

# INTRODUCTION TO ACCOUNTING



# STRUCTURE OF THE PRESENTATION

- Concept of Accounting
- Definition of Accounting
- Accounting Structure
- Journal
- Question of Journal



- Accounting is the business language.
- Accounting principal can be defined as those rule of action or conduct which are adopted by the accountants universally while recording business transaction into account.

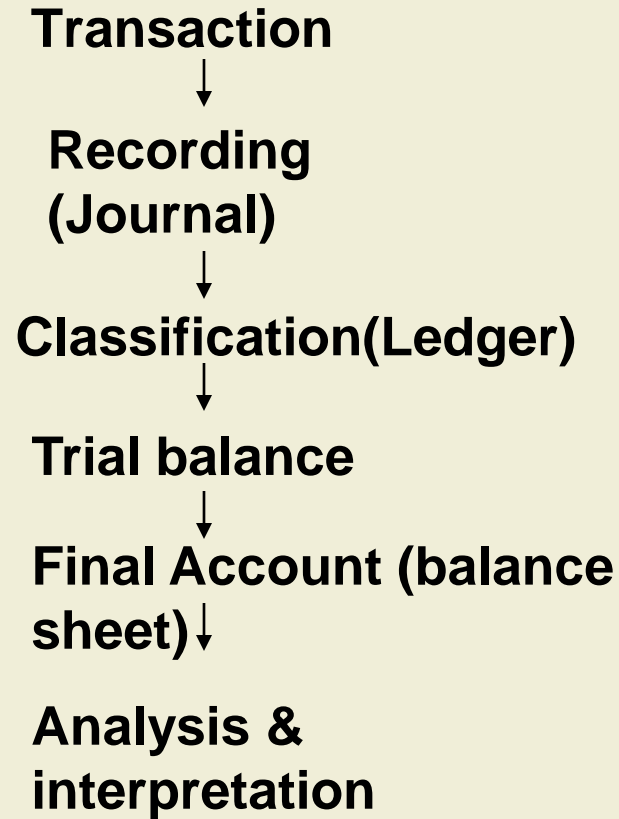


# American Institute Of Certified Public Accountants(AICPA)

“Accounting is the art of recording ,classifying & summarizing in a significant manner interms of money, transaction & events which are of a financial character & interpreting the result there of”.



# ACCOUNTING STRUCTURE



# Journal

■ Journal is the book of original entry in which preliminary record of both aspect of business transaction is made systematically & date wise.

■ JOURNAL ————— Diary



# Types of account

■ Personal Account ( Sudhir's account, Firm's account)

■ Rules:

Receiver                      Dr.

Giver                              Cr.



■ Real Account ( Land, Building, Plant & Machinery)


■ Rules:

What comes in      Dr.

What goes out      Cr.





 Nominal Account ( Wages, Rent  
,Discount allowed)

Expenses & losses      Dr.

Income & Profit      Cr.



# Question

From the following transactions pass journal entries in the books of Shri Sunder Lal of Aunton:

2006 May 1 Purchased goods from Sudhir for cash Rs.20

Date	Particulars	L.F	Dr. Amount	Cr. Amount
2006 May 1	Goods A/C To Cash (Being goods bought from Sudhir)	Dr.	20	20

# May 2 Sold goods to Mohan for cash Rs. 100

Date	Particulars	L.F	Amount Dr.	Amount Cr.
May 2	Cash A/C Dr. To Goods A/C ( Being goods sold for cash to mohan)		100	100



# May 3 Purchased from sunita goods Rs.400

DATE	Particulars	L.F	Amount Dr.	Ampunt Cr,
May 3	Goods A/c To Sunita (Being goods bought from sunita)	Dr.	400	400



May 4 Cash received from  
Mahesh Rs.300

May 5 Paid salary to ramesh  
in cash

May6 Purchased furniture  
from sohan on credit  
Rs.1000



# Ledger

Transaction are first recorded in journal & then the record of journal is transferred in another book which is called Ledger.

Dr,

Cr.

DATE	Particulars	L.F	Amount	Date	Particulars	L.F	Amount

# Trial Balance

- Trial balance is a statement or list of debit balances & credit balances of accounts of ledger or of both balances & total of account of ledger.



**THANKYOU**





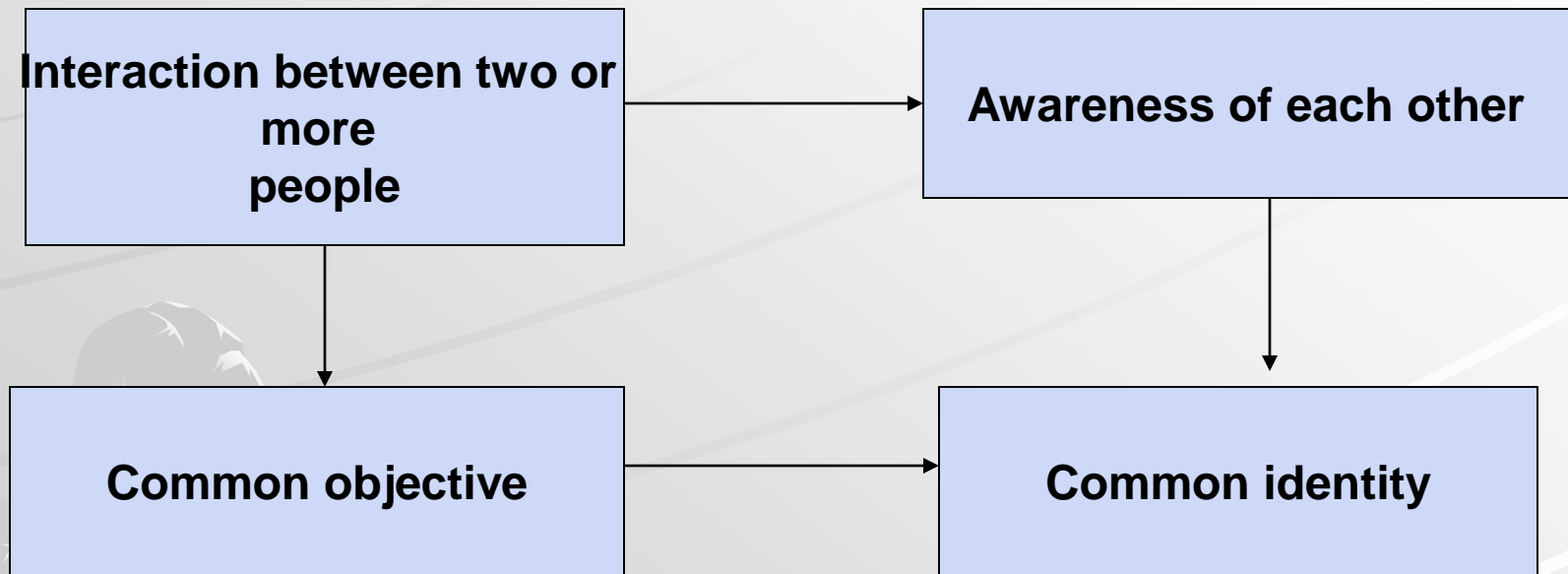
# **GROUP**

✦ A group is any member of people who interact with one another, are psychologically aware of one another, and perceive themselves to be a group.

**Schein**

**Edger**

# *Characteristics of a group*



# **Further more there are number of reasons why people join groups which are as follows**

## **Affiliation**

Humans are by nature gregarious. Groups provide a natural way for people to gather in order to satisfy their social needs.

## **Goal achievement**

Problems and tasks that require the utilization of knowledge tend to give groups an advantage over individuals. There is more information in a group than in any one of its members, and groups tend to provide a greater number of approaches to solving any particular problem

## **Power**

Individuals gain power in their relationship with their employers by forming unions.

## + **Self-esteem**

As suggested by Maslow, people have a basic desire for self-esteem. Group membership may nurture self-esteem. If one belongs to a successful group, the self-esteem of all members may be boosted.

## + **Status**

Membership in a particular service clubs or a political body may be seen to confer status on members. So as to gain that status people join in such groups

## + **Security**

Sometimes individuals need protection from other groups or more powerful individuals -- "there is safety in numbers". These individuals may seek security in-group membership.

Neighbors may form a "Block Watch" group to ensure the security and protection of their neighborhood.

# Classification/Types of Groups

- ✦ Formal group
- ✦ Informal group



✦ **There are various types of formal groups that are found in an organization. These are:**

✦ Command group which is determined by the organizational chart depicting the approved formal connections between individuals in an organization. Examples of command group are Director and the faculty members in a business school, school principal and teachers, production manager and supervisors, etc.

