ORGANISATIONAL BEHAVIOUR
(Text, Cases and Games)

P. SUBBA RAO
Vice-Chancellor
Oriental University, Indore, M.P.
Formerly: Pro Vice-Chancellor (ASA),
Professor and Director – Academic Audit
The University of Papua New Guinea
(Australia)
Professor and Dean,
Commerce and Management,
Sri Krishnadevaraya University, Anantapur, AP.
E-mail: pulapas@rediffmail.com

Assisted by
P. Venkatram Tej Kumar, M.S., MBA (USA)

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Dedicated to
The Lotus Feet
of
Goddess Shri Sharada Devi
Preface

It is rather difficult to predict, control and manage human behaviour as it is varied from person to person, place to place and from situation to situation. Globalisation, liberalisation, and strides in information technology resulted in multiplication of situations, complicating the task of predicting and managing human behaviour. But, the concepts, theories and principles of organisational behaviour help to manage people's behaviour as individuals, as members of groups, teams and organisations. Thus, the course on “Organisational Behaviour” helps in predicting, controlling and managing human behaviour in multiple situations.

Purpose

Our purpose of revising this book is to provide all latest developments to our readers and enable them to understand concepts, theories and principles of various behavioural aspects in a more comprehensive manner. This in turn helps our readers to acquire skills which would enable them to manage people as individuals, as members of groups, teams and organisations as efficiently as possible. This text will be useful to students as well as practicing human resource managers and functional managers at different levels in various business organisations. Further this book is also useful to executives and managers of public organisations, social organisations, non-government organisations (NGOs), political organisations and religious organisations.

Approach

We have followed direct and lucid approaches in presenting the material in order to enable readers acquire the concepts and skills and apply them appropriately.

Pedagogical Features

We have included relevant pedagogical features like practical examples, figures, exhibits, tables, boxes, cases, exercises, games and suggestive situations for adaption of skills by the readers.

Each chapter contains a chapter outline, learning objectives at the beginning, key terms, questions for discussion and references at the end.

Wide Coverage and Additions

We have covered all topics of the course on “Organisational Behaviour”. This edition contains a new chapter on ‘Fundamentals of Individual Behaviour’ which is unique to this book. Chapter on ‘Strategic Organisational Behaviour’ deals with predicting behaviour relevant to a particular strategy, modify the employees’ behaviour as per the requirements of successful strategy implementation.

In addition new theories, concepts, boxes, examples, exhibits, tables and figures are added wherever necessary.

Feedback

We request teachers, students and business executives to provide comments and suggestions for the improvement of the text. The same can be mailed to pulapas@rediffmail.com. Such feedback will be highly appreciated.

Acknowledgements

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Introduction to Organisational Behaviour

Chapter Outline

(A) Introduction
(B) Management: Achieving Goals through People?
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(D) Similarities and Dissimilarities of Groups
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After studying this chapter, you should be able to:

- Understand the role of management in understanding human behavior;
- Know the meaning of an organization;
- Analyse the causes for similarities and dissimilarities among individuals and groups;
- Discuss various models of man like economic man, social man organisational man, self-actualisation man and complex man;
- Understand the need for study of organisational behaviour;
- Know the meaning and features of organisational behaviour;
- Understand the complexities of organizational behavior;
- Know the factors responsible for increase in diversity of human resources;
- Analyse the contributions of various disciplines to organisational behaviour; and
- Understand the models of organisational behaviour.
(A) Introduction

Business organisations of the same industry are being affected by the same environmental factors, but some of them attract a number of customers while others repel them. Similarly the press widely covers some organisations and it never mentions others. You as a fresh MBA/MHRM/BBM student aspire to join some organisations while you prefer to be unemployed rather than joining other category of organisations. Similarly, employees of some companies feel proud to be identified by their companies while employees of other category of organisations feel comfortable to be identified by their name alone. These variations are invariably due to varying performances of organisations.

Why do organisations perform differently when they operate under the same environmental conditions, serve the same customer, use the same raw material and technology and employ people with similar skills? The answer to this question, invariably, is management practices, people behavior and organisation structure. Thus management practices, people behavior and organisations structure make a remarkable difference between the companies regarding their performance in terms of productivity, product quality, sales, profitability, sustainability, growth, service to the customer, relationship with customers, customer delightment, treating employees etc. Management, people behavior and organisation structure collectively makes or mars an organisation, thus decides the destiny of an organisation.

Business success is determined by management practices, organisation structure and human behavior as presented in Fig. 1.1.

![Fig. 1.1: Determinants of Business Success](image)

This background urges us to know what management is, what an organisation is and what human behavior is. Now, we shall discuss the concepts of management, organisation and human behavior.

(B) Management: Achieving Goals through People?

Managers are the critical persons in organisations, as they are responsible for the success or failure of an organisation, by converting input, including people, into desired output. As explained earlier, some organisations are successful because their management is efficient. Now, we shall study the meaning of management, skills and roles of managers.
Introduction to Organisational Behaviour

Mary Parker defines the term management as “the art of getting things done through others.”¹ But research studies concluded that management is a field of endeavour that combines art and science.²

Ivancevich, Donnelly and Gibson, define the term management as “the process undertaken by one or more persons to coordinate the activities of other persons to achieve results not attainable by any one person acting alone.”³ Managers perform a number of activities, in addition to coordination. Further, this definition covers only one resource i.e., human resources and does not focus on material resources and financial resources.

John A. Pearce and Richard B. Robinson included all kinds of resources in their definition on management. According to them, “Management is the process of optimizing human, material and financial contributions for the achievement of organisational goals.”⁴ This definition ignores the integrated aspect of the contribution of all resources towards the attainment of organisational goals.

According to Harold Koontz and Heinz and Weihrich, Management is “the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.”⁵ This definition ignores the external environment through which most of the stakeholders interact with the company.

According to Pulapa Subba Rao, “management is designing, providing and maintaining a conducive internal environment in tune with the opportunities and challenges of the external environment and intent through planning, organizing, directing and controlling all resources and operations in order to achieve organisational strategies efficiently.”⁶

What Do Managers Do?

Various definitions of management imply the functions of management viz., planning, organizing, staffing, directing and controlling.

Planning: Planning consists of the activities involved in choosing courses of action to achieve organisational objectives. It is deciding in advance what to do, when to do, how to do and who will do it, in order to achieve these objectives. Both long-term and short-term plans are necessary to achieve goals. It is necessary for the management to adopt certain assumptions or premises with regard to external factors that serve as a background for the planning function. Some companies have adopted the practice of contingency planning in view of growing difficulty of predicting future environmental conditions. Planning is a part of the activities of all managers.

Organising: Organising involves the grouping of jobs into a framework for coordination and direction. Formal organisations may be portrayed by use of an organisation chart. Careful structuring of an organisation is beneficial in terms of clarifying lines of command and eliminating gaps and overlaps. However, extremely detailed organisation structures may be dysfunctional.

Once job content is determined, jobs and activities must be grouped to devise an overall structure. Decisions affecting organisational structure involve values and goals for both enterprises and individuals.

Organisations are structured based on product, function, geography, customer and project. The matrix structure has evolved as a result of complex environments, markets and technology. It combines both functions and projects. Organisational culture reflects not only social values and expectations, but also the unique set of values, beliefs and behaviours that characterise each organisation.

Staffing: Staffing is planning, organising, directing and controlling of procurement, development, compensation, integration and maintenance of people for the purpose of contributing to individual, organisational and social goals. Thus, building an effective organisational team requires planning and control of human resources. This process requires the performance of the
functions like job analysis, human resources planning, recruitment, selection, induction, placement, training, executive development, wage and salary administration, leadership, teamwork, motivation, grievance procedure, disciplinary procedure, etc.

Once the employee is employed, his development needs are identified through performance appraisal. Once these needs are identified, the employee will be trained/developed with the application of on-the-job and off-the-job methods. Staffing function is also known as human resource management.

