INTEGRATED MANAGEMENT – STAGE-4

SECTION – "A"

Q. 2 (a) Analyzing Industry Structure:

Michael Porter has popularized the technique of industry analysis. Porter argues that there are five forces which work together to determine the type and direction of pressures on profitability that will be found in a given industry. When these forces of completion are favourable, there will be less downward pressure on profitability, and the industry should have a higher average level of profitability (measured by return on investment). When the structural factors are unfavourable, their will be more downward pressure on profitability and a correspondingly lower average level of profitability. A company which is competing in an industry with an unfavourable structure must find a way to gain an advantage over its competitors which will allow it to earn above-average levels of profitability. If no competitive advantage can be developed, it may be possible to change the structure of the industry. If changing the structure is not a viable alternative, the company should consider existing the industry. A company which is operating in an industry with a favourable structure should work to maintain the structure.

FIVE FORCES OF COMPETITION AND THEIR EFFECTS ON AVERAGE INDUSTRY PROFITABILITY (All other things being equal)

Forces		Effect on	
Rivalry	↑	Average profitability	↓
Power of suppliers	↑	Average profitability	↓
Power of buyers	↑	Average profitability	↓
Threat of new entrants	↑	Average profitability	↓
Threat of substitutes	↑	Average profitability	↓

Exhibit lists the five forces of competition and shows how each affects profitability, all other things being equal. It is important to remember, how ever, that all other things are seldom equal. That is each of these forces operates simultaneously with the others so that the stronger forces will predominate. For example, it the force of rivalry is very strong, average profitability may be low even if all the other forces are mildly favourable.

Rivalry:

The force of rivalry reflects the interactions among competitors who produce products or services that are close substitutes for each other. These competitors are collectively known as an industry. An industry which is characterized by firms trying to edge out each other for market share is said to be experiencing rivalry. Rivalry is more intense than ordinary competition. Firms take actions which may damage their own profitability in the short run with the idea that it will hurt competitors more, and in the long run, the initiating firm will gain some advantage over the other. Rivalry is usually exhibited in price wars (a series of retaliatory price cuts), advertising barrages (characterized either by the disparaging tone of the advertisement itself or by a significant increase in the amount of advertising), and product proliferation (each competitor matches the other with new product introductions). Rivalry is damaging to industry profitability because it is costly. Businesses generally try to minimize rivalry within the bounds of law; however, many factors can create or escalate rivalry in an industry and they should be carefully monitored as part of the environmental analysis process.

- Market growth rate slows because each firm must begin to take sales from competitors if it wishes to maintain historic growth rates.
- It is difficult to leave the industry. This occurs when there is no market for assets of the industry or when government regulation prohibits exist.
- There is chronic overcapacity, high fixed costs, and/or perishable products. In each of these situations, there is great incentive to cut prices to move products and provide some contribution toward fixed costs. Industry wide, this practice can lead to price wars.
- Industry product/services are undifferentiated. When price is the only distinguishing factor for the buyer, there is great incentive to gain share by lowering price, a practice which can also result in price wars.
- Competitors are diverse. A new company, acquisition, or changes in management can introduce new values, ideas about completion, and practices to an industry. As current competitors respond to new strategies, rivalry may escalate.

Power of Suppliers:

Suppliers provide the inputs necessary for the production of the product or delivery of the services by the industry. Organizations within an industry compete with each other as well as with organizations outside the industry for labour, raw materials, and capital. When suppliers are able to dictate the terms on which supplies will be obtained, and the industry is not able to pass the cost of these terms along to the customer, there is downward pressure on industry profitability. If suppliers are in a position to dictate such terms, they are said to be powerful.

Powerful suppliers can reduce industry profitability by influencing cost, quality, and/or availability of inputs. Suppliers are powerful if:

- There are not substitutes for the input they provide.
- The industry does not generate significant volume for the suppliers.
- The supplier industry is concentrated.
- The supplied input makes a significant contribution to the final appearance or function of the industry product.
- The suppliers provide a credible threat of forward integration.
- The industry would incur switching costs it they change supply sources.

Power of Buyers:

The term "buyers" refers both to the immediate customer for the product (such as the soft drink bottler who buys soft drink concentrate from the major soft drink concentrate manufacturers like Coca-Cola and Pepsi) as well as the final consumer (the individual who orders a Coke at a restaurant or purchases a Pepsi from a vending machine). In some industries there may be several intermediate customers between the industry and the final consumer; in others the industry sells directly to the consumer of the product. The more buyers are able to dictate the terms under which they will make their purchases, the more powerful they are.

