

# ASSIGNMENT No. 02

## Principles of Management (1427) ADC/ BS (Accounting & Finance) AD Spring, 2025

**Q. 1 Define managerial communication. Discuss the interpersonal communication process.**

Communication performs many functions, such as informing and generating awareness, educating, persuading, motivating, entertaining, etc. The functions of communication in an organization are to inform, persuade, and motivate. Employees need to have effective organizational communication in order to achieve excellent job performance. The communication between the top management and the employee needs to be effective for better work culture.

### Sharing of Information:

Information is the key to progress in any organization. Business Communication is communication that promotes a product, service, marketing, or organization; relays information within a business, or functions as an official statement from a company. The primary objective of communication in management is to convey information—instructions, policies, procedures, decisions, etc., so the listener will hear, read, understand what is said, agree and accept the message, and react as intended by the manager or sender of the communication.

Communication plays an important role in information dissemination related to any form of human activity. Communication is the process of exchanging messages, ideas, facts, opinions, or feelings. The functions of communication in an organization are to inform, persuade, and motivate. Employees need to have effective organizational communication in order to achieve excellent job performance. Communication provides us with information about the environment we are placed in. It helps in molding our opinions, formulating decisions, and in turn making 'informed choices' to safeguard our interests as well those of the team or organization. Communication is a fundamental mechanism by which members of the group show their satisfaction and frustrations. Communication, therefore, provides for the emotional expression of feelings and fulfillment of social needs.

### Decision-Making Process:

Communication results in the sharing of information, which in turn makes employees knowledgeable and thus productive. Communication provides the information individuals and groups need to make decisions by transmitting the data needed to identify and evaluate choices. Thus communication helps to facilitate decision making. Decision-making is the core of the management process. The relationship between communication and decision-making is inseparable since decision making must rely on the information. The decision is the triggering mechanism of communication. The manager is a decision-maker. But all decisions based on the communication of information to the management.

### Training and Upskilling of Employees

Training of personnel is an ongoing process and communication plays an important role in the orientation and training of employees. The degree of learning depends to a great extent not only on the contents of training but also on how effectively the information and skills are shared. As we know, knowledge can be constructed through interaction between learners and peers and also other sources of information. Hence, effective communication results in effective teaching and training.

### Networking & Socialization:

For the wellbeing of the organization society, nation, and culture it is crucial that we are exposed to different viewpoints so that we understand and appreciate the need for a plurality of ideas and diversity of views. Communication fosters the feeling of oneness in society by exposing the various

social groups to different views. It develops the need to share and understand the feelings, emotions, hopes, aspirations, and expectations of varied groups in a social system.

### Motivation:

A motivated individual plays a useful and active role in an organization. Communication fosters motivation by clarifying to employees what they must do, how well they are doing it, and how they can improve if performance is subpar. Communication motivates and persuades individuals to meet the mutually agreed-upon goals. Sharing success stories of those who have overcome the odds and have been able to achieve their goals can do this. This function of communication, although relevant in all walks of life is more pronounced in business and industry where communication is being increasingly used as a tool for motivation. The formation of specific goals, feedback on progress toward the goals, and reward for desired behavior all stimulate motivation and require communication.

### Persuasion:

Yet another important function of communication is to persuade. This may be to influence us towards a new idea, technique, or a product and also to persuade us to buy these products. The manager will probably desire to influence or persuade the employee in a way that will help maintain favorable relationships. Other motivating goals or objectives of managerial communication may be social interchange, personal advancement, and self-expression. Conversely, the employee also has similar goals of communication in an organization. The industrial and corporate houses and advertising agencies, while taking messages of new products to potential consumers far and wide have amply exploited this function. Different mass communication media are used for this purpose.

### Preservation of Organization Culture:

Culture is a set of norms, values, and principles shared among people in an organization. Communication helps to preserve the culture and heritage of the organization and the company. Through communication, senior leadership and management share the culture and values of the organization with the employees. The transmission of values from top to bottom has been taking place through internal communications, newsletters, and town halls as well as through written emails. In the modern world, different mass communication media have taken up this function. Effective communication is essential for a positive culture in the workplace. Transparency in communication is mandatory at all levels for a better understanding of work and better bonding among individuals.

