

## UNIT-1

### ORGANISATIONAL BEHAVIOUR

#### INTRODUCTION:

Few things touch our daily life as much as organisations do. We depend on organisations for Education, Employment, Food, Shelter, Health, Wealth, Recreation, Travel and much more. They touch every aspect of human life from birth death. In fact, life became unlivable sans organisations. But most of us have a casual attitude towards organisations. We notice their importance when they fail to deliver their goods & services to us. Eg: When trains stop running we take notice of indifferent services rendered by Railways.

#### What are Organisations?

Organisations are physical structures; rather they are people who together work for some purpose.

#### When do organisations exist?

Organisations are as old as human race itself. Archeologists have discovered massive temples dating back to 3500 B.C. 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. What then are those powerful constructs called Organisations.

#### Who Creates these Organisations?

Often an individual or a group of people, who deliver that they possess the necessary skills and knowledge, form an organisation to produce goods & service. In this way organisations like Restaurants, Wipro and design studios are created.

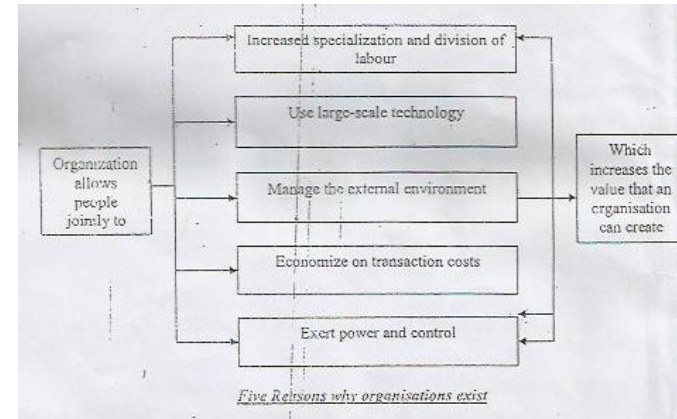
#### Why do organisations exist?

We have stated that life is unlivable without organisations. This is a broad statement about the usefulness of organisations in any society. Specifically organisations play 5 different roles, thus refining their role.

Here organisations, allow people to jointly increase specialization and division of labour, use large scale technology,

manage external environment, economize on transaction costs, and exert power and control all of which, increase the value of the organisations can create.

#### FIVE REASONS WHY ORGANISATIONS EXIST



#### To increase specialisation and division of labour:

People who work in organisations may become more productive and efficient at what they do people who work alone for many kinds of work, the use of an organisation allows the development of specialization and division of labour.

#### To use large - scale technology:

Pressures from the environment in which organisations operate necessitate organising productive resources. An organizing environment includes not only economic, social and political factors but also the sources from which it obtains input and the market place into which it releases output.

#### To economize transactions 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 organisation ability to control the exchanges between people reduces the transaction costs associated with the exchanges.

#### Implications of Organisation Behaviour:

Globalization influences several aspects of Organizational

Behaviour some good, some not so good:

- \* Increasing organisational efficiency and providing a broader net to attract valuable knowledge and skills.
- \* Open up new career opportunities.
- \* Provides a greater appreciation of diverse needs and perspectives.
- \* Increase competitive pressure.
- \* Demand more work flexibility for employees.

## **2) Outsourcing Information Technology:**

In the present globally competitive environment outsourcing of business processes is adopted through which in-house operations / processes are contracted to an outside party.

These are: a) Call Centers (BPO's),  
b) Knowledge Process Outsourcing (KPO's)

### **Implications of Organisational Behaviour:**

The problems that are faced by BPO's and KPO's are:

- \* Need for training and development of employees.

## **3) The changing work force:**

India is a multi-cultural and multi-linguistic and multi-religion, multi - caste country. Indian social system has traditionally been based on caste. Besides, due to changes in socio-economic values and spread of higher education among women, changing policies of management, a large number of Indian women have joined work force.

### **Implications of Organisations Behaviour:.**

Diversity presents both the opportunities and challenges in organisations. To be sure, the relationship between workforce diversity and the effectiveness of the team is very complex. In some degree diversity become competitive advantage.

## **4) Emerging employment relationships:**

Employees face increasing turbulence in their work and employment relationships. Due to mergers, corporate restructuring and privatization of government managed

organisations. From this turbulence, a new deal employment relationship called employability has emerged that replaces the implied guarantee of life long employment in return for loyalty.

### **Implications of Organisational Behaviour:**

- \* Job design
- \* Organisational loyalty
- \* Work place stress

## **5) Work place values and ethics:**

Values represent stable long-lasting beliefs about what is important in a variety of situations that guide our decisions and actions. They are evaluating standards that help us, define what is right or wrong or good or bad in the world.

Ethics refer to the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad.