Powerful buyers can exert bargaining leverage in their dealings with the industry or because of price sensitivity they may curtail purchases. Buyers are powerful when:

- They are concentrated.
- They generate significant volume for the industry.
- They are informed about the product or service.
- They provide a threat of backward integration.
- Substitute products exist.
- Purchases from industry constitute a large percentage of total purchases.
- Product/services is undifferentiated.

Entry Barriers:

Entry barriers are the factors which put new entrants at a cost disadvantage relative to competitors already established. When new entrants are subject to higher operating costs than established competitors, they may find other more attractive opportunities. Even if they persist with their plans for entry, current competitors can defend their positions from a position of strength. (lower costs).

Entry barriers are higher when:

- Economics of scale exist for current competitors in the industry. New entrants must incur the capital costs of large production facilities to keep their unit costs down and maintain competitive prices, or they may forego the large capital investment but have higher unit costs and higher prices. Higher prices, in turn, make it difficult to gain share from established competitors who enjoy a more favourable cost position.
- Absolute cost advantages exist for current competitors in the industry. Absolute cost advantages exist when current competitors (regardless of the size of their operations) have lower costs. This may be due to patents, favourable long-term supply contract, or experience in operations.
- Brand loyalty and product differentiation are present in the industry. Users view the product/service as unique and are less price sensitive. This makes it difficult for new competitors to establish a market position.
- Government regulations limit new competitors.
- Start-up costs (including both fixed and working capital) are high.
- Current competitors move to make it difficult for new entrants to establish themselves. This may be done by cutting prices in markets where new products are being tested as long as such pricing is not predatory.

It should be noted that entry barriers are most effective against start-ups. The only entry barrier which seems to be consistently effective against entry by a acquisition is the reaction of existing competitors.

Substitute Products:

Industry sales and profitability are limited by what the customer will pay for a given level of quality or service when alternatives are available. Commercial baking companies often switch from high-fructose corn sweeteners to sugar when the prices of sugar decreases and switch back when the price of sugar increases. As a result profits in the high-fructose corn syrup industry are limited by the price of sugar. When there is a strong threat of substitution, average profitability can suffer.

The threat of substitution holds down industry profits by allowing buyers options. The threat of substitution is greater when:

- Switching costs are not significant
- Substitutes provide about the same value for cost.
- Buyers are in the habit of substituting.

Q.2 (b) Concentration Strategy:

A concentration strategy is one that focuses on a single product or service or on a small number of closely related products or services. This is the strategy followed when an organization concentrates on extending the sales of its current business.

Market Development Concentration Strategy:

The thrust under a market development approach is to expand the markets of the current business. This can be done by gaining a larger share of the current market, expanding into new geographic areas, or attracting new market segments. Coca-Cola has continued to follow a market development strategy since its inception. It amassed its impressive market share through large-scale advertising programs, and it has continued to expand into new geographic areas (most recently, international markets such as China). Similarly, Dr. Pepper sought a new market segment by promoting the idea of heating its product and drinking it "hot".

Product Development Concentration Strategy:

The thrust under a product development approach is to alter the basic product or service or to add a closely related product or service that can be sold through the current marketing channels. Successful product development strategies often capitalize on the favourable reputation of the company or related products. The telephone companies' introduction of numerous styles of phones and additional services, such as call forwarding and call holding, is an example of a product development strategy. Yet another example would be Levi-Strauss's decision to make and sell designer clothes.

Q. 3 (a) Organizational Culture:

Organizational culture can be defined as the beliefs which pervade the organization about how business should be conducted and how employees should behave and should be treated. These beliefs are made manifest in a number of ways.

Culture is important to strategic management because it is a stabilizing influence on organizational activities. A strong culture makes activities predictable. Management knows how employees will react in certain situations and vice versa. Strategic change which requires activities different from those suggested by the culture may be doomed before it is begun unless explicit attention is given to matching strategy and culture.

Culture in an organization is analogous to personality in an individual and is transmitted in many ways:

Long-standing, and often unwritten rules and regulations; a special language that facilitates communication among members; shared standards of relevance as to the critical aspects of the work that is to be done; matter-of-fact prejudices; standards for social etiquette and demeanour; established customs for how members should relate to peers, subordinates, superiors and outsiders, and other traditions that clarify to members what is appropriate and "smart" behaviour within the organization and what is not.

