step will be to develop an effective intervention strategy. There are several strategies that can be used at this stage. These include positive or negative reinforcement, extinction or punishment.

The use of a particular strategy will depend upon the type of situation faced. After developing and implementing a particular strategy, the frequency of resulting behaviour is measured. If a behaviour change has occurred in the right direction, the manager will select a reinforcement schedule that will maintain the desired behaviour.

## **5. Evaluation:**

The last stage in OB Mod is the evaluation whether the intervention strategies are working properly or not. The basic purpose of OB Mod is to bring change in undesirable behaviours so as to improve performance. Evaluation will reveal whether the undesirable behaviours have been substituted by desirable behaviour or not. If there has been a change in behaviour, whether it is permanent or just temporary.

Further, the evaluation will also show whether there is improvement in the performance or not. If there is a positive change, it suggests that the interventions are successful. However, if the change is not significant, it may call for adoption of alternate and more appropriate strategies.

# Leadership, Nature, Types, Importance, Challenges

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28/05/2020

**Leadership** is the process by which an individual influences, motivates, and enables others to contribute toward the effectiveness and success of the organization or group they are leading. Effective leaders possess the ability to set and achieve challenging goals, take swift and decisive action, outperform their competition, and inspire others to perform at their best. They exhibit qualities such as vision, courage, integrity, humility, and focus along with the ability to plan strategically and catalyze cooperation among their team. Leadership is not just about commanding people but about coaching them, nurturing their skills, and building relationships. It extends beyond mere management activities and includes influencing others towards achieving common goals. It plays a critical role in handling change, driving innovation, and ensuring that an organization consistently aligns with its strategic objectives.

## | **Definitions of Leadership:**

### 1. **John C. Maxwell:**

“Leadership is influence – nothing more, nothing less.”

### 2. **Peter Drucker:**

“The only definition of a leader is someone who has followers.”

### 3. **Warren Bennis:**

“Leadership is the capacity to translate vision into reality.”

### 4. **US. Army:**

“Leadership is the process of influencing people by providing purpose, direction, and motivation to accomplish the mission and improve the organization.”

### 5. **Ken Blanchard:**

“The key to successful leadership today is influence, not authority.”

### 6. **Bill Gates:**

“As we look ahead into the next century, leaders will be those who empower others.”

## | **Nature of Leadership:**

### **Influence:**

Leadership fundamentally involves influencing others' beliefs, attitudes, and actions towards achieving defined objectives.

### **Visionary:**

Effective leaders have a clear vision for the future, which they communicate and use to inspire and guide others.

### **Motivational:**

Leaders motivate people to engage in their work and strive towards achieving personal and organizational goals.

### **Relational:**

Leadership requires strong interpersonal skills, as it is built on relationships with followers. Good leaders nurture these relationships to foster trust and loyalty.

### **Adaptive:**

Leaders must be adaptable, able to adjust their strategies and approaches in response to changing environments or unexpected challenges.

### **Ethical and Integrity-based:**

True leadership is grounded in ethical practices and integrity, ensuring decisions and actions are aligned with values and principles.

### **Service-oriented:**

Leadership often involves a service-oriented approach, focusing on serving the needs of the organization and its members before one's own.

### **Transformational:**

Leaders often drive change, transforming organizations through innovative approaches and by catalyzing overall growth and improvement.

## **| Types of Leadership:**

### **Autocratic Leadership:**

Autocratic leaders make decisions unilaterally, without much input from team members. This style is effective in situations where quick decision-making is crucial, but it may suppress creativity and reduce team morale.

### **Democratic Leadership:**

Also known as participative leadership, democratic leaders involve team members in the decision-making process, fostering a sense of collaboration and shared responsibility.

### **Transformational Leadership:**

Transformational leaders inspire and motivate followers to exceed their expected performance and to engage in the process of transforming the organization. This style focuses on initiating change in organizations, groups, and oneself.

#### **Transactional Leadership:**

This leadership style is based on transactions or exchanges that occur between leaders and followers. Performance is based on adequate reward or punishment systems.

#### **Laissez-faire Leadership:**

Also known as delegative leadership, in this style, leaders provide little or no direction and give team members as much freedom as possible. All authority or power is given to the employees and they must determine goals, make decisions, and resolve problems on their own.

#### **Servant Leadership:**

Servant leaders focus on the needs of others before their own and seek to develop or promote their followers. They prioritize empowering and uplifting those who work for them.

#### **Charismatic Leadership:**

Charismatic leaders inspire enthusiasm in their teams and are energetic in motivating others to move forward. This type of leadership often results in high levels of loyalty among team members.

#### **Situational Leadership:**

Developed by Paul Hersey and Ken Blanchard, situational leadership proposes that no single leadership style is best. Instead, it all depends on the situation at hand and may involve directing, coaching, supporting, or delegating as the situation demands.

#### **Ethical Leadership:**

Ethical leaders are characterized by their integrity and ability to make decisions based on ethical and moral principles rather than personal or organizational gain.

#### **Cross-Cultural Leadership:**

This leadership involves leading employees from different cultures, recognizing and bridging cultural differences to enhance team performance.

#### **| Importance of Leadership:**

##### **Vision and Direction:**

Leaders provide a clear vision and direction for the future, helping to align and inspire individuals toward common goals. Their vision acts as a roadmap, guiding the efforts and energy of the entire organization.

### **Motivation and Engagement:**

Effective leaders motivate their followers and increase their engagement, which is essential for achieving high levels of productivity and maintaining high morale. Leaders recognize and reward efforts, which enhances commitment and loyalty.

### **Change Management:**

Leaders play a critical role in managing change within an organization. They can help the organization navigate through transitions smoothly by anticipating challenges, managing responses, and keeping the organization focused on long-term objectives.

### **Building Culture:**

Leadership is key in shaping and sustaining an organization's culture. Leaders set the tone through their behavior, values, and expectations, which collectively influence the organization's norms and practices.

### **Conflict Resolution:**

Leaders are often tasked with resolving conflicts within teams and among stakeholders. Their ability to handle disputes amicably can prevent disruptions and maintain harmony within the organization.

### **Resource Allocation:**

Effective leadership ensures that resources are allocated efficiently and wisely. Leaders make strategic decisions that maximize the use of limited resources to achieve the best outcomes.

### **Innovation and Growth:**

Leaders foster an environment that encourages innovation and supports growth. By setting a vision for growth and supporting creative solutions, they can drive progress and ensure the organization stays relevant in a changing market.

### **Decision Making:**

Leaders are responsible for making decisions that affect the organization's future. Their ability to make informed, strategic decisions can mean the difference between success and failure.

### **Developing Future Leaders:**

Leaders play a crucial role in mentoring and developing future leaders. Through coaching and development opportunities, they help nurture the next generation of leaders who are essential for organizational continuity.

### **Influence and Advocacy:**

Leaders often serve as the face of the organization, representing its interests in broader forums. Their ability to influence and advocate effectively can help shape industry standards, public perceptions, and regulatory environments.

## **| Challenges of Leadership:**

### **Adapting to Change:**

Keeping pace with rapid changes in technology, markets, and regulatory environments can be daunting. Leaders must continuously adapt their strategies and operations to remain competitive.

### **Managing Diversity:**

As workplaces become increasingly diverse, leaders face the challenge of managing teams with varied cultural backgrounds, values, and expectations. Ensuring inclusion and equity while harnessing the strength of diversity is a critical challenge.

### **Decision-Making Under Pressure:**

Leaders often need to make quick decisions with limited information, especially in crisis situations. Balancing speed with accuracy and managing the associated risks is a significant challenge.

### **Maintaining Vision and Energy:**

Keeping the organization's vision alive and maintaining enthusiasm can be difficult, particularly during tough times. Leaders must continually motivate themselves and their teams, despite obstacles.

### **Balancing Personal and Professional Life:**

Leadership roles often demand long hours and high levels of commitment, which can lead to work-life balance issues. Managing personal and professional life effectively to prevent burnout is a common challenge.

### **Dealing with Resistance to Change:**

Implementing new strategies or directions often meets with resistance within the organization. Leaders need to manage this resistance tactfully and ensure smooth transitions by gaining buy-in through effective communication and involvement.

### **Building and Retaining a Strong Team:**

Recruiting, developing, and retaining talent are critical for any leader. Challenges include creating a strong team dynamic and dealing with issues such as turnover and conflict within the team.

**Ethical Leadership and Integrity:**

Maintaining high ethical standards and integrity in decision-making, especially in the face of contrary pressures (e.g., to meet short-term financial goals) is a perpetual challenge.

**Effective Communication:**

Leaders must be adept communicators, capable of conveying complex ideas clearly and persuasively to a variety of stakeholders. Miscommunication can lead to inefficiency and conflict.

**Leadership Development:**

Continuously improving one's leadership skills and developing other potential leaders within the organization can be challenging but is essential for sustainable success.

# Theories of Leadership

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**Leadership** theories explore the factors that contribute to effective leadership and how leaders can motivate their followers to achieve organizational goals. These theories provide various perspectives and are classified into several types, each highlighting different aspects of leadership behavior and effectiveness.

## **Trait Theories:**

These theories suggest that effective leaders share a common set of traits or characteristics that distinguish them from non-leaders. Examples of such traits include intelligence, assertiveness, adaptability, and charisma. Trait theories focus on identifying these inherent qualities that theoretically predict leader effectiveness.

## **Features of Trait Theories:**

### **Focus on Personal Characteristics:**

Trait theories emphasize inherent personal attributes, suggesting that leaders are born, not made. They identify specific traits such as intelligence, confidence, charisma, integrity, and sociability as critical to effective leadership.

### **Universality:**

These theories often imply that the traits that make an effective leader are universal and that these traits are effective in different leadership scenarios, regardless of the organizational context or country. This universality concept has been both supported and criticized in various studies.

### **Quantifiable Traits:**

Trait theories often attempt to measure leadership effectiveness through quantifiable psychological attributes. This quantitative approach allows for more empirical research and studies to identify and assess these traits, typically through psychological tests and assessments.

### **Predictive Value:**

One of the primary goals of trait theories is to predict leadership success based on the presence of certain traits. The assumption is that identifying and measuring the right traits can predict potential leadership effectiveness and success.