Task groups comprising some individuals with special interest or expertise, are created by the organizational authorities to work together in order to complete a specific task. Task groups are often not restricted to the organizational hierarchy and can be cross-functional in nature. Examples of task group might be people working on a particular project.

✦ Standing committee is a permanent committee in an organization to deal with some specific types of problems that may arise more or less on a regular basis.

Examples of standing committees include the standing committee in a university to discuss various academic and administrative issues.

Task force/ad hoc committee, in contrast, is a temporary committee formed by organizational members from across various functional areas for a special purpose. Meetings can also come under this category.

# Various types of informal groups are

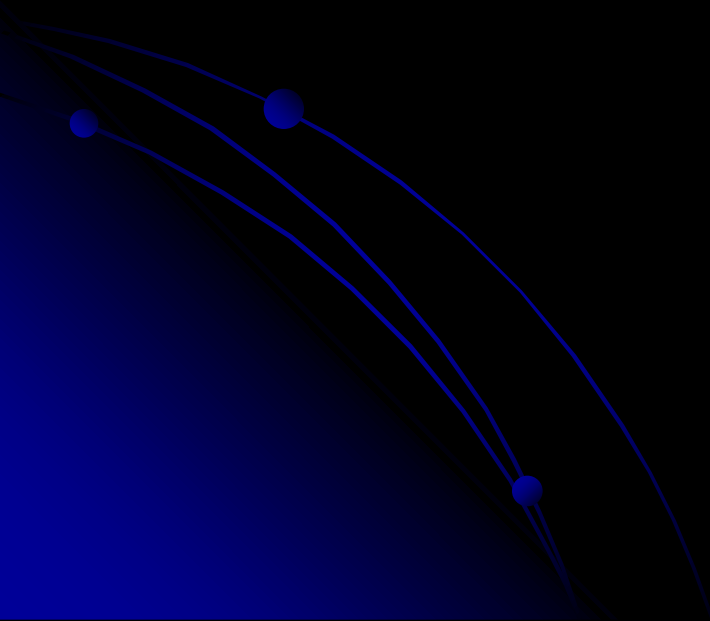
- ✦ **Interest groups** are formed when a group of employees band together to seek some common objectives, like protesting some organizational policy or joining the union to achieve a higher amount of bonus.
- ✦ **Friendship groups** develop among the organizational members when they share some common interest like participating in some sports activities or staging the office drama, etc.




✦ **Reference groups** are the groups, with which individuals identify and compare themselves. These could be within the organization when a middle level executive compares himself with the higher-level executive and longs for the perks and benefits enjoyed by the latter. The reference group might exist outside the organization as well when an individual compares himself with his batch mates

working in other organizations or an ideal group of people he likes to become .

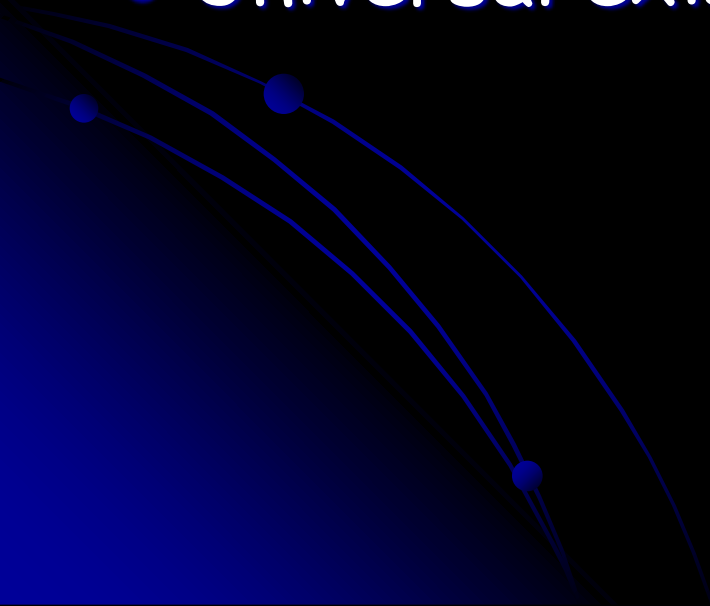
# HUMAN RESOURCE MANAGEMENT



# Definition of HRM

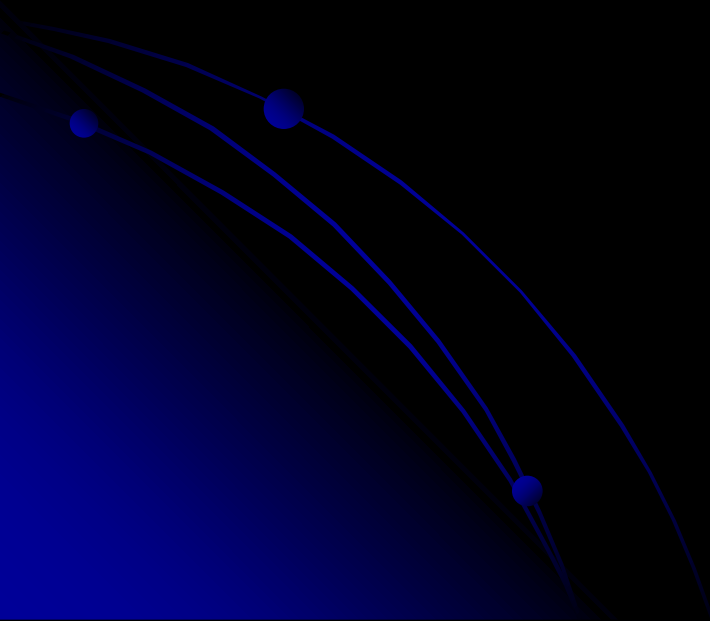
- Human resource management means employing people, developing their resources, utilising, maintaining with the job and organizational requirements with a view to contribute to the goals of the organisation, individual and the society.
- 

# Features of Hrm

- A part of management discipline
  - As a process
  - As a continuous process
  - Concerned with people
  - Universal existence.
- 

- Recruitment - R. is the process of Searching for prospective employees and stimulating them to apply for jobs in the organization.
- Selection - Selection is the process in which candidate for employment are divided into two classes, those who are to be offered employment those who are not.
- Placement - Placement is the determination of the job to which an accepted candidate is to be assigned and his assignment to that job.

- Induction - Introducing the new employee who is designated as a probationer to the job, job location, surrounding, organization and various employees is the final step of employment process.



# Functions of HR

```
graph TD; A[Functions of HR] --> B[MANAGERIAL FUNCTIONS]; A --> C[OPERATIVE FUNCTIONS]; B --- B1[Planning]; B --- B2[Organizing]; B --- B3[Directing]; B --- B4[Controlling]; C --- C1[Staffing]; C --- C2[Development]; C --- C3[Compensation]; C --- C4[Motivation]; C --- C5[Maintenance]; C --- C6[Integration]; C --- C7[Emerging Issues];
```

## MANAGERIAL FUNCTIONS

Planning

Organizing

Directing

Controlling

## OPERATIVE FUNCTIONS

Staffing

Development

Compensation

Motivation

Maintenance

Integration

Emerging Issues

# Operative functions of HR

## STAFFING

Job analysis, HRP, Recruitment, Selection, Placement, Induction, Internal Mobility

## DEVELOPMENT

Competency profiling, Training and development, Performance & potential management, Career management, 360 degree feedback

## COMPENSATION & MOTIVATION

Job design, Work scheduling, Job evaluation, Compensation administration, Incentives and benefits



# Operative functions of HR (contd.)

## MAINTENANCE

Health, Safety, Welfare,  
Social security

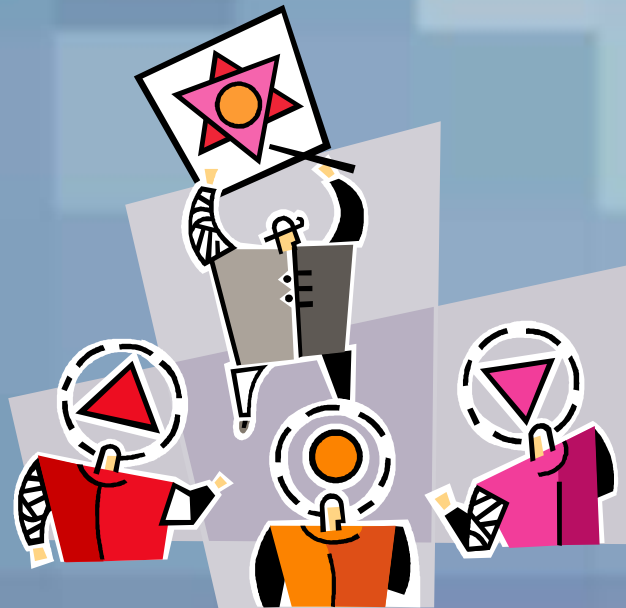
## INTEGRATION

Employment relations, Grievance,  
Discipline, Trade unions,  
Participation

## EMERGING ISSUES

HRIS, HR audit, International  
HRM, Workforce Diversity

# Leadership Styles

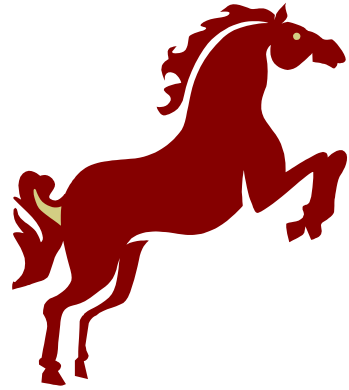




# Presentation

- Introduction
- Basic Leadership Styles
- Other Leadership Styles
- Conclusion

# Introduction



- A groom spent days in combing and rubbing down his horse,
- But stole oats and sold them for his own profit.

