

For IInd Semester, BBM, Bangalore University

ORGANISATIONAL Behaviour

- K. Aswathappa
- G. Sudarsana Reddy

Himalaya Publishing House

Organisational Behaviour

As per New Syllabus (Choice Based Credit System) for Second Semester, BBM,
Bangalore University w.e.f. 2014-15



K. Aswathappa, Ph.D.

*Former Director,
Canara Bank School of Management Studies,
Bangalore University,
Bengaluru.*

G. Sudarsana Reddy,

*M.Com, MBA, MFM, Ph.D.
Associate Professor,
Dept. of Studies & Research in Commerce,
Tumkur University,
Tumkur (Karnataka).*



Himalaya Publishing House

MUMBAI • NEW DELHI • NAGPUR • BENGALURU • HYDERABAD • CHENNAI • PUNE • LUCKNOW • AHMEDABAD
• ERNAKULAM • BHUBANESWAR • INDORE • KOLKATA • GUWAHATI

© **Authors**

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording and/or otherwise without the prior written permission of the publishers.

FIRST EDITION : 2015

-
-
- Published by** : Mrs. Meena Pandey for **Himalaya Publishing House Pvt. Ltd.**,
"Ramdoot", Dr. Bhalerao Marg, Girgaon, **Mumbai - 400 004.**
Phone: 022-23860170/23863863, Fax: 022-23877178
E-mail: himpub@vsnl.com; Website: www.himpub.com
- Branch Offices** :
- New Delhi** : "Pooja Apartments", 4-B, Murari Lal Street, Ansari Road, Darya Ganj,
New Delhi - 110 002. Phone: 011-23270392, 23278631; Fax: 011-23256286
- Nagpur** : Kundanlal Chandak Industrial Estate, Ghat Road, Nagpur - 440 018.
Phone: 0712-2738731, 3296733; Telefax: 0712-2721215
- Bengaluru** : No. 16/1 (Old 12/1), 1st Floor, Next to Hotel Highlands, Madhava Nagar, Race Course Road,
Bengaluru - 560 001. Phone: 080-32919385; Telefax: 080-22286611
- Hyderabad** : No. 3-4-184, Lingampally, Besides Raghavendra Swamy Matham, Kachiguda,
Hyderabad - 500 027. Phone: 040-27560041, 27550139; Mobile: 09390905282
- Chennai** : New-20, Old-59, Thirumalai Pillai Road, T. Nagar, Chennai - 600 017. Mobile: 9380460419
- Pune** : First Floor, "Laksha" Apartment, No. 527, Mehunpura, Shaniwarpet, (Near Prabhat Theatre),
Pune - 411 030. Phone: 020-24496323/24496333; Mobile: 09370579333
- Lucknow** : House No 731, Shekhupura Colony, Near B.D. Convent School, Aliganj, Lucknow - 226 022.
Mobile: 09307501549
- Ahmedabad** : 114, "SHAIL", 1st Floor, Opp. Madhu Sudan House, C.G. Road, Navrang Pura,
Ahmedabad - 380 009. Phone: 079-26560126; Mobile: 09377088847
- Ernakulam** : 39/176 (New No: 60/251) 1st Floor, Karikkamuri Road, Ernakulam, Kochi - 682011,
Phone: 0484-2378012, 2378016; Mobile: 09344199799
- Bhubaneswar** : 5 Station Square, Bhubaneswar - 751 001 (Odisha). Phone: 0674-2532129,
Mobile: 09338746007
- Indore** : Kesardeep Avenue Extension, 73, Narayan Bagh, Flat No. 302, IIIrd Floor,
Near Humpty Dumpty School, Indore - 452 007 (M.P.). Mobile: 09301386468
- Kolkata** : 108/4, Beliaghata Main Road, Near ID Hospital, Opp. SBI Bank, Kolkata - 700 010,
Phone: 033-32449649, Mobile: 09883055590, 07439040301
- Guwahati** : House No. 15, Behind Pragjyotish College, Near Sharma Printing Press,
P.O. Bharalumukh, Guwahati - 781009, (Assam). Mobile: 09883055590, 09883055536
- DTP by** : Sudhakar Shetty (HPH Pvt. Ltd., Bhandup)
- Printed at** : M/s. Aditya Offset Process (I) Pvt. Ltd. Hyderabad. On behalf of HPH.

PREFACE

Organisational Behaviour is a subject which has its impact on the attitudes and behaviour of students. Viewing from this angle, this subject is more useful than others. The Board of Studies in Commerce deserves our compliments having introduced Organisational Behaviour to the BBM students.

We have brought out **Organisational Behaviour** to meet the specific of the BBM students of Bangalore University. Besides being comprehensive coverage, the book is rich in pedagogy also. The book is full of figures and tables. Every chapter is appended with classified questions and skill-building exercises.

We hope that **Organisational Behaviour** serves the purpose for which it is meant.

We thank Mr. Niraj Pandey and Mr. Vijay Pandey of Himalaya Publishing House Pvt. Ltd. for their interest in the book.



K. Aswathappa
G. Sudarsana Reddy

SYLLABUS

OBJECTIVE:

The objective is to enable the students to understand the Organisational Behaviour, and Organisational Change and dynamic of groups.

UNIT 1: ORGANISATIONAL BEHAVIOUR 06 HRS

Organisation Behaviour – Definition – Scope and Application in Management – Contributions of Other Disciplines to OB. Emerging Issues in Organisational Behaviour.

UNIT 2: PERSONALITY, PERCEPTION AND ATTITUDES 16 HRS

Personality: Meaning – Determinants of Personality – Biological Factors – Cultural Factors – Family and Social Factors – Situational Factors – Personality Attitudes Influencing OB, Interactive Behaviour and Interpersonal Conflict.

Perception: Meaning – Need – Perceptual Process – Perceptual Mechanism – Factors Influencing Perception.

Attitude: Meaning of Attitude – Characteristics of Attitude – Components of Attitude – Attitude and Behaviour – Attitude Formation, Change in Attitude and Barriers to Attitude.

UNIT 3: LEARNING AND BEHAVIOUR MODIFICATION 08 HRS

Organisational Behaviour Modification – Steps in Organisational Behaviour Modification Process – Organisational Reward Systems.

UNIT 4: GROUP DYNAMICS 12 HRS

Meaning – Types of Groups – Functions of Small Groups – Group Size Status – Managerial Implications – Group Behaviour – Group Norms – Cohesiveness – Group Think.

UNIT 5: ORGANISATIONAL CHANGE AND DEVELOPMENT 14 HRS

Organisational Change: Meaning – Nature of Work Change – Pressure for Change – Change Process – Types of Change – Factors Influencing Change – Resistance to Change – Overcoming Resistance – Organisational Development: Meaning and Different Types of OD Interventions.

SKILL DEVELOPMENT

- Meaning of job enrichment and list the requirements of job enrichments
- Characteristics of attitudes and components of attitudes — A brief discussion
- List the determinants of personality
- List the characteristics of various leadership styles.