In short, culture determines "how we do things around here.

Many organizations trace their beliefs to an individual who envisioned and provided a living example of how the business should be run and how people should be treated. Research on values in new companies indicates, however, that fewer than half of a new company's values reflect the values of the founder or chief executive. The rest appear to develop in response to the specific environment in which the business operates and to the needs of the employees. In general, four origins of organizational culture can be identified: (1) history, (2) environment, (3) staffing, and (4) socialization.

History:

Employees are aware of the organization's past, and this awareness reinforces culture. Much of the "way things are done" is a continuation of the way things have always been done. The existing values which may have been established originally by a strong leader are continuously and subtly reinforced by experiences. The status quo is also protected by the human tendency to embrace beliefs and values fervently and to resist changes.

Environment:

Because all organizations must interact with their environments, the environment has a role in shaping culture.

Staffing:

Organizations tend to hire and retain individuals who are similar to current employees in important ways. A person's ability to "fit in" can be an important criterion in the selection process. This "fit" criterion ensures that current values are accepted and that potential challengers of "how we do things" are screened out.

Socialization:

Companies with strong cultures attach great importance to the process of introducing and indoctrinating new employees. While values, norms, and beliefs may be widely and uniformly held, they are seldom written down. The new employee is least familiar with the culture and therefore is most likely to challenge it. It is important to help the newcomer to adapt to, as well as to adopt, the organization's culture. This is the socialization process. Not only does socialization reduce threats to the organization from newcomers, but it also indicates to newly hired employees what is expected of them. Socialization may be handled in a variety of ways, ranging from the informal, individual, sink-or-swin approach to the lengthy, structured approach characterized by programs for groups of employees in large companies. The more formal and structured the approach, the more likely it it that the desired learning will occur.

Q.3 (b) Because organizational culture is difficult to change, it is important to consider events in the environment in relation to the organizational culture to determine what responses may be feasible for a particular organization.

Allan Kennedy, co-author of the best-selling Corporate Cultures, lists five reasons that can justify large-scale cultural change.

1. Company has strong values that don't fit a changing environment.
2. Industry is very competitive and moves with lightning speed.
3. Company is mediocre or worse.
4. Company is about to join the ranks of the very largest companies
5. Company is small but growing rapidly.

While massive cultural reorientation may be unreasonable in most situations, it is possible to strengthen, or fine-tune, the culture. A statement of corporate mission which is consistently reinforced by systems, structures, and policies is a useful tool for strengthening the culture. Special attention to people who exhibit key values also spreads the message effectively.

(c) Six-step process for changing culture are:

1. Start by having senior managers re-examine the company's history, culture, and skills, as well as the traits of the business they are in.
2. Have the CEO announce a vision of the new strategy and the shared values to make it work. The CEO should then spread the gospel through speeches, memos, and informal contracts.
3. Confront mismatches between present behaviour patterns and those required by the future strategy. This may entail designing new organizational incentives and controls to encourage different behaviour.
4. Have executives promulgate and reinforce the new values in everything they do.
5. Reshuffle power to elevate people who implement she new ways, including outsiders hired mainly for their values.
6. Use levers of change such as the budgeting process and internal public relations to keep people moving toward the desired behaviours.

Because of the cost, time, and difficulty involved in changing people by changing culture, some argue that it is easier to change the people directly. That is, replace employees steeped in the old beliefs with new employees who already display the appropriate beliefs. While changes in key leadership positions can be very influential, wholesale changes in the composition of the management are usually not feasible.

SECTION – "B"

Q. 4 (a) Project Management:

Project management is the application of knowledge, skills, tools, and techniques to project activities in order to meet or exceed stakeholder needs and expectations from a project. Meeting or exceeding stakeholder needs and expectations invariably involves balancing competing demands among:

- Scope, time, cost, and quality.
- Stakeholders with differing needs and expectations.
- Identified requirements (needs) and unidentified requirements (expectations).

The term project management is sometimes used to describe an organizational approach to the management of ongoing operations. This approach, more properly called management by projects, treats many aspects of ongoing operations as projects in order to apply project management to them. Although an understanding of project management is obviously critical to an organization that is managing by projects, a detailed discussion of the approach itself is outside the scope of this document.