### Process of communication:

In order to successfully communicate, it's important to understand how the process works. Here are the seven steps in the communication process:

1. The sender develops an idea to be sent.
2. The sender encodes the message.
3. The sender selects the channel of communication that will be used.
4. The message travels over the channel of communication.
5. The message is received by the receiver.
6. The receiver decodes the message.
7. The receiver provides feedback, if applicable.

The beginning of the communication process involves the sender creating an idea that they plan to send to another person or group of people. Essentially, they're planning the overall subject matter or information they want to transmit.

### 2. The sender encodes the message

Once the sender develops an idea, they translate it into a form that can be transmitted to someone else. This means they transform the thoughts of the information they want to send into a certain



format. For example, if you are writing a letter, you'll translate your idea into words. The message can also be nonverbal, oral or symbolic.

### 3. The sender selects the channel of communication that will be used

Next, the sender decides how the message will be sent. This involves selecting the most suitable medium for the message they're relaying. Some communication mediums include speaking, writing, electronic transmission or nonverbal communication. If you're communicating at work, make sure to select the proper and most professional channel of communication.

### 4. The message travels over the channel of communication

After the medium is chosen, the message then begins the process of transmission. The exact process of this will depend on the selected medium. In order for the message to be properly sent, the sender should have selected the appropriate medium.

### 5. The message is received by the receiver

Next, the message is received by the recipient. This step in the communication process is done by hearing the message, seeing it, feeling it or another form of reception.

### 6. The receiver decodes the message

The receiver then decodes the sender's message. In other words, they interpret it and convert it into a thought. After they've done this, they analyze the message and attempt to understand it. The communication process is performed effectively when the sender and receiver have the same meaning for the transmitted message.

### 7. The receiver provides feedback, if applicable

Lastly, unless it's a one-way communication, the receiver will provide feedback in the form of a reply to the original sender of the message. Feedback provides the recipient with the ability to ensure the sender that their message was properly received and interpreted. Between two people, this is two-way communication.

## Q. 2 What is leading? Describe the qualities of an ideal leader. (20)

A leader is someone who leads the people of the organization. The leader works to consistently influence the employees of the small business to work towards goals and improve the overall productivity and profitability of the business. Many employees will view a good leader as an inspiration that breathes fresh air into the small business. A leader is someone that other employees can look up to and model themselves after to create success for both themselves and the business as a whole.

### Management Differences

While a leader manages and influences people, a small business manager is more involved in managing and directing the resources of the business. A manager will also be involved with the employees but on a more intimate level than a leader in a business. The leader of the business will see the big picture and always be striving to reach the bigger goals, while the manager will implement the strategies necessary to achieve the leader's vision for the business. A manager and leader often have different personality types as that is needed to accomplish the goals of each role.

### Key Traits

A leader is someone who is trusted within the organization. He brings optimism and hope to encourage and inspire employees. The leader is someone who must sometimes make the tough decisions, but employees know that the leader has the best interests of the overall business in mind when these

decisions are made. A great leader acts with integrity, while always motivating the team to work together to achieve goals. The leader is often seen as the cheerleader of the business who is always looking for new ways to create and to improve the business model, while keeping employee satisfaction in mind.

## Styles

There are various leadership styles that present within a business model, and the styles may differ from day to day. Because of this, a good leader must be able to adapt to the different styles as the business model and employees change. Some business decisions may call for an autocratic leadership style where others may call for a coaching style. The leader must be able to discern which style is best suited for the situation and then deliver accordingly. In many small businesses, the leader wears a variety of hats and must interchange them multiple times during a typical business day.

## Considerations

While some leaders are born, many more are made. Leadership is a skill that can be learned. Even for those who are born leaders, consistently working on improving and learning new skills is essential. Leaders must remain focused on the big picture and work to set an example within the workplace for others. A good leader knows that it is not so much what he says but what he does that will make a difference in the business--as well as an impact on others.