BOOKS FOR REFERENCE

1. K. Aswathappa: Organisational behaviour, Himalaya Publishing House Pvt. Ltd..

CONTENTS

CHAPTER – 1	ORGANISATIONAL BEHAVIOUR	1 – 20
	Nature of Organisational Behaviour	
	Meaning of Organisations	
	Creators of Organisations	
	Reasons for Existing Organisations	
	Organisational Effectiveness	
	Role of Organisational Behaviour	
	Definition and Meaning of OB	
	Foundations of OB	
	Importance of OB	
	Shortcomings of OB	
	Contribution of other Disciplines to OB	
	Approaches to the Study of OB	
	OB Model	
	<i>Questions</i>	
	<i>Skill Building Exercises</i>	
CHAPTER – 2	EMERGING ISSUES IN OB	21 – 38
	Challenges Facing Management	
	Managing Diversity	
	Barriers to Accepting Diversity	
	Manage Diversity Effectively	
	Changing of Demographics of Workforce	
	Changed Employee Expectations	
	Globalisation	
	Learning Organisation	
	<i>Questions</i>	
CHAPTER – 3	PERSONALITY	39 – 50
	Meaning/Nature of Personality	
	Determinants of Personality	
	Personality Structure	
	Personality and OB	
	<i>Questions</i>	
	<i>Skill Building Exercises</i>	
CHAPTER – 4	CONFLICT AND NEGOTIATION	51– 77
	Nature of Conflict	
	Distinction between Competition and Conflict	
	Changing Views of Conflict	

Functional and Dysfunctional Conflict
Process of Conflict
Levels of Conflict
Conflict Resolution
Managerial Implications
Negotiation and Conflict Resolution
Questions
Skill Building Exercises

CHAPTER – 5 PERCEPTION 78 – 101

Perception: Meaning and Definition
Factors Influencing Perception
Perceptual Process
Factors Affecting Perceptual
When Perception Fails?
Perception and OB
Managing the Perception Process
Social Perception
Questions
Skill Building Exercises

CHAPTER – 6 ATTITUDES 102 – 115

Nature of Attitudes
Components of Attitudes
Formation of Attitude
Benefits of Positive Attitude
Functions of Attitudes
Changing Attitudes
Attitude Measurements
Questions
Skill Building Exercises

CHAPTER – 7 LEARNING 116 – 134

Meaning and Definition
Components of Learning
Learning – Explicit and Tacit Knowledge
Theories of Learning
Difference between Classical Conditioning and Operant
Conditioning
Principles of Learning
Learning and OB
Questions
Skill Building Exercises

CHAPTER – 8	BEHAVIOUR MODIFICATION	135 – 147
	Behaviour Modification	
	Rewards	
	Job Enrichment	
	Cautions about Job Enrichment	
	<i>Questions</i>	
	<i>Skill Building Exercises</i>	
CHAPTER – 9	GROUP DYNAMICS	148 – 176
	Nature of Groups	
	Types of Group	
	Motives for Joining Groups	
	Group Life Cycle	
	Group Development Process	
	Managerial Implications of Groups in Organisations	
	Pitfalls of Groups	
	Determinants of Group Behaviour	
	Group Structuring	
	Tips to Increase or Decrease Cohesiveness	
	Consequences of Group Cohesiveness	
	Guideline to Direct High Cohesiveness Group	
	Group Think	
	Groups and OB	
	<i>Questions</i>	
	<i>Skill Building Exercises</i>	
CHAPTER – 10	ORGANISATIONAL CHANGE AND DEVELOPMENT	177 – 203
	Nature of Change	
	Components of Change Management	
	Levels of Change	
	Importance of Change	
	The Change Process	
	Types of Change	
	Re-engineering	
	Factors Influencing Organisational Change	
	Resistance to Change	
	Organisational Development	
	Characteristics of OD	
	Pre-requisites for Effective OD Programme	
	Situations Appropriate for OD	
	Techniques of Organisational Development	
	Effectiveness of OD Programming	
	Managerial Implications	
	<i>Questions</i>	
	<i>Skill Building Exercises</i>	

Chapter – 1

ORGANISATIONAL BEHAVIOUR

Learning Objectives

After reading this chapter you should be able to —

- 1 Give nature of organisations, reasons why they exist, and organisational effectiveness.
 - Explain the nature of organisational behaviour, its foundations, its importance, and limitations.
 - Trace out historical evolution of organisational behaviour.
 - Discuss the approaches to the study of organisational behaviour.
-

NATURE OF ORGANISATIONAL BEHAVIOUR

Few things touch our daily life as much as organisations do. We depend on organisations for education, employment, food, clothing, shelter, health, wealth, recreation, travel, and much more. They touch every aspect of human life, as told in the opening case, from birth to death. In fact, life becomes unlivable without organisations.

But most of us have a casual attitude towards organisations. We notice their importance when they fail to deliver their goods and services to us. For example, when trains stop running we take notice of the indifferent services rendered by railways. When electricity fails, we blame the state electricity board for its incompetent and corrupt administration. When doctors in a government hospital strike work, we blame the government, and so on. It is essential for us to understand what these organisations are, how do they function and how to make them more effective in their functioning. These and other related issues are addressed in this book.

MEANING OF ORGANISATIONS

Organisations are as old as the human race itself. Archaeologists have discovered massive temples dating back to 3500 BC that were constructed through the organised actions of many people. The fact that these impressive monuments were built suggest that not only did complex organisations exist, but that the people in them worked cohesively for common causes.

We have equally impressive examples of contemporary organisations such as Hong Kong's new island airport at Chek Lap Kok, the Hibernia Oil Platform off the East Coast, North America, and the complex network of computer connections — the Internet.

What, then, are these powerful constructs that we call organisations? They are groups of people who work independently towards some purpose. Organisations are not physical structures; rather, they are people who work together to achieve a set of goals. People who work in organisations have structured patterns of interactions, meaning that they expect each other to complete certain tasks in an organised way.

CREATORS OF ORGANISATIONS

Often an individual or a group of people, who believe that they possess the necessary skills and knowledge, form an organisation to produce goods and services. In this way organisations like restaurants, IT firms, and design studios are created. At times, several people form a group to respond to a perceived need by creating an organisation. People with a lot of money may invest jointly to build a vacation resort. A group of people with similar beliefs may build a new place of worship or citizens of a state may float a new political party.

In general, entrepreneurship is the term used to describe the process by which people recognize opportunities, garner resources and put them to use to produce goods and services. The rewards of entrepreneurship are as varied as the spiritual satisfaction derived by the believers who build a place of worship, or the profit generated for the founders and shareholders of a resort that successfully responded to people's recreational needs.

REASONS FOR EXISTING ORGANISATIONS

Life is unlivable without organisations. This is a broad statement about the usefulness of organisations in any society. Specifically, organisations play five different roles (See Fig. 1.1), thus, reiterating their role. As seen from the figure, an organisation allows people to jointly increase specializations and division of labour, use large-scale technology, manage the external environment, economize on transaction costs, and exert power and control — all of which, increase the value the organisation can create.

(i) To Increase Specialization and the Division of Labour: People who work in organisations may become more productive and efficient at what they do than people who work alone. For many kinds of productive work, the use of an organisation allows the development of specialization and division of labour. The collective nature of organisation allows individuals to focus on a narrow area of expertise, which allows them to become more skilled or specialised at what they do.

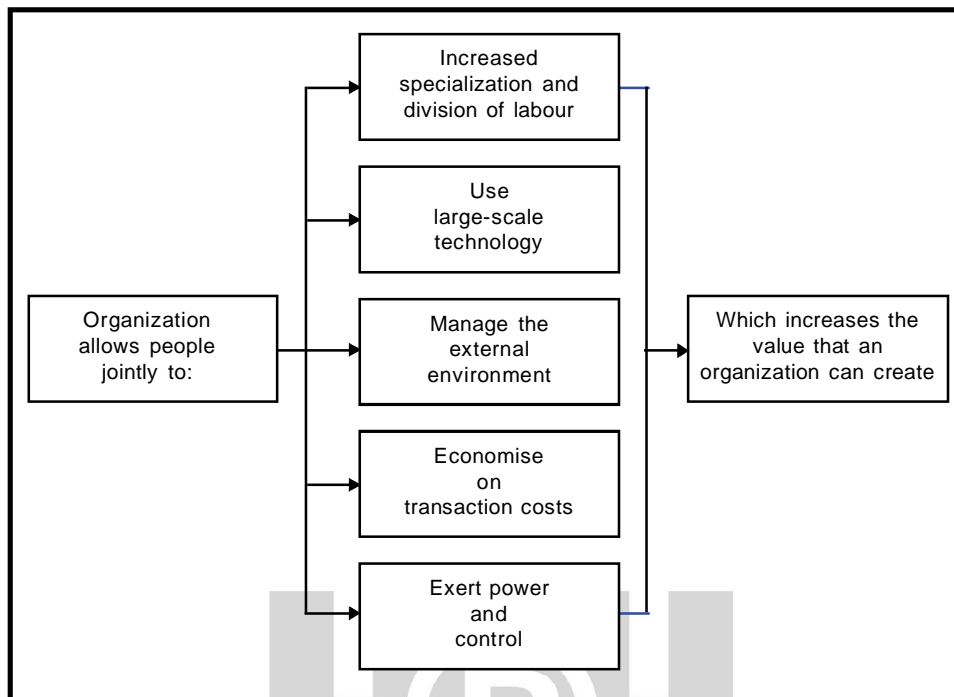


Figure 1.1 Five Reasons Why Organisations Exist

There are several firms, such as Wipro, which have provided enabling environments for individuals to enhance their skills for organization and individual growth. The *Business Today* and Hewitt Study has identified the best employers in India and the top 10 of them, together with reasons why they have been ranked thus, are shown in Table 1.1.