- “Alas!” said the Horse,
- “If you really wish me to be in good condition,
- You should groom me less,
- And feed me more.”
- *Aesop's Fables*

# Overview



*"What leadership style work best for me and my organization?"*

There are many leadership **styles** from which to choose

# Defining Leadership

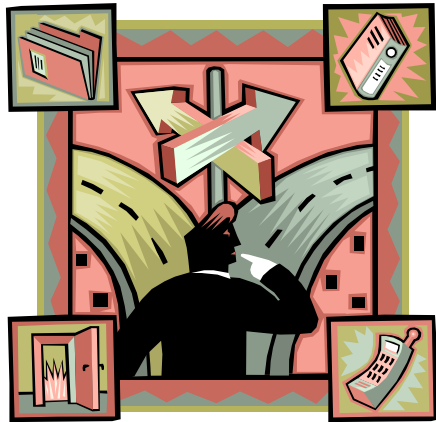
From a very classical autocratic approach to a very creative, participative approach

Not everything old was bad and not everything new was good



Different styles were needed for different situations and each leader needed to know when to exhibit a particular approach

Leadership strategies define  
every leader's personal  
leadership style



May adopt some of these in  
achieving the organization's goals  
and objectives

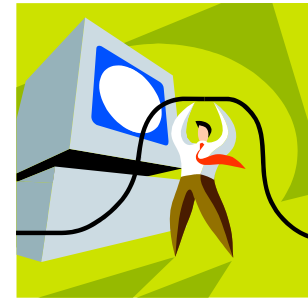


# Basic leadership styles

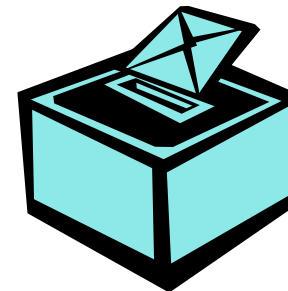
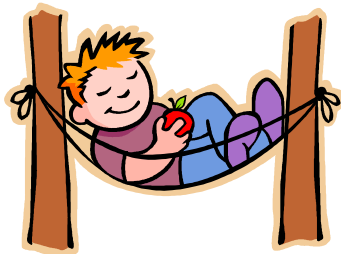
Autocratic



Bureaucratic



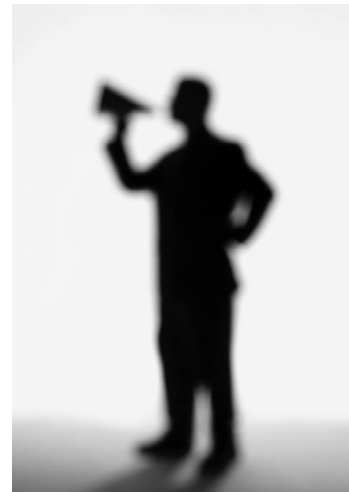
Laissez-faire

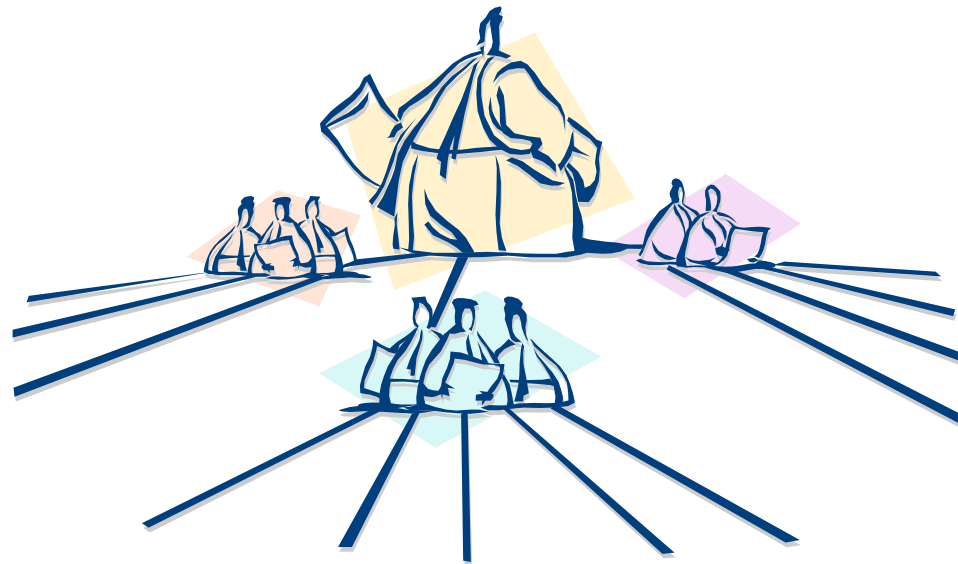


Democratic

# Autocratic Leadership Style

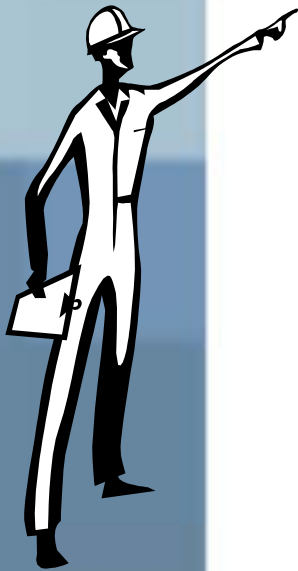
- The classical approach
- Manager retains as much power and decision-making authority as possible
- Does not consult staff, nor allowed to give any input
- Staff expected to obey orders without receiving any explanations
- Structured set of rewards and punishments





- Greatly criticized during the past 30 years
- Gen X staff highly resistant
- Autocratic leaders:
  - *Rely on threats and punishment to influence staff*
  - *Do not trust staff*
  - *Do not allow for employee input*

# Not all bad



- Sometimes the most effective style to use
- When:
  - New, untrained staff do not know which tasks to perform or which procedures to follow*
  - Effective supervision provided only through detailed orders and instructions*
  - Staff do not respond to any other leadership style*
  - Limited time in which to make a decision*
  - A manager's power challenged by staff*
  - Work needs to be coordinated with another department or organization*

# Should not be used

- When:
  - Staff become tense, fearful, or resentful
  - Staff expect their opinions heard
  - Staff depend on their manager to make all their decisions
  - Low staff morale, high turnover and absenteeism and work stoppage



# Bureaucratic Leadership Style

- Manages “by the book”
- Everything done according to procedure or policy
- If not covered by the book, referred to the next level above



- A police officer not a leader
- Enforces the rules

# Most effective

- When:
  - Staff performing routine tasks over and over*
  - Staff need to understand certain standards or procedures.*
  - Safety or security training conducted*
  - Staff performing tasks that require handling cash*



# Ineffective



- When:
  - Work habits form that are hard to break, especially if they are no longer useful*
  - Staff lose their interest in their jobs and in their co-workers*
  - Staff do only what is expected of them and no more*

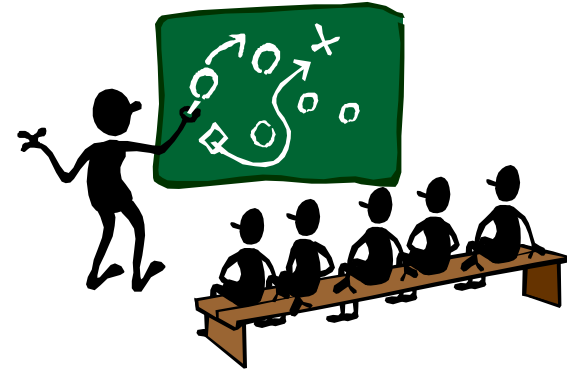


# Democratic Leadership Style



- Also known as participative style
- Encourages staff to be a part of the decision making
- Keeps staff informed about everything that affects their work and shares decision making and problem solving responsibilities