## Classic Styles

Classic styles of leadership describe how much control the leader gives to those below her. For example, in a laissez-faire style of leadership, the manager gives little direction to subordinates and allows them to get on with things. This style works best when employees are highly trained and motivated. In contrast, an autocratic style of leadership is one where leaders exert control over most aspects of the work and give little scope for workers to make suggestions or think for themselves. The participative leadership style stresses teamwork and invites employees to work together to help solve problems and increase performance.

## Transformational Styles

The theory of a transformational style of leadership was first developed by academics James McGregor Burns and Bernard Bass, who described in their books how leaders can bring about change in organizations and in workers. Transformational leaders possess a vision of where they want the company to go and charisma and skills to implement that vision. Transformational leadership is also related to the charisma style of leadership, in which the leader inspires largely through their personal charisma, and to the visionary style of leadership, in which the leader sets out his vision for the organization and inspires others to achieve that vision. Transformational styles of leadership work well in entrepreneurial businesses.

## Participative Styles

Some leadership styles focus on participation. One of these is the democratic style of leadership. In this style, the leader uses individual employees' knowledge and skills to help build a consensus for what direction the organization should move in. This style is appropriate when there are several directions an organization could take. The affiliative style of leadership emphasizes teamwork. In this style, the leader works to enhance teamwork and improve communications and morale. This style may help companies where employees have become discontented due to poor communications.

## Strong Leaders

Some styles of leadership rely on the personality of the leader for direction. Styles of leadership relying on a strong leader include pacesetter, in which the leader sets high standards and may be obsessive about achieving. Michael Dell, of Texas-based Dell computers, has been described as a



pacesetting leader for his constant focus on growing the business. In the commanding style of leadership, the leader "orders" employees in the manner of the military. This style may be useful in crisis situations. In the coaching style of leadership, the leader works one to one with workers to direct them and improve performance.

### Building Trust and Relationships

The management style adopted by a leader also impacts the level of trust and relationships formed within the team. A manager who practices open communication, shows empathy, and encourages collaboration can build strong, trusting relationships with team members. Establishing this trust is essential for fostering a positive work environment where team members feel safe to express their ideas and concerns. On the other hand, a rigid or authoritarian approach may create barriers and lead to mistrust, ultimately affecting team cohesion and collaboration.

### Driving Performance and Productivity

Management style directly influences performance and productivity levels within a team. Managers who set clear expectations, provide constructive feedback, and recognize achievements can drive higher productivity and performance outcomes. For example, a manager utilizing a transactional approach may effectively enhance short-term performance through rewards; however, a transformational style might achieve sustainable performance by cultivating a culture of continuous improvement and innovation. Understanding how management styles impact performance is vital for any organizational leader aiming for success.

### Encouraging Team Collaboration

A positive management style fosters collaboration among team members, which is critical for optimizing team performance. Managers who employ a democratic or transformational approach encourage input and cooperation, leading to greater teamwork and synergy. For example, involving team members in cross-functional projects can enhance collaboration and drive innovative solutions. It also helps build a sense of unity and community among team members, making them more likely to work together effectively.

### Navigating Change

In today's fast-paced business environment, change is constant. A manager's flexibility in adapting their management style is crucial for effectively navigating change. For example, during periods of uncertainty, such as mergers or restructuring, an authoritative approach may be necessary to provide clear directions and reduce ambiguity. Conversely, when implementing new initiatives or innovations, empowering employees through a transformational style can foster creative solutions and buy-in from the team. Being adaptable ensures that a manager can guide their team through transitions successfully.

### Responding to Employee Needs

Understanding the diverse needs and motivations of team members is essential for effective leadership. Managers who actively engage with their teams and utilize empathetic communication are better equipped to respond to individual needs. For instance, some team members may thrive under a transactional style with clear goals, while others may prefer a more transformational approach that focuses on growth and collaboration. Recognizing and accommodating these differences can lead to higher satisfaction and retention rates within the team.

### Enhancing Decision-Making

The management style adopted can also impact decision-making processes within a team. In a democratic environment, decision-making may be more collaborative, leading to well-informed decisions that reflect diverse perspectives. However, this can also slow down the process in urgent situations. On the other hand, an autocratic approach allows for quick decisions but may overlook valuable insights from team members. The balance between efficiency and thoroughness in decision-making is a critical aspect of effective management.