(ii) To Use Large-scale Technology: Organisations are able to take advantage of the economies of scale and scope that result from the use of modern automated computerized technology. **Economies of scale** are the cost savings that result when goods and services are produced in large volumes by automated production. **Economies of scope** are the cost savings that result when an organisation is able to use under-utilized resources more effectively because they can be shared across several different products or tasks. Economies of scope (as well as of scale) can be achieved, for example, when it is possible to design an automated production line that can make several different types of products simultaneously.

(iii) To Manage the External Environment: Pressures from the environment in which organisations operate necessitate organizing productive resources. An organisation's environment includes not only economic, social and political factors but also the sources from which it obtains inputs and the market-place into which it releases its outputs. Managing complex environments is a task beyond the abilities of most individuals, but an organisation has the resources to develop specialists to anticipate or attempt to influence the many demands from the environment. This specialization allows the organisation to create more value for itself, its members, and its customers.

TABLE 1.1 <i>10 Best Employers</i>		
Rank	Best Employers	Key Drivers for Attractions & Retention of Talent
1.	Procter & Gamble India	<ul style="list-style-type: none"> • Early responsibility in careers • Flexible and transparent organisation culture • Global opportunities through a variety of exposures and diverse experiences • Performance recognition
2.	American Express (India)	<ul style="list-style-type: none"> • Strong global brand • Value-based environment • Pioneers in many people practices
3.	National Thermal Power Corporation	<ul style="list-style-type: none"> • Learning & growth opportunities • Competitive rewards • Opportunity to grow, learn, and implement • Strong social security and employee welfare performance oriented culture
4.	Johnson & Johnson	<ul style="list-style-type: none"> • Strong value of trust, caring, fairness, and respect within the organisation • Freedom to operate at work • Early responsibility in career • Training and learning opportunities • Visible, transparent, and accessible leaders • Competitive rewards • Innovative HR programmes and practices
5.	Glaxo Smith Kline Consumer Healthcare	<ul style="list-style-type: none"> • Performance-driven rewards • Organisation that believes in growing our own 'timber' • Comprehensive development and learning programmes • Flat organisation, where performance could lead to very quick career progression • Challenging work content • Exhaustive induction and orientation programme • Competitive reward
6.	Tata Steel	<ul style="list-style-type: none"> • Organisation philosophy and culture • Job stability • Freedom to work and innovate
7.	Colgate-Palmolive India	<ul style="list-style-type: none"> • Company brand • Open, transparent and caring organisation • Management with strong principles and values • Training and development programmes • Structured career planning process • Global career opportunities
8.	Wipro	<ul style="list-style-type: none"> • Company's brand as an employer • Early opportunities for growth • High degree of autonomy • Value compatibility • Innovative people programmes
9.	Indian Oil Corporation	<ul style="list-style-type: none"> • Company brand image • Work culture • Learning and growth opportunities • Challenging work assignments • Growing organization
10.	Tata Consultancy Services	<ul style="list-style-type: none"> • The group brand equity • Strong corporate governance and citizenship • Commitment to learning and development • Best in people practices • Challenging assignments • Opportunity to work with Fortune 500 clients
(Source: Business Today, 14 September, 2003)		

(iv) To Economize on Transaction Costs: When people cooperate to produce goods and services, certain problems arise as they learn what to do and how to work with others to perform a task effectively. People have to jointly decide who will do which tasks (the division of labour), who will get paid what amounts, and how to decide if each worker is doing his or her share of the work. The costs associated with negotiating, monitoring, and governing exchanges between people are called **transaction costs**. Organisation's ability to control the exchanges between people reduces the transaction costs associated with the exchanges.

(v) To Exert Power and Control: Organisations can exert great pressure on individuals to conform to task and production requirements in order to increase production efficiency. To get a job done efficiently, it is important for people to come to work in a predictable fashion, to behave in the interest of the organisation, and to accept the authority of the organisation and its managers. All these requirements make production less costly and more efficient but put a burden on individuals who must conform to these regulations. When individuals work for themselves, they need to address only their own needs. When they work for an organisation, however, they must pay attention to the organisation's needs as well as their own. Organisations can discipline or fire workers who fail to conform and can reward good performance with promotion and increased rewards. Because employment, promotion, and increased rewards are important and often scarce, organisations can use them to exert power over individuals.

Taken together, these five factors help explain why more value can often be created when people work together, coordinating their actions in an organized setting, than when they work alone. Over time, the stability created by an organisation provides a setting in which the organisation and its members can increase their skills and capabilities, and the ability of the organisation to create value additions by leaps and bounds. In the last ten years, for example, Infosys has grown to become the most powerful software company in the world because Narayana Murthy, its founder, created an organisational setting in which people are given the freedom to develop their skills and capabilities to create valuable new products.

ORGANISATIONAL EFFECTIVENESS

It is essential that organisations should function effectively if they are to be useful. Ineffective organisations are no better than sick people. Organisations are said to be effective when they produce quality goods and services at reasonable cost without compromising on profit-making. The other requirement of effectiveness is that the organisations should seek to satisfy their diverse stakeholders. Stakeholders are all the people and groups affected by, or that can affect, an organisation's decisions, policies, and operations. Some of the stakeholders are so primary that an organisation's existence and activities depend on them. These stakeholders include customers, suppliers, employees, and investors. But an organisation's stake goes beyond these primary interest groups and extends to such groups which are affected by the firm's primary activities and decisions. These groups, called secondary stakeholders, include local communities, government departments, foreign governments, social activist groups, media, and the general public. The connections of these groups with organisations are many and often conflicting. It is the duty of managers to keep all the stakeholders satisfied and the extent of satisfaction derived by stakeholders speaks about the effectiveness of an organisation.

THE ROLE OF ORGANISATIONAL BEHAVIOUR

Organisational Behaviour (OB) helps firms achieve effectiveness in their activities. Organisations, as stated earlier, comprise people and OB helps in utilizing these resources for achieving organisational effectiveness. People generally possess physical strength, skills of some kind, executive skills, and organizing abilities. OB helps harness these qualities and use them for achieving organisational goals.

DEFINITION AND MEANING OF OB

The definitions on OB are many. However, three features need to be emphasized in any definition:

- | OB is the study of human behaviour;
- | The study is about behaviour in organisations; and
- | Knowledge about human behaviour would be useful in improving an organisation's effectiveness.

Combining the above three features, OB may be understood to be the study of human behaviour in organisational settings, of the interface between human behaviour and the organisation, and of the organisation itself. Knowledge gained from such a study is useful in improving organisational effectiveness. The following definitions are appropriate:

OB refers to the behaviour of individuals and groups within organisations and the interaction between organisational members and their external environments.

OB is a field of study that investigates the impact that individuals, groups and structure have on behaviour within organisations for the purpose of applying such knowledge towards improving an organisation's effectiveness.

To sum up, OB obviously comprises individual behaviour, group behaviour and of the organisation itself. Understanding of the subject is complete when all the three are studied carefully. The study of individual behaviour alone is incomplete because the actions of the employee influence and are influenced by the organisation where he or she works. Again, studying only organisations without learning about the people amounts to looking at only part of the picture.