**Directing:** The next logical function after completing planning, organising and staffing is the execution of plan. The important function of management at any level, is directing the people by motivating, commanding, leading and activating them. The willing and effective cooperation of employees for the attainment of organisational goals is possible through direction. Tapping the maximum potentialities of the people is possible through motivation and command. Thus, direction is an important managerial function in securing employee’s contribution. Coordination deals with the task of blending efforts in order to ensure successful attainment of organisational objectives.

**Controlling:** After planning, organising, staffing and directing the various activities, the performance is to be verified in order to know whether the activities are performed in conformity with the plans and objectives or not. Controlling also involves checking, verifying and comparing of actual performance with the plans, identification of deviations, if any and correcting of identified deviations. Thus actions and operations are adjusted to predetermined plans and standards through control.

The purpose of control is to ensure the effective operation of an organisation by focusing on all resources - human, material, financial and machines. Financial control is attained through a number of means, viz., financial statements interpreted through ratio analysis and budgets.

Thus management is situational and its purpose is to achieve organisational strategies by managing various resources through people as the people are dynamic and influence all other resources based on strategic requirements. Managers possess three kinds of skills viz., technical, human and conceptual skills. Now, we shall discuss managerial skills.

**Managerial Skills**

According to Robert L. Katz’, there are three types of managerial skills viz., technical skills, human skills and conceptual skills.

**Technical Skills:** Technical skills are the proficiency in working with machines, tools and techniques in human resource management, financial management, marketing management and production management. Managers at all levels should possess technical skills. Those at the lower level should possess more of technical skills whereas managers at the top level possess less technical skills compared to those at middle and lower levels.

**Human Skills:** Human skills include the ability to work with people tactfully, interpersonal proficiency, ability to build, maintain and work in teams and create an open environment. Managers at all levels should possess these skills.

**Conceptual Skills:** Conceptual skills include the ability to draw the total, integrated, comprehensive and the macro view of the company, situations and the ability to develop solutions for the probable problems and challenges. Top level managers should possess more of conceptual skills compared to those of lower level managers.

**Managerial Roles**

Managers perform different roles. Formal authority gives rise to three inter-personal roles and three informational roles. The two sets of roles enable the manager to play the four decisional roles.
Interpersonal Roles

The important interpersonal roles of managers are:

**Figurehead Role:** Managers perform the duties of a ceremonial nature as head of the organisation, a strategic business unit or department. Duties of interpersonal roles include routine, involving little serious communication and less important decisions. However, they are important for the smooth functioning of an organisation or department.

**Leader Role:** The manager, in charge of the organisation/department, coordinates the work of others and leads his subordinates. Formal authority provides greater potential power to exercise and get the things done.

**Liaison Role:** As the leader of the organisation or unit, the manager has to perform the functions of motivation, communication, encouraging team spirit and the like. Further, he has to coordinate the activities of all his subordinates, which involves the activity of liaison.

Informational Roles

Manager emerges as the nerve centre of his organisation/department in view of his interpersonal links with his subordinates, peers, superiors and outsiders. Therefore, the manager has to play the informational role effectively to let the information flow continuously from one corner of the organisation to the other corner.

The information roles of a manager include:

**Monitor’s Role:** As a result of the network of contacts, the manager gets the information by scanning his environment, subordinates, peers and superiors. Managers mostly collect information in verbal form often as gossip, hearsay, speculation and through grapevine channels.

**Disseminator’s Role:** The manager disseminates the information which he collects from different sources and through various means. He passes some of the privileged information directly to his subordinates, who otherwise have no access to it. The manager plays an important role in disseminating the information to his subordinates, when they don’t have contact with one another.

**Spokesman’s Role:** Some insiders and/or outsiders control the unit/department or the organisation. The manager has to keep them informed about the developments in his unit. He has to keep his superior informed of every development in his unit, who in turn inform the insiders and outsiders. Directors and shareholders must be informed about financial performance. Customers must be informed about the new product developments, quality maintenance, government officials about implementation of law, etc.

Decisional Roles

Information is an important and basic input to decision-making. The managers play a crucial role in decision-making system of the unit. Only the manager can commit the department to new courses of action and he has full and current information to initiate and implement the decisions that determine the department’s or organisational strategy. The decisional roles of the manager are:

**Entrepreneurial Role:** As an entrepreneur, the manager is a creator and innovator. He seeks to improve his department, adapt to the changing environmental factors. The manager appreciates new ideas and initiates new developmental projects.

According to Peter F. Drucker, “the manager has the task of creating a true whole that is larger than the sum of its parts, a productive entity that turns out more than the sum of the resources put into it.”

**Disturbance Handler Role:** Entrepreneurial role describes the manager as the voluntary initiator of change, the disturbance handler role presents the manager as the individual involuntarily responding to pressures. Pressures of the situation are severe and highly demand the attention
of the manager and as such the manager cannot ignore the situation. For example, workers’ strike, declining sales, bankruptcy of a major customer, etc.

The manager should have enough time in handling disturbances carefully, skillfully and effectively.

**Resource Allocator’s Role:** The most important resource that a manager allocates to his subordinates is his time. He should have an open-door policy and allow the subordinates to express their opinions and share their experiences. This process helps both the manager and his subordinates in making effective decisions. In addition, the manager should empower his subordinates by delegating his authority and power.

**Negotiator’s Role:** Managers spend considerable time in the task of negotiations. He negotiates with the subordinates for improved commitment and loyalty, with the peers for cooperation, coordination and integration, with workers and their unions regarding conditions of employment, commitment, productivity and with the government about providing facilities for business expansion etc.

These negotiations are an integral part of the manager’s job for only he has the authority to commit organisational resources and is the nerve centre of information.

Though the different roles of a manager are discussed separately for convenience, they are, in fact inseparable. The manager has to perform these roles simultaneously by integrating one with another. Thus, the major role of the manager is integrating all the roles while playing the managerial role or performing his tasks. In fact, the manager cannot play any one role isolating the other roles. As a strategist, the manager has to integrate all the roles in understanding and managing people.

**(C) Do People Behave Similarly or Dissimilarly?**

People or human resources are the core of a nation or a business or any organisation. In fact, commitment, innovative skills, positive attitude, right mindset and other aspects of people’s behavior influences business success significantly. The difference in the financial performance or profitability of organisations is ultimately determined by human skills and human behavior. As such, Sir Richard Branson, the Founder CEO of Virgin Group – a diversified grouping of more than 200 privately held companies profoundly says that ‘my employees’ are the kings of the company. He further reiterates that: “I take care of my employees, my employees take care of customers, customers take care of business and business takes care of my profits”. “Ideas come from your people if you let them” and these ideas when implemented properly help the organisation to achieve its mission. Human resources play a crucial role in the development process of modern economics. Arthur Lewis observed “there are great differences in development between countries which seem to have roughly equal resources, so it is necessary to enquire into the difference in human behaviour.”

**(D) Similarities and Dissimilarities in Groups**

There are similarities and dissimilarities among individuals. Similarly there are similarities and dissimilarities among groups. Social factors, cultural factors and religious factors cause for similarities and dissimilarities among groups.

**Work Related Cultural Values and Dissimilarities among Groups:** People rank the motivational needs differently from country to country, based on social and cultural groups. People from poor countries are mostly motivated by compensation while their counterparts in
rich countries are motivated by higher order needs like more responsibility, recognition, and other esteem needs.

Power Distance: Power distance denotes the relationship between superior and subordinates. People in high power distance societies like Morocco prefer little consultation between superior and subordinates. Benevolent autocratic or paternalistic styles are more appropriate for such societies. Participative and democratic leadership styles produced negative results in Morocco. Participative and democratic styles of leadership are more appropriate. However, subordinates in high power distance societies may prefer participative decision-making among low power distance societies like Israel, Sweden, Germany and the USA. A study conducted by Hofstede indicates that power distance is lowest in Israel followed by Denmark, Sweden, Germany, Australia, Canada and the USA. It is highest in Panama followed by Mexico, Indonesia, India and Brazil.