### **Stable and Enduring Traits:**

Trait theories assume that leadership traits are relatively stable over time and are enduring qualities of an individual. This stability implies that once a leader, always a leader, as these traits do not change significantly throughout one's life.

## **Behavioral Theories:**

Behavioral theories focus on the actions of leaders rather than their mental qualities or internal states. These theories categorize leaders based on specific behaviors and styles. Examples include democratic leadership, where leaders involve team members in decision-making, and autocratic leadership, where leaders make decisions without input from others.

### **Characteristics of Behavioral Theories:**

#### **Emphasis on Observable Actions:**

Behavioral theories focus on what leaders do, rather than who they are. This approach looks at specific behaviors that can be observed, taught, and learned, making it more practical for training and development purposes. These actions include how leaders handle tasks, interact with followers, and make decisions.

#### **Classification of Leadership Styles:**

A significant aspect of behavioral theories is the classification of leadership into styles based on observed behaviors. Commonly, leadership styles are divided into categories like autocratic, democratic (participative), and laissez-faire, each defined by specific behavioral patterns that influence how leaders direct and support their followers.

#### **Leadership as a Skill:**

These theories suggest that leadership is a skill that can be developed through education and experience. It posits that with the right training and exposure to appropriate role models, most people can learn to lead effectively by adopting effective leadership behaviors.

#### **Contextual Flexibility:**

Behavioral theories recognize that effective leadership behaviors can vary depending on the situation and the needs of the followers. Leaders may need to adapt their style to different circumstances, suggesting a more flexible approach to leadership compared to the fixed trait perspective.

#### **Impact on Leadership Development:**

Behavioral theories have had a profound impact on leadership development programs. They have led to the creation of numerous training models that focus on enhancing specific leadership behaviors, such as communication, motivation, and conflict resolution. These theories underpin many of the modern practices in organizational leadership development.

## **Contingency Theories:**

These theories propose that the effectiveness of a leadership style is contingent upon the context and situational factors. Leadership success depends on various elements, including the organizational environment, team characteristics, and task types. Famous models include Fiedler's Contingency Model, which links the leader's effectiveness to situational controllability.

### **Characteristics of Contingency Theories:**

#### **Situational Fit:**

The central tenet of contingency theories is that leadership success depends on the alignment between a leader's style, the followers' needs, and the specific situational variables. This characteristic highlights the necessity for leaders to adapt their style to fit the particular circumstances and demands of the environment and task.

#### **Leader-Member Relations:**

A key aspect of contingency theories is the quality of the relationship between the leader and their followers. Good leader-member relations can enhance leadership effectiveness, while poor relations might hinder a leader's ability to lead effectively, regardless of their inherent abilities or leadership style.

#### **Task Structure:**

Contingency theories often consider the structure of the tasks to be performed, categorizing them as either high or low in clarity and structure. The theory posits that different leadership styles are more effective depending on whether the task at hand is structured or unstructured.

#### **Leader Position Power:**

The amount of power and authority a leader holds can significantly impact their effectiveness. This includes the power to hire, fire, reward, and punish. Contingency theories examine how a leader's control over these elements affects their ability to lead effectively.

#### **Flexibility and Adaptability:**

Leaders who embrace contingency theories must be flexible and adaptable in their leadership approach. They need to assess continuously and accurately the demands of their particular situation and adapt their leadership style accordingly. This adaptability is crucial for effectively leading under varying conditions.

### **| Transactional Leadership Theories:**

Transactional leadership is based on a system of rewards and penalties. Leaders and followers have a series of transactions: leaders offer rewards for productivity or penalties for lack of productivity. This theory is useful in understanding compliance and operational

environments.

## **Characteristics of Transactional Leadership Theories:**

### **Extrinsic Motivation:**

Transactional leadership relies heavily on extrinsic motivators, such as rewards and punishments, to influence follower behavior. This approach assumes that people are motivated by reward and punishment and that social systems work best with a clear chain of command.

### **Conditionality of Reward:**

In transactional leadership, rewards and punishments are contingent upon performance. Rewards are given for meeting or exceeding targets, and disciplinary measures are implemented for failing to meet agreed-upon standards. This conditionality ensures that followers are directly accountable for their actions.

### **Performance-Oriented:**

Leaders focus on task completion and employee compliance and tend to be highly directive. Transactional leaders set clear goals and provide necessary resources but expect staff to perform their tasks with little oversight beyond structured monitoring and feedback on specific outcomes.

### **Management by Exception:**

Transactional leaders often operate on a management by exception basis, intervening only when standards are not met or when the performance deviates from the set expectations. This approach can lead to efficient management, as leaders do not involve themselves in day-to-day activities that are going according to plan.

### **Structured Systems and Processes:**

This leadership style thrives on rigid structures and prefers to operate within established processes and procedures. Transactional leaders enforce organizational rules rigidly, which can ensure a stable environment that may enhance productivity for tasks requiring high levels of consistency.

## **| Transformational Leadership Theories:**

Transformational leaders inspire followers to exceed their own self-interests for the good of the organization and can have a profound and extraordinary effect on their followers. They typically exhibit behaviors that motivate and inspire those around them by establishing trust and setting high expectations.

## **Characteristics of Transformational Leadership Theories:**

### **Inspirational Motivation:**

Transformational leaders have a unique ability to inspire and motivate followers by providing meaning and challenge to their work. They articulate a clear vision and are enthusiastic about the goals and missions of the organization. This charisma often translates into an infectious energy that drives the entire team towards achieving higher goals.

#### **Intellectual Stimulation:**

Leaders who adopt this style encourage innovation and creativity through challenging the usual ways of doing things and encouraging followers to explore new ways of solving problems. Intellectual stimulation is about pushing team members to question norms and to think critically and independently, which can lead to innovations that benefit the entire organization.

#### **Individualized Consideration:**

Transformational leaders pay attention to the needs of each follower, acting as a mentor or coach. This characteristic involves open communication to foster supportive relationships and to help followers develop and reach higher levels of achievement. Individualized consideration helps in recognizing the unique talents and contributions of each team member, which enhances personal growth and satisfaction.

#### **Idealized Influence:**

These leaders act as role models for their followers. Through their ethical behavior and personal actions, they earn the trust and respect of their team. Idealized influence is characterized by high standards of moral and ethical conduct, which sets a positive example for followers to emulate.

#### **Visionary Leadership:**

Transformational leaders are predominantly focused on the future, striving to lead changes that achieve long-term success and sustainability. They have a compelling vision for the future of the organization, and they communicate this vision effectively to align and motivate all members of the organization to work towards this common goal.

#### **| Servant Leadership Theory:**

This theory suggests that the leader's primary role is to serve others. Servant leaders prioritize the needs of their team members and help them perform as highly as possible. Unlike traditional leadership theories that focus on the end results, servant leadership emphasizes the growth and well-being of people and communities.

#### **Characteristics of Servant Leadership Theory:**

##### **Empathy and Understanding:**

Servant leaders prioritize understanding and empathizing with their followers. They strive to acknowledge their team members' perspectives and feelings, which helps in building trust and a supportive team environment. This deep understanding aids in tailoring leadership actions to the specific needs and potentials of individual team members.

### **Commitment to the Growth of People:**

Servant leaders are deeply committed to the growth of each individual within the organization. They nurture personal and professional development, providing opportunities for learning and advancement. This approach not only improves the skills and capabilities of team members but also contributes to their personal satisfaction and loyalty.

### **Listening Actively:**

A hallmark of servant leadership is active and attentive listening. Servant leaders listen to the needs, concerns, and suggestions of their followers with an open mind. This practice is essential for understanding issues fully and fostering an inclusive atmosphere where every voice is valued.

### **Stewardship:**

Servant leaders also take responsibility for their role as stewards of the organization and its resources, including human capital. They focus on making decisions that are ethical and benefit not only the organization but also the wider community and environment. This responsibility underscores a commitment to a higher purpose beyond profit or personal gain.

### **Building Community:**

This leadership style emphasizes the importance of fostering a strong sense of community within the organization. Servant leaders work towards creating an environment where team members feel connected, supported, and part of a cohesive group. This sense of community enhances collaboration and can lead to higher levels of organizational commitment and effectiveness.

## **| Situational Leadership Theory:**

Developed by Paul Hersey and Ken Blanchard, this theory suggests that no single leadership style is best. Instead, it depends on the situation. Leaders must adapt their style to the performance readiness of their followers, which could be a mix of directive and supportive behaviors.

### **Characteristics of Situational Leadership Theory:**

#### **Adaptability:**

One of the most critical attributes of situational leadership is adaptability. Leaders assess the situation and adapt their style to meet the needs of their followers. This flexibility is crucial in managing a dynamic work environment where team members' competence and commitment levels can vary widely.

### **Four Leadership Styles:**

Situational leadership categorizes leadership styles into four types: Directing (high directive, low supportive), Coaching (high directive, high supportive), Supporting (low directive, high supportive), and Delegating (low directive, low supportive). Each style is used based on the specific needs of the situation and the development level of the followers.

### **Development Level Assessment:**

Leaders must evaluate the development level of their followers, which is a combination of their competence and motivation. This assessment dictates the leadership style chosen. For example, a new employee might need a more directive style (Directing), whereas a more experienced and motivated employee might benefit more from a delegating style.

### **Two-Way Communication:**

Situational leadership heavily relies on open, two-way communication between leaders and followers. This ensures that leaders can gauge followers' development levels accurately and that followers understand what is expected of them. It also helps in providing appropriate feedback and support tailored to individual needs.

### **Emphasis on Teaching and Coaching:**

Unlike traditional leadership theories that focus primarily on achieving tasks, situational leadership places significant emphasis on the development of followers. Leaders take on more of a teaching or coaching role, aimed at developing employees' skills and helping them progress to higher levels of autonomy and responsibility.

### **| Path-Goal Theory:**

This theory is about how leaders motivate subordinates to accomplish designated goals. The leader's job is seen as coaching or guiding workers to choose the best paths for reaching their goals. Based on the expectancy theory of motivation, leaders should clarify the path to help their followers achieve career goals.