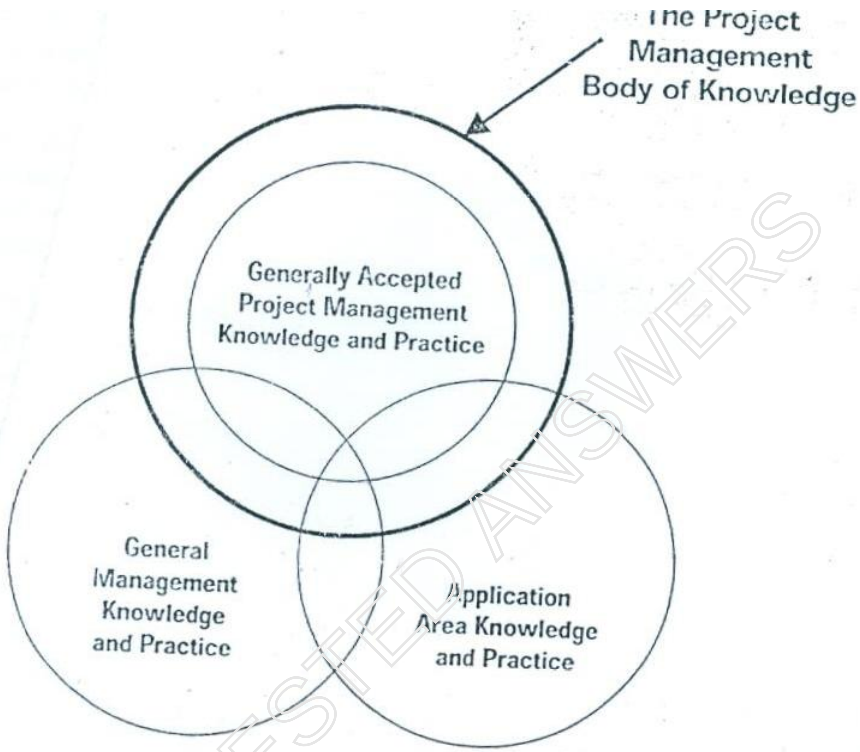
Q.4 (b) Unique Product or Service:

Projects involve doing something which has not been done before and which is, therefore, unique. A product or service may be unique even if the category it belongs to is large. For example, many thousands of office buildings have been developed, but each individual facility is unique different owner, different design, different location, different contractors, and so on. The presence of repetitive elements does not change the fundamental uniqueness of the overall effort. For example:

- A project to develop a new commercial airliner may require multiple prototypes.
- A project to bring a new drug to market may require thousands of doses of the drug to support clinical trials.
- A real estate development project may include hundreds of individual units.

Because the product of each project is unique, the characteristics that distinguish the product or service must be progressively elaborated. Progressively means "proceeding in steps; continuing steadily by increments" while elaborated means "worked out with care and detail; developed thoroughly" [1]. These distinguishing characteristics will be broadly defined early in the project and will be made more explicit and detailed as the project team develops a better and more complete understanding of the product.

Q.4 (c) Relationship of Project Management to Other Management Disciplines:



This figure is a conceptual view of these relationships. The overlaps shown are not proportional.

Q. 5 (a) Work Breakdown Structure:

Work breakdown structure (WBS) is fundamental to project planning and control. Its essence is the analysis of the work required to complete the project into manageable components.

A good way to approach WBS is to consider the outputs (or "deliverables") the project is required to produce. This can then be analysed into physical and intangible components, which can in turn be further analysed down to whatever level of simplicity is required. Working backwards in this way helps to avoid preconceived ideas of the work the project will involve and the processes that must be undertaken.

For example, a simple domestic project might be to create a vegetable plot in a garden. The output would be a plot of cultivated, well-drained soil that was free of weeds, of a suitable level of fertility and with suitable exposure to sun and rain, together with protection from strong winds. This has obvious implications for what must be done. A plot must be selected; existing vegetation must be cleared; weeds must be dug out; the soil must be improved if necessary, by liming and composting; and a physical boundary or kerb must be provided to prevent invasion by creeping weeds such as grass.

The WBS can allow for several levels of analysis, starting with major project phases and gradually breaking them down into major activities, more detailed sub-activities and individual tasks that will last only a very short time. There is no standardised terminology for the various levels of disaggregation, though an activity is sometimes regarded as being composed of tasks.