Individualism vs. Collectivism: Individualism and collectivism are the consequences of culture and affect the formation of groups, productivity and marketing practices. Culture in most of the Western countries is individualism and employees in these countries prefer to work individually. Culture in Western countries is individualism and is highest in USA followed by Australia, and UK. Culture in the Eastern countries is collectivism and is highest in Indonesia followed by Thailand, Japan and India.

Risk-Taking Behaviour: Employees in countries with the highest scores of uncertainty avoidance prefer a system and a methodological work based on rules that are not to be deviated. On the contrary, employees in countries with the low scores of uncertainty avoidance prefer flexible organisations and flexible work. People in some countries like Norway trust most of the people and people in some other countries like Brazil are very cautious in dealing with others. Cost of doing business for those whose trust is high is low and vice-versa for those whose trust is low as managers have to spend time in foreseeing every possible contingency and monitoring every action for compliance. Countries also differ in future orientation. People in some countries like Switzerland, Netherlands and Canada think of the future, whereas in some other countries like Russia and Poland think of the present. Belief in fatalism indicates that every event is inevitable and is due to the will of ‘God’. The fundamentalists of all religions strongly believe fatalism and such people work less hard and with low self-determination. It is rather difficult to do insurance business in such societies. Uncertainty avoidance is highest in Japan followed by Spain, France and Israel. It is lowest in Sweden followed by Denmark, the UK and India.

Masculinity: Hofstede defines masculinity as the degree to which the dominant values of a society are success, money and material things. He also defines femininity as the degree to which the dominant values of a society are caring for others and the quality of life. According to his study the country Japan enjoys highest masculinity followed by Mexico, the UK, Germany, the USA, and Australia and the country with highest femininity was Sweden followed by Netherlands, Denmark and Thailand. The countries with moderate masculinity include India, Argentina and Canada.

People in the countries with high masculinity are highly competitive and these cultures favour industrial development, entrepreneurial and economic growth. Therefore, multinational companies prefer to locate their manufacturing operations in these countries. People in the countries with high femininity favour friendly work environment and relationship oriented quality of work life.

Religions and Behavioural Differences

Though there are a number of religions in the world, four religions are widely believed and followed by majority of the people viz., Christianity, Islam, Hinduism and Buddhism. The impact of religions on business is mostly in developing attitudes of people towards work, product/service
price fixation, entrepreneurship and cost of doing business. According to Weber, business leaders, owners of capital, high skilled labour, technically and commercially trained personnel of modern enterprises are Protestants as Protestants reflected the view that hard work is a way to gain salvation unlike other branches of Christianity.

Islam is an all-embracing way of life governing the totality of Muslims. Economic principles of Islam are pro-free enterprise. Islam reflects social justice. Islam prohibits the payment or receipt of interest. But it allows for sharing of profit of the borrower or mark-up the loan amount.

Hindus believe that material achievement cannot be carried over to next incarnation and only spiritual achievement would be carried over to the next incarnation. Max Weber argued that ascetic principles embedded in Hinduism do not encourage the entrepreneurial activity in pursuit of wealth creation found in protestants.

Though, Buddhism does not advocate ascetic behaviour, it emphasises spiritual achievement rather than material achievement. Therefore, Buddhism also does not support entrepreneurial activity compared to the Protestantism of Christianity. Thus, religion has impact on entrepreneurial behavior.

Having studied the behaviour of individuals and groups in general, we shall now look into the human behaviour in organisations.

(E) How Do Organisations Behave?

Organisation is a process of combining and interrelating the various organs of a system and building relations among themselves or of an institution in a sequence based on a purpose. These organs include tasks, jobs, responsibilities, roles, individuals, working and social groups, material, machines, services, information, computers, intranet, internet, etc. The purpose of grouping these organs/parts is to channelise all the resources towards the achievement of the strategies of the company.

Thus the strategy determines the way we group the organs or parts. The traditional and public services structure parts and relationships based on bureaucratic and mechanistic principles as their strategy was centred around protecting the system and legal approach. Modern public services, public sector and private sector businesses structure parts and relations based on humanistic principles as their strategies are centred on effectiveness and efficiency in serving the customer.

In other words, grouping of those organs is like building relationships among the building blocks of jobs, individuals and groups. To be specific, organisation is a consciously coordinated social entity, with a relatively identifiable boundary. It functions on a relatively continuous basis to achieve a common strategy or goal or set of goals.

Individuals and groups have limited physical, financial and intellectual abilities to achieve broader strategies. Therefore individuals and groups join together to form organisations to achieve broader strategies. Thus organisations are formed to achieve greater things that can’t be achieved by any individual any single group.

Today’s organisations face the challenges of understanding, predicting and managing the employee behaviour due to the consequences of diversity. In fact, human behaviour is complex and dynamic. The study of human behaviour helps to understand varied behaviour of diversified groups and take steps to unify the diversified behaviour and channelise these unified behavioural aspects towards the organisational strategies and goals (see Fig. 1.2).

It is clear from Fig. 1.2 that human behavior within individuals is called individual behavior, human behavior among individuals or within groups is called group behavior and human behavior within organisation when interacts with the structures is called organisational behavior.\(^9\)
Why should we understand the diversified human behaviour and unify it? The answer to this question is:

People are the competitive advantage for today’s organisations. (See Exhibit 1.1).

Exhibit 1.1  People as a Competitive Advantage

“The fact of the matter is that human resources do make a difference. As successful real world organisations ranging from Chrysler to General Electicals to Microsoft and Wipro, Hindustan Levers, Infosys Technologies, Reliance, etc., to a posh departmental store and a newly established company have discovered, people may be the substantial competitive advantage that an organisation has in our globalised and informationised world. The importance of various functions, technology and information systems is given. But these simply level the playing field in the competitive battles ahead. The people, their ideas, their productivity, their adaptability to change and their capacity to learn — at all levels of organisation — are the competitive advantage, now and especially in the ‘four anys’ (anybody, any place, any time, anyway) environment of the future.


Most of the organisations have realised that people with diversified skills, behaviour, etc., are the major strength and strategies that can be formulated from these assets. Further, these diversified people with their innovative skills, smart working and commitment to the business are useful as a major competitive advantage to those firms which possess them. Though the modern organisations had downsized their operations, delayered their structures, implemented TQM programmes, installed information technology and gone international, still the lasting competitive advantage comes through human resources and the way they are managed.

Further, it is found by the research studies that the efficient human resource management has positive impact on productivity and financial performance of the companies.

Thus, understanding diversified human behaviour, unify it in accordance with organisational requirements and direct it towards organisational strategies is necessary not only for efficient human resources management but also for the success of organisations.

The next logical question is what is human behaviour? How can it be unified and directed towards organisational strategies?

Mr. Ramana, an employee in the production department of Ballarpur Industries, behaves politely with his supervisor but rudely with other managers of the company when he meets them in a group consisting of trade union leaders. Human beings behave differently as individuals, as members of groups and organisations. The study of behaviour of human beings as individuals, members of groups and organisation is referred to as organisational behaviour.
(F) Definitions of Organisational Behaviour

- John W. Newstrom and Keith Davis define the term organisational behaviour as, “the study and application of knowledge about how people as individuals and as groups act within organisations. It strives to identify ways in which people can act more effectively.”

This definition deals with the behaviour of the people as individuals and as members of groups within the organisations. It also deals with diverting the human behaviour towards organisational requirements.

- Stephen P. Robbins defines organisational behaviour as “a field of study that investigates the impact that individuals, groups and structures have on behaviour within organisations for the purpose of applying such knowledge toward improving an organisation’s effectiveness.”

This definition deals with the development of knowledge regarding the behaviour induced by individuals, groups and structures in an organisation. It also deals with utilization of such knowledge for enhancing organisational effectiveness.