# The leader



A coach who has the final say, but gathers information from staff before making a decision

- Produce high quality and high quantity work for long periods of time
- Staff like the trust they receive and respond with cooperation, team spirit, and high morale

# The democratic leader



Develops plans to help staff evaluate their own performance

- Allows staff to establish goals
- Encourages staff to grow on the job and be promoted
- Recognizes and encourages achievement

# Not always appropriate

- Most successful when used with highly skilled or experienced staff or when implementing operational changes or resolving individual or group problems





## Most effective

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

# Democratic leadership should not be used when ...



- Not enough time to get everyone's input
- Easier and more cost-effective for the manager to make the decision
- Can't afford mistakes
- Manager feels threatened by this type of leadership
- Staff safety is a critical concern

# Laissez-Faire Leadership Style

- Also known as the “hands-off” style
- The manager provides little or no direction and gives staff as much freedom as possible
- All authority or power given to the staff and they determine goals, make decisions, and resolve problems on their own



# An effective style to use ...



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



# Should not be used ...

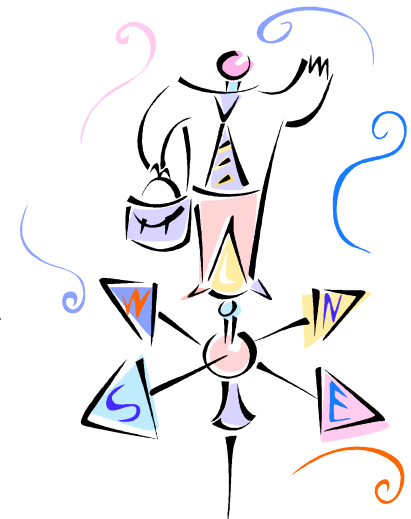


- Staff feel insecure at the unavailability of a manager
- The manager cannot provide regular feedback to staff on how well they are doing
- Managers unable to thank staff for their good work
- The manager doesn't understand his or her responsibilities and hoping the staff cover for him or her

# Other Leadership Styles

# Transformational Leadership

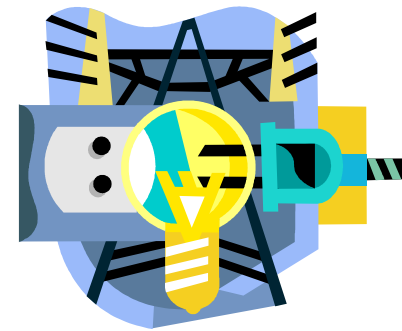
- Creates and sustains a context that maximizes human and organizational capabilities;
- Facilitate multiple levels of transformation; and
- Align them with core values and a unified purpose



*To respond to a dynamic environment*

# The Transformational Leadership

- Make change happen in:
  - Self,
  - Others,
  - Groups, and
  - Organizations
- Charisma a special leadership style commonly associated with transformational leadership; extremely powerful, extremely hard to teach



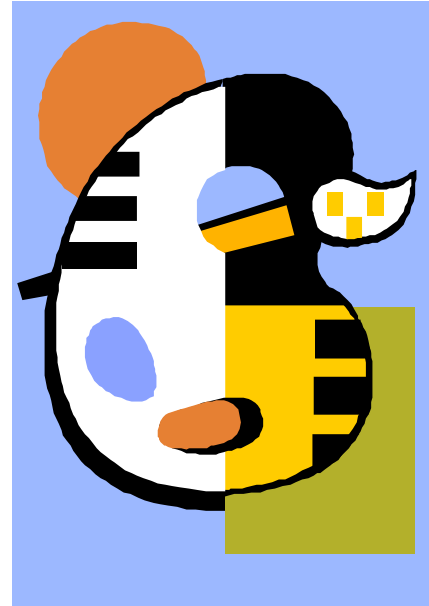
# Transactional Leadership



- Emphasizes getting things done within the umbrella of the status quo
- In opposition to transformational leadership
- “By the book” approach - the person works within the rules
- Commonly seen in large, bureaucratic organizations

# Creative Leadership

Ability to uniquely  
inspire people,



To generate  
shared  
innovative  
responses  
and  
solutions

*To complex and readily  
changing situations*

# Corrective Leadership

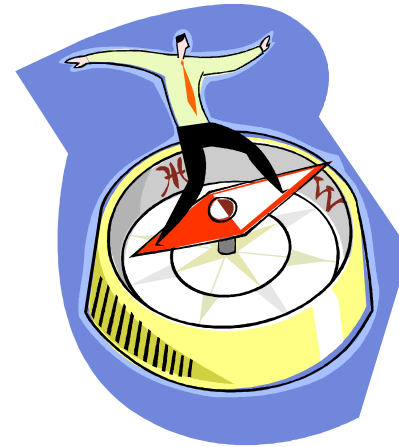
Empowers staff to facilitate collaborative and synergism



Working with and through other people instead of bowing to authoritarianism

# Change Leadership

- Endorses alteration
- Beyond thinking about individuals and individual organization, single problems and single solutions



Rethinking systems to introduce change on parts of the whole and their relationship to one another



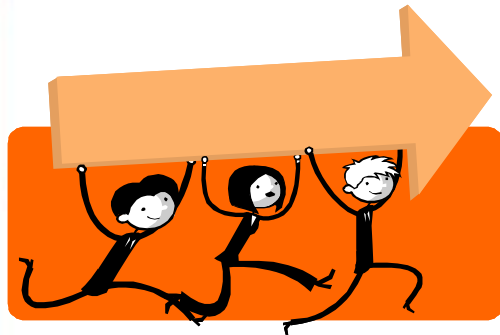
# Intelligence Leadership



To navigate the future by embracing ambiguity and reframing problems as opportunities

A proactive stance in taking their organizations into uncharted territory

# Multicultural Leadership



Fosters team and individual effectiveness

Drives for innovation by leveraging multicultural differences

Teams work harder in an atmosphere of understanding and mutual respect

# Pedagogical Leadership



Paradigm shift from leader/teacher centered "orientation" to an interactive, connective organizational system using a democratic learning and communicative style

*An alternative to instructional leadership by enabling the learning and intellectual growth of those led*

# Servant Leadership

A practical philosophy focusing on people who choose to serve first and then lead as a way of expanding service

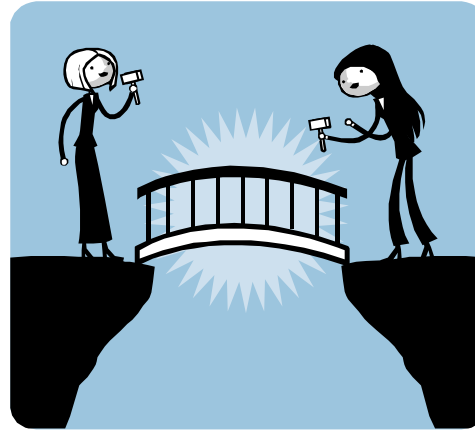


*Servant leaders are "servants first" with the object of making sure that other people's highest priority needs are being served*

Leaders put the needs of their followers first; these leaders rare in business

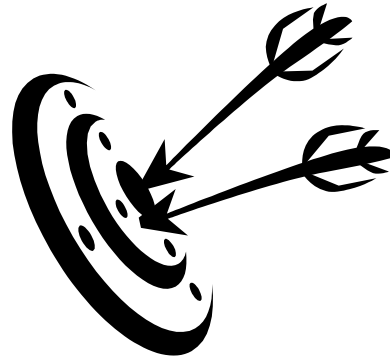
# Bridging leadership

Fostering synergy and reinforcing behavior and motivation through the use of communication to create climate of trust and confidence



*Projection of confidence on the face of a difficult challenge*

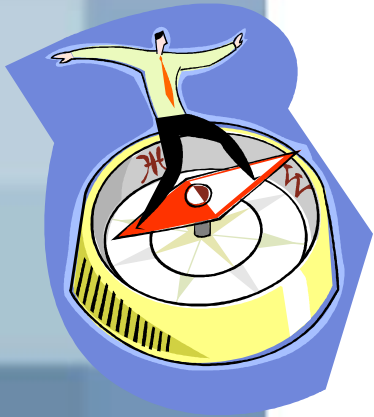
# Purposeful Leadership



*Leader and the community share a common purpose to develop or provide the drive, authority and commitment to undertake projects*