The delivery phase of many projects will break down into significant stages or sub-phases. These are very useful for control purposes, as the completion of each stage is an obvious point for reviewing the whole plan before starting the next one.

Q.5 (b) Project Budget: The amount and distribution of resources allocated to a project.

Building a project budget should be an orderly process that attempts to establish a realistic estimate of the cost of the project. There are two main methods for establishing the project budget; top-down and bottom-up.

Top-down budgeting describes the situation where the budget is imposed "from above". Project Managers are allocated a budget for the project based on an estimate made by senior management. The figure may prove realistic, especially if similar projects have been undertaken recently. However the technique is often used simply because it is quick, or because only a certain level of funding is available.

In bottom-up budgeting the project manager consults the project team, and others, to calculate a budget based on the tasks that make up the project. WBS is a useful tool in this process.

It is useful to collate this information on a Budgeting Worksheet.

Gantt Charts: A Gantt chart shows the deployment of resources over time.

A Gantt chart, named after the engineer Henry Gantt who pioneered the procedure in the early 1900s, is a horizontal bas chart used to plan the time scale for a project and to estimate the resources required.

The Gantt chart displays the time relationships between tasks in a project. Two lines are usually used to show the time allocated for each task, and the actual time taken.

Network Analysis:

Network analysis illustrates interactions and dependencies. It is used to plan the sequence of tasks making up project scope and to determine the critical path.

Network analysis, also known as Critical Path Analysis (CPA), is a useful technique to help with planning and controlling large projects, such as construction projects, research and development projects and the computerisation of systems.

Network analysis requires breaking down the project into tasks, arranging them into a logical sequence and estimating the duration of each.

This enables the series of tasks that determines the minimum possible duration of the project to be found. These are the critical activities.

Resource Histogram:

A resource histogram is a useful planning tool that shows the amount and timing of the requirement for a resource (or a range of resources).

A resource histogram shows a view of project data in which resource requirements, usage, and available are shown against a time scale.

(c) Feasibility Study:

The purpose of the feasibility study is not so much to find out if a proposed project can achieve its objective as to establish whether or not it can do so in a cost-effective manner. Given sufficient resources, most proposals that lie outside the realms of fantasy can be implemented but not all are worth undertaking. The feasibility study is the mechanism by which the organization filters out proposed projects that would cost too much, cause too much disruption, make excessive demands on human and other resources or have side effects whose undesirability outweighs their advantages. The assessment of feasibility can be broken down into a number of areas.

Technical Feasibility:

The assessment of technical feasibility will depend on the nature of the technology involved in the project; software would be a major part of an IS project, while materials and structures would be fundamental to a civil engineering project.

Technical feasibility also includes technical matters that do not relate to technology; that is to say, matters of technical expertise, such as marketing, financial strategy and human resource management. We might wish to know, for example, whether it were feasible to communicate effectively with a particular identified market segment.

Social Feasibility:

Any project is likely to have effects upon people, both those in the organization concerned and those outside it. The social feasibility of a project depends on the nature and extent of those effects. There are obvious human resource management implications to most projects, in the area of forming, leading and motivating the project team. The progress and outcome of a project may also have important consequences for employees outside the team, such as increased demand for certain categories of staff, redundancies, training requirements and changed work patterns.

Outside the organisation, the undertaking of projects and their outcomes may have wider social consequences, such as the waste of public funds and disruption of transport systems confidently expected as a result of the staging of the 2012 Olympic games in London.

Environmental Concerns:

Consideration of a project in environmental terms is usually not so much about feasibility as about acceptability. Several different stakeholder groups are likely to have environmental concerns and their opinions and reactions may affect both the progress of a project itself and the desired characteristics of its deliverables.

Financial Feasibility:

It is appropriate to submit proposed projects to cost-benefit analysis, though this can be very difficult when the benefits are largely in intangible form. Part of the difficulty lies in identifying the benefits and part in assigning monetary values to them. Dealing wit intangible or qualitative benefits is likely to be particularly important in the public and voluntary sectors, where objectives such as improved road safety or education are common.

The usual analysis of costs should be made:

- Capital costs are incurred in the purchase of assets.
- Finance costs are the charges made for the use of loan capital.
- Revenue costs are all other costs.

The financial feasibility of a project is assessed using the common techniques such as net present value, payback period and accounting rate of return.