- Steven L. McShane and Mary Ann Von Glinow define organisational behaviour as “the study of what people think, feel and do in and around organisations.”

The authors view that organisational behaviour includes the study of the impact of individual, team and structural characteristics on behaviour in organisations and understanding and predicting the impact of these behaviours on organisational success.

- Fred Luthans defines organisational behaviour as “the understanding, prediction and management of human behaviour in organisations.”

This definition seems to be simple and comprehensive. But further analysis is necessary to understand it thoroughly.

Organisational behaviour can be defined as studying, predicting and managing human behaviour caused by individuals, groups and structures towards the requirements of organisational strategies.

Analysis of these definitions indicates the following features of organisational behaviour.

(G) Historical Development of OB and Human Relations

A number of practitioners, thinkers and academicians of management and behavioural sciences have contributed to the formation and development of management principles, thought, behavioural sciences and approaches. The two important developments are scientific management and Hawthorne Experiments.

**Scientific Management:** The forerunners of Scientific Management theory are Robert Owen, Charles Babbage, Henry Robinson Towne and Frederick Winslow Taylor.

Frederick Winslow Taylor, known popularly as the father of scientific management and a classicist in management theory, was the first person who insisted on the introduction of scientific methods in management. He made for the first time a systematic study of management and evolved an orderly set of principles to replace the trial and error methods then in vogue.

The contributions to scientific management evolve into principles. These principles are called principles of scientific management. The important principles include: time and motion study, the best way of doing the job, replacing the old rule of thumb knowledge of the workers, differential payment, group harmony, cooperation between management and workers, scientific
methods of employee selection and training and separation of planning and doing. Thus the human element and behavior were recognized in scientific management.

**Human Relations Approach and Hawthorne Experiments**

The human relations approach is the outcome of reactions of classical theorists like Mary Parker and Chester I Barnard. Elton Mayo and his associates pointed out that the techniques of scientific management are not adequate and they do not contribute to individual and organisational goals.

The essence of human relations approach is that workers should be treated as human beings but not as mere factors of production. Workers’ needs, feelings, attitudes, values and desires are extremely important. The theme of human relations approach is that (i) organisational situation should be viewed in social terms as well as in economic and technical terms and (ii) the social process of group behaviour can be understood in terms of the clinical method analogous to the doctor’s diagnosis of the human organism.16

**Hawthorne Experiments**

An intensive and systematic analysis of human factor was made in the form of Hawthorne Experiments. Elton Mayo is generally recognised as the father of human relations approach, although a number of professors of the Harvard Business School and managers of Hawthorne Plant of Western Electric Company USA, where the experiments were conducted between 1924 and 1933, had been associated with him. The series of experiments conducted may be classified as:

(i) **Phase 1. Illumination Experiments**

This experiment was conducted to know the impact of illumination on productivity. The experiment involved the prolonged observation of two groups of employees making telephone relays. The intensity of light under which one group worked (test group) systematically varied while the light was held constant for the second group (control group). The productivity of the test group and control group increased. The researchers concluded that some other variables were contaminating the effects of the light changes.

(ii) **Phase 2. Relay Assembly Test Group**

A small group of workers was placed in a separate room and a number of variables were altered - like wages were increased, rest periods of varying lengths were introduced, the workday and work week were shortened. The supervisors, who acted as observers, also allowed the groups to choose their own rest periods and members of their own groups and to involve in decision making regarding suggested changes. Performance tended to increase over the period but it also increased and decreased erratically.

(iii) **Phase 3. Interviewing Programme**

Mayo initiated a three year long interviewing programme in 1828, covering more than 21,000 employees to find out the causes for increased productivity. The emphasis of this phase was on human relations rather than on working conditions. This programme initially proved to be useless as employees often gave stereotyped responses. This led the interviewers towards asking indirect questions. Then the employees began to air their feelings freely. The point demonstrated by this interviewing programme is central to the human relations approach. And for the first time, the importance of the informal work group is recognised. Then, the bank wiring room experiment was set up in order to find out how informal work groups operate.
(iv) Phase 4. The Bank Wiring Observation Room Experiment (1931-32)

In this experiment, 14 male workers were formed into a work group and intensively observed for seven months in the bank wiring room, engaged in the assembly of terminal banks for the use in telephone exchanges. The employees were paid individual wages and a bonus based on group effort. It was expected that highly efficient workers would bring pressure on others for increased output and high bonus. However, the expected results did not come about and indeed the group developed specific mechanisms to protect themselves.

Work group norms, beliefs, sentiments had a greater impact in influencing individual behaviour than did the monetary incentives offered by the management. Thus, the Hawthorne Experiments indicated that employees were not only economic beings but social and psychological beings as well.

The researchers concluded that employees would work better had they believed that the management was concerned about their welfare and supervisors paid special attention to them. This phenomenon (subsequently labeled the Hawthorne effect), has remained quite controversial to this day.

The concept social man, according to Mayo, motivated by social needs, wanting, rewarding, on-the-job relationships and responding more to work-group pressures than to management control - was necessary to complement the old concept of rational man motivated by personal economic needs.¹⁷

Contributions of the Human Relations Approach

There is a departure from the scientific management approach regarding the influence of engineering factors for increase in productivity.

- This approach suggested that the democratic style of supervision yields more benefits than task-centred leadership by informal organisation than by formal organisation.
- In addition, the researchers recognized the significance of a manager’s style and thereby stressed on management training.
- More attention was paid on teaching management skills rather than technical skills to people.
- Finally their work led to a new interest in group dynamics, group process and group reward rather than individual worker.
- Another contribution of human relations approach was that business organisation is more than the logical arrangement of work functions and social factors should also be considered in designing an organisation structure. This school is characterised by a genuine interest in organic (humanistic) structure rather than mechanistic structure.
- Workers’ output is determined by the group norms but not by the time study and motion study.
- Workers are motivated not only by the money but also by non-financial rewards.

Human Relations: Definition

Human relations pertain to motivating people in organisations in order to develop teamwork which effectively fulfils their needs and leads to achieving organisational goals. Thus human relations:

- strive to create a positive and conducive work environment, focuses on people,
- has the ultimate goal to increase productivity and
- seeks to build human cooperation towards achievement of organisational goals.
Major Concepts in Human Relations: According to experts in human relations, organisations should be viewed as a social system with economic and social dimensions. The work environment should be conducive for the restoration of man’s dignity.

Sound human relations encourage people to work together. It is determined by the nature of the leader, the work environment and the work.

Features of Organisational Behaviour: Levels and Contributing Disciplines

Interactive Process of Three Levels: Behaviour of people in organisations can’t be judged exclusively based on individual behaviour of employees. Human behaviour is caused by individuals, groups and structures of the organisations. For example, the tall structures make the individuals to be rule minded and behave mechanically. The flat structures modify the individual to be innovative, creative, challenging and committed and ultimately persuade them to be result-oriented.

- Human behaviour can be predicted, studied, transformed and managed. This can be done to some extent but not completely as required or anticipated.
- Understand the organisational strategies, type of human behaviour necessary for their implementation and manage the people to exert the behaviour necessary for effecting the strategy implementation to the maximum extent possible.
- The purpose of organisational behaviour is to enhance organisational efficiency and effectiveness.
- Organisational behaviour is a multidisciplinary subject, that involves various disciplines like Psychology, Sociology, Social-Psychology, Anthropology, Political Sciences, Engineering and Technology, Management, Economics and Medicine.

Disciplines Contributing to Organisational Behaviour

As stated above, organisational behaviour is a multidisciplinary subject, that involves various disciplines like Psychology, Sociology, Social-Psychology, Anthropology, Political Sciences, Engineering and Technology, Management, Economics and Medicine. Now, we shall discuss the contribution of these disciplines to organisational behavior.