### Developing Future Leaders

A manager's style significantly influences the development of future leaders within the organization. By mentoring and modeling desired behaviors, managers can cultivate leadership qualities in their team

members. For example, a transformational manager encourages initiative and innovation, preparing team members for leadership roles. On the contrary, a micromanaging style may hinder growth and discourage team members from stepping into leadership positions. Investing in the leadership potential of employees contributes to a strong succession plan for the organization.

### Impact on Organizational Culture

The management style exhibited by leaders shapes the broader organizational culture. A collaborative, inclusive management approach fosters a culture of openness, innovation, and support, while a rigid, authoritative style may create a culture of fear and disengagement. The alignment of management style with organizational values and mission is essential for creating a strong, positive culture that attracts talent and drives success. Leaders must be aware of how their management styles shape the culture and be intentional in cultivating a supportive environment.

### The Need for Continuous Improvement

Management style is not static; it requires continuous reflection and improvement. As organizations evolve and external conditions change, managers must be willing to adapt their style to meet new challenges and opportunities. This may involve seeking feedback from peers and team members, engaging in professional development, or pursuing leadership training. By committing to continuous improvement, managers can enhance their effectiveness and positively impact their teams and organizations.

### Conclusion: The Significance of Management Style

In conclusion, management style is a critical aspect of effective leadership that has far-reaching implications for employee engagement, performance, and organizational culture. Understanding the various management styles enables managers to adapt their approaches to fit the unique needs of their teams and the demands of their organizations. The importance of management style cannot be overstated; it influences relationships, drives collaboration, and shapes the overall success of the organization. As managers actively reflect on and refine their styles, they can cultivate a positive work environment that fosters growth, innovation, and high performance. Ultimately, the right management style is a catalyst for driving both individual and organizational success.

**Q.3 Clarify the concepts of leader and leadership. Discuss the importance of a manager embodying leadership qualities.** (20)

#### Understanding the Concept of Leader

"Leader" is often used to describe an individual who influences others. A leader can emerge in various contexts. Leadership is not confined to a specific role, title, or position. It is a dynamic process that involves vision, influence, motivation, and direction. Leaders are those who enable others to achieve their goals.





[illegible]

growth, these managers contribute

benefiting the organization.

Leadership qualities contribute to creating a positive work environment, such as respect, integrity, and inclusiveness, leaders set the tone for the organization. This environment not only attracts top talent but also reinforces commitment to the organization's mission and values.

## Conflict Resolution

team, conflicts may arise due to diverse perspectives and differing opinions. Managers with strong leadership qualities can effectively navigate conflict by facilitating open communication, encouraging collaborative problem-solving. When managers approach conflicts constructively, they model conflict resolution positively, allowing teams to emerge stronger and more cohesive.

Organizations that prioritize both management and leadership are the workplaces that employees seek, that provide opportunities for growth, and that embody strong leadership qualities. Create a culture of leadership more appealing to prospective employees.

## Organizational Performance

relationship within management. The leader has to be able to adapt to the situation and to the people involved. The leader has to be able to adapt to the situation and to the people involved. The leader has to be able to adapt to the situation and to the people involved.





- Extrinsic motivations are those that arise from outside of the individual and often involve rewards such as trophies, money, social recognition, or praise.
- Intrinsic motivations are those that arise from within the individual, such as doing a complicated crossword puzzle purely for the personal gratification of solving a problem.

### Two major process perspectives on motivation:

Process Perspective means that it approaches to motivation that focus on why people choose certain behavioral options to fulfill their needs and how they evaluate their satisfaction after they have attained these goals. Look at it this way, you set a goal for yourself to lose 20 pounds before this summer. The way to see if you can attain your goal is by setting a date and the things you do to attain that goal. If you wanted to reach your goal you would change your behavior toward food and exercise and that is what the process perspective wants you to look at and do.