# Conclusion

# Varying Leadership Style



- Three factors that influence which leadership style to use.
  1. The manager's personal background: *What personality, knowledge, values, ethics, and experiences does the manager have. What does he or she think will work?*
  2. Staff being supervised: Staff individuals with different personalities and backgrounds; The leadership style used will vary depending upon the individual staff and what he or she will respond best to
  3. The organization: The traditions, values, philosophy, and concerns of the organization influence how a manager acts

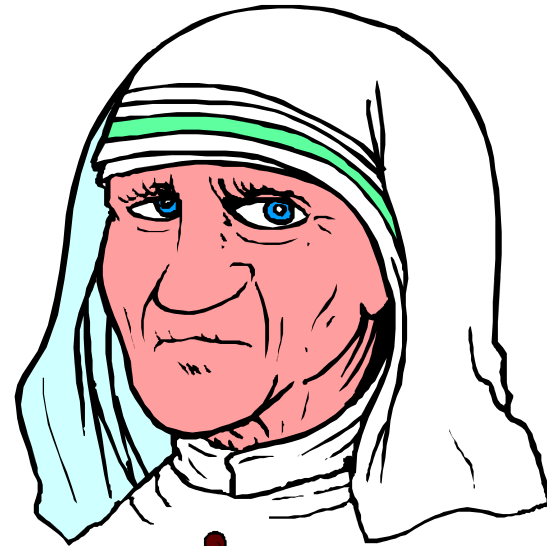


# Determining the Best Leadership Style



- Should leaders be more task or relationship (people) oriented
- Leaders have a dominant style, one they use in a wide variety of situations
- No one best style - leaders must adjust their leadership style to the situation as well as to the people being led
- Many different aspects to being a great leader - a role requiring one to play many different leadership styles to be successful

# Leadership



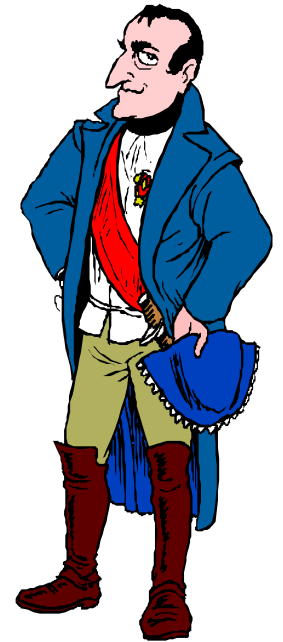
# What is leadership?

**Leading people**

**Influencing people**

**Commanding people**

**Guiding people**



# Leadership

- “Leadership is the activity of influencing people to strive willingly for group objectives.”

George R.Terry

“A leader is one who guides and directs other people. A leader gives the efforts of his followers a direction and purpose by influencing their behaviour.

Louis allen

## Leadership

- ▶ The ability to influence a group of people toward the achievement of goals.
- Having a vision for the group that shapes its goals
- Taking responsibility to improve the capacity of the group to achieve its goals
- Taking responsibility to improve the groups' structure, climate and communication
- Influencing other members of the group to

# Characteristics

- Leadership is a process of influencing members of group.
- Leadership influences the behaviour of his followers.
- Leadership is related to a situation.
- Leadership is goal oriented.
- Leadership is the personal quality of manager.
- It's style change situation to situation.
- Objectives of both Leader & follower are same.

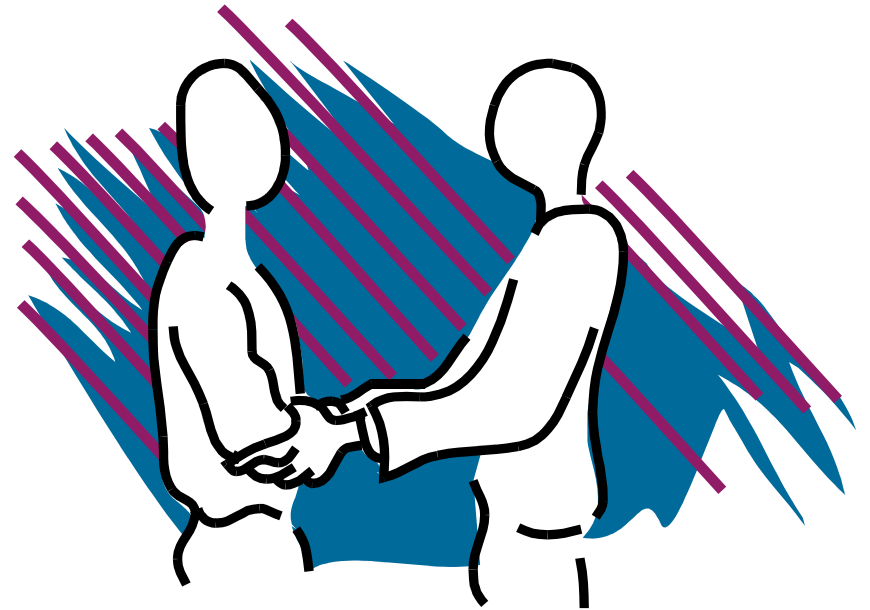
# Styles of leadership

- Autocratic leader:-

The autocratic leader centralises decision without consulting subordinates. He gives orders to the employees and expect that they should obey him.

# Participative or Democratic leadership

- A democratic leader takes decision in consultation with his subordinates. He encourages participation of his subordinates. He seeks advice or suggestion from subordinates.





# Laissez Faire or Free rein style

- Under this styles of leadership the leader gives the decision making authority to his subordinates. He doesn't direct the subordinates. He hardly makes any contribution to the overall efforts. Leader contact outside sources and provide information and material to the members which is required to perform the job.

# Theories of Leadership

- Trait Theory
- Behavioural Theory
- Situational Theory

# Trait Theory

- Trait Theory focuses on individual characteristics of successful leaders. Like
- Physical Qualities
- Intellectual Qualities
- Dominance, Talkative, Cheerfulness
- Sincerity, Honesty, Quick decision making

# Behavioural Theory

- In this approach, the emphasis is on actual behaviour and action of leaders and not on their traits or characteristics. This approach emphasises that strong leadership is the result of effective role behaviour.

# Situational Theory

- Leadership is affected by a situation in which he works. In other words the situation, the problem and the environment affect type of leadership. People follow the person who is capable of fulfilling their desires.

# Leadership

# A Leadership Story:

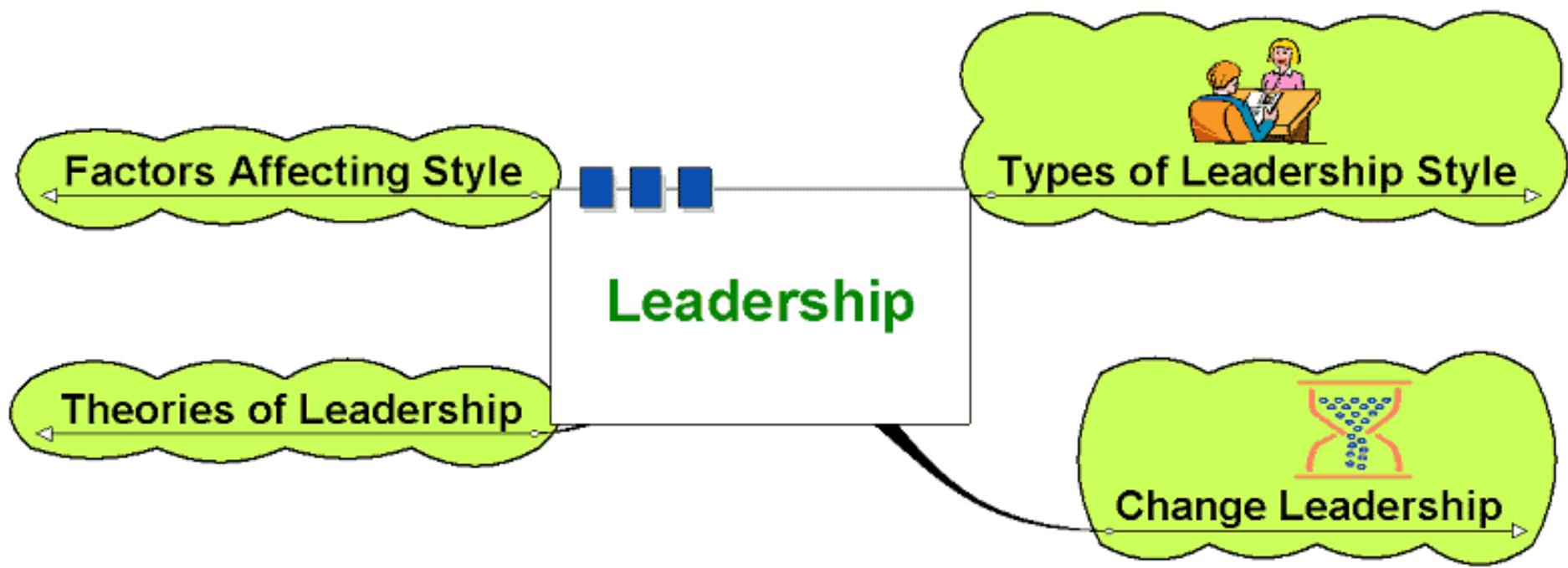
- A group of workers and their leaders are set a task of clearing a road through a dense jungle on a remote island to get to the coast where an estuary provides a perfect site for a port.
- The leaders organise the labour into efficient units and monitor the distribution and use of capital assets – progress is excellent. The leaders continue to monitor and evaluate progress, making adjustments along the way to ensure the progress is maintained and efficiency increased wherever possible.
- Then, one day amidst all the hustle and bustle and activity, one person climbs up a nearby tree. The person surveys the scene from the top of the tree.