### **Implications of Organisational Behaviour:**

- \* Increases organisational culture
- \* Raises our awareness in values across cultures.
- \* Determines the right thing to do

## **EMERGING TRENDS IN ORGANISATIONAL BEHAVIOUR:**

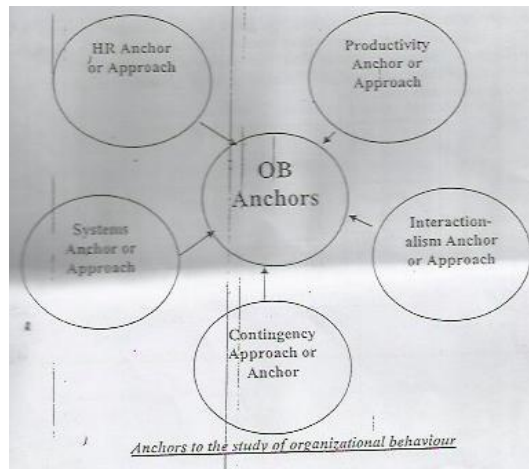
- \* According to the British Psychological Society, 80% of the companies in U.K. use Personality profiling for all levels of recruitment. In India, there is more than just as popular in random areas.
- \* The Hiring process is incomplete without Psychometric Assessment. This helps them to identify traits like responsiveness, assertiveness and target orientation at executive level and above.
- \* In Leadership Roles, Bank on Per Annum Preference Inventory (PAPI) for understanding a person's strengths and providing feedback for coaching and counseling.
- \* The Comprehensive Training for entire HR team for sponsoring them for 5 day technical programme on PAPI. From this we can say that the whole world is to be explored with psychometric

assessment. The power of psychometric tools like 16 PF, MBTI, and PAPI to enrich the future of their employee's work, lives and careers. All the entry level applicants at Oberai Center for Learning go through the 16 PF. Another believer of this method is Max New York Life.

### **ANCHORS OF INDIVIDUAL BEHAVIOUR:**

Globalization, information technology and communication technology, the changing workforce, emerging employment relationships, and work place values are just a few trends. To understand these topics the organisational scholars rely on set of basic beliefs or knowledge structures. These conceptual anchors represent the way that OB researchers think about organisations and how they should be studied. Let's look at each of these five beliefs that anchor the study of organisational behaviour.

#### **Anchors to the study of organisational behaviour**



#### **1) HR Anchor:**

This approach recognizes 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 success of organisations.

The HR approach is also called as the Supportive Approach,

in the sense that the managers role changes from control of employees to active support to their growth and performance.

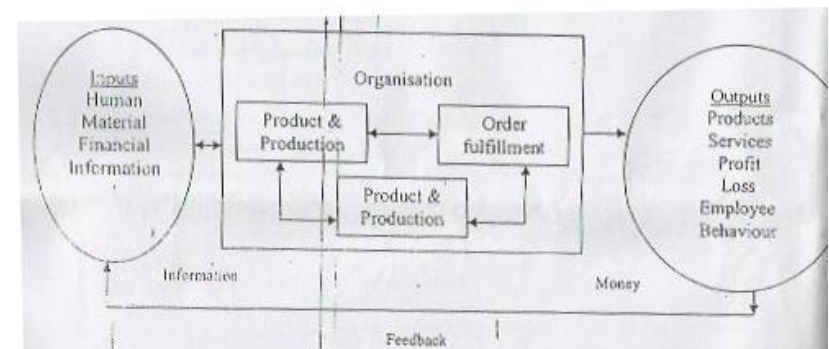
In the traditional approach managers decide what employees should do and closely monitor their performance to ensure task accomplishment. In the HR approach, the role of managers changes as stated above from the structuring and controlling to supporting.

#### **2) Contingency Anchor:**

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. It acknowledges that several other variables affect the relationship. In either word, the appropriate managerial action or behaviour in any given situations depends on the elements of those situations.

#### **3) Systems Anchor:**

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 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 organisations environment. Failing to 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 conceptualizes managers the flow and interaction of various elements in the organisation as the system are transformed by it, and then re-enter the environment.

#### **4) Productivity Anchor:**

Productivity is the ratio of output to the input, is a measure of organisations effectiveness. It also reveals the manager's efficiency in optimizing resources utilization. The higher the numerical value of the ratio, the greater the efficiency.

OB Productivity decisions typically involve human, social and economic issues.

#### **5) Interactionalism:**

It is a relatively new approach to understand behaviour in organizational settings. It should be noted that individual and situations are presumed to interact continuously. This interaction is what determines an individual behaviour.

### **KNOWLEDGE MANAGEMENT:**

Organisational Behaviour Scholars have built on the open system anchor to create an entire subfield of research dedicated to the dynamics of knowledge management.

Knowledge Management is any structured activity that improves an organisation's capacity to acquire, share and use knowledge in ways that improve its survival and success.

The Knowledge that resides in an Organisation is called its intellectual capital, which is the sum up gives it competitive advantage including.

1. **Human Capital:** This is the knowledge that employees possess and generate, including their skills, experience and creativity.
2. **Structural Capital:** This is the knowledge capital and retained in an organisation's systems and structures.
3. **Relationship Capital:** This is the value derived from an organisation's relationships with the customers, suppliers and

other external stake holders who provide added value for the organisations.