SECTION – "C"

Q. 6 (a) The need for negotiation may be enshrined in procedure, as with most wage negotiations, or it may become apparent from circumstances. In the latter case, it is important to recognise what is happening, in order to avoid losing the initiative.

The parties to a negotiation will each aim to reach agreement on terms which are as close as possible to their starting positions. Some form of compromise is almost inevitable. An important aspect of negotiation is that the parties reach agreement feeling that their needs have been respected, even if they have not achieved everything they wished for. It may be wise, therefore, for the stronger party to be generous.

Negotiation is an important skill at all levels of management. At board level there may be pay negotiations with trade unions; at lower levels, working practices and organisational changes may have to be discussed. It is also common for managers to enter into negotiation with each other on operational matters, especially when a department's work impinges on that of another.

It is important to differentiate negotiation from consultation. Negotiation implies that both parties have power over the issue and must reach agreement. Managers should avoid giving the impression that they are negotiating (in this strict sense) when they do not need to. However, the use of the word "negotiation" can be a useful ploy to defuse conflict when all that the manager intends is to provide an opportunity for letting off steam.

(b) Workplace Stress:

Many people today work long hours, face constant deadlines, and are subject to pressure to produce more and more. Organisations and the people who run them are under constant pressure to increase income while keeping costs in check. To do things faster and better but with fewer people is the goal of many companies today. An unfortunate effect of this trend is to put too much pressure on people operating employees, other managers, and oneself. The results can indeed be increased performance, higher profits, and faster growth. But stress, burnout, turnover, aggression, and other unpleasant side effects can also occur.

Stress Defined:

Stress has been defined in many ways, but most definitions say that stress is caused by a stimulus, that the stimulus can be either physical or psychological, and that the individual responds to the stimulus in some way. Therefore, we define stress as a person's adaptive response to a stimulus that places excessive psychological or physical demands on him or her.

Given the underlying complexities of this definition, we need to examine its components carefully. First is the notion of adaption. As we will discuss presently, people may adapt to stressful circumstances in any of several ways. Second is the role of the stimulus. This stimulus, generally called a stressor, is anything that induces stress. Third, stressors can be either psychological or physical. Finally, the demands the stressor places on the individual must be excessive for stress to actually result. Of course, what is excessive for one person may be perfectly tolerable for another. The point is simply that a person must perceive the demands as excessive or stress will not actually be present.

There has been a marked increase in stress reported by airline workers in the last few years. Pressure for salary and benefit reductions, threats to pensions, demotions, layoffs, and heavier workloads have all become more pronounced.

Consequences of Stress:

Stress can have a number of consequences. If the stress is positive, the result may be more energy, enthusiasm, and motivation. Of more concern, of course, are the negative consequences of stress.

We should first note that many of the factors listed are obliviously interrelated. For example, alcohol abuse is shown as an individual consequence, but it also affects the organisation the person works for. An employee who drinks on the job may perform poorly and create a hazard for others. If the category for a consequence seems some what arbitrary, be aware that each consequence is categorized according to the area of its primary influence.

Individual Consequences:

The individual consequences of stress, then, are the outcomes that mainly affect the individual. The organization also may suffer, either directly or indirectly, but it is the individual who pay the real price. Stress may produce behavioural, psychological, and medical consequences.

Behavioural Consequences:

The behavioural consequences of stress may harm the person under stress or others. One such behaviour is smoking. Research has clearly documented that people who smoke tend to smoke more when they experience stress. These is also evidence that alcohol and drug abuse are linked to stress, although this relationship is less well documented. Other possible behavioural consequences are accident proneness, violence, and appetite disorders.

Psychological Consequences:

The psychological consequences of stress relate to a person's mental health and well-being. When people experience too much stress at work, they may become depressed or find themselves sleeping too much or not enough. Stress may also lead to family problems and sexual difficulties.

Medical Consequences:

The medical consequences of stress affect a person's physical well-being. Heart disease and stroke, among other illnesses, have been linked to stress. Other common medical problems resulting from too much stress include headaches, backaches, ulcers and related stomach and intestinal disorders, and skin conditions such as acne and hives.

Organizational Consequences:

Clearly, any of the individual consequences just discussed can also affect the organization. Other results of stress have even more direct consequences for organizations. These include decline in performance, withdrawal, and negative changes in attitudes.