# A Leadership Story:

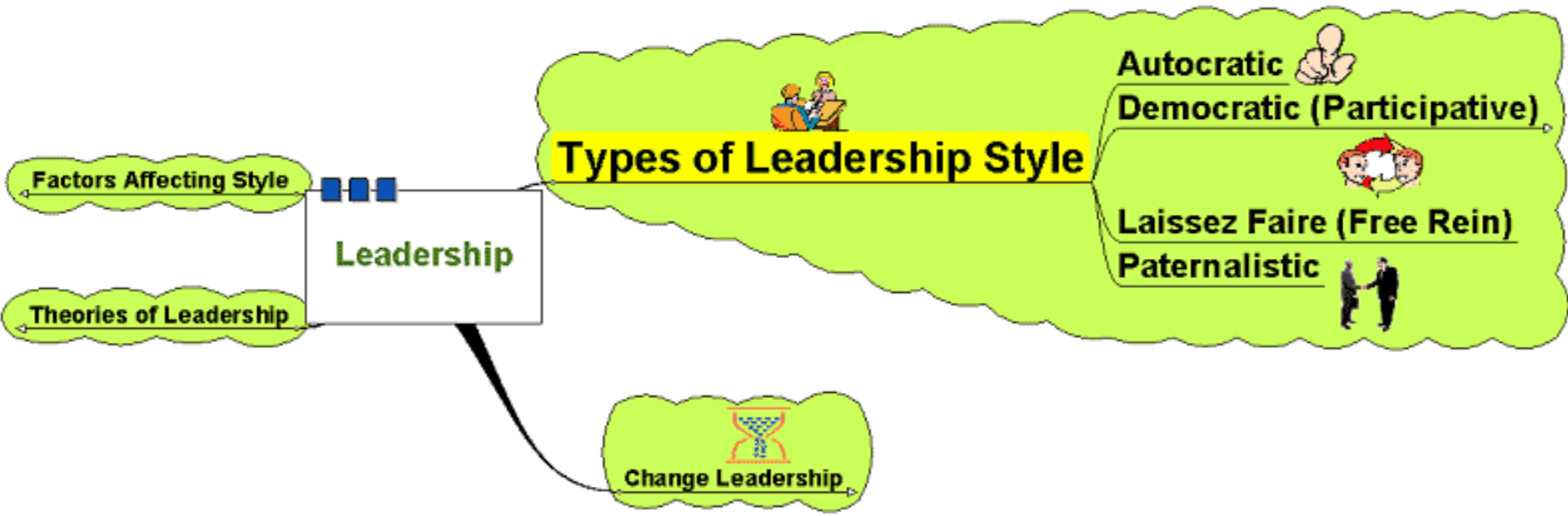
- And shouts down to the assembled group below...
- **“Wrong Way!”**
  - (Story adapted from Stephen Covey (2004) “The Seven Habits of Highly Effective People” Simon & Schuster).
  - “Management is doing things right, leadership is doing the right things”  
(Warren Bennis and Peter Drucker)



# Leadership



# Types of Leadership Style



# Types of Leadership Style

- Autocratic:
  - Leader makes decisions without reference to anyone else
  - High degree of dependency on the leader
  - Can create de-motivation and alienation of staff
  - May be valuable in some types of business where decisions need to be made quickly and decisively

# Types of Leadership Style

- Democratic:
- Encourages decision making from different perspectives – leadership may be emphasised throughout the organisation
  - **Consultative:** process of consultation before decisions are taken
  - **Persuasive:** Leader takes decision and seeks to persuade others that the decision is correct

# Types of Leadership Style

- Democratic:
  - May help motivation and involvement
  - Workers feel ownership of the firm and its ideas
  - Improves the sharing of ideas and experiences within the business
  - Can delay decision making

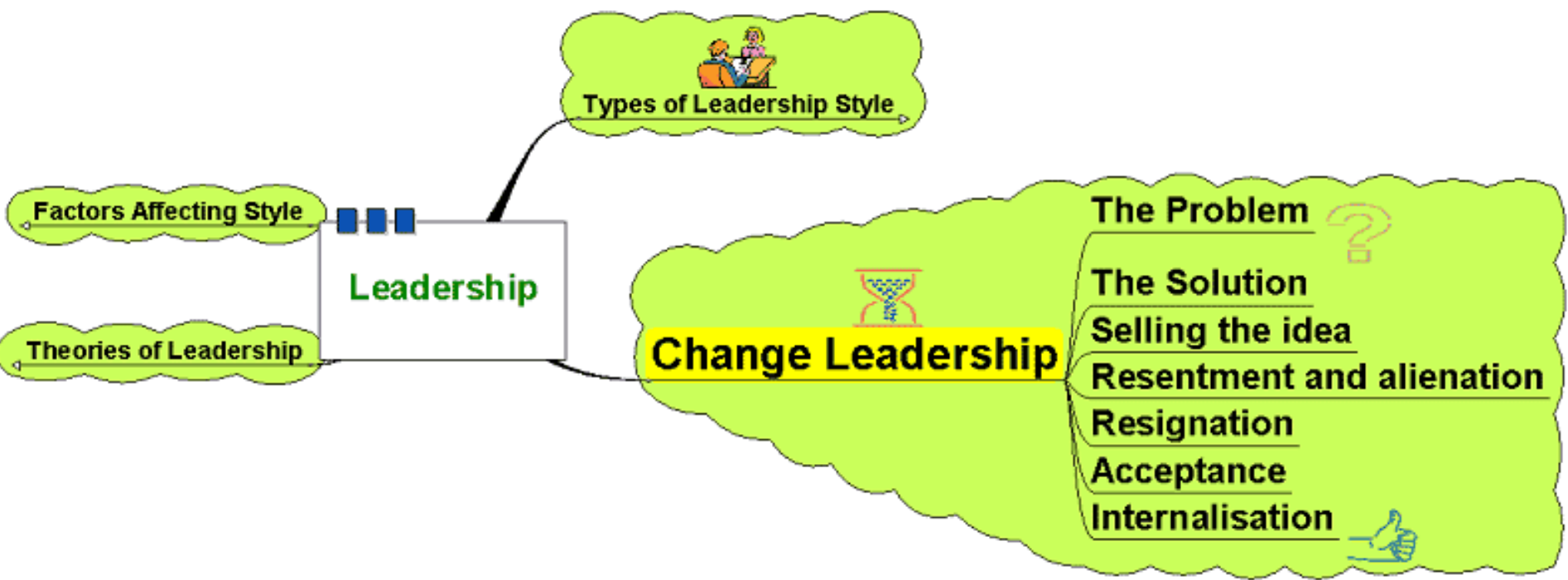
# Types of Leadership Style

- Laissez-Faire:
  - ‘Let it be’ – the leadership responsibilities are shared by all
  - Can be very useful in businesses where creative ideas are important
  - Can be highly motivational, as people have control over their working life
  - Can make coordination and decision making time-consuming and lacking in overall direction
  - Relies on good team work
  - Relies on good interpersonal relations

# Types of Leadership Style

- Paternalistic:
- Leader acts as a 'father figure'
- Paternalistic leader makes decision but may consult
- Believes in the need to support staff