### Expectancy Theory

Expectancy theory says that motivation depends on two things--how much we want something and how likely we think we are to get it. A different way to look at is by putting yourself as kid on Christmas! You have asked your parents so many times for a puppy for a Christmas and you have it on there for the past three years, but this year you feel that you have been extra good and have done everything that your parents have told you to do. So you feel that you should really get the puppy, since you have been good and done everything you were told to do. This is expectancy theory at its best. You really want a puppy for Christmas and you think you are likely to get it since you have been so good.

Effort-to-Performance Expectancy says the individual's perception of the probability that effort will lead to high performance. This basically means that whatever effort that is put into the task, that is what the outcome will become. If you are student studying for a test and did not study and get on the test than that is a classic effort-to- performance expectancy.

Performance-to-Outcome Expectancy tells us that individual's perception that performance will lead to a specific outcome. This one is different from the effort one because this one, you basically just have to hope that things will work out in your favor. This one is like a student not studying for a big exam and just praying that God would implant all the correct answers into your head, even though you did not study.

Outcomes and Valences are two different things. Outcomes are consequences of behaviors in an organizational setting, usually rewards. Where valences are an index of how much an individual desires a particular outcome; the attractiveness of the individual. The way to best understand this one is by knowing what you want or expect your outcome to be. By knowing what you want your outcome to be, you would look at the valences to see how hard you want to see your particular outcome come to life.

## Equity Theory

Equity Theory basically says that people are motivated to seek social equity in the rewards they receive for performance. To completely understand Equity theory, you have to have an understanding of outcomes and valences.

- Outcomes of the theory include:
- Pay
- Recognition
- Promotions
- Social Relationships
- Intrinsic Rewards
- For you to receive any of these particular outcomes you need to put certain things into the job like:
- Time
- Experience
- Effort
- Education
- Loyalty
- With an understanding the the two parts of this theory, we can conclude that if you want any of those certain outcomes, then you have to put the certain inputs we talked about in. If you are the employee and you want a pay check, then you need to put the time and effort in to get the pay. Employees will not receive a reward unless they put the inputs in.

**Q. 5 How would you define 'controlling'? Clarify the concept of the control process.**

The conventional view of a manager is someone who controls and directs his employees. Management theorists still cite controlling as one of the four management functions. Despite this label, progressive managers strive to serve as helpers and supporters.

In fact, some companies give managers titles such as "coach," "team leader" or "coordinator." These titles help reflect the sentiment that management should encourage and inspire, rather than berate and belittle.

The management process holds leaders accountable for the big picture. During planning, managers decide how to fit all the pieces of that big picture together.

### What is Strategic Planning?

A strategy refers to big-picture goals, such as increasing profits or diversifying or going from a regional company to a national one. Tactics are the tools you use to effect your strategic goals.

Managers plan by deciding what to accomplish, in order. Executive management lays out the corporate goals to achieve, while department heads determine how to achieve those goals within their area. Planning is the first step in the management process, explains the Balanced Scorecard Institute.



Goals can be for a department, a division, the entire company or for an individual product. For example, it may be the goal of a retail store manager to increase customer loyalty by 15 percent in one year's time. In some cases, managers may decide on goals for their employees' development.

### Organizing a Strategic Plan

Organizing is the management function that entails gathering resources. Once a plan is in place, managers need to structure a way to accomplish their goals. Leaders arrange human and material resources according to how they plan to achieve their corporate objectives.

If the objectives are to increase employee job satisfaction and decrease turnover, managers might hire outside help from consultants. They could also schedule more training sessions on job tasks, responsibilities and technical knowledge. This could mean leaders will have to reach out to the company's trainers, mentors and specialists

### Leading Different Teams

Leading is about communicating the plan to employees and advising them along the way, according to The Hartford's small business website. Managers try to motivate those who perform the tasks that are necessary to achieve their goals. The leading function isn't so much about telling employees what to do but why it needs done.

When they lead, managers build relationships by answering questions, addressing concerns and showing positive enthusiasm. Leaders often can't carry out their planned objectives alone and need to instill a sense of teamwork and harmony.

### Controlling the Process

Controlling is about measuring performance results against planned objectives. In other words, did the employees and the company accomplish what they wanted to? If actual performance fell short of management's goals, what can be done to correct it?