### **Characteristics of Path-Goal Theory:**

#### **Leader Behavior Adaptability:**

Similar to situational leadership, Path-Goal Theory emphasizes the importance of adapting leader behavior based on the environment and the employees' needs. Leaders can adopt different styles, such as directive, supportive, participative, and achievement-

oriented, depending on what is most needed to help followers feel satisfied and perform effectively.

#### **Clarification of the Path to Goals:**

Leaders using this model actively clarify and define how followers can achieve their objectives. This involves outlining clear guidelines, providing direction, and setting performance standards. Leaders also help identify and remove barriers that might impede progress, thereby easing the path towards goal achievement.

#### **Enhancement of Personal Rewards:**

Path-Goal Theory asserts that leaders can motivate their followers by increasing the rewards that directly result from performance. This means linking performance to outcomes that are valuable to the follower, ensuring that they see a clear connection between their effort and the rewards they can obtain.

#### **Employee Characteristics and Environmental Factors:**

The theory takes into account the characteristics of the employees (such as their locus of control, experience, and perceived ability) and the environmental factors (such as the task structure, work group, and authority system). Leaders must understand these factors and adjust their style to fit the situation optimally to motivate their followers effectively.

#### **Empowerment and Support:**

Leaders are seen as facilitators who support their followers by providing them with the necessary resources, guidance, and encouragement. Supportive leadership is crucial in ensuring that employees feel valued and empowered to take necessary actions towards achieving their goals.

# Corporate Culture, Characteristics, Components, Challenges

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**Corporate Culture** refers to the shared values, beliefs, attitudes, and behaviors that characterize the members of an organization and define its nature. It is an invisible yet powerful force that influences how work gets done, how employees interact, and how the organization presents itself to the outside world. Corporate culture is cultivated through leadership styles, policies, company missions, and daily interactions among employees. It can profoundly impact job satisfaction, productivity, employee retention, and overall business performance. A strong, positive corporate culture aligns the organization towards achieving its goals with a consistent ethos. It can also attract talent and build loyalty among employees by fostering a workplace where individuals feel valued and motivated.

## | Characteristics of Corporate Culture:

### **Values and Beliefs:**

The core values and beliefs are foundational to a corporate culture. They represent the guiding principles and moral direction of the organization. These are often articulated in mission statements or value declarations and influence decision-making and business practices.

### **Norms and Behaviors:**

Norms are the unwritten rules that dictate how individuals in an organization interact with each other and handle external business transactions. Behaviors are the actions that employees take daily, which collectively contribute to the company's environment.

### **Communication Styles:**

How information is shared within an organization is a critical aspect of corporate culture. This can range from open and collaborative to hierarchical and formal. Communication style affects how ideas flow, how decisions are made, and how engaged employees feel.

### **Leadership Style:**

The way leaders manage, make decisions, and interact with employees sets a tone for the corporate culture. Leadership can either foster a culture of innovation, support, and empowerment or create a restrictive and controlled environment.

### **Work Environment and Practices:**

This includes the physical environment of the workplace as well as the operational practices. Whether the setting is collaborative with an open office space or more segmented; whether the work practices encourage teamwork or individual work; these

aspects deeply influence the culture.

### **Commitment to Employee Development:**

Cultures that value ongoing learning and career growth offer training programs, mentorship, and promotion paths. This characteristic shows a commitment to investing in the personal and professional growth of its employees, enhancing loyalty and satisfaction.

### **Rituals and Symbols:**

Corporate rituals, ceremonies, and symbols (like logos, company events, and awards) are manifestations of culture that reinforce the values and unity of the organization. They can play a significant role in building a sense of belonging and community among employees.

## **| Components of Corporate Culture:**

### **Values:**

Core values are the essential and enduring tenets of an organization. They serve as guiding principles that dictate behavior and action. Values help employees determine what is right from wrong, shaping the decisions and processes within the company.

### **Norms:**

Norms are the unwritten rules and expectations that govern behavior within the organization. They provide a framework for how employees should act in various situations, influencing everything from how meetings are conducted to how decisions are made.

### **Symbols:**

Symbols can be tangible objects, logos, designs, or rituals that convey the corporate culture to the employees and the outside world. They serve as identifiable markers of the organization and reinforce the values and norms of the company.

### **Language and Jargon:**

Every organization develops its own language, which includes jargon, slogans, or catchphrases that are unique to the company. This specialized language helps to create a sense of belonging among employees and can reinforce the culture.

### **Beliefs and Assumptions:**

These are the deeply embedded perceptions or thought patterns that employees share about how the world works. Beliefs and assumptions guide behavior and help members of the organization make sense of various situations and decisions.

### **Rituals and Ceremonies:**

Rituals and ceremonies are activities and events that are important to the organization and are often repeated regularly. These can include annual company meetings, award ceremonies, or even daily or weekly meetings. They reinforce a shared experience and unity among employees.

### **Stories and Myths:**

Stories about key events in the history of the company, tales of founders, pivotal moments, or iconic successes and failures, help to embody the spirit of the corporate culture. These stories serve as teaching tools and align current practices with past experiences.

### **Leadership Style:**

The way leaders behave, communicate, and interact with employees sets a tone for the corporate culture. Leadership style can influence all aspects of culture, from communication and group dynamics to decision-making and conflict resolution.

### **Work Environment:**

This includes the physical workspace as well as the psychological climate provided for workers. A supportive, open, and inclusive work environment fosters a positive culture, enhancing productivity and employee satisfaction.

### **Policies and Practices:**

The formal policies and practices of an organization also shape its culture. These can include HR policies, operational procedures, and ethical guidelines, all of which dictate how the organization operates on a day-to-day basis.

## **| Challenges of Corporate Culture:**

### **Resistance to Change:**

Cultures that are deeply entrenched can lead to resistance among employees when changes are necessary. This can become a barrier to innovation and adaptation, particularly in rapidly evolving industries.

### **Alignment of Values:**

Ensuring that the personal values of employees align with those of the organization can be challenging. Misalignment can lead to conflicts, decreased job satisfaction, and high turnover rates.

### **Diversity and Inclusion:**

Creating a culture that values and fosters diversity and inclusion is critical in today's global business environment. However, overcoming unconscious biases and integrating diverse perspectives into a cohesive culture can be challenging.

### **Scalability:**

As organizations grow, maintaining a consistent culture across multiple locations, with new employees, and during mergers or acquisitions can be difficult. Scaling the culture without diluting its core values requires careful planning and implementation.

### **Communication Barriers:**

Effective communication is crucial for a healthy corporate culture. However, in large or geographically dispersed organizations, ensuring clear and consistent communication can be a major challenge.

### **Subcultures:**

In larger organizations, different departments or groups may develop their own subcultures. While diversity within a culture can be beneficial, conflicting subcultures can create disharmony and inefficiency.

### **Measuring Impact:**

Unlike financial results, measuring the direct impact of corporate culture on organizational performance can be elusive. This makes it difficult to quantify the benefits of cultural initiatives and justify investments in cultural development.

### **Adaptability to External Changes:**

External factors such as economic downturns, technological advancements, and social changes can pressure organizations to adapt quickly. A corporate culture that is too rigid might hinder an organization's ability to respond effectively to these changes.

### **Leadership Influence:**

Leaders play a crucial role in shaping and sustaining the corporate culture. However, if leadership styles are inconsistent or if leaders do not embody the organizational values, it can undermine the culture's integrity.

# Impact of Corporate Culture

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**Corporate culture** represents the professional values a company adopts that dictate how it interacts with employees, vendors, partners and clients. The mission strategy of an organization is a summary of how the company perceives its role and the beliefs it uses to achieve its goals. Because the corporate culture is a driving force in how the company does business, it has an impact on developing business strategy.

## Risk

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The corporate culture dictates how much risk an organization is willing to take when it comes to research and development, client interaction, investing in equipment and any other activity that involves risk. If the corporate culture is one that promotes environmental responsibility, that will impact the risks that the company will take when developing new products. Assessing risk based on boundaries established by the company's beliefs and sense of responsibility has an impact on corporate planning.

## Employee Retention

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When the company develops a policy of withholding information from employees, that can start to develop a culture of distrust among the staff. The ability to retain employees can be weakened when the promises made by the company in regards to company growth and employee opportunity are compromised by a lack of trust. Allowing the atmosphere of mistrust to become a part of corporate culture makes it difficult to execute employee retention plans as employees tend to not believe what the company tells them.

## Incentive Pay

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Incentive pay is something that employers use to improve productivity and maintain employee morale. But incentive programs need to be monitored and administered carefully to avoid creating a culture of expectation. If an incentive pay program is set up to reward employees that do not perform, that creates a dangerous culture precedent. For example, a profit-sharing program where every employee gets a bonus check regardless of performance will diminish the motivating effect of the program and cause employees to expect the bonus without having to perform even at baseline expectations. By instituting a system of checks that forces employee to reach certain performance levels before being able to take part in an incentive program, you help to create a culture of performance expectations. This makes the investment of a profit-sharing program viable and makes it into a motivational tool.

## Focus

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A corporate culture that each employee subscribes to helps to create focus among the staff. When employees abide by the company's beliefs and values, it gives a unified impression to vendors, clients and partners. The company can then create a business strategy knowing that the entire organization will apply the guidelines in a uniform manner and improve the chances that a strategy will succeed.

## An Emphasis on Excellence

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When staffing levels are adequate to provide quality products or services to customers, and both safety and quality feel like a top priority, employees feel they work for a great company. If excellence is part of your company's values, deciding to relentlessly pursue that end will attract employees that share the same value.

## Belonging to a Team

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When employees believe there's a spirit of cooperation and a culture of diversity, they are free to bring their best work to the table. The kinds of organizations that are great at hiring people who fit within the culture tend to have employees who have fun at work and like the people they work with.

# Why Culture Matters



- The assumptions and beliefs of employees drive behavior.
- The collective behavior of employees determines results.
- The results measure performance and indicate if strategic business objectives have been achieved.

# Corporate Politics and Use of Power

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03/11/2022

**Corporate Politics** refers to the strategies and behaviors individuals and groups use to influence others and gain advantage within an organization. Often seen as a necessary aspect of office life, these politics arise from the diverse interests, goals, and power dynamics among employees and management. While sometimes viewed negatively due to its association with manipulation and self-interest, corporate politics can also be used positively to achieve beneficial outcomes for the organization and its stakeholders. Effective navigators of corporate politics can facilitate change, foster innovation, and enhance their career progression by building alliances, advocating effectively, and negotiating strategically.