The influence of environment on the interface between individuals and organisations cannot be overlooked. Fig. 1.2 illustrates the integrative study of OB. It shows the linkages among human behaviour in organisational settings, the individual-organisational interface, the organisation, as well as the environment surrounding the organisation.

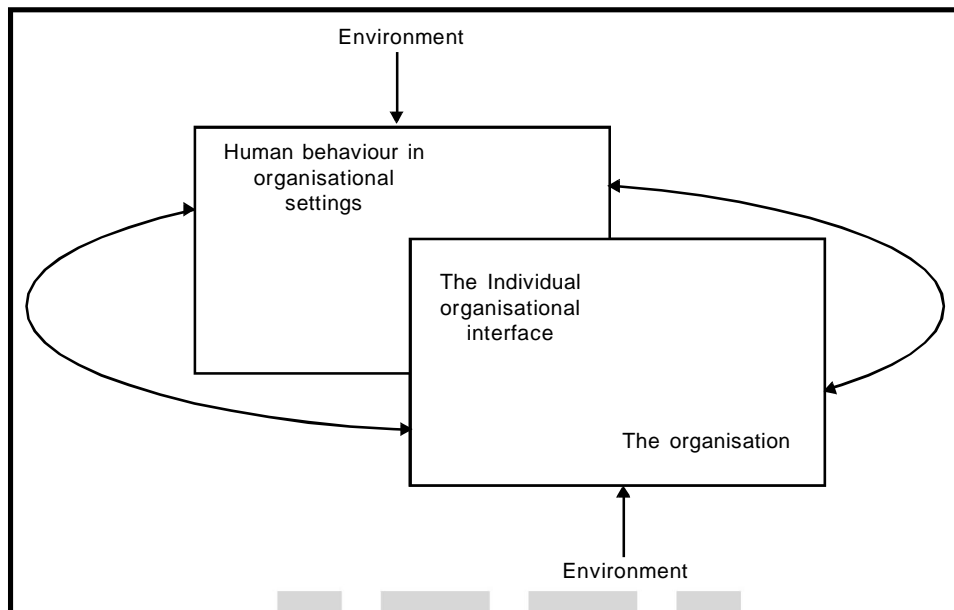


Figure 1.2 The Nature of Organisational Behaviour

(Source: Gregory Moorhead and Ricky W.Griffin, *Organisational Behaviour*, p. 5)

The field of OB is both exciting and complex. Many variables and concepts accompany the interaction shown in Fig.1.2 and together these factors greatly complicate the manager's ability to understand, appreciate, and manage people in an organisation. They also provide unique opportunities to enhance personnel and organisational effectiveness.

OB has emerged as a distinct field of study. It is an area of expertise with a common body of knowledge. OB is also an applied field. It applies the knowledge gained about individuals and groups and the effect of structure on behaviour in order to make organisations work more effectively.

OB should not be mistaken as representing the whole management. It represents only the behavioural or people approach to management. Other recognized approaches to management include the process, quantitative systems and contingency approaches.

FOUNDATIONS OF OB

The subject OB is based on a few fundamental concepts which revolve around the nature of people and organisations. These concepts are not peculiar to the field of OB. Every discipline, be it a social science or a physical science, will flourish on definite assumptions. For example, the famous principle which runs through financial accounting is that for every debit there shall be a corresponding credit. Similarly, the law of gravity is common whether it is in Mumbai or Bangalore.

Coming to OB, the basic assumptions distinct to the discipline are (see Fig. 1.3):

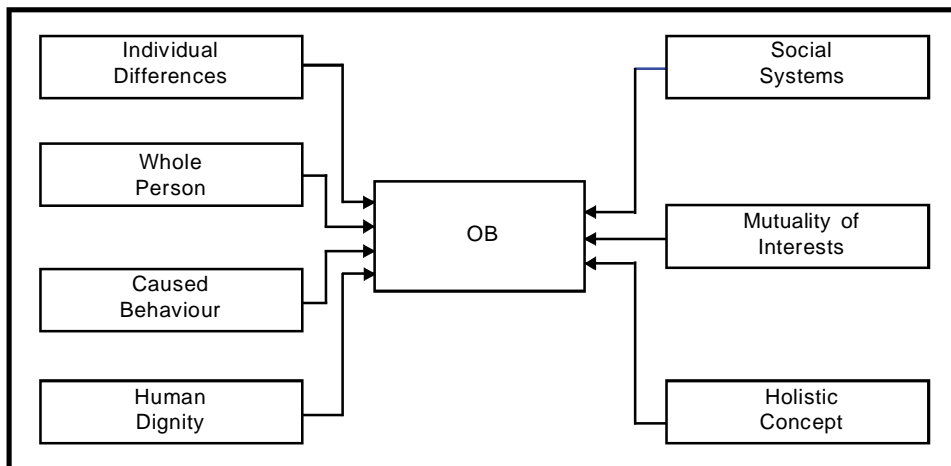


Figure 1.3 Foundations of OB

- | There are differences between individuals.
- | A whole person.
- | Behaviour of an individual is caused.
- | An individual has dignity.
- | Organisations are social systems.
- | Mutuality of interest among organisational members.
- | Holistic organisational behaviour.

Whilst the first four concepts centre around people, the next two are concerned with organisations. The last one is a combination of the first five assumptions. A brief explanation of each assumption follows.

1. Individual Differences: People have much in common (they become excited by the arrival of a new child in the family or they are grieved by the loss of a loved one), but each person in the world is also individually different. Each one is different from the others in several ways. Whether it is intelligence, physique, personality, diction, or any such trait, one can find striking differences. The idea of difference comes originally from psychology. From the day of birth, each person is unique and individual experiences after birth make people even more different. Individual differences mean that management can cause the greatest motivation among employees by treating them differently. If it were not for individual differences, some standard, across-the-board way of dealing with all the employees could be adopted and minimum judgement would be required thereafter.

It is because of individual differences that OB begins with the individual. Only a person can take responsibility and make decisions, a group, by nature, cannot do so. A group is powerless until individuals therein act.

2. A whole Person: When an individual is appointed, his/her skill alone is not hired, his/her social background, likes and dislikes, pride and prejudices-are also hired. A person's family life cannot be separated from his or her work life. It is for this reason that managers should endeavour

to make the workplace a home away from home. They not only strive hard to develop a better employee out of a worker, but also a better person in terms of growth and fulfillment.

3. Caused Behaviour: The behaviour of the employee is caused and not random. This behaviour is directed towards some one that the employee believes, rightly or wrongly, is in his/her interest. Thus, when a worker comes late to his or her work, pelts stones at a running bus, or abuses the supervisor, there is a cause behind it. The manager must realize this basic principle and correct this behaviour and tackle the issue at its root.

4. Human Dignity: This concept is of a different order from the other three just discussed because it is more an ethical philosophy than a scientific conclusion. It confirms that people are to be treated differently from other factors of production because they are of a higher order in the universe. It recognizes that people want to be treated with respect and dignity and should be treated. Every job, however simple, entitles the people who do it to proper respect and recognition of their unique aspirations and abilities. The concept of human dignity rejects the old idea of using employees as economic tools.

Ethical philosophy is reflected in the conscience of humankind, confirmed by the experience of people in all ages. It has to do with the consequences of our acts to ourselves and to others. It recognizes that life has an overall purpose and accepts the inner integrity of each individual. Since organisational behaviour always involves people, ethical philosophy is involved in one way or the other in each action. Human decisions cannot and should not be made devoid of values.

5. Organisations are Social Systems: From sociology we learn that organisations are social systems; consequently activities therein are governed by social as well as psychological laws. Just as people have psychological needs, they also have social roles and status. Their behaviour is influenced by their group as well as by their individual drives. In fact, two types of social systems exist side by side in organisations. One is the formal system and the other is the informal social system.