Performance:

One clear organizational consequence of too much stress is a decline in performance. For workers, such a decline can translate into poor-quality work or a drop in productivity. For managers, it can mean faulty decision making or disruptions in working relationships as people become irritable and hard to get along with.

Withdrawal:

Withdrawal behaviours also can result from stress. For the organization, the two most significant forms of withdrawal behaviour are absenteeism and quitting. People who having a hard time coping with stress in their jobs are more likely to call in sick or consider leaving the organization for good. Stress can also produce other, more subtle forms of withdrawal. A manager may start missing deadlines or taking longer lunch breaks. An employee may withdraw psychologically by ceasing to care about the organization and the job. As noted above, employee violence is a potential individual consequence of stress. This also has obvious organizational implications as well, especially if the violence is directed at an employee or at the organization in general.

Attitudes:

Another direct organizational consequence of employee stress relates to attitudes. As we just noted, job satisfaction, morale, and organizational commitment can all suffer, along with motivation to perform at high levels. As a result, people may be more prone to complain about unimportant things, do only enough work to get by, and so forth.

Burnout:

Burnout, another consequence of stress, has clear implications for both people and organizations. Burnout is a general feeling of exhaustion that develops when a person simultaneously experiences too much pressure and has too few sources of satisfaction.

Q. 7 (a) Some Characteristics of Managers versus Leaders:

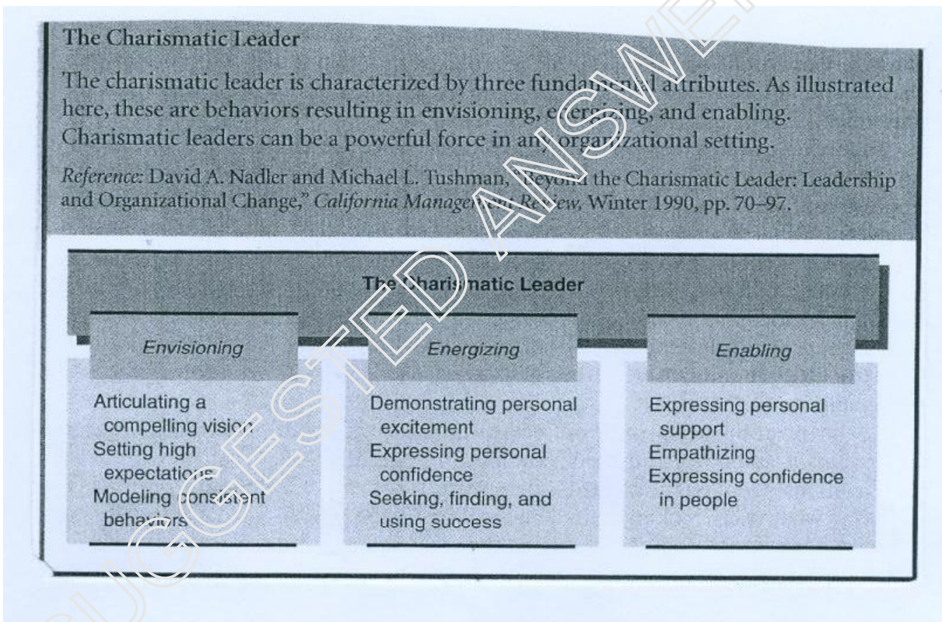
Manager Characteristics	**Leader Characteristics**
Administers	Innovates
A copy	An original
Maintains	Develops
Focuses on systems and structure	Focuses on people
Relies on control	Inspires trust
Short-range view	Long-range perspective
Asks how and when	Asks what and why
Eye on the bottom line	Eye on the horizon
Imitates	Originates
Accepts the status quo	Challenges the status quo
Classic good soldier	Own person

Does things right	Does the right thing

(b) Charismatic Leadership:

Charisma is a form of interpersonal attraction that inspires support and acceptance. Accordingly, charismatic leadership is a type of influence based on the leader's personal charisma. All else being equal, then, someone with charisma is more likely to be able to influence others than someone without charisma. For example, a highly charismatic supervisor will be more successful in influencing subordinate behaviour than a supervisor who lacks charisma.

Charismatic leaders are likely to have a lot of self-confidence, firm confidence in their beliefs and ideals, and a strong need to influence people. They also tend to communicate high expectations about follower performance and to express confidence in their followers.



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