## | **Effects of Corporate Politics:**

### **Influence on Decision-Making:**

Politics can significantly influence organizational decisions, sometimes prioritizing personal or group interests over the best interests of the organization. This can lead to decisions that are not optimal from a business perspective.

### **Impact on Employee Morale:**

Negative corporate politics can lead to a toxic work environment, which can decrease employee morale, increase stress, and result in higher turnover rates.

### **Career Advancement:**

Politics can play a crucial role in career progression within many organizations. Those who are adept at navigating corporate politics often secure promotions and gain influence more readily than others.

### **Resource Allocation:**

Political power can affect how resources are allocated within an organization, potentially leading to inefficiencies. Influential groups or individuals may gain access to better resources, regardless of the actual needs of the business.

### **Organizational Change:**

Politics can either facilitate or hinder organizational change. Power struggles and resistance can emerge as different factions within the organization vie for influence over the direction of change.

### **Collaboration and Teamwork:**

Corporate politics can undermine teamwork by fostering competition and distrust among team members. This can hinder collaboration and the sharing of information, leading to less effective team performance.

### **Communication Barriers:**

Political environments may encourage guarded communication, where employees are cautious about sharing information for fear of being undermined or exposed to risks. This can lead to communication silos and a lack of transparency.

### **Innovation and Creativity:**

In a highly politicized environment, the risk of proposing innovative ideas can feel too high for many employees. This can stifle creativity and innovation, as individuals may prefer to maintain the status quo rather than championing new ideas that could be politically disadvantageous.

## **| Types of Corporate Power:**

### **Legitimate Power:**

Also known as positional power, this type of power comes from the position a person holds within the organization's hierarchy. It grants the holder the authority to make decisions, allocate resources, and direct others based on their role.

### **Reward Power:**

This power is derived from the ability to confer valued material rewards or psychological benefits to others. Managers can use reward power to offer promotions, raises, or other types of incentives to influence behavior and encourage compliance or loyalty.

### **Coercive Power:**

Coercive power is based on the ability to deliver punishments or remove rewards. It can involve threats, demotions, or the denial of opportunities and is often effective in the short term but can lead to resentment and disloyalty over time.

### **Expert Power:**

This power arises from possessing knowledge or expertise that others in the organization find valuable. Individuals with expert power are often turned to for advice on specific issues and can significantly influence decisions and actions based on their perceived expertise.

### **Referent Power:**

Referent power comes from being liked, respected, and admired. It builds on personal traits or relationships rather than formal positions or external resources. People with high referent power can influence others through their charisma, status, or reputation.

### **Informational Power:**

This power is derived from possessing knowledge that others do not have or controlling access to information. Informational power is crucial in decision-making processes and can be used to shape outcomes by controlling what information is disseminated and how it is interpreted.

### **Connection Power:**

Connection power depends on having a network of valuable relationships inside and outside the organization. This can include connections with influential figures, industry leaders, or other key stakeholders. People with connection power can leverage their network to gain access to information, support, or resources that are otherwise unavailable.

### **Persuasive Power:**

This type of power is rooted in the ability to communicate effectively, persuade others, and articulate a compelling vision or argument. Persuasive power can change minds and encourage people to act without the need for formal authority or rewards.

## **| Sources of Corporate Power:**

### **Formal Authority:**

Formal authority derives from the hierarchical structure of the organization. Individuals in positions of authority, such as executives, managers, and supervisors, have the power to make decisions, allocate resources, and direct the activities of subordinates.

### **Control over Resources:**

Control over resources, including financial assets, technology, information, and human capital, can confer significant power within an organization. Those who control or have access to valuable resources can influence decision-making and shape organizational outcomes.

### **Expertise and Knowledge:**

Individuals with specialized expertise, skills, or knowledge relevant to the organization's operations can wield power based on their ability to provide valuable insights, solve problems, and make informed decisions. Expertise can come from education, experience, or unique talents.

### **Networks and Relationships:**

Power can also come from having a broad and influential network of relationships both inside and outside the organization. Well-connected individuals can leverage their relationships to access information, resources, support, and opportunities that others may not have.

### **Charisma and Influence:**

Charismatic leaders or individuals with influential personalities can exert power through their ability to inspire, motivate, and persuade others. Their charisma and influence can rally support, build coalitions, and shape organizational culture and direction.

### **Access to Information:**

Power can stem from controlling or having privileged access to critical information within the organization. Those who possess valuable information can use it to influence decision-making, shape narratives, and gain advantages over others.

### **Position in Decision-Making Processes:**

Power can be derived from one's role or position in key decision-making processes within the organization. Individuals who sit on decision-making bodies, such as boards, committees, or task forces, have the power to influence outcomes and shape organizational strategies.

### **Reputation and Credibility:**

Individuals with a strong reputation for integrity, competence, and reliability can wield power based on their credibility and trustworthiness. Their reputation precedes them, giving weight to their opinions, recommendations, and actions.

### **Organizational Culture:**

The prevailing culture within the organization can also be a source of power. Those who align closely with the dominant values, norms, and expectations of the culture may find themselves more influential and better positioned to drive change and achieve goals.

### **Personal Attributes and Traits:**

Certain personal attributes, such as confidence, resilience, adaptability, and emotional intelligence, can also contribute to one's power within the organization. Individuals who possess these traits may be more effective in navigating complex organizational dynamics and influencing others.

# Causes of Organizational Politics

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Politicking in organizations occurs for a variety of reasons, only one of which is the human tendency to be mischievous on occasions. Here are just some of the causes of political behaviour that is commonplace in businesses and organizations of all types and size and at all levels. With this in mind, we must accept that organizational politics may well be inevitable. If this is so, developing political intelligence becomes essential to managing your performance and your future.

## Causes of Organizational Politics are:

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### 1. Never-ending change

The modern manager is faced with a constant barrage of initiatives, such as the pursuit of quality, continuous improvement and business process re-engineering. When combined with rapid technological advances, the result is a climate of constant change.

Change is unsettling and often results in winners and losers. When this is the case, it is hardly surprising that more extreme subtle, underhand, covert or just downright devious behaviours surface. Individuals start to position themselves in advance of the change. Simply preserving the status quo can often generate such behaviour or even sabotage. It is little wonder that so many change initiatives fail.

### 2. Rationing of resources

Whatever your business, in today's 'global economy' you are likely to face competition from many competitors, not just locally but from thousands of miles away.

Not surprisingly, when businesses set budgets to drive down costs and end prices to the customer, there is enormous pressure to hold down expenditure and investment.

Consequently, department heads have to compete with colleagues for a share of a pot that is rarely large enough. Finance Directors who make these allocations will find themselves on the receiving end of bribes, threats, propositions, sales pitches, gifts, violence and affection – except, of course, we don't call it that, we call it politics.

Relationships may become strained, perhaps even permanently damaged, within a group of people who are supposed to collaborate with each other to best effect on a daily basis.

### 3. Promotions are less plentiful

Cuts in the cost base often reduce opportunities for promotion. The result is more aggressive behaviour on the part of ambitious individuals, who are driven to get ahead of colleagues if they are to obtain the scarce senior roles they aspire to. Aggressive does not mean using fists, but it does entail competing against other members of staff who just happen to be in the same team.

There is nothing underhand in this. Everyone 'knows the score', which only serves to perpetuate a climate of suspicion, rumour and gossip to the detriment of getting the job done. Unfortunately, staying out of the fray simply isn't an option if you want to succeed.

#### **4. A lack of clarity**

The very speed at which businesses move these days requires that roles are frequently amended and job descriptions often lag behind the new way of doing things. Matrix structures and an orientation to project teams often result in ambiguity over who is responsible for what. Objectives set at the start of the year quickly become overtaken by events, which leads to confusion and vagueness between colleagues.

The outcome is often marked by a lack of trust, accusations of exceeding authority and territorial infighting. The rumour mill cranks up and soon individuals are swayed by all manner of perceptions and assumptions that have no basis in fact, but everything to do with the way we choose to interpret others' behaviour.

#### **5. Imperfect reward systems**

Consider the remuneration system that operates in the sales function in your organization. Do salespeople willingly share information on how products and services can best be sold? Or, given that they are effectively competing against each other to win the trip abroad or the bonus for highest numbers in the period, do they keep to themselves any technique that they believe gives them an advantage?

Similarly, 'performance-related rewards' overlook the simple fact that most jobs entail teamwork. Why should colleagues allow themselves to be distracted from their own objectives in order to collaborate in helping others to achieve theirs?

#### **6. Changes higher up**

One of the major catalysts of perceived political behaviour in organizations occurs when there has been a new appointment at a senior level. Individuals get busy brushing up their credentials to benefit from any promotions, appointments or restructures.

Where the activity is open and above board it is probably healthy and acceptable. However, when the activities include bad-mouthing colleagues, questioning abilities or reputations, starting rumours and generally creating unrest, it is usually on account of certain individuals who see an opportunity to get ahead of others by foul means.

# Power and Politics, Manifestations, Impacts, Managing

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**Power** refers to the ability of an individual or group to influence or control the behavior of others, either overtly or covertly. Power can manifest in various forms, including legitimate authority derived from one's position in the organizational hierarchy, expert power stemming from specialized knowledge or skills, referent power based on charisma or personal qualities, reward power through the ability to provide incentives, and coercive power exerted through the threat of punishment.

**Politics**, on the other hand, encompasses the informal processes through which power is distributed and exercised within an organization. It involves the pursuit and use of power and influence to achieve personal or group goals, often through tactics such as coalition-building, manipulation, or negotiation. While power is often associated with formal authority structures, politics operates within both formal and informal channels, reflecting the complex social dynamics at play in organizations.

## Manifestations of Power and Politics:

Power dynamics can manifest in various ways within organizations:

### Decision-Making:

Power influences who participates in decision-making processes, whose interests are prioritized, and the outcomes of decisions. Those with greater power may exert disproportionate influence over strategic choices and resource allocation, shaping the direction and priorities of the organization.