# Change Leadership





# Change Leadership

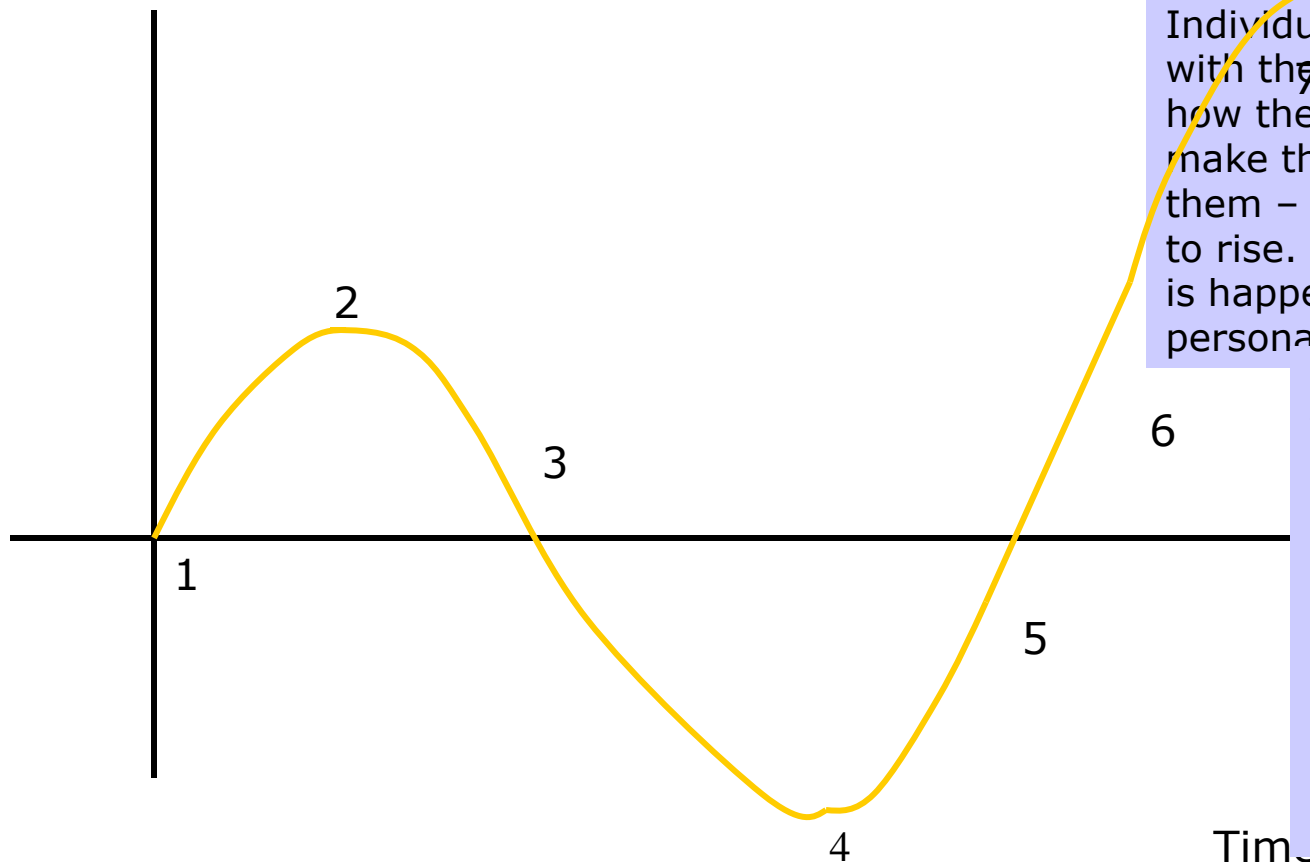
- The most challenging aspect of business is leading and managing change
- The business environment is subject to fast-paced economic and social change
- Modern business must adapt and be flexible to survive
- Problems in leading change stem mainly from human resource management

# Change Leadership

- Leaders need to be aware of how change impacts on workers:
- Series of self-esteem states identified by Adams et al and cited by Garrett
  - Adams, J. Hayes, J. and Hopson, B.(eds) (1976) Transition: understanding and managing change personal change London, Martin Robertson
  - Garrett, V. (1997) Managing Change in School leadership for the 21<sup>st</sup> century Brett Davies and Linda Ellison, London, Routledge

# Change Leadership

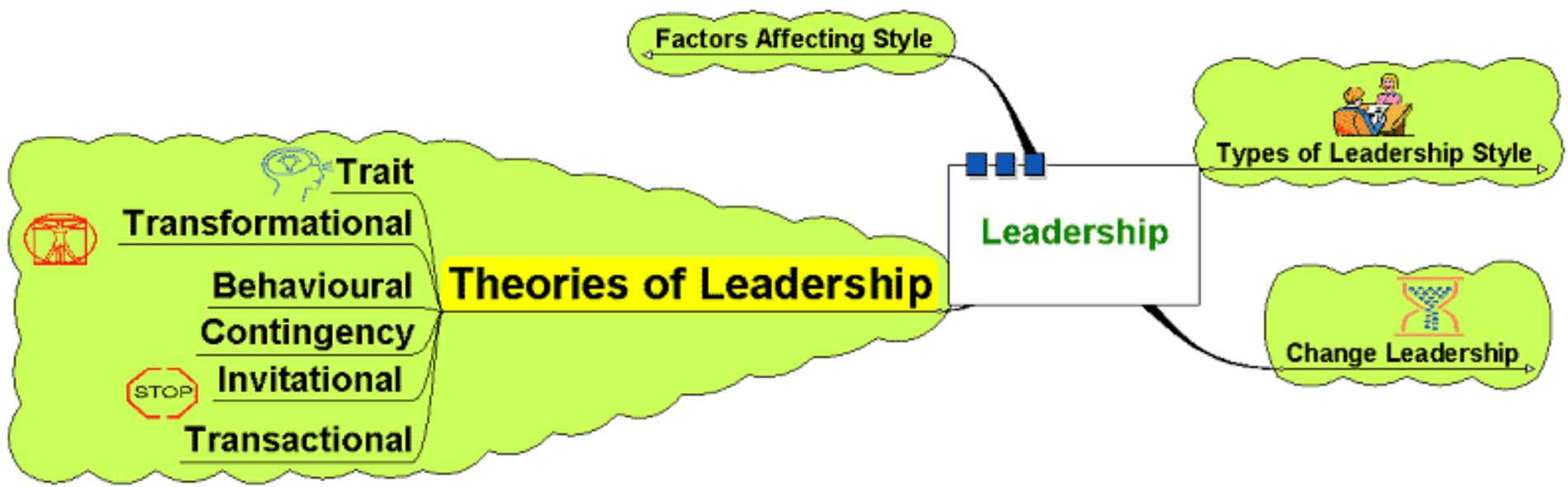
Self-esteem



**6. Search for meaning:** : Individuals begin to work with the change and see how they might be able to make the change work for them – self esteem begins to rise.  
is happening with their own personal situation.

**7. Internalisation:** the change is understood and adopted within the individual's own understanding – they now know how to work with it and feel a renewed sense of confidence and self esteem.

# Theories of Leadership



# Theories of Leadership

- Trait theories:
- Is there a set of characteristics that determine a good leader?
  - Personality?
  - Dominance and personal presence?
  - Charisma?
  - Self confidence?
  - Achievement?
  - Ability to formulate a clear vision?

# Theories of Leadership

- Trait theories:
  - Are such characteristics inherently gender biased?
  - Do such characteristics produce good leaders?
  - Is leadership more than just bringing about change?
  - Does this imply that leaders are born not bred?

# Theories of Leadership

- Behavioural:
- Imply that leaders can be trained – focus on the way of doing things
  - Structure based behavioural theories – focus on the leader instituting structures – task orientated
  - Relationship based behavioural theories – focus on the development and maintenance of relationships – process orientated

# Theories of Leadership

- Contingency Theories:
- Leadership as being more flexible – different leadership styles used at different times depending on the circumstance.
- Suggests leadership is not a fixed series of characteristics that can be transposed into different contexts



# Theories of Leadership

- May depend on:
  - Type of staff
  - History of the business
  - Culture of the business
  - Quality of the relationships
  - Nature of the changes needed
  - Accepted norms within the institution

# Theories of Leadership

- Transformational:
  - Widespread changes to a business or organisation
- Requires:
  - Long term strategic planning
  - Clear objectives
  - Clear vision
  - Leading by example – walk the walk
  - Efficiency of systems and processes

# Theories of Leadership

- **Invitational Leadership:**
  - Improving the atmosphere and message sent out by the organisation
  - Focus on reducing negative messages sent out through the everyday actions of the business both externally and, crucially, internally
  - Review internal processes to reduce these
  - Build relationships and sense of belonging and identity with the organisation – that gets communicated to customers, etc.