Controlling isn't always a reactive function, as managers may intervene while employees are carrying out the plan. Intervention may be necessary if actual performance is too far off track. Managers may revise or tweak goals and objectives. They may also use performance results to plan future goals.

### Planning

The creation and maintenance of a business plan forces senior management to think about the major issues that affect a company's ability to succeed. These factors include a market analysis, organization matrix, establishment of a marketing and sales strategy, and a description of the products or services offered. Management periodically reviews and updates the plan as conditions change. A needs assessment report is an additional tool to help management define goals and requirements prior to the initiation of major projects.

### Leading

A good leader communicates with his staff and encourages the staff members to maximize their productivity. Regular staff meetings are a useful means of communication; even a complaint box works in certain circumstances. Granting employee incentives -- bonuses, pay raises, comp time -- are effective ways to improve morale and company loyalty. Providing employees with additional training classes and the chance for advancement is a critical factor in the establishment of a stable work force.

## Organizing

Maximizing the profitability of a company is the key to an optimal organizational structure. The business plan describes the initial organization of a company, but this will likely change as the company changes and profits from the knowledge gained by failures and successes. The distribution of financial reports to senior management keeps the staff informed and encourages discussions on ways to increase the profitability of the company and individual departments.

## Controlling

There are many control mechanisms in a company. A strong human resources department controls managers and prevents employee abuse. Employee performance reviews and incentives assist in the control of employees. Compliance departments control legal risk and monitor operations to ensure the company follows state and federal rules. Financial budgets and accounting audits control financial risk. Product pricing controls marketing efforts. All the different departments must work together to create a strong and profitable company.

## How Does Leading Differ From Controlling?

They may seem similar, but leading or directing employees is not the same as controlling in management. The function of leading is to provide overall guidance and direction for employees.

Controlling is the review of performance and other factors to avoid deviations from business goals. For example, a manager may provide leadership by offering training to employees and later review effectiveness and retention through controlling.

## What Is a Managerial Role?

A managerial role helps managers become more efficient in the ways that they approach activities. Roles enable managers to balance workloads by simplifying the complex concepts associated with managing people, information and decisions. Defining roles helps managers understand the skills necessary to meet their responsibilities.

Managerial roles provide guidance in defining how managers should interact with internal employees and those outside the organization. Managers must possess the skills to communicate with a variety of stakeholders. They must also be able to provide information to employees and to make decisions.

## What Are the 10 Managerial Roles?

There are **10 managerial roles** that were first identified by MIT professor and business authority Henry Mintzberg. These roles serve to help simplify the complexities that managers often encounter. The 10 managerial roles are divided into three broader categories: **interpersonal**, **informational** and **decisional**.

Mintzberg's 10 categories of roles embody the primary types of work that managers perform. Because managers must often represent an organization in multiple capacities, the roles address both internal and external needs.

## Interpersonal

Interpersonal roles outline the types of professional relationships that managers must maintain.

1. **Figurehead:** The managerial role of performing ceremonial duties that represent the organization.

2. **Leader:** The managerial role of taking responsibility for subordinates, such as motivating employees.
3. **Liaison:** The managerial role of acting as liaison outside the formal chain of command.

### Informational

Informational roles define how managers communicate information that is necessary to the organization.

1. **Monitor:** The managerial role of seeking information to improve outcomes and operations.
2. **Disseminator:** The managerial role of relaying information and delegating to subordinates.
3. **Spokesperson:** The managerial role of representing the organization and brand externally.

### Decisional

Decisional roles define the types of authoritative actions that managers must perform.

1. **Entrepreneur:** The managerial role of inspiring change or innovation and implementing new ideas.
2. **Disturbance handler:** The managerial role of removing roadblocks and impediments to work.
3. **Resource allocator:** The managerial role of ensuring that proper resources are provided where needed.
4. **Negotiator:** The managerial role of participating in and directing negotiations internally and externally.

### What Are Managerial Activities?

Managerial activities are determined by the criteria of management functions. These activities support the four managerial functions. Managerial activities can be further categorized by managerial roles: interpersonal, informational or decisional. All managerial activities should support the overall organizational goals.

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