The existence of a social system implies that the organisational environment is one of dynamic change, rather than a static set of relations as revealed in an organisation chart. All parts of the system are interdependent and are subject to influence by any other part.

6. Mutuality of Interest: Mutual interest is represented by the statement that 'organisations need people and people also need organisations'. Organisations have human purpose. They are formed and maintained on the basis of some mutuality of interest among their participants. People see organisations as a means to help them reach their goals, while, at the same time, organisations need people to help attain organisational objectives. If mutuality is lacking, it makes no sense to try to assemble a group and develop cooperation, because there is no common base on which to build. Mutual interest provides a superordinate goal that unites the variety of needs that people bring to organisations. The result is that people are encouraged to attack organisational problems rather than each other.

7. Holistic Concept: When the above six fundamental concepts of OB are placed together, a holistic concept emerges. This concept interprets people-organisation relationships in terms of the whole person, whole group, whole organisation, and the whole social system. It takes an all-encompassing view of people in organisations in an effort to understand as many of the possible factors that influence their behaviour. Issues are analysed in terms of the situation affecting them rather than in terms of an isolated event or problem.

APPLICATION/IMPORTANCE OF OB IN MANAGEMENT

A study of OB is beneficial in several ways.

(i) OB provides a Road Map to Our Lives in Organisations: Every one of us has an inherent need to know about the world in which we live. This is particularly true in organisations, as they have a profound effect on our actions and behaviours.

People bring to their work place their hopes and dreams as well as their fears and frustrations. Much of the time, people in organisations may appear to be acting quite rationally, doing their fair share of work, and going about their tasks in a civil manner. Suddenly, a few people appear distracted, their work slips, and they even get withdrawn. Worse still, one may find someone taking advantage of others to further his or her personal interests.

Occasionally, you are likely to get caught up in anxiety-provoking organisational changes that involve redeployments or even layoffs. Such a range of human behaviours makes life in organisations perplexing. But those who know what to look for and have some advance ideas about how to cope with pressures are more likely to respond in ways that are functional, less stressful, and even career-advancing. We, therefore, need to map out organisational events so that we can function in a more secure and comfortable environment.

(ii) The Field of OB uses Scientific Research to Help us Understand and Predict Organisational Life: This is not to say that this knowledge is absolute. The decisions and actions that people in organisations make are determined by a complex combination of factors. Besides, the field of OB is not a pure science. Nevertheless, it helps us make sense of the workplace and, to some extent, predict what people will do under various conditions.

(iii) OB helps us Influence Organisational Events. Though it is good to understand and predict organisational events, most of us want to influence the environment in which we live. Whether one is a marketing specialist or a computer programmer, he or she needs to know how to communicate effectively with others, manage conflict, make better decisions, ensure commitment to ideas, help work teams operate more effectively, and the like. OB theories and concepts will help us influence organisational events.

(iv) OB helps an Individual Understand Himself/Herself and Others Better. This helps improve interpersonal relations considerably. Of particular significance are topics like attitude, perception, leadership, communication, T.A. and conflict, an understanding of which will change the very style of talking and functioning of an individual. It is no exaggeration that the MBA graduate always remembers, with satisfaction, OB among all the subjects of his/her course, even after graduation.

(v) A Manager in a Business Establishment is Concerned with Getting Things Done Through Delegation. He or she will be successful when he or she can motivate subordinates to work for better results. OB will help the manager understand the basis of motivation and what he or she should do to motivate subordinates.

(vi) The Field of OB is Useful for Maintaining Cordial Industrial Relations. If an employee is slow in his or her work, or if his or her productivity is steadily declining, it is not always because of denial of promotion or a poor work environment. Similarly, if the union of workers gives a

strike call, the basic issue may not be a demand for more wages, higher bonus, a better canteen, or for three pairs of uniform in the place of two. Often the indifferent attitude of the boss makes the worker lazy. Similarly, reluctance of the management to talk to union leaders about issues might provoke them to give a strike call. In other words, relations between management and employees are often strained for reasons which are personnel issues, not technical. Human problems need to be tackled humanely. OB is very useful in this context as it helps understand the cause of the problem, predict its course of action, and control its consequences (see Fig. 1.4). It is also a human tool for human benefit. The field of OB serves as the basis for human resource management.

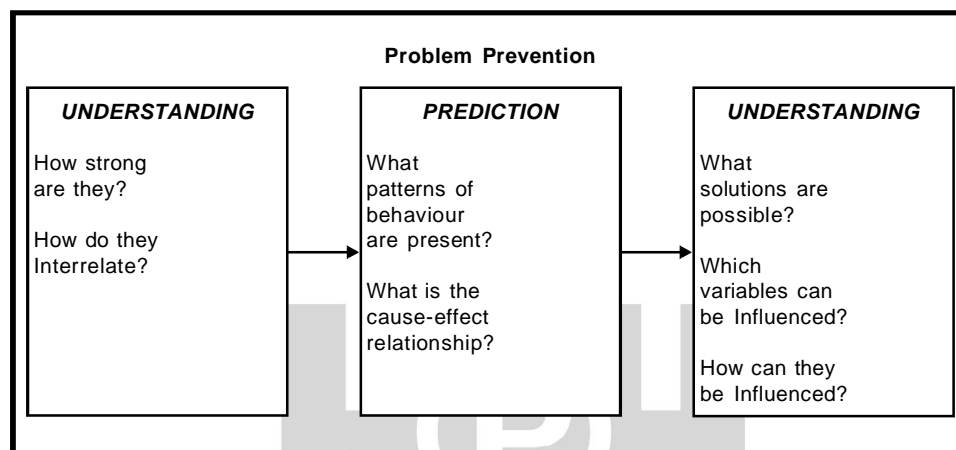


Figure 1.4 The Basic Process of OB

(vii) The Subject of OB is also Useful in the Field of Marketing. In the dynamic mechanism of the flow of goods and services from producer to consumer, awareness of the nature of individual and social processes has an immediate or long-range contribution to the success or failure of the enterprise. Consumer choice behaviour, the nature of influence, and the channels involved, represent leading topics for behaviour research in this area. Innovation and the diffusion of new products, creativity, and the learning of responses are equally important social and individual phenomena that contribute to the total process.

(viii) Interest in Pursuing a Career in Management: The most popular reason for studying OB is that the reader is interested in pursuing a career in management and wants to learn how to predict behaviour and apply it in some meaningful way to make organisations more effective. A successful manager should have good 'people skills' which include the ability to understand one's employees and use this knowledge effectively to make them more efficient.

(ix) Effective Management of All Sectors: In the last couple of years, our economy has been witnessing an upward trend; every sector of the economy doing pretty well, registering an overall growth rate of seven per cent per annum. In order to sustain this trend, effective management of all sectors of the economy, particularly the industrial sector, is of paramount importance. Effective management does not mean competent utilization of technical or financial resources alone. Rather, it implies efficient management of human resources. This is where OB comes into the picture. It is a discipline which enables a manager to motivate his or her subordinates towards higher productivity and better results.

SHORTCOMINGS OF OB

The shortcomings of the subject OB that should not be lost sight of.

(i) Failure of Individual on the Domestic Front: Though the subject helps an individual understand human behaviour better only in the workplace, he or she may be a failure on the domestic front. People who have a thorough grounding of behavioural disciplines have sometimes proved to be total wrecks in their personal lives.

(ii) Failure to Contribute to Improve Interpersonal Relations: The subject of OB has not contributed to improved interpersonal relations in organisational settings. Jealousies, back-stabbing, leg-pulling, intrigues, harassment, and inequalities in rewards go side by side with nice lectures, training programmes, discussions, smiles, assurances, niceties and the like. An employee is not sure when a pink slip will be handed out or when a reward will be announced. History seems to be repeating itself. In the earlier days, a worker was exposed to 12 to 14 hours of work and was made to work under inhuman conditions. An employee today, particularly in the new economy firms, does work 12 to 14 hours a day but under for better working conditions. The worker of the bygone days was stress-free. Today's employee is always under pressure and stress-ridden. While a worker of the earlier years died of lung diseases caused by fumes and dust; today's employee gets burnt out by the time he or she reaches 45 years of age.