### Resource Allocation:

Power plays a role in determining access to and distribution of resources such as funding, staffing, and information. Individuals or groups with more power may control critical resources, using them to further their own agendas or consolidate their influence within the organization.

### **Conflict Resolution:**

Power imbalances can affect how conflicts are addressed and resolved within organizations. Those with greater power may have more leverage in negotiations and may be able to impose their preferred solutions, potentially exacerbating tensions and undermining cooperation.

### **Organizational Culture:**

Power dynamics shape the norms, values, and behaviors that characterize organizational culture. Cultures that emphasize hierarchy and centralized control may reinforce existing power structures, while those that promote collaboration and empowerment may facilitate more equitable distribution of power.

### **| Impacts of Power and Politics:**

The interplay between power and politics can have significant impacts on organizational effectiveness, employee morale, and overall performance:

#### **Erosion of Trust:**

Excessive politicking and power struggles can erode trust among employees and undermine cooperation and collaboration. When individuals perceive that power is wielded unfairly or manipulatively, they may become disengaged or cynical, impairing organizational cohesion and effectiveness.

#### **Decision-Making Biases:**

Power dynamics can introduce biases into decision-making processes, as those with more power may prioritize their own interests or perspectives over those of others. This can lead to suboptimal decisions that overlook valuable insights or alternative viewpoints, hindering innovation and adaptability.

#### **Resistance to Change:**

Power struggles can impede organizational change efforts by creating resistance among those who perceive change as a threat to their power or status. This resistance can manifest in various forms, including passive-aggressive behavior, sabotage, or outright defiance, slowing the pace of change and undermining its success.

#### **Inequitable Outcomes:**

Unequal distribution of power can result in inequitable outcomes for different individuals or groups within the organization. Marginalized employees may face barriers to advancement or experience discrimination, perpetuating systemic inequalities and hindering diversity and inclusion efforts.

### **| Managing Power and Politics**

While power and politics are inherent aspects of organizational life, effective management strategies can help mitigate their negative effects and promote a more inclusive and equitable workplace:

**Transparent Communication:**

Open and transparent communication can help build trust and reduce uncertainty, mitigating the perception of hidden agendas or manipulation. Leaders should strive to communicate openly about decision-making processes, organizational goals, and the rationale behind strategic choices.

**Fair and Consistent Policies:**

Implementing fair and consistent policies and procedures can help minimize perceptions of favoritism or bias, fostering a sense of equity and fairness among employees. Leaders should ensure that performance evaluations, promotions, and resource allocation decisions are based on objective criteria and merit.

**Empowerment and Inclusivity:**

Empowering employees and fostering inclusivity can help redistribute power more equitably within the organization. Leaders should create opportunities for employees to participate in decision-making processes, solicit feedback, and contribute their ideas and perspectives.

**Conflict Resolution Mechanisms:**

Establishing effective conflict resolution mechanisms can help address power struggles and disputes in a constructive manner. Mediation, arbitration, or facilitated dialogue can provide a forum for parties to express their concerns, explore solutions, and reach mutually acceptable resolutions.

**Ethical Leadership:**

Ethical leadership is essential for promoting integrity, accountability, and trust within organizations. Leaders should lead by example, adhering to high ethical standards and modeling behaviors that reflect fairness, honesty, and respect for others.

# Functional Strategies, Features, Importance, Challenges

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**Functional Strategies** refer to the specific tactics and actions developed by various departments within an organization to support overarching business strategies and objectives. Each functional area—such as marketing, finance, human resources, operations, and information technology—crafts its strategy to optimize performance and contribute to the company's goals. These strategies are tailored to the unique capabilities, processes, and needs of each function and are crucial for the efficient allocation of resources, coordination of activities, and achievement of competitive advantage. Effective functional strategies ensure that each department aligns with the broader strategic vision of the organization, creating synergy and improving overall operational effectiveness to maximize business success and sustainability.

## | Features of Functional Strategies:

### **Specificity:**

Functional strategies are detailed and tailored to address the unique challenges and opportunities within a specific department such as marketing, finance, operations, or human resources.

### **Alignment:**

They are designed to align with the overall corporate strategy, ensuring that each functional area contributes effectively to the overarching goals of the organization.

### **Resource Allocation:**

Functional strategies involve specific plans for allocating resources within a department to maximize efficiency and effectiveness in achieving set objectives.

### **Goal-Oriented:**

These strategies are goal-oriented, focused on achieving specific outcomes that contribute to the success of the entire organization.

### **Measurability:**

They include measurable targets and key performance indicators (KPIs) that help assess the performance of each functional area and its impact on the organization's success.

### **Adaptability:**

Functional strategies are flexible, allowing departments to adapt to changes in the external environment, including market conditions, technology, and regulatory changes.

### **Integration:**

Effective functional strategies are integrated with each other, ensuring that the activities of different departments are coordinated and mutually supportive, avoiding silos within the organization.

### **Competitive Advantage:**

They are often designed to leverage the strengths and core competencies of a functional area to provide a competitive advantage, such as innovation in product development or excellence in customer service.

## **| Importance of Functional Strategies:**

### **Enhanced Coordination:**

Functional strategies help coordinate activities within individual departments and ensure that these activities are aligned with the broader strategic goals of the organization, leading to more cohesive and effective operations.

### **Resource Optimization:**

They facilitate the optimal use of resources within each department, ensuring that resources such as time, money, and personnel are utilized efficiently and effectively to achieve specific functional goals.

### **Goal Achievement:**

Functional strategies are essential for translating high-level organizational goals into actionable plans within each department, which helps in achieving specific and measurable outcomes that contribute to the overall success of the business.

### **Improves Accountability:**

By setting specific objectives for each department, functional strategies improve accountability by making it easier to track performance and hold individual departments responsible for their results.

### **Increases Adaptability:**

They allow departments to quickly adapt to changes in the market or industry by having strategies that are tailored to the specific dynamics and challenges faced by each functional area.

### **Supports Innovation:**

Functional strategies can foster innovation by encouraging departments to develop creative solutions and improvements within their specific areas of expertise, thus contributing to competitive advantage.

### **Enhances Communication:**

Clear functional strategies improve communication within and across departments by defining clear roles, responsibilities, and expectations, which helps in reducing conflicts and enhancing synergy.

### **Drives Competitive Advantage:**

By maximizing the efficiency and effectiveness of each department, functional strategies contribute to building and sustaining a competitive advantage. For example, a cutting-edge marketing strategy can help capture greater market share, while an innovative R&D strategy can lead to the development of unique products.

## **| Challenges of Functional Strategies:**

### **Alignment with Corporate Strategy:**

One of the primary challenges is ensuring that functional strategies align well with the overall corporate strategy. Misalignment can lead to efforts that do not support or even contradict other organizational goals.

### **Resource Constraints:**

Functional areas often compete for limited resources, such as budget, personnel, and technology. Balancing these resources effectively across various departments can be challenging and may impact the effectiveness of functional strategies.

### **Interdepartmental Coordination:**

Ensuring coordination and cooperation among different functional areas can be difficult. Lack of coordination can lead to silos that hinder information sharing and collaborative problem-solving.

### **Adaptability to Change:**

External changes such as market dynamics, economic conditions, and technological advancements require functional strategies to be flexible. Adapting strategies in response to these changes can be challenging, particularly in larger, less agile organizations.

### **Measuring Performance:**

Developing clear, measurable KPIs that accurately reflect the performance of functional strategies can be complex. Without precise metrics, assessing effectiveness and making informed decisions becomes problematic.

### **Skill Gaps:**

Effective implementation of functional strategies often requires specific skills and expertise. Skill gaps within teams can lead to suboptimal execution of these strategies.

### **Cultural Fit:**

Functional strategies must fit within the organizational culture to be effective. Strategies that clash with the established culture may face resistance, reducing their effectiveness or leading to failure.

**Innovation Constraints:**

While functional strategies aim to optimize current operations, they can sometimes constrain innovation by focusing too heavily on refining existing processes and products. Balancing operational excellence with innovation is a significant challenge.

# Functional Level Strategy

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Functional Level Strategy can be defined as the day to day strategy which is formulated to assist in the execution of corporate and business level strategies. These strategies are framed as per the guidelines given by the top level management.

Functional Level Strategy is concerned with operational level decision making, called tactical decisions, for various functional areas such as production, marketing, research and development, finance, personnel and so forth.

As these decisions are taken within the framework of business strategy, strategists provide proper direction and suggestions to the functional level managers relating to the plans and policies to be opted by the business, for successful implementation.

## Role of Functional Strategy

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- It assists in the overall business strategy, by providing information concerning the management of business activities.
- It explains the way in which functional managers should work, so as to achieve better results.

Functional Strategy states what is to be done, how is to be done and when is to be done are the functional level, which ultimately acts as a guide to the functional staff. And to do so, strategies are to be divided into achievable plans and policies which work in tandem with each other. Hence, the functional managers can implement the strategy.

## Functional Areas of Business

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There are several functional areas of business which require strategic decision making, discussed as under:



Marketing involves all the activities concerned with the identification of customer needs and making efforts to satisfy those needs with the product and services they require, in return for consideration. The most important part of a marketing strategy is the marketing mix, which covers all the steps a firm can take to increase the demand for its product. It includes product, price, place, promotion, people, process and physical evidence.

For implementing a marketing strategy, first of all, the company's situation is analyzed thoroughly by SWOT analysis. It has three main elements, i.e. planning, implementation and control.

There are a number of strategic marketing techniques, such as social marketing, augmented marketing, direct marketing, person marketing, place marketing, relationship marketing, Synchro marketing, concentrated marketing, service marketing, differential marketing and demarketing.

All the areas of financial management, i.e. planning, acquiring, utilizing and controlling the financial resources of the company are covered under a financial strategy. This includes raising capital, creating budgets, sources and application of funds, investments to be made, assets to be acquired, working capital management, dividend payment, calculating the net worth of the business and so forth.

Human resource strategy covers how an organization works for the development of employees and provides them with the opportunities and working conditions so that they will contribute to the organization as well. This also means to select the best employee for performing a particular task or job. It strategizes all the HR activities like recruitment, development, motivation, retention of employees, and industrial relations.

A firm's production strategy focuses on the overall manufacturing system, operational planning and control, logistics and supply chain management. The primary objective of the production strategy is to enhance the quality, increase the quantity and reduce the overall cost of production.