Psychology

Psychology is the science that studies the human behaviour which has its origin to philosophy and physiology. Psychology contributes maximum inputs to organisational behaviour. Psychology studies, predict and manage the behaviour of human beings and animals. Psychologists study and attempt to understand human behaviour. Psychologists who contributed to the discipline of organisational behaviour include learning theorists, personality theorists, counselling psychologists, and industrial and organisational psychologists. Industrial and organisational psychologists contributed to the areas of fatigue, boredom and other working conditions pertaining to the job. In addition, they also contributed to learning, perception, personality, leadership, qualities, emotions, training, job satisfaction, motivation, communication, performance management, employee selection, job and team design and stress management. Psychology developed into a number of fields like clinical, experimental, military, organisational, industrial, and social psychology. Organisational psychology deals with various areas like perception and work motivation that are the integral parts of organisational behaviour. Psychology developed various tests for selection of employees. The psychological concepts relevant to organisational behaviour include:
Organisational Behaviour

- Perception
- Personality
- Motivation
- Learning
- Job Satisfaction
- Training
- Communication
- Emotions
- Leadership
- Values
- Attitudes
- Selection
- Risk-taking

Psychology helps to understand and ameliorate individual behaviour and interpersonal behaviour.

Sociology

Sociology — the science of society — deals with the society as a whole rather than individuals. Sociology also made significant contributions to organisational behaviour. Sociology studies the human beings in groups, formal and informal organisations. In addition, Sociology contributes to the social and cultural environment. Sociologists contributed to organisational culture, formal organisations, informal organisations, communication, leadership and power and politics. The contributions of sociology to organisational behaviour include:

- Group Dynamics
- Organisation Theory
- Teamwork
- Organisation Design
- Communication
- Organisation Change
- Power and Politics
- Intergroup Conflict and Behaviour

Social Psychology

Social psychology is the blend of psychology and certain sociology concepts. Social psychology deals with the influence of one individual on others and vice versa. The major contribution of social psychology is understanding the need for change, designing change process, predicting the possible resistance and developing strategies to avoid such resistances. Further it contributes to shifts in attitudes, communication patterns, group patterns, group conflicts and power politics. Contributions of social psychology to organisational behaviour include:

- Attitude Change
- Communication
- Group Process
- Change Management
- Group Interaction
- Group Decision-making

Anthropology

Anthropology is the science of human behaviour. Anthropology studies the societies in order to understand the human beings and their activities. Anthropologists contributed to the work culture, human environment, values, attitudes and beliefs of different organisations in different countries. Anthropologists’ contributions to organisational behaviour includes organisational culture, organisational environment, cultural differences among various countries. Cultural anthropology deals with the origin of culture and pattern of human behaviour particularly organisational behaviour. The contributions of Anthropology to organisational behaviour include:

- Cross Culture
- Comparative Values
- Comparative Attitudes
- Organisational Culture
- Organisational Environment
**Political Science**

Political Science predicts studies and manages the behaviour of individuals and groups in the political environment. The contributions of political scientists to organisational behaviour include organisational power and politics, conflicts due to organisational structures and group conflicts. The contributions of political science to organisational behaviour include:
- Structuring Conflict
- Allocation of Power
- Political Behaviour
- Decision-making

**Engineering and Technology**

Engineering — the applied science of energy and matter - has contributed significantly to the organisational behaviour. Engineering contributes to the work design and thereby job design. In fact F.W. Taylor, the Father of Scientific Management, has designed time study and motion study that has significant contributions to organisational behaviour. Taylor has developed performance appraisal, piece-rate system and human productivity. Technology is application of knowledge. Technology influences the human behaviour directly and significantly by influencing job designs, relationship between employees, machinery, organisational structure, working styles of employees, etc. The contributions of technology to organisational behaviour include:
- Perception
- Work Environment
- Communication
- Teamwork
- Information technology still makes phenomenal contributions to organisational behaviour. They include:
  - Team Dynamics
  - Decision-making
  - Communication
  - Knowledge Management

**Management**

Management is getting things done by the people. Management deals with supervising people in their activities to contribute to organisational goals. In other words, people are directed and motivated to get the things done. Thus, management contributes to organisational behaviour in building decision-making models, communication patterns, leadership styles, etc. Management after psychology makes significant contributions to organisational behaviour. Its contributions include people management, decision-making, communication, leadership, motivation, job design, organisational structure, job satisfaction, group management and change management. Management contributions to organisational behaviour include:
- Decision-making
- Communication
- Leadership
- Organisational Structure
- Motivation
- Predict the Behavioural Requirements of Organisational Strategies and
- Manage the Behaviour towards the Strategic Requirements.

**Economics**

Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses. The major contribution of Economics to organisational behaviour is treating human being as an economic man. Therefore, Economics contributes to motivational theories and practices. The contributions of Economics to organisational behaviour include:
Medicine

Medicine is the applied science of healing or treatment of diseases to enhance an individual’s health and lifespan. Thus, medicine has concerns for physical as well as psychological health of a human being. Medicine of late deals with psycho-physical diseases like hypertension, occupational health hazards as well as health problems related to industrial nature, environments, etc.

The significant contributions of medicine to organisational behaviour include:
- Organisational Stressors
- Hypertension
- Frustration

Thus, various disciplines contribute to the development of organisational behaviour as a multi-disciplinary characteristic.

Human behaviour in organisations is caused by individuals as individuals, as member of groups and structures of the organisations. Figure 1.3 presents the model of organisational behaviour.

(1) Nature and Complexities of Organisational Behaviour

We in our daily activities come across with various types of organisations like public sector, private sector, manufacturing, service, economic, social, and religious organisations. Organisations are economic and social entities in which a number of individuals and groups perform multifarious tasks in order to attain common goals. Thus, organisations are structured social systems consisting of groups and individuals working together to achieve common goals. People work as individuals as well as members of groups based on the pre-determined goals. Organisational behaviour is concerned with the behavioural aspects of individuals, groups and total organisation.

In fact organisation mainly consists of people whether it is a manufacturing or service, profit-oriented or non-profit oriented, organisation.

Now we study the different aspects of nature of organisational behaviour.

Multidisciplinary Course

As discussed earlier, organisational behaviour draws knowledge and concepts from various disciplines like psychology, sociology, social-psychology, economics, commerce, management,
medicine and anthropology. Thus, organisational behaviour systematically crafts various behavioural concepts by integrating the knowledge drawn from various disciplines.

**Application of Scientific Methods to Practical Managerial Problems**

Organisational behaviour draws knowledge from various disciplines using various scientific methods. The scientific methods used by organisational behaviour may not be as scientific, sophisticated and mature as the pure science disciplines like Mathematics, Physics and Chemistry. However, Organisational Behaviour’s approach is scientific in nature as it seeks to develop knowledge by using empirical and research approach. Thus organisational behaviour observes the behaviour systematically and measures the behaviour using scientific instruments. Managers measure the behaviour of employees by using instruments and by using 5-degree scale as depicted in the Exhibit 1.2:

<table>
<thead>
<tr>
<th>Exhibit 1.2</th>
<th>Transactional Analysis: Know Your Ego States — Model Instrument to Measure Behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>For each statement, allocate a score (as given below), to show how much your behaviour is like the way, as reflected by the statement. As all statements are true for all of us sometime or other, please go by what is true for you, often. Please BASE your Score, in general, on Work Situations and place it in the box:</td>
</tr>
<tr>
<td></td>
<td>Not true for me (1)</td>
</tr>
<tr>
<td></td>
<td>Sometimes true of me (2)</td>
</tr>
<tr>
<td></td>
<td>Always completely true (5)</td>
</tr>
<tr>
<td>1</td>
<td>I tell others firmly, how they should behave.</td>
</tr>
<tr>
<td>2</td>
<td>I think deliberately, before carrying out a job.</td>
</tr>
<tr>
<td>3</td>
<td>I carry out jobs as per instructions of my superiors.</td>
</tr>
<tr>
<td>4</td>
<td>I show sympathy towards people having problems.</td>
</tr>
<tr>
<td>5</td>
<td>I enjoy the company of other people.</td>
</tr>
<tr>
<td>6</td>
<td>I take care of others’ needs.</td>
</tr>
<tr>
<td>7</td>
<td>I am systematic/logical, in doing things.</td>
</tr>
<tr>
<td>8</td>
<td>I give instructions to others, on how to do their job properly.</td>
</tr>
<tr>
<td>9</td>
<td>I express my feelings to others, without feeling embarrassed about it.</td>
</tr>
<tr>
<td>10</td>
<td>I am comfortable only when I practise usual etiquette, towards people.</td>
</tr>
</tbody>
</table>

The results of these instruments are used for managing employee behaviour and in general human resources. Thus, organisational behaviour concepts are used in human resource management as in case of using the properties of Physics by engineers and use of engineering data for testing the theories of Physics.