(iii) OB has Almost Become a Fad With Managers in Most Organisations: Common uniforms, open offices, and shared canteens have, for example, been practised in several industrial establishments in the name of improving interpersonal relations. But wearing identical clothes has not changed the attitude of the boss towards his/her subordinates. Seldom is the subordinate treated as an equal, and rarely are his/her views respected and accepted. Removal of physical palisades in the office has not abolished the mental barriers between the manager and the managed. The boss and the subordinates may eat the same food in the same canteen. Still, the former expects his/her subordinate to serve him/her the food and treat him/her differently. The dual personalities of managers are often bewildering. Outwardly, they talk about participative management, equality of opportunities, empowerment, and open door policies. Behind the veneer of all this pep talk, is the harsh reality that most of these bosses are feudal lords who expect the subordinates to be slaves. Any deviation from this makes the boss feel insecure. The smart subordinate is feared, hounded, and is finally made to quit.

(iv) OB is Selfish and Exploitative. It serves only the interest of the management. It is the product of capitalist societies. With high emphasis on motivation, efficiency, and productivity, the subject breeds a competitive spirit among the employees. They are not allowed to function and live in harmony with one another.

(v) Expectation of Quick-Fix Solutions: A serious problem that has plagued the subject is the tendency of managers to expect quick-fix solutions from behavioural programmes. This expectation makes the managers address the symptoms while neglecting the underlying problems or to fragment their efforts within the firms.

Critics of OB wonder whether the ideas that have been developed and tested during periods of organisational growth and economic plenty will endure with equal success under different conditions. Future environment shall be marked by shrinking demand, scarce resources, and more intense competition. When organisations stagnate, decline, or encounter a threat of closure, there will be conflict and stress. Under these conditions, will the conflict resolution strategies work?

Will the motivational models be relevant? Will the leadership styles be practicable? No easy answers are available to these and other related questions.

(vi) OB will not Totally Abolish Conflict and Frustration, it Can Only Reduce them: It is a means to improve, not an absolute answer to problems. It is only a part of the whole fabric of an organisation. We can discuss OB as a separate subject; but to apply it, we must relate it to reality. However improved, OB will not solve unemployment. It will not make up for our own deficiencies. It cannot substitute for poor planning, inept organizing, or inadequate controls. It is only one of the many systems operating within a larger social system.

The shortcomings of OB, however, should not detract the reader from the greatest contribution of the discipline to human life—understanding human behaviour. Life in and outside organisations would not be what it is if we fail to understand ourselves and our fellow beings better.

CONTRIBUTION OF OTHER DISCIPLINES TO OB

OB is an applied behavioural science. It has drawn heavily from a number of applied behavioural sciences such as psychology, sociology, and anthropology. It has also drawn from such subjects as economics, history, political science, engineering and medicine (Also see Fig.1.5).

Psychology: It is the science or study of behaviour, and includes animal as well as human behaviour.

Animals like rats and monkeys are used for carrying out psychological experimentation and the conclusions drawn from such experiments are sought to be generalised with reference to human behaviour.

Psychology is concerned with individual behaviour and has contributed greatly to the intra-individual dynamics of human behaviour. In other words, intra-personal aspects of organisational behaviour like motivation, personality, perception, attitude, opinion, and learning owe their study to psychology.

Psychologists themselves are becoming increasingly important these days and the number of professional psychologists has also been growing. They hold important positions in various sectors. Some are academicians with specialization in experimental, social, or clinical psychology. Others can be found in business, industrial, and government organisations. For example, there are educational psychologists and counsellors who work with school children. Some industrial psychologists function mainly in industry, where they are involved in screening and training employees. More recently, their functions have been expanded to include training, developing effective leadership, performance appraisal, job design, and work-stress.

Sociology: If psychology is the study of individual behaviour, sociology addresses itself to the study of group behaviour. It studies the behaviour of people in relation to their fellow human beings. Sociologists have enriched organisational behaviour through their contribution to the study of interpersonal dynamics like leadership, group-dynamics, communication, formal and informal organisations, and the like.

Social Psychology: This subject borrows concepts from both psychology and sociology. It focuses on the influence of people on one another. One of the areas receiving considerable attention

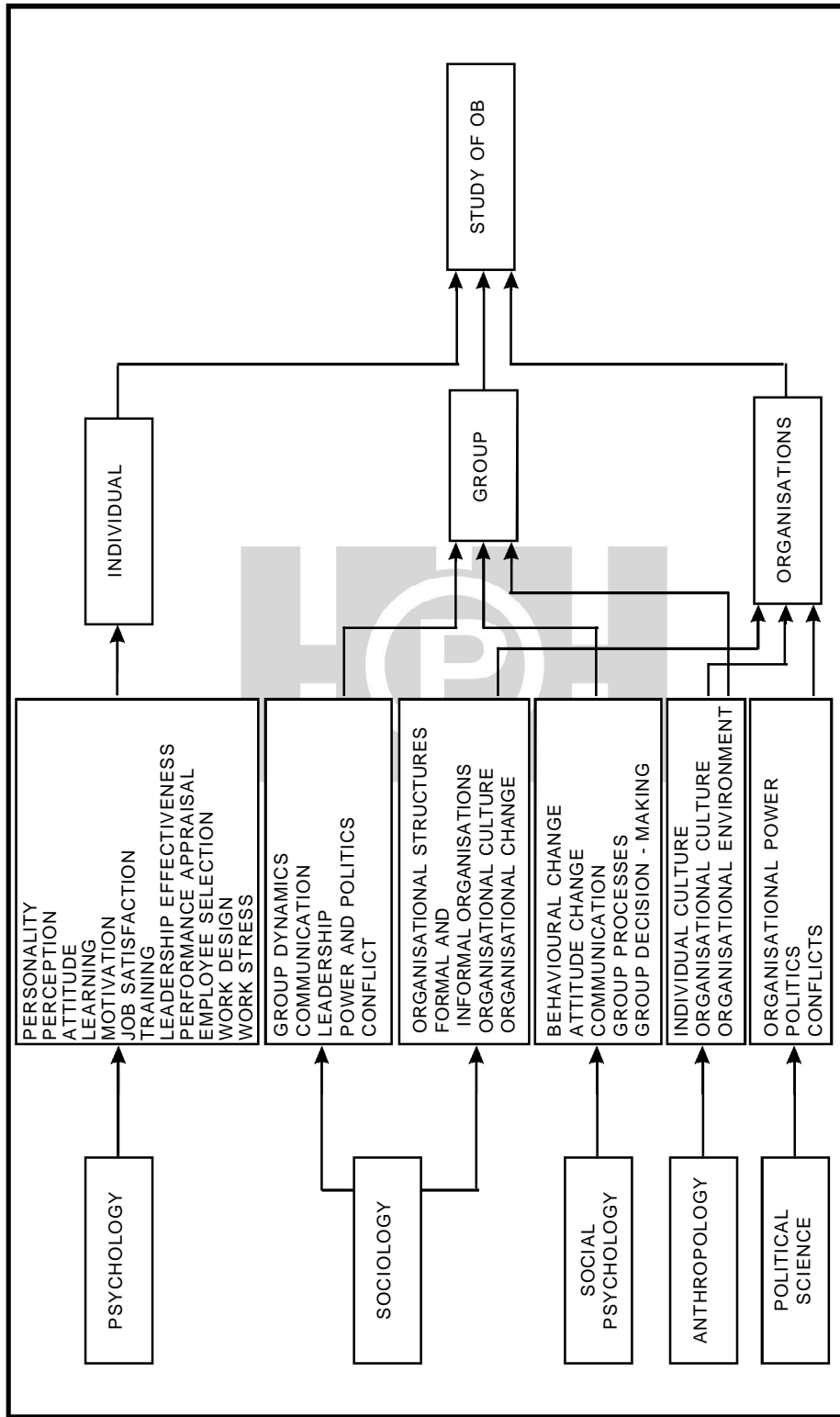


Figure 1.5 Major Disciplines and Their Contribution to OB

from social psychology is change-how to reduce resistance to it and implement it successfully. Additionally, social psychology is useful in measuring, understanding, and changing attitudes, communication patterns, the ways in which group activities can satisfy individual needs, and in group decision-making process.