The research and development strategy focuses on innovating and developing new products and improving the old one, so as to implement an effective strategy and lead the market. Product development, concentric diversification and market penetration are such business strategies which require the introduction of new products and significant changes in the old one.

For implementing strategies, there are three Research and Development approaches:

- To be the first company to market a new technological product.
- To be an innovative follower of a successful product.
- To be a low-cost producer of products.

Functional level strategies focus on appointing specialists and combining activities within the functional area.

# Functional Level Implementation

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**Functional Strategies** are at the heart of competitive advantage of any firm. These strategies are a great help to the implementation of integrated business strategy of the firm. They are as basis for attaining the strategic intent of the firm. Functional strategies are formed in correlation with the changing competitive environment.

Every business firm is built around certain basic functions such as production, marketing, finance, human resources, information system, operational research and development, etc. Many other functions are supporting activities which are significant for the business. Melvin J. Stanford says that for a firm to fulfill its purposes and progress towards its objectives, strategic alternatives within each of these functional areas must be developed, selected and implemented by management.

Functional strategies are the collective activities of day-to-day decisions made by respective functional department heads who are responsible in creating and adding value to the product or service. They are involved in designing product, raising finance, manufacturing the required product, delivering product to customers, and support product or service of each business within the corporate portfolio.

These activities are carried out by efficient utilization of available resources and capabilities; and integrating the activities within the functional area as, for example, coordinating among research in marketing, purchasing, inventory control, promotion, advertising and shipping in production.

Functional strategies are derived from business level strategy. Remember the three generic strategies-low cost leadership; differentiation and focus strategy. For example, take a firm pursuing low cost leadership strategy. When the strategy is implemented, all the functional areas have to be focused on low cost structure.

According to Thompson and Strickland, strategy making is not just a task for senior executives. In large enterprises, decisions about what business approaches to take and what new moves to initiate involve senior executives in the corporate office, heads of business units and product divisions, the heads of major functional areas within a business or division (manufacturing, marketing and sales, finance, human resources, and the like), plant managers, product managers, district and regional sales managers, and lower-level supervisors. In diversified enterprises, strategies are initiated at four distinct organization levels-

**These are as follows:**

## 1. Corporate Strategy

It is a strategy for the company and all of its businesses as a whole.

## 2. Business Strategy

It is a strategy for each separate business the company has diversified into.

### **3. Functional Strategy**

Then there is a strategy for each specific functional unit within a business. Each business usually has a production strategy, a marketing strategy, a finance strategy, and so on.

### **4. Operating Strategy**

And finally, this is a still narrower strategy for basic operating units — plants, sales districts and regions, and departments within functional areas.

## **| Importance of Functional Strategy**

Today, every firm faces challenges in optimizing resources such as finance, production facilities, technology, and marketing opportunities in functional areas. Functional managers need strategies to make the best of opportunities and to identify avenues for growth. They need strategic focus on their decisions in their fields.

The importance of functional strategies is pointed out under the following headings:

### **1. Help in Operation of Business Functions**

Functional strategies provide operational help in the conduct of various functional activities. For example, a finance manager has to necessarily take decisions on funding opportunities, deploying projects, reducing capital costs, or acquiring another firm. In addition, he has to decide on strategic options to manage working capital, which may be used to decide the various aspects of receivables management, factoring, payables management, inventory strategy, and treasury management.

Similarly, to manage human resource function, a number of strategic initiatives can be deployed by a firm. Managers need strategic focus on various functions. The production and operations management function also involves a number of strategic issues.

### **2. Managerial Road Map**

Thompson and Strickland write, “A company needs a functional strategy for every major business activity and organizational unit. Functional strategy, while narrower in scope than business strategy, adds relevant detail to the overall business game plan. It aims at establishing or strengthening specific competencies calculated to enhance the company’s market position. Like business strategy, functional strategy must support the company’s overall business strategy and competitive approach. A related role is to create a managerial road map for achieving the functional area’s objectives and mission.”

### **3. Help in Implementation of Grand Strategy**

Pearce and Robinson state that “functional strategies must be developed in the key areas of marketing, finance, production, R&D, and personnel. Functional strategies help in implementation of grand strategy by organizing and activating specific subunits of the

company to pursue the business strategy in daily activities.”

#### **4. Decisional Guides to Action**

Functional strategies guide and translate thought into action designed to accomplish specific annual objectives. Thus, functional strategies may be regarded as decisional guides to action that make the strategies work. They clarify many conflicting issues and problems, giving specific short-term guidance to operating managers and employees.

#### **5. Improves Effectiveness and Efficiency and Creates Super Profitability**

It should be noted that functional strategies aim at improving the effectiveness of a company's operations and thus its ability to attain superior efficiency, quality, innovation, and customer responsiveness. It is important to keep in mind the relationships of functional strategies, distinctive competencies, differentiation, low cost, value creation, and profitability.

We can note that functional-level strategies can build resources and capabilities of a firm that enhance superior efficiency, quality, innovation. These in turn, create low cost, value and superior profitability.

#### **6. Builds Competitive Advantage**

Functional strategies can improve the efficiency, reliability (quality), and consumer responsiveness of its service. Thus, they can be used to build a sustainable competitive advantage. Functional strategies can increase efficiency of activities and thereby lower their cost structure. In fact, functional strategy is concerned with developing and nurturing a distinctive competence to provide a company or business unit with a competitive advantage.

### **| Types of Functional Strategy**

#### **1. Marketing Strategy**

The definition of marketing strategy can be given, as: “A marketing strategy is a practice that allows an organization to focus on the available resources and turn the opportunities into productivity to increase sales and achieve justifiable competitive lead.” Marketing strategies provide detailed information to the necessary plans to be taken, to carry out the marketing program.

By using an effective marketing plan an organization may go for capturing a large share of existing market, develop a new market for its current products, or develop new products for its existing market or even go for total diversification strategy that mean developing a new product for an entirely new market.

The marketing strategy based on building an organization that revolves around customer satisfaction helps the organization in achieving fast growth rate. It describes how the organization is going to engage customers, identify the prospects, and the competition in

the market.

## **2. Financial Strategy**

The financial strategy deals with the availability or sources, usages, and management of funds. It focuses on the alignment of financial management with the corporate and business objectives of an organization to gain strategic advantage. It emphasizes on the aspects such as – how much fund is required. When the fund is required? How the funds should be raised? In addition, by what are the means to use and manage the funds?

## **3. Operations Strategy**

According to Slack and Lewis, operations strategy can be defined as: “the total pattern of decisions which shape the long term capabilities of any type of operations and their contribution to the overall strategy, through the reconciliation of market requirements with operations resources.” One must not be confused between two terms that are “operations” and “operational”.

However, the words are similar but have different meaning. ‘Operations’ refers to those parts of business which deals with producing goods and services. ‘Operational’ means short term and limited plans. For example, a marketing strategy defines the procedures and approaches to be used by an organization to position its business in the market.

## **4. Human Resource Management Strategy**

Human resource management (HRM) strategy assists in implementing the specific function of human resource management to any organization. Human resource management strategy provides a practical framework of managing human resource in line with the organization’s corporate objectives.

It involves a four-way approach:

- Developing a strategic framework
- Generating HR mission statement
- Applying SWOT analysis
- Making HR planning decisions

# Process of Developing HR Policies

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HR policies may be of two types, namely formal and informal. About informal HR policies, Michael J. Jucius has rightly observed that many personnel policies undoubtedly have just grown. In such instances, everyone seems to know, without being told and without knowing where it originated, that a certain type of decision will be made in certain situations. Such policies are informal, and as such their framing or establishment cannot be analysed.

However, some useful comments can be made about formal policies.

Most of the HR policies should be framed by the higher level of management with the advice and assistance of staff of the HR department. Framing of HR policies is also affected by the consultation and advice of employees, day-to-day problems by the management, social and political changes, international happenings and so on.

It is the responsibility of an efficient and effective HR manager to frame HR policies and make necessary changes and amendments from time to time, whenever necessary. In the framing of HR policies, weightage should be given to the views, advice and suggestions of such people who are likely to be impacted by those HR policies.

Such people make a lot of relevant information available for the formation of HR policies. When the rough draft is made, it should be sent to the representatives of employees, departmental heads and experts for their perusal, comments and suggestions, if any.

Maximum attention should be paid to the comments, criticism and observations made by the employees because these are the people who are most effected by HR policies. Then ultimately, the HR policies should be finally drafted and declared. There is every justification for framing the HR policies by the higher level of management in consultation with other agencies.

It brings consistency and uniformity in the decisions and actions of the Organisation. It can be illustrated with an example. Take the matter of awarding punishment for the acts of indiscipline. In an Organisation, practically every executive has to take disciplinary actions at one time or another.

In case there is no HR policy laying down the nature and quantum of punishment for different types of acts of indiscipline, every executive will have to use his/her own discretion in awarding the punishment. Obviously, it will differ from executive to executive, and cases will not be wanting in which the nature and quantum of punishments may differ widely, though the offence may be the same.

This may lead to discontentment among employees and, thus, may prove an obstacle in the way of the accomplishment of the desired objectives of the organisation. Hence, it will be a better proposition if policies on such matters are framed by higher-level

management to cover all parts of the organisation so that there may be uniformity and consistency in the decisions and acts of the management.

While framing HR policies, we should also keep in view the objectives, cost and utility of the policies as also the reaction of trade unions. The successful implementation of a policy needs the sincere cooperation of trade unions. Hence, trade union leaders should also be taken into confidence while framing HR policies or for that matter any policy.

The principles of justice, democracy and equality, and the recognition of the needs of employees, should also be taken care of in the preparation of HR policies. The policies framed having kept in view the aforementioned points, more often than not, prove effective.

Once the HR policies are framed, there comes the problem of their transmission and application. As a matter of fact, it is the middle management and the first-line supervisors who will be more concerned with the transmission and application of HR policies.

Middle management should be responsible for communicating the policy formulation to operating levels. Here, communication involves a lot of functions such as interpretation of policies, clarification of areas of uncertainty and misunderstanding and also imparting training to lower-level staff in policy application.