**Interactive Analysis of Three Levels**

Organisational behaviour deals with the human behaviour at three levels, viz., individual level, group level and organisational level. In addition, it also deals with the influence of each level of behaviour on other levels. In other words it deals with the influence of individual organisational behaviour deals with the human behaviour at three levels viz., individual level, group level and organisational level.
behaviour on group behaviour and vice-versa. It also deals with individual behaviour on organisational behaviour and vice-versa in addition to influencing group behaviour on organisational behaviour and vice-versa. Individuals can’t act on their own as human beings are social animals and interact with others in the society. In addition, they behave according to the social norms, values and ethics. For example, if the norm of a society is to follow the elders, though they are incompetent or wrong, employees of such societies prefer to follow the instructions of the superior even though superior is incompetent or wrong. Similarly, groups take care of individual values and norms of their members into consideration, before shaping the group values and norms as well as group behaviour.

Groups’ and individuals’ behaviour influences the behaviour of the individuals in the organisation. In other words, organisation’s values and norms are determined by the norms of various groups and individuals operating in it. In addition, organisations also influence the groups’ and individuals’ norms and values. For example, the same individual behaves differently in a public sector organization and in a private sector organisation. Employees in public sector organisation do not exert all their resources for the contribution of organisational goals whereas the same employees, if they join a private sector organisation, exert their resources for the organisation’s performance.

Thus, organisational behaviour analyses human behaviour in an integrated, unified and comprehensive manner of the three levels viz., individual level, group level and organisational level as presented in Fig. 1.4.

**Fig. 1.4: Integrated Approach to Organisational Behaviour**

**Individual Behaviour**

Behaviour of an individual employee is influenced by several factors like the individual’s mental make-up, family background, educational background, social and cultural background, geographical region, personality traits, values, attitudes, opinions, etc. Individual behaviour is studied through perception, personality, values, attitudes, job satisfaction and motivation.

- **Perception** refers to a complex cognitive process that yields a unique picture of the world that may be quite different from reality. Individuals behave in accordance with their perceptual world or impressions.
- **Personality** is the sum total of ways in which an individual reacts and interacts with others. Hereditary factors, environmental factors and situational factors determine personality.
- **Values** are the basic convictions that a “specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.”

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Introduction to Organisational Behaviour

- **Attitudes** are evaluative statements — either favourable or unfavourable — concerning objects, people or events.

- **Job satisfaction** refers to a person’s feeling of satisfaction on the job, which acts as a motivation to work.

- **Motivation** is the process that account for an individual’s intensity, direction and “persistence of effort toward attaining a goal”.

- **Learning** is relatively a process of effecting permanent change in behaviour that occurs as a result of experience.

Complexities of Individual Behaviour in Organisations: Individual behavior has been changing in organisations due to shifts the structure, values and the level of education of human resources.

(a) **Change in the Structure of Employment**: Structure of employment in an organisation changes with the entrance of workforce with different background (social, economic, region, community, sex, religion, traditions, culture, etc.). There has been a significant change in the structure of employment with the entry of (a) candidates belonging to scheduled caste, scheduled tribe and backward communities, thanks to government’s reservation policy, and with (b) more female employees, due to increased career orientation among women to the suitability of women for certain jobs and to women becoming more acclimatised to the working climate and higher level commitment. Organisational workforce is composed of people from different regions, mostly due to increased transportation facilities and mobile character of people. Further, technological revolution has brought occupational mobility. These changes in workforce have naturally complicated the task of understanding the individual behavior in organisations.

(b) **Changes in Employee Roles and their Values**: It was the opinion of the management that it was the boss and employees had to follow obediently management’s decision. But gradually, this relationship has been replaced by the relationship in which employees and management are partners in the organisations.

Further, changing structure of the workforce has led to the introduction of new values in organisations. Among these are moves toward — (a) emphasis on quality of life rather than quantity; (b) equity and justice for the employees over economic efficiency; (c) pluralism and diversity over uniformity and centralism; (d) participation over authority; (e) personal convictions over dogma, and (f) the individual over the organisation. Alienation from the job, increasing counter-productive behaviour, rising expectations and changing ideas of employees are some of the other factors responsible for the changing values and roles of human force. Consequently it has become imperative for the management to provide various fringe benefits to improve morale, to introduce negotiating machinery to redress grievance; to encourage employee participation in decision making and the like to pave the way for industrial democracy to meet the situations of workforce.

Another change in the values is the declining work ethics. Further employees prefer flexible working hours to fixed time schedule. Flexible schedules fit not only with the values of modern workforce but also benefit the employer with the enhancement in productivity, reduction in employee tardiness, absenteeism and turnover, improvement in morale and the like. Since, the rights of citizenship are entering the organisations freedom of speech and the rights to privacy are becoming part of the work ethics.

(c) **Level of Education**: Workers have been entering the organisations with increased level of formal education in recent years. Increased formal education led to the changes in attitude of employees. The well educated employees always challenge and question the management’s decisions and want a voice in the company’s affairs affecting their interest. “As the base of education broadens, management must plan to deal with employees on a higher plane of logical interactions.” Thus, management of well educated employees is a problem to the organisation though they make valuable contributions.
Group Behaviour

An integrated and comprehensive behaviour of people in a group is referred to as group behaviour. Group behaviour is studied through group dynamics, teams, communication, power and politics, leadership and decision-making.

- **Group Dynamics:** Groups are formed with a specific purpose. They exist for some time until the purpose is achieved and then disband or adjourn. Groups are both formal and informal. Other types of groups include: command groups, task groups, interest groups and friendship groups. Groups behave and function based on its norms.

- **Teamwork:** Teamwork is a group whose individual efforts result in a performance that is greater than the sum of the individual inputs. Different types of teams include: problem solving teams, self-managed work teams, cross-functional teams and virtual teams.

- **Power and Politics:** Power refers to the ability of the people to acquire resources and award them to various people in organisations.

- **Communication:** Communication is transferring of information and understanding the meaning of it. Communication may be formal or informal, downward, upward, horizontal and cross-wise.

- **Leadership:** Leadership is the ability to influence and guide a group towards achieving the preset goals. Leadership styles include autocratic, benevolent autocratic, participative and democratic style.

- **Decision-making:** Decision-making is developing alternative solutions to a problem and selecting the best solution from among the alternatives available.

Organisational Factors

Organisational structure is dividing, grouping and coordinating the job tasks. Job tasks may be structured with respect to departments, functions, geographical areas, products or services.

- **Organisational Theory:** Organisational theory refers to various models of structuring various activities in relation to work and jobs in order to build relationships among people, goals, etc.

- **Organisational Design:** Organisational design is formulating the philosophy for coordinating the job tasks. One philosophy is narrow bandwidth which results in narrow and specialised jobs. Narrow bandwidth is a common characteristic of tall organisations. Another philosophy is wider bandwidth which leads to flat structures.

- **Organisational Culture:** Organisational culture is a “pattern of basic assumption — invented, discovered or deployed by a given group as it learns to cope with its problems of external adaptation and internal integration — that has worked well enough to be considered valuable and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.”