Anthropology: It is the study of the human race, in particular, its culture. Culture has significant influence on human behaviour. It dictates what people learn and how they behave.

Every organisation will have its own distinct culture. Some organisations particularly, closely held ones, are secretive, publicity-shy, and are less inclined to encourage participative management.

Some organisations, the Tatas for example, take employee welfare and social responsibility as their main goals. The culture of the organisation will have an influence on the employee. His or her attitude, perception about things good and bad, and his or her style of functioning are influenced by the culture of his or her organisation.

Political Science: Contributions from political scientists for a better understanding of OB are significant. Political scientists study the behaviours of individuals and groups within a political environment. Specific topics of concern to political scientists include conflict resolution, group coalition, allocation of power, and how people manipulate power in their self-interest.

In the past, the term 'politics' was considered to be a dirty word. Not any more. Organisations are becoming political entities and a better understanding of them cannot be had without understanding the political perspective as well.

Engineering: This discipline, too, has influenced OB. Industrial engineering, in particular, has long been concerned with work measurement, productivity measurement, workflow analysis and design, and labour relations. Obviously, all these are important for OB as will be made clear in the subsequent chapters.

Most recently medicine has also come into play in connection with the study of OB, specially in the area of stress. Increasingly, research is showing that controlling the causes and consequences of stress, within and outside of organisational settings, is important for the well-being of both the individual and the organisations.

APPROACHES TO THE STUDY OF OB

Several Approaches have increasingly influenced OB: the human resource approach, the contingency approach, the productivity approach, the systems approach and the interactionism approach (see Fig.1.6).

1. Human Resource Approach: This approach recognises the fact that people are the central resource in any organisation and that they should be developed towards higher levels of competency, creativity, and fulfillment. People thus developed will contribute to the success of the organisation.

The human resources approach is also called the *supportive approach*, in the sense that the manager's role changes from control of employees to active support to their growth and performance.

The supportive approach contrasts with the traditional management approach. In the traditional approach, managers decide what employees should do and closely monitor their performance to ensure task accomplishment. In the human resources approach, the role of managers changes, as stated above, from structuring and controlling to supporting.

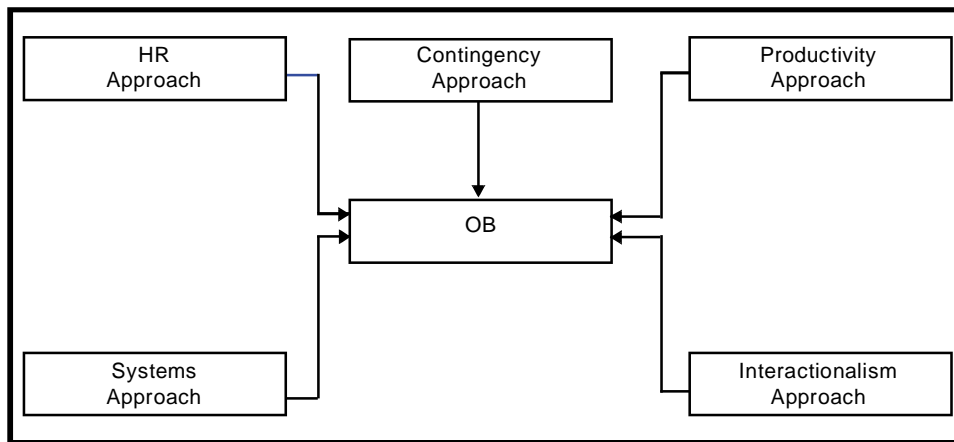


Figure 1.6 Approaches to the Study of OB

2. Contingency Approach: The contingency approach is another useful way of looking at OB. This approach assumes that there is no ‘one best way’ available in any organisation. It suggests that in most organisations situations and outcomes are contingent on, or influenced by, other variables (see Fig.1.7).

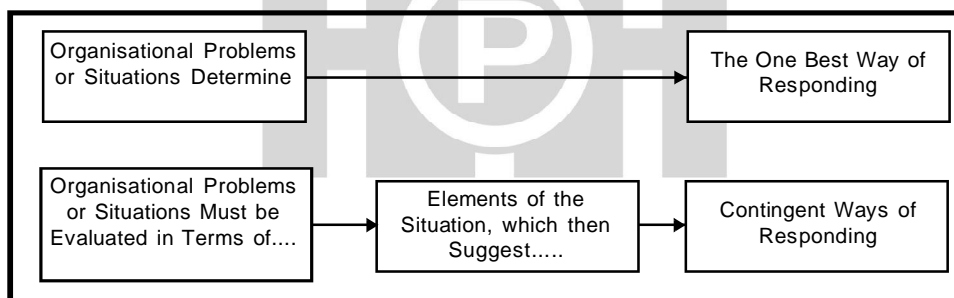


Figure 1.7 Universal Approach vs Contingency Approach

(Source: Moorhead and Griffin, *Op.cit.*, p. 19)

As seen from Fig. 1.7, the contingency approach to OB differs from the universal approach. The universal model, shown at the top of the figure, presumes a direct cause and effect linkage between variables. For instance, it suggests that whenever a manager encounters a certain problem or situation (such as motivating employees for higher efficiency and greater output), a universal approach does exist (such as raising pay), that will lead to the desired outcome. The contingency approach, on the other hand, acknowledges that several other variables affect the relationship. In other words, the appropriate managerial action or behaviour in any given situation depends on the elements of that situation.

3. Systems Approach: The systems approach to OB views the organisation as a united, purposeful system composed of interrelated parts. This approach gives managers a way of looking at the organisation in totality: as a whole person, whole group, social system. In doing so, the systems approach tells us that the activity of any segment of an organisation affects, in varying degrees, the activity of every other segment.

According to this approach, an organisational system receives four kinds of inputs from its environment: material, human, financial, and informational. The organisation converts these inputs into products or services, employee behaviour, profits or losses, and additional information and supplies these to the environment. The system then receives feedback from the environment regarding the outputs (see Fig. 1.8). Thus the organisation becomes an input-transformation-output system.

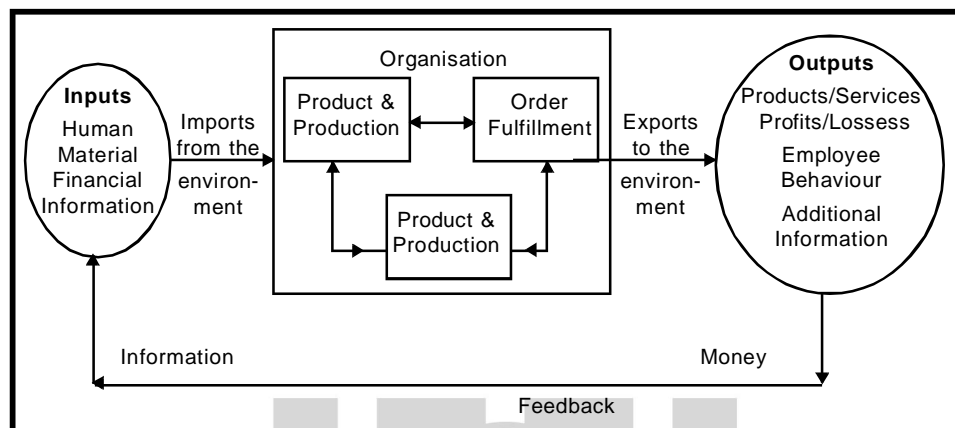


Figure 1.8 Systems Approach to Organisation

Managers should not become passive spectators of organisational systems. A key function of managing is to adapt to transform system elements to achieve goals within a dynamic environment. Managers need to work with people and allocate resources to carry out tasks within an environment of change. The main purpose of this book is to train managers to manage organisational systems more effectively.