Formulation of HR policies considers a number of factors- organizational philosophy, HR philosophy, external factors, and internal factors. When all these factors are taken into consideration, there may be a number of policy alternatives in relation to a particular matter, for example, recruitment, development, compensation, etc. That alternative is chosen which matches with the maximum number of factors.

After the choice, a policy is put into action and its results are known. If the policy is workable, it is adopted as a long-term measure. However, each policy should be reviewed periodically to incorporate necessary changes because of changes in any of the factors influencing HR policies.

### **1. Organizational and HR Philosophy:**

Organizational philosophy is based on the philosophy of those who create and manage an organization. Philosophy is the set of beliefs and assumptions about how things happen and how they should happen. HR philosophy is derived out of organizational philosophy which reflects the approach that would be adopted in managing human resources in the organization.

### **2. External Factors:**

HR policies are formulated not in vacuum but take into consideration various external factors on which the organization does not have control. These external factors are government's policy towards management of people in the form of various relevant laws,

guidelines, and other specifications; nature of competition for human resources, socio-cultural attitudes towards work, productivity of human resources, and image of the organization in the human resource market.

### **3. Internal Factors:**

Besides the external factors, there are various internal factors in the organization which influence the applicability of a particular HR policy. These factors are the nature of work in the organization — a computer software company may not have the same HR policies as a manufacturing organization with low-level technology, sudden change in the organization like large-scale diversification or contraction of business activities, pressures from trade unions, etc.

### **4. Policy Alternatives:**

When these factors are taken into consideration, various policy options may emerge on a particular issue. For example, when a vacancy arises at a middle management, the issues that emerge are- whether the position should be filled-up by promotion of internal person or it should be filled-up by appointing a new manager.

If the policy states that the position should be filled-up by internal promotion, another issue arises whether the promotion should be made on the basis of merit or seniority and defining the yardsticks for measuring merit or seniority. Similar such issues arise on other matters too.

### **5. Policy Choice:**

The identification of various policy alternatives leads to the level where managers can consider some alternatives seriously and choose one of these which is most acceptable in the light of various factors which influence the workability of HR policies. The chosen policy is not necessarily the best one but it is best one in a given situation. That is why it is referred to as the most acceptable one.

### **6. Policy in Action:**

When a particular policy is chosen, it is put in action for the guidelines to managers concerned and results are obtained. If the results are in accordance with the objectives of the policy, the policy is workable. However, if the results do not match with the objectives, the same process of policy formulation proceeds with new information inputs regarding all those factors which influence applicability of HR policies.

### **7. Review:**

HR policies are formulated in the light of given situation. However, the situational variables are not static but they are dynamic and change with the time. Therefore, in order to integrate these changes, there should be periodic review of HR policies in the light of these factors and suitable changes must be incorporated.

For example, when Madura Garments, a division of Madura Coats, was taken over by Kumarmangalam Birla Group, many managerial personnel left the division which created a managerial vacuum and employee morale turned to be quite low.

In order to rebuild the division, many actions were taken in which change in compensation was one of these and there was a hefty salary hike of 50-60 per cent of all employees.

Because of changed situations, Hindustan Unilever, once the choice employer of managerial talents, has incorporated many changes in its HR policies to attract and retain managerial talents such as provision of 2-3 months training abroad for all new recruits in management cadre, direct entry of experienced managerial talents at the middle management level, offering of stock option scheme, and special emphasis on recruiting woman employees.

Regarding the form in which HR policies should be communicated, it may be mentioned that many policies are stated in oral or may be informal, but it is better if policies are in writing. Written policies are definitely an improvement over oral or informal policies. There is no doubt that written policies need more time and labour to prepare, but they are worth it, because written policies impart precision, permanence and ease of transmission.

They can be produced for auditing or evaluation whenever required without any loss of time. They can also be used as training manuals. Hence, it may be suggested that it is always desirable to prepare policies with a careful selection of words and having clarity and should be in printed form.

So far as the line supervisors are concerned, they should be responsible for applying HR policies. In some cases, the HR department should also be responsible for applying HR policies in their respective fields.

# Areas of HR Policies in Organisation

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Human resource policies begin with identifying the areas requiring such policies; after which steps should be taken to collect the necessary facts, both from internal and external sources. The various policy alternatives should then be identified, resulting in the choice of the most appropriate ones.

An Organisation has no appropriate HR policy, the HR manager should convince the Chief Executive of the need of a HR policy. Policies are required in various areas of human resource management since areas are hiring, training, compensation, industrial relations, etc. A staff expert, a union leader, a first-line supervisor, or a rank-and-file employee may voice the need for revision of an existing policy.

In organizations where business policies are driven by employee strengths in terms of their understanding of business opportunities and their confidence to cope with the challenges of creating a niche for themselves, the task of executing a business policy becomes much easier. It becomes easy because the business policy has already factored the areas of organizational issues that could pose a challenge and made adequate resource provisions including the time to achieve the business goal.

As such when strategically designing the HR policy, the company should consider the emerging technological scenario and opportunities that such change may provide in all important areas of HR functions.

The areas of internal HR environment critical to the success of any new HR policy are employee number and their competencies, organizational structure and power relations between different groups, employee belief, value and organizational culture, managerial experience, expertise and philosophy on the use and role of HR.

## 1. Employment Policies:

- (i) Minimum hiring qualifications and experience.
- (ii) Preferred sources of recruitment.
- (iii) Reservation for different groups.
- (iv) Employment of relations of existing personnel.
- (v) Reliance on various selection devices such as tests, reference checks, and interviews.
- (vi) Placement of new employees, and
- (vii) Orientation of new employees.

## 2. Transfer and Promotion Policies:

- (i) Rationale of transfer.

- (ii) Periodicity of transfer.
- (iii) Promotion of existing staff.
- (iv) Length of service required for promotion.
- (v) Qualifications and merits required for promotion.
- (vi) Weightage to seniority and merit in promotion.

### **3. Training and Development Policies:**

- (i) Frequency of training and development programs.
- (ii) Basis for training.
- (iii) Types of training, viz., on-the-job or off-the-job.
- (iv) Programs of executive development.
- (v) Career advancement.

### **4. Compensation Policies:**

- (i) Minimum wages and salaries.
- (ii) Methods of wage payments.
- (iii) Individual incentive plans.
- (iv) Group incentive plans.
- (v) Employee Stock Option Plan (ESOP).
- (vi) Profit sharing.
- (vii) Non-monetary rewards.

### **5. Integration and Human Relations Policies:**

- (i) Employee discipline.
- (ii) Handling of grievances.
- (iii) Recognition of employees' unions.
- (iv) Employees' participation in management.
- (v) Suggestion scheme.

### **6. Working Conditions and Welfare Policies:**

- (i) Kinds and standards of working conditions.
- (ii) Number and duration of rest intervals.
- (iii) Overtime.
- (iv) Types of leaves.
- (v) Safety program.
- (vi) Types of welfare services.
- (vii) Financing of employee services.

# Importance of Strategic HR Policies to Maintain Workplace Harmony

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**(i) Facilitates decision-making.** Policy helps managers at various levels to act with confidence without the need of consulting the superiors every time. It gives them alternatives to choose from.

**(ii) Promptness of action:** When situations arise that call for decisions, policy will ensure prompt action within the overall framework of the objectives of the organisation.

**(iii) Consistency of action:** Effective policies ensure uniform and consistent treatment of all employees throughout the organisation. Sound personnel policies are, therefore, an essential base for sound personnel practices. Policies provide the base for management by principle as contrasted with management by expediency.

**(iv) Continuity and stability:** Written policies are a means of transmitting the company's heritage from one generation of executives to another. There would be stability in decision making in the organisation even if some key executives retire or leave the organisation.

**(v) Better control:** Policy provides a rational and continuous system of achieving results which facilitates better control.

**(vi) Eliminates personal hunch and bias:** Clearly laid down policy liberates decision-maker from his personal bias and self-interest.

**(vii) Welfare of people:** By removing momentary and hasty decisions, policy ensures long-term welfare of people involved in the organisational activities.

**(viii) Confidence in employees:** Policy makes the employees aware of where they stand in relation to the organisation. This will create confidence in them.

## Limitations of HR Policies:

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HR policies may suffer from some limitations which are as follows:

(i) Policies are repeatedly used plans. They bring about rigidity in operations as they leave no room for initiative by the subordinates.

(ii) Policies may not cover all the problems. Sometimes, unforeseen situations arise which are not covered by the existing policies.

(iii) Policies are no substitute for human judgement. Policies only delimit the areas within which decisions are to be made.

(iv) Policies may not be ever-lasting as they lose their utility with the changes in the internal and external environment of the business.

## Importance

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### **Key to Managerial Functions:**

Planning, organizing, leading, directing, and controlling (POLDC) are the five managerial functions that need HR for their execution. Human resources help in the accomplishment of all these managerial activities effectively and efficiently. Therefore, staffing becomes a key to all managerial functions.

### **Efficient Utilization:**

With the emergence of the concept of the global village, handling HR efficiently has become an important function in the industry. Large organizations need huge HR to execute their job effectively. As such, the staffing function has emerged as a critical organization process.

### **Motivation:**

Irrespective of their levels, organizational citizens need motivation. The staffing function, in addition to putting the right men on the right job, also comprises various motivational programmes. It is essential to launch financial and non-financial motivational schemes, including incentive plans. Therefore, all types of incentive plans become an integral part of staffing function to satisfy both intrinsic and extrinsic motivation.

### **Better Industrial Relations:**

Stability, smooth running, and growth of a concern depend on the quality of interpersonal relations; especially on the relation between the management and unions. Members from the unions and associations form a collective bargaining forum. A strong relation between them helps taking decisions collectively. Furthermore, human relations can become even stronger through effective control, clear communication, and effective supervision and leadership.

### **Higher Productivity:**

Productivity levels increase with the efficient utilization of resources in the best possible manner. Productivity is enhanced by minimizing wastage of time, money, efforts, and energies. Alternatively, cost reduction, value engineering, method study and work measurement, and other techniques help to enhance productivity. Human resource and its related activities/systems such as performance appraisal, / training and development, remuneration, further settle on productivity.