# Theories of Leadership

- **Transactional Theories:**
  - Focus on the management of the organisation
  - Focus on procedures and efficiency
  - Focus on working to rules and contracts
  - Managing current issues and problems

# Factors Affecting Style



# Factors Affecting Style

- Leadership style may be dependent on various factors:
  - Risk - decision making and change initiatives based on degree of risk involved
  - Type of business – creative business or supply driven?
  - How important change is – change for change's sake?
  - Organisational culture – may be long embedded and difficult to change
  - Nature of the task – needing cooperation? Direction? Structure?

# Motivation

- **“Motivation is the complex forces starting & keeping a person at work in an organisation.motivation is something that moves a person to action,& continues him in the course of action already initiated” – DUBIN**
- **“Motivation refers to the way in which urges,drives,desires,aspirations,strivings,or needs direct,control or explain the behavior of human being”- Mc Farland**

# Carrot & stick approach of motivation

## **Motivating Employees: Eat the Carrot, Burn the Stick.**

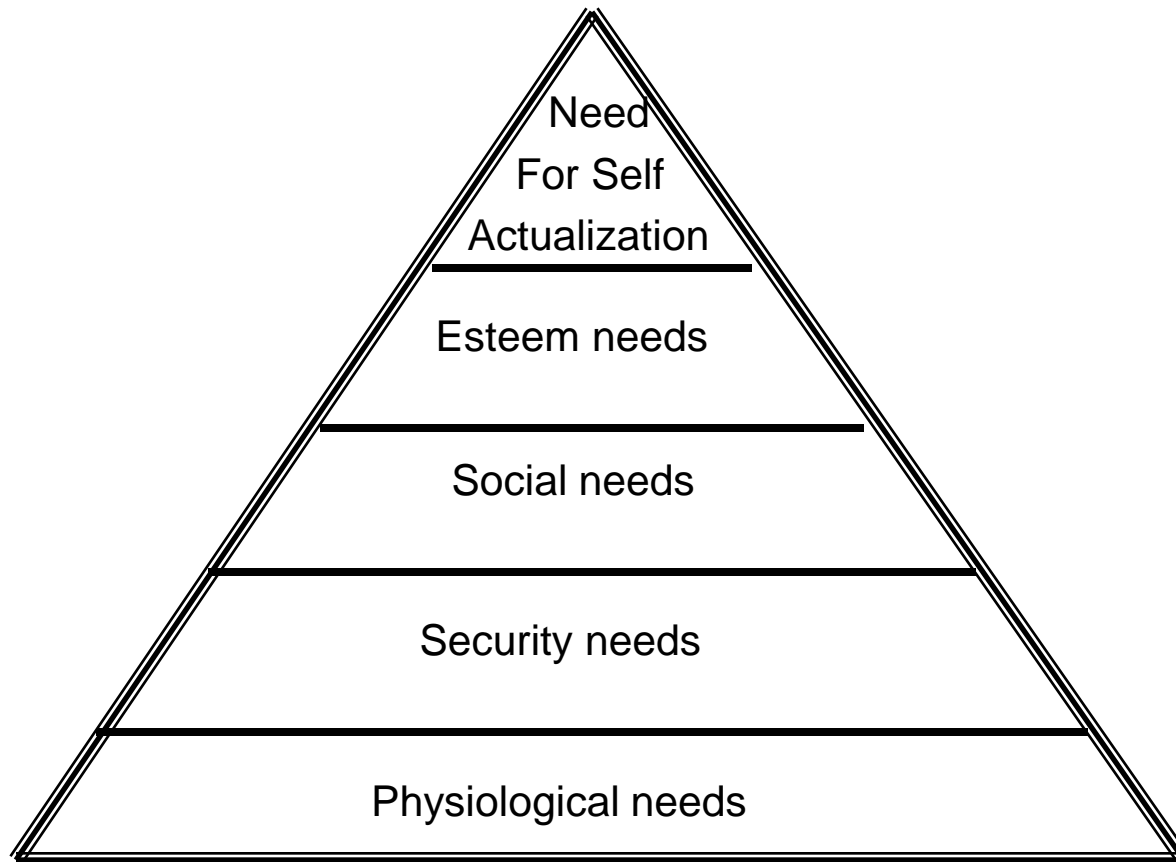
- **In a world of carrot and stick motivation theory, it's not unusual for managers to feel this way. When we want someone to behave a certain way, we pull out the carrot.**
- **"I'll give you this nice fat bonus if you reach your sales target!"**



- **When we want someone to stop a certain action we pull out the stick.**
- **“If you don't stop it, I'm going to put you on a performance improvement plan.”**
- **We take these actions because in organizational life the carrot and stick are often the tools we are presented with. We have performance appraisal forms, compensation strategies, and disciplinary action policies. We are told (and it is tempting to believe it) that these tools are going to shape our employees into the people we want them to be.**

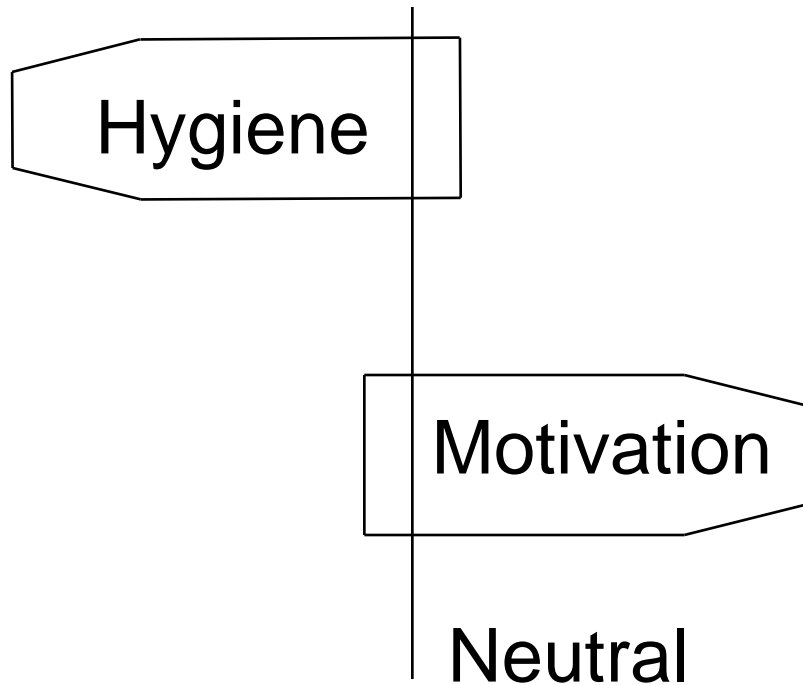
# Theories of Motivation

## *Maslow's need hierarchy theory*



# Herzberg's motivation hygiene theory

- **Hygiene factors**
- **Motivational factors**



# Two-factor theory.

- Developed by Frederick Herzberg.
- Also known as motivation-hygiene theory.
- Portrays two different factors — hygiene factors and motivator factors — as the primary causes of job dissatisfaction and job satisfaction.

## ➤ **Motivator factors.**

- Sources of job satisfaction.
- Associated with the job content.
- Building motivator factors into the job enables people to be satisfied.
- Absence of motivator factors in the job results in low satisfaction, low motivation, and low performance.

# Sources of job dissatisfaction.

## ➤ Hygiene factors.

- Associated with the job context or work setting.
- Improving hygiene factors prevent people from being dissatisfied but do not contribute to satisfaction.

## ➤ Research evidence on two-factor theory. (criticism)

- Theory may be method bound.
- Theory fails to:
  - Account for individual differences.
  - Link motivation and needs to both satisfaction and performance.
  - Consider cultural and professional differences.
- Ignores situational variables.
- Assumption of relationship between satisfaction & productivity.
- Tremendous emphasis on motivators & importance of hygiene factors ignored.

# McGregor's theory X & theory Y

- Basis for McGregor's theory is from Maslow's needs model for motivation
- Theory X
  - the assumptions that people dislike work, will avoid it if they can; must be coerced, controlled and directed and threatened with punishment to get results; have little ambition and desire security most of all.
- Theory Y
  - the assumptions that work is as natural as play, self-direction and self-control are equally natural, that motivation results from self-esteem and a sense of achievement; that most people seek responsibility. Theory Y also holds that imagination is present in most people and that organizations used only a tiny part of the intellectual capacity of their workforce.