- **Organisational Effectiveness:** Organisational effectiveness refers to selecting the right objectives and goals depending upon the environment and social goals of the country in which the company is operating.

Organisation as Open System

A system is a set of interrelated but separate parts working towards a common purpose. The arrangement of elements must be orderly and there must be proper communication facilitating interaction between the elements and finally this interaction should lead to achieve a common goal.
Thus, systems approach to management views the organisation as a unified, purposeful system composed of interrelated parts. Hence, managers have to deal with the organisation as a whole rather than dealing separately with various segments of an organisation. This approach also gives the managers to see the organisation as a whole and as a part of the larger external environment. Systems theory reveals to us that the activity of any segment of an organisation, affects in different degrees, the activity of every other segment.

Organisations as open systems interact with its environment. All organisations interact with their environment, but the extent to which they do so varies. Organisations interact with external environmental factors like social, technical, economic, political, international and natural. In addition they interact with micro and macro-internal factors and environmental factors. Micro-internal factors include employees, managers, trade unions, systems and procedures. Macro-internal factors include shareholders, customers, bankers, suppliers of raw material and other inputs, market intermediaries, out-sourcing agencies and call-centres.

Why Study of Organisational Behaviour?

Organisational behaviour is studying the behaviour of individuals and groups. Organisational behaviour studies the behaviour systematically, how people behave under a variety of situations and conditions. It also studies why people behave as they do. Thus, it identifies the reasons for the behaviour.

Organisational behaviour predicts the future behaviour of employees. Managers predict the future behaviour of employees as per the past behaviour of the employees, employee traits, values and future situations.

If the predicted behaviour is not in accordance with the requirements of organisational strategies, managers mould the employee behaviour towards organisational requirements by changing the reward system, organisational structure, leadership pattern and styles, group norms, etc. Thus, managers manage the overall behaviour of the employees in an organisation.

Quality of Work Life and Organisational Behaviour

Employees at the grass roots level experience a sense of frustration because of low level of wages, poor working conditions, unfavourable terms of employment, inhuman treatment by their superiors and the like whereas managerial personnel feel frustrated because of alienation over their conditions of employment, interpersonal conflicts, role conflicts, job pressures, lack of freedom in work, absence of challenging work, etc.

Certain values were attributed to work in the past. Work was worship and people had sincerity and commitment to work. But today’s employee would not believe in such values of work. He works for his salary, he works hard if the conditions of work are conducive and congenial and terms of employment are favourable to him. As such, the work norms have been changing from time-to-time.

Work norms in modern industrial society indicate that (i) employee’s role in industry is different from his role in the family, (ii) superior knows the best and he has the right to impose on the subordinates, (iii) rules are for employees and they have to follow them, and (iv) employer has the right to layoff the workers due to marketing and technological factors.

Employees also experience alienation which may result from poor design of socio-technical systems. Alienation is a feeling of powerlessness, lack of meaning, loneliness, boredom, lack of ego, involvement and lack of attachment to job. The workers at the lower level are not happy with their work due to tight schedule, speed of machine, close watch and supervision and less social interaction. Even the ministerial staff complain that they are unhappy with the job due to routine nature of work and fixation of schedules, standards and targets. Thus, job discontent is due to the limited scope of the job, short cycle of operations, lack of opportunity to exercise...
discretion, initiative, existence of bureaucratic controls, oppressive supervision, low wages, poor working conditions, etc.

Job discontent and job pressures have their substantial effect on employees’ health in the form of reduction in general happiness, increase in smoking, drinking, putting on excess body weight, etc. Frustration would further cause heart disease, joint pain, etc. Frustration might also be due to absence of recognition, tedious work, unsound relations with co-workers, poor working conditions, low self-esteem, occupational stress, work overload, monotony, fatigue, time pressures, lack of stability, security, etc. In view of the contemporary managerial problems, the present day employees are much concerned about high wages, better benefits, challenging job, etc.

Quality of work life improvements are defined as any activity which takes place at every level of an organisation, which seeks greater organisational effectiveness through the enhancement of human dignity and growth ... a process through which the stockholders in the organisation - management, unions and employees — learn how to work together better to determine for themselves what actions, changes and improvements are desirable and workable in order to achieve the twin and simultaneous goals of an improved quality of life at work for all members of the organisation and greater effectiveness for both the company and the unions.

Organisational behaviour deals with various aspects of quality of work life, like frustration, alienation, employee relations, self-esteem and the like.

Organisational Behaviour and Organisational Effectiveness

Though we use the term ‘organisational effectiveness’ more often, it is rather difficult to define the term precisely. This is because; the finance manager equates effectiveness with return on investment or market capitalization while the marketing manager equates effectiveness with increase in sales. The human resources managers prefer to mean effectiveness with employee satisfaction while Research and Development Managers mean effectiveness to innovations. However, there are certain comprehensive definitions on effectiveness.

According to Amitai Etzioni, effectiveness is “the degree to which an organisation realizes its goals.” Paul E. Mott defines effectiveness as, “the ability of an organisation to mobilize its centres of power for action — production and adaptation.” Thus, organisational effectiveness is more concerned with the achievement of organisational objectives. The term efficiency is used quite closely to project effectiveness.

Organisational behaviour helps to understanding, predicting and managing human behaviour, in such a way that such managed behaviour contributes to the achievement of organisational goals. Thus, organisational behaviour contributes to the organisational effectiveness.

Organisational Challenges and Managers

Organisations of the day encounter a variety of challenges, mostly due to globalisation and information technology strides. These challenges include virtual organisation, virtual workplace, value addition, learning organisations, ethical and socially responsible operations and the like.

Managers and Organisational Performance

Effectiveness refers to doing right things whereas efficiency refers to doing things right. Thus, crafting appropriate strategies by managers refers to effectiveness and implementing the strategies successfully refers to efficiency. Efficiency results in productivity. Managers with right skills and by assuming appropriate roles become effective and efficient managers. Managers by being effective and efficient contribute to organisational performance and success.
Managers and organisations structured by managers themselves can’t achieve strategies and organisational success. What is also important is human behaviour as people behave variedly and sometimes different from that required for achievement of strategies.

Globalisation and Information Technology: Though the globalization of economies was the order of the day before World War II, the present day globalization coupled with strides in information technology resulted in unprecedented changes and developments in the globalization of economies. Added to this, the developments in transportation sector and shifts in the thinking process of the heads of various countries consequent upon either failure or drastically poor performance of public sector helped the globalization process fast and smooth.

Globalisation integrates not only economies but also societies. The globalisation process includes globalisation in the fields of human resources, markets, production, technology and investment.

Globalisation encompasses the following features:
- Operating and planning to expand business throughout the world.
- Erasing the differences between domestic market and foreign market.
- Buying and selling goods and services from/to any country in the world.
- Establishing manufacturing and distribution facilities in any part of the world taking into account the feasibility and viability rather than national consideration.
- Product planning and development are based on market consideration of the entire world.
- Sourcing of factors of production and inputs like raw materials, machinery, finance, technology, human resources, managerial skills from the entire globe.
- Global orientation in strategies, organisational structure, organisational culture and managerial expertise.
- Setting the mind and attitude to view the entire globe as a single market.

The process of globalization influences the behaviour of individuals, groups as well as organisations as it changes the values and attitudes of people towards competition and the rules and games of business. These shifts of globalization created virtual organisations and workplaces.

**Virtual Organisation:** Virtual organisation, according to Biswajeet Pattanayak, is a “social network in which all the horizontal and vertical boundaries are removed. It consists of individuals working out of physically dispersed workspaces, or even individuals working from mobile devices and not tied to any particular workspace. It is the coordination intense structure, consisting primarily of patterns and relationships, and this form needs the communication and information technology to function.”

Virtual organisation is an organisation that exists in the minds of stakeholders, as a network or alliances of independent companies that collaboratively pursue a particular business.