The importance of human resource planning are as follows:

1. Human resource planning helps in finding out surplus and shortage of manpower in the organization. Hence it creates reservoir of talents;
2. It leads to systematic employee development and prepares people for future;

3. It is useful in finding out the deficiencies in existing manpower and providing corrective training;
4. It is helpful in overall planning process of the organization;
5. It facilitates the expansion or contraction of scale of operations;
6. It helps in preparing appropriate human resource budget for each department or division, which helps in controlling manpower costs; and
7. It plays a major role in succession planning for the key personnel in the organization.

When man is considered as a resource, it is understood, he has some potential characteristics, which can be used to organizational needs in the path of fulfilling the organizational, social and national goals. Manpower or Human resource can be considered as the total knowledge, skills, creative abilities, talents and aptitudes of an organization's work force, as well as the values, attitudes and benefits of an individual involved.

Among the resources used for production i.e. materials, machines, methods, money and manpower, the most important M is manpower resource. When considered as a resource, it is valuable asset of the organization. Hence, planning for manpower is as important as planning for other resources.

Manpower planning or Human Resource Planning is synonymous. It is forecasting future manpower requirement to cater the needs of the organization. It involves of making an inventory of present manpower resources and assess the extent to which these resources are employed optimally. It consists of projecting future manpower requirements and developing manpower plans for the implementation of the projections.

# Strategic Evaluation and Control

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Strategic Evaluation & control is as important as strategy formulation. It sheds light on the efficiency and effectiveness of the comprehensive plans in achieving the desired results.

Role of organizational systems in strategic evaluation & control: Strategic evaluation operates in the context of various organizational systems. An organization develops various systems which help in integrating various parts of the organization. The major organizational systems are: information system, planning system, motivation system, appraisal system and development system. All these organizational systems play their role in strategic evaluation and control. Some of these systems are closely and directly related and some are indirectly related to evaluation and control. In connection with the role of organizational systems in strategic evaluation & control, the following systems may be important.

Evaluation and control action is guided by adequate information from the beginning to the end. Management information and management control systems are closely interrelated which the information system is designed on the basis of control system. Every manager in the organization must have adequate information about his performance, standards and how he is contributing to the achievement of organizational objectives. There must be a system of information tailored to the specific management needs at every level, both in terms of adequacy and timeliness.

Planning is the basis for control in the sense that it provides the entire spectrum on which control function is based. In fact, these two terms are often used together in the designation of the department which carries production planning, scheduling and routing. It emphasizes that there is a plan which directs the behavior and activities in the organization. Control measures these behavior and activities and suggests measures to remove deviation. Thus, there is a reciprocal relationship between planning and control.

Motivation system is not only related to evaluation and control system but to the entire organizational processes. Lack of motivation on the part of managers is a significant barrier in the process of evaluation and control. Since the basic objective of evaluation and control is to ensure that organizational objectives are achieved. Motivation plays a central role in this process. It energizes managers and other employees in the organization to perform better which is the key for organizational success.

Appraisal or performance appraisal system involves systematic evaluation of the individual with regard to his performance on the job and his potential for development. While evaluating an individual, not only his performance is taken into consideration but also his abilities and potential for better performance. Thus, appraisal system provides feedback for control system about how individuals are performing.

Development system is concerned with developing personnel to perform better in their present positions and likely future positions that they are expected to occupy. Thus, development system aims at increasing organizational capability through people to

achieve better results. These results become the basic for evaluation and control. Role of organizational systems in strategic evaluation should not be undermined.

## **Techniques of strategic evaluation & control**

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Strategy evaluation and control is the sixth step in the strategic management process. As we have read that well executed strategy definitely ensures successful achievement of organizational goals and objectives. But changes internal and external environment of an organization may not allow the firm to achieve desired goals and objective. The environment changes may takes place at any stage of strategy implementation. Strategy evaluation and control done after measuring results shall not help in taking corrective action. It should be done in the early stage of strategy execution, to see whether the strategy is successfully implemented or not and to carryout mid-course corrections whenever necessary. Therefore strategists should systematically review, evaluate, and control the process of strategy implementation.

## **Techniques of Strategic Evaluation**

### **1) Gap Analysis**

- The gap analysis is one strategic evaluation technique used to measure the gap between the organization's current position and its desired position.
- The gap analysis is used to evaluate a variety of aspects of business, from profit and production to marketing, research and development and management information systems.
- Typically, a variety of financial data is analyzed and compared to other businesses within the same industry to evaluate the gap between the organization and its strongest competitors.

## 2) SWOT Analysis

- The SWOT analysis is another common strategic evaluation technique used as a part of the strategic management process. The SWOT analysis evaluates the organization's strengths, weaknesses, opportunities and threats.
- Strengths and weaknesses are internal factors, while opportunities and threats are external factors.
- This identification is essential in determining how best to focus resources to take advantage of strengths and opportunities and combat weaknesses and threats.

## 3) PEST Analysis

- Another common strategic evaluation technique is the PEST analysis, which identifies the political, economic, social and technological factors that may impact the organization's ability to achieve its objectives.
- Political factors might include such aspects as impending legislation regarding wages and benefits, financial regulations, etc
- Economic factors include all shifts in the economy, while social factors may include demographics and changing attitudes. Technological pressures are also inevitable as technology becomes more advanced each day.
- These are all external factors, which are outside of the organization's control but which must be considered throughout the decision making process.

## 4) Benchmarking

- Benchmarking is a strategic evaluation technique that's often used to evaluate how close the organization has come to its final objectives, as well as how far it has left to go.
- Organizations may benchmark themselves against other organizations within the same industry, or they may benchmark themselves against their own prior situation.
- A variety of performance measures, as well as policies and procedures, may be evaluated regularly to identify where adjustments are necessary to maintain the sustainable competitive advantage.

# Criteria of Strategic Evaluation and Control

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**Strategic Evaluation and Control** refer to the systematic process of assessing the efficiency and effectiveness of a strategy after its implementation to determine if it meets the set objectives and contributes to the overall goals of an organization. This involves continuous monitoring and analyzing the actual performance against planned targets, identifying deviations, and implementing corrective actions as needed. The control aspect ensures that any strategic initiative remains aligned with the organization's goals, adapts to changes in the external environment, and efficiently uses resources. This dual process helps organizations to continuously refine and adjust their strategies to optimize outcomes and ensure long-term success.

Strategic evaluation and control involve assessing the implementation of strategic plans and their outcomes, and ensuring that performance aligns with organizational goals.

## Criteria for Strategic Evaluation

### 1. **Relevance:**

The strategies should remain relevant to the internal and external environment. This includes checking if the strategic goals still align with the market dynamics and organizational mission.

### 2. **Effectiveness:**

Measures the degree to which the strategic objectives have been achieved. This involves comparing actual results against intended outcomes.

### 3. **Efficiency:**

Assesses how resources are utilized and whether the outcomes are worth the input. It looks at cost-effectiveness and resource allocation.

### 4. **Adaptability:**

Evaluates how flexible and adaptable the strategies are in response to changing conditions in the environment.

### 5. **Sustainability:**

Checks if the strategy can sustain organizational growth and performance over the long term, considering environmental, social, and economic factors.

### 6. **Consistency:**

Ensures that strategies are consistent with each other and with the overall business objectives, avoiding any conflict between various strategic initiatives.

## | **Criteria for Strategic Control**

### **1. Alignment:**

Ensures that the strategic actions are aligned with the set strategic goals. This involves continuous monitoring and alignment of operations with strategic objectives.

### **2. Timeliness:**

Focuses on the timely execution of strategic initiatives and the speed of response to any deviations from the plan.

### **3. Accuracy:**

Involves collecting and utilizing accurate data for making informed decisions. This ensures that the controls in place are based on reliable and valid information.

### **4. Comprehensiveness:**

Encompasses all aspects of the organization and its environment. It checks that all relevant factors are considered in the control process.

### **5. Flexibility:**

Looks at how easily the organization can adjust its strategies and operations in response to feedback and environmental changes.

### **6. Cost-effectiveness:**

Evaluates whether the benefits of a control mechanism justify the costs involved. This is crucial for maintaining financial health and optimizing resource usage.

# Techniques of Strategic Evaluation and Control

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**Strategic Evaluation and Control** refer to the systematic process of assessing the efficiency and effectiveness of a strategy after its implementation to determine if it meets the set objectives and contributes to the overall goals of an organization. This involves continuous monitoring and analyzing the actual performance against planned targets, identifying deviations, and implementing corrective actions as needed.

Strategic evaluation and control are essential for ensuring that an organization's strategies are effectively guiding it towards its goals. Various techniques are used in this process, each serving different purposes but collectively helping an organization stay on track.

## **Benchmarking:**

Comparing the organization's processes and performance metrics to industry bests or best practices from other industries.

## **Balanced Scorecard:**

Incorporates financial and non-financial measures across four dimensions: Financial Performance, Customer Knowledge, Internal Business Processes, and Learning and Growth.

## **Key Performance Indicators (KPIs):**

Specific metrics defined to measure the effectiveness of current strategies in achieving organizational objectives.

## **SWOT Analysis:**

Evaluates strengths, weaknesses, opportunities, and threats to understand both internal and external environments affecting the organization.

## **Management by Objectives (MBO):**

Involves setting specific measurable objectives aligned with organizational goals, which are agreed upon by management and employees.

## **Financial Ratio Analysis:**

Uses ratios like return on investment (ROI), return on assets (ROA), and profit margins to analyze organizational financial health and performance.

## **Value Chain Analysis:**

Examines activities within the organization and identifies where value can be added to products and services, including identifying cost advantages or disadvantages.

### **Scenario Planning:**

Involves developing detailed, hypothetical scenarios to anticipate possible future conditions and how the organization might respond to them.

### **Strategy Maps:**

Visual representations of an organization's overall objectives related to each other and the strategy itself, facilitating alignment and understanding across the organization.

### **Performance Dashboards:**

Provide real-time data on key performance indicators and critical success factors, allowing for quick adjustments to strategies and operations.

### **Strategy Reviews:**

Regular meetings to review the progress and efficacy of the strategic plan and make necessary adjustments.

### **Environmental Scanning:**

Constantly collecting information on external events and trends to identify potential threats or opportunities.

### **Risk Management:**

Identifying, analyzing, and responding to risks that could potentially impact the organization's ability to achieve its objectives.