The systems approach has functional consequences for managers. For one thing, it underscores the importance of an organisation's environment. Failing to acquire the appropriate resources and to heed feedback from the environment, for instance, can be disastrous. The systems approach also helps managers conceptualise the flow and interaction of various elements of the organisation as they enter the system, are transformed by it, and then re-enter the environment.

4. Productivity Approach: Productivity, which is the ratio of output to input, is a measure of an organisation's effectiveness. It also reveals the manager's efficiency in optimising resource utilization. The higher the numerical value of this ratio, the greater the efficiency.

Productivity is generally measured in terms of economic inputs and outputs, but human and social inputs and outputs also are important. For example, if better OB can improve job satisfaction, a human output or benefit occurs.

In the same manner, when employee development programmes lead to a by-product of better citizens in a community, a valuable social output occurs. OB decisions typically involve human, social, and/or economic issues, and so productivity, usually a significant part of these decisions, is recognised and discussed extensively in the literature on OB.

5. Interactionalism: Interactionalism is a relatively new approach to understanding behaviour in organisational settings. First presented in terms of interactional psychology, this view assumes that individual behaviour results from a continuous and multidirectional interaction between characteristics of the person and of the situation. More specifically, interactionalism attempts to

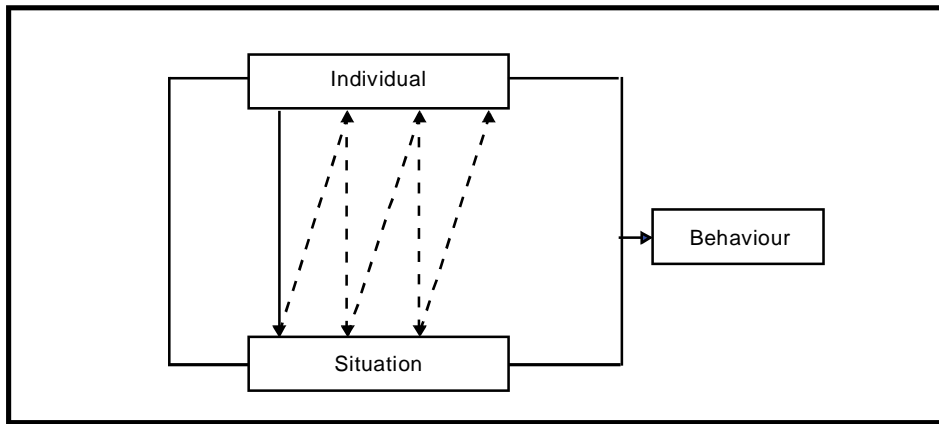


Figure 1.9 Interactionist Perspective to OB

(Source: Moorhead and Griffin, *Op.cit.*, p.20)

explain how people select, interpret, and change various situations. Fig. 1.9 illustrates this perspective. It should be noted that the individual and the situation are presumed to interact continuously. This interaction is what determines an individual's behaviour.

OB MODEL

We follow a model (see Fig. 1.10) for discussion in this book.

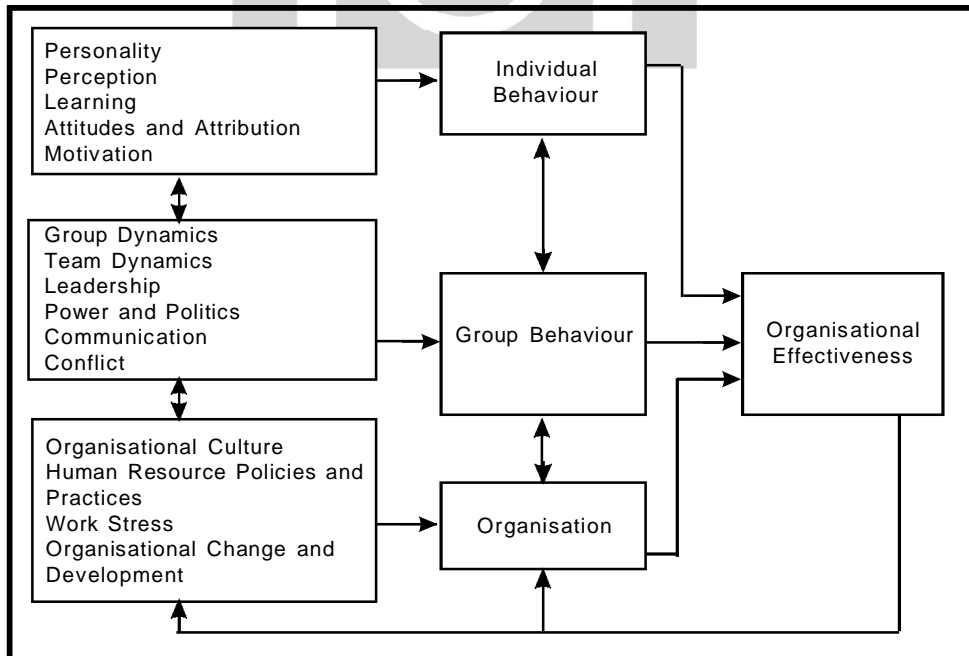


Figure 1.10 OB Model

As seen from the figure, individual behaviour comprises such aspects as personality, perceptions, attitudes, learning, and motivation. Group behaviour covers such topics as group dynamics, leadership, power and politics, communication and conflict. Study of organisations includes the nature of organisations and organisational change and development. Now, individual behaviour will influence and is influenced by group behaviour, which in turn has impact on behaviour of organisations. The cumulative effect of all these behaviours is felt on organisational effectiveness which in turn has impact on individual, group and organisational behaviours.

QUESTIONS

CONCEPTUAL TYPE

1. What is an organisation?
2. What is organisational effectiveness?
3. Define OB.
4. Name the approaches to study OB.
5. What is HR approach to OB?
6. What do you understand by contingency approach to OB?
7. What is systems approach to OB?
8. What is productivity approach to OB?
9. Write note on interactionism approach to OB?
10. What is universal approaches to OB?
11. What do you understand by managing diversity?
12. What is Ethnocentrism?
13. What do you understand by Backlash?
14. What is globalisation?
15. What do you mean by sexual harassment?

ANALYTICAL TYPE

1. Define OB? Why do we study the subject?
2. Discuss how OB is an interdisciplinary subject.
3. Discuss the various approaches to the study of OB.
4. Why do organisations exist?
5. Discuss in detail the nature of OB.
6. Discuss the significance of OB.
7. "OB has some shortcomings". Discuss.
8. Discuss in detail the systems approach to OB.
9. What is interactionist perspective of OB? Discuss.
10. Discuss the OB Model.
11. "OB specialists are not risk free". Discuss.
12. Discuss the barriers to accepting diversity.

13. Internationalisation of Business has challenges. Discuss.
14. Write a note on technology transformation.
15. What is work force diversity.
16. How will you manage workforce diversity.
17. How do you promote ethical behaviour among employees?

ESSAY TYPE

1. Write an essay on foundations of OB.
2. What is OB? Discuss its benefits to organisation and shortcomings.
3. Discuss in detail the major disciplines and their contribution to OB.
4. “People influence organisations, and organisations influence people”. Explain the statement.
5. Do you use the contingency approach in your daily affairs? Explain the circumstances under which it is used.
6. Discuss in detail the contextual perspectives of OB.
7. “OB specialists faces certain challenges”. Discuss in detail.
8. What are the types involved in resolving ethical problems?

SKILL BUILDING EXERCISES

1. Identify two students in your class who exhibit contrasting behaviours. Using the knowledge you have gained from reading this chapter analyse how and why such behaviours contrast.
2. You have the experience of studying in a school and a college. Do you think that these two have made any change in behaviour? Analyse.
3. Take a look at Fig. 1.2. Can you suggest any modification of the Figure?
4. Write a summary of this chapter in your own words.