**Business Process Out-Sourcing**

Business process outsourcing (BPO) is the assignment of one or more intense business processes to external providers. The external provider provides the business on agreed terms and conditions including product/service design and quality. The external provider is an independent business organisation, but works in collaboration with the parent company.

Knowledge Management

Most of the software companies have been contributing to knowledge management. First, we discuss the meaning of knowledge and knowledge creation process before we study knowledge management.

**What is Knowledge?:** Knowledge is the power/capacity for effective action. The organized data are information. The processed information in the actionable form is referred to as knowledge. The knowledge becomes wisdom when it is used for a good cause of a large number of people.

The term knowledge management is coined by Kael Wiig-a consultant. He coined this term in an International Labour Organisation sponsored conference in 1986. Knowledge management is, “a systematic, explicit and deliberate building, renewal and application of knowledge to maximize an enterprise knowledge-related effectiveness and returns from its knowledge assets.”

Thus, knowledge management is continuously creating and upgrading organizational knowledge in order to maximize the returns from its knowledge assets.

Knowledge management helps the organisation to

- Improve organisational effectiveness;
- Improve the returns;
- Build competencies/competitive advantage/distinctive competencies;
- Create greater value for core businesses;
- See the opportunities and exploit them.

Learning Organisations

Organisations are congregation of individual employees and other human resources. Organisations learn and acquire the knowledge as the individual employees do. In fact, organisations learn through the learning of their employees. Organisational learning output is the synergetic outcome of individual learning of all employees working in an organisation. Organisational learning is as old as organisations. But it is signified after the globalisation.

**Need for Organisational Learning**

Organisational learning is highly essential due to the following reasons:

- Organisational activities like manufacturing, marketing etc., have become more intellectual;
- Recognition and acceptance of knowledge as competitive advantage;
- Rapid change of business environment after globalization;
- Cultural unification and globalisation of culture;
- Increased customer awareness regarding his/her rights;
- Increased competitiveness of the business due to liberalization and globalisation;
- Change in employees’ attitude towards change and adaptable organisations; and
- Increased pace of innovations, creations and outcome of research and development.

Organisations learn by creating conducive environment for knowledge acquisition, knowledgesharing, knowledge creation and development through discussions, interviews, brain storming etc. Learning organisations are open systems. They allow the multi-way flow of information and knowledge. They encourage the employees to apply the knowledge and improve the products, existing systems, serve the customer better and achieve the organisational goals.

**Virtual Workplace:** Information technology and globalisation brought the virtual/flexible work place concept in human resource management. The number of telecommuting employees has been increasing year by year. Telecommuting is the use of personal computers, networks...
and other communication technology like fax, telephones and e-mail to do work in the home that is traditionally done in the workplace. Telecommuting does not involve geographic relocation of employees quite often, but simply involves working at home/any place of employee convenience at least part of the time. Thus globalization and information technology provided for virtual workplace.

**Value-Added Managers:** Managers play critical role in value addition. Value addition is the difference between cost of production and the price that the customer is willing to pay for it. Managers play their roles in reducing the cost of production and in enhancing the value of product to the customer.

**Diversified Human Resources:** Globalisation, virtual organisation and virtual workplace resulted in diversified human resources at the workplace. The diversified human resources include in terms of gender, age, geographical region, ethnic group, skill, knowledge, full-time employees, part-time employees, employees of an outsourced organisation, consultants and the like.

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**(J) Significance of Organisational Behaviour**

The difference between two organisations is attributed to the commitment, attitude, aptitude, values, norms and performance of employees. These factors along with other factors determine the human behaviour. The other factors include social, cultural, political, economic and structural. All these factors influence the behaviour of human resources.

**Human Behaviour and Human Resources**

Human resources play a crucial role in the development process of modern economics. Arthur Lewis observed “there are great differences in development between countries which seem to have roughly equal resources, so it is necessary to enquire into the difference in human behaviour.” It is often felt that, though the exploitation of natural resources, availability of physical and financial resources and international aid play prominent roles in the growth of modern economies, none of these factors is more significant than efficient and committed human resource. It is in fact, said that all development comes from the human behaviour.

**Human Behaviour in the Nation’s Well-being**

A nation with abundance of physical resources will not benefit itself unless human resources make use of them. In fact human resources are solely responsible for making use of national resources and for the transformation of traditional economies into the modern and industrial economies. Lack of organisation of human resources is largely responsible for the backwardness of the nation. Countries are underdeveloped because their people’s behaviours are inappropriate for economic development. In essence, “the difference in the level of economic development of the countries is largely a reflection of the differences in the types of their behaviour....” The key element in this proposition is that the values, attitudes, commitment, aptitude, general orientation and quality of the people of a country determine its economic development. The shift from manufacturing to service and from service to knowledge and the increasing pace of technological up-gradation are making human behaviour the ingredient of the nation’s well-being and growth.

**Human Behaviour and Organisational Performance**

Organisational performance can be measured against organisational objectives like market share, rate of profit, product innovation, customer satisfaction and employee satisfaction.
Appropriate human behaviour contributes to the employees’ commitment towards organisational goals. In effect, employee values, attitude and other behavioural issues shape the employee behaviour that would be appropriate for achieving organisational performance. Thus, appropriate human behaviour contributes for the organisational performance.26

Strategy is a unified, comprehensive and integrated course of plan/action. Crafting and implementing strategy depend on employee commitment to organisational strategies. Employee commitment in its turn depends on appropriate leadership style, human values, self-motivation, appropriate perception and learning. Thus, behavioural issues of employees determine the level of success in crafting and achieving organisational strategies.27

Appropriate and adaptable human behaviour enables the organisation to develop employee commitment to the organisational strategies. In addition, appropriate behaviour encourages the employees to acquire and develop required hard skills like technical skills, knowledge and competency. Organisations do also invest in the development of technical skills and knowledge of those employees whose behaviour is quite appropriate for the achievement of organisational strategies. Thus, appropriate behaviour provides an opportunity for the development of distinctive competence of employees that enable them to craft and achieve distinctive strategies.28

**Human Behaviour and Strategic Advantages**

Strategic advantages include achieving low cost advantage, high quality, superior customer service, innovations and superior speed in producing and delivering a product/service. Committed employees with appropriate technical skills contribute to achieve highest human efficiency, which in turn makes the operations at the lowest cost. In addition, the committed minds contribute to innovation and other strategic advantages like superior customer service and superior speed. Thus, appropriate human behaviour contributes for building up of strategic advantages of the firms.29

**Human Behaviour and Efficient Human Resource Management**

Appropriate human behaviour helps for positive and efficient human resource management in terms employee satisfaction, fair treatment of employees, training and continuous learning, performance management, employee counselling, mentoring, building teams, congenial superior-subordinate relations as well as human relations, sound salary and benefits. Thus, appropriate behaviour brings about efficient management of human resources.30

Thus, appropriate human behaviour helps not only efficient human resource management but also envisages strategic management which ultimately leads to achieving high level of organisational performance.

**Key Terms**

- Globalisation
- Information Technology
- TQM
- Benchmarking
- Diversity in Human Resources
- Organisational Behaviour
- Sociology
- Individual Behaviour
- Group Behaviour
- Structures
- Predict Behaviour
- Manage Behaviour
- Psychology
- Management
- Economics
- Anthropology
- Political Science
- Nature of Man
- Human Behaviour
Questions for Discussion

1. What are the similarities and dissimilarities among individuals?
2. Why do people behave and act differently in various situations?
3. Explain the factors that magnified the significance of organisational behaviour.
4. What is diversity in human resource? How does it affect human behaviour?
5. Define the term organisational behaviour. Explain the features of organisational behaviour.
6. Explain the relationship between strategic management and organisational behaviour.
7. Analyse the contributions of various disciplines to organisational behaviour.
8. Discuss the nature of man. Explain various models of man in detail.
9. What are the complexities of organisational behavior?

References

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