### **Knowledge Management Processes:**

Intellectual capital represents the stock of knowledge held by an organisation. This stock of knowledge is so important that some companies try to measure its value, it is a process that develops an organisation capacity to acquire, share and use knowledge more effectively. This process is called organisational learning. Let's look more closely at some of the strategies:

#### **1) Knowledge Acquisition:**

It includes the organisation's ability to extract information and ideas from its environment as well as through insight. One of the fastest and most powerful ways of acquiring knowledge I through grafting hiring individuals or acquiring entire companies.

#### **2) Knowledge Sharing:**

More organisations are reasonably good and acquiring knowledge, but they waste this resource by not effectively disseminating it. The organisational unit might apply useful ideas to improve performance or customer service, whereas a nearby unit has not discovered these better procedures. Organisations need better communication to improve knowledge sharing. Some companies encourage knowledge sharing through communities of practice.

#### **3) Knowledge Use:**

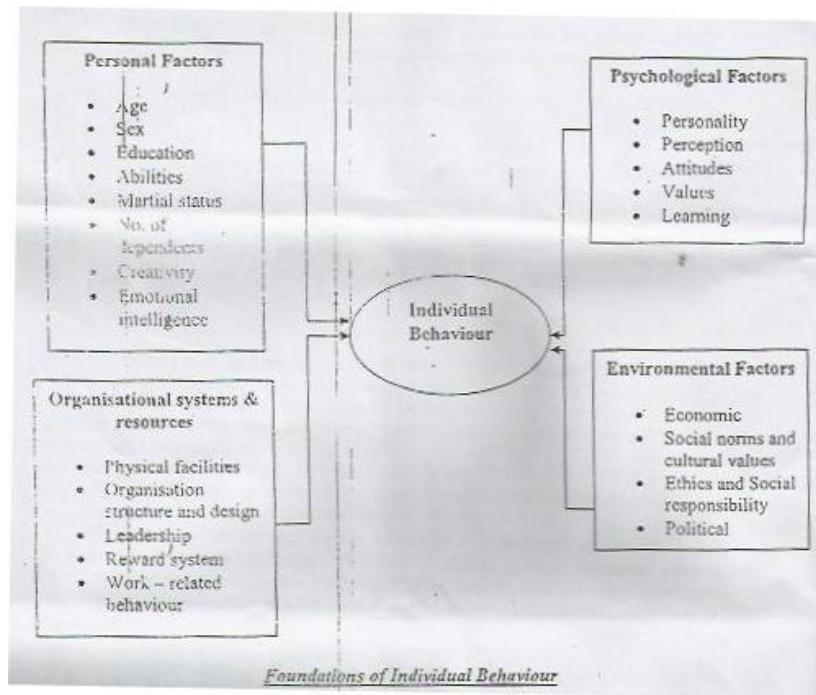
Acquiring an sharing knowledge are wasted exercises unless knowledge is effectively put to use. To do, this, employees must realize that the knowledge is available and they have enough freedom to apply it. This acquires a culture that supports experimental learning.

### **FOUNDATIONS OF INDIVIDUAL BEHAVIOUR:**

Several inputs determine and make a person what he or she is. The behaviour of an individual is influenced by many factors. A study of these factors is useful for a better

understanding of OB.

### **Foundations of Individual Behaviour**



#### **1) Personal Factors:**

- a) **Age:** Age has the impact on performance, turnover, absenteeism, productivity and satisfaction.
- b) **Sex:** The sex has its impact on absenteeism and turnover.
- c) **Education:** This has its effect upon individual behaviour, largely through the level and type of education received.
- d) **Ability:** It refers to an individual's capacity to perform various tasks in a given job.
- e) **Marital Status:** The marital status has the impact on absenteeism, turnover and satisfaction.
- f) **No. of dependents:** There is a co-relation between the number of dependents an employee has and his or absences and satisfaction. The number of children an employee has is positively

related to absence, especially among females.

g) **Creativity:** It refers to the cognitive activity those results in a new or novel way of viewing or solving a problem.

h) **Emotional intelligence:** Emotions are private affairs. These are the effective state of consciousness in which joy, sorrow, fear, hate, love, surprise and anger are expressed.

#### **2) Environmental Factors:**

a) **Economic factors:** The economic environment is an important determinant of individual behaviour. All work is performed within economic framework that, both directly and indirectly influence on organisational environment.

b) **Social norms and Cultural Values:** The society and the cultural environment is made up of institutions and other factors that affect the society's basic value, perceptions, work ethics, preferences and behaviours.

c) **Ethics and Social Responsibility:** Ethics refers to a system of moral principles - a sense of right and wrong and goodness and badness of actions and the motivation and the consequences of these actions. As applied to a business firm ethics is the study of good and evil right and wrong and just and unjust actions of business people.

d) **Political factors:** The political climate in which an individual lives can affect individual behaviour in several ways. The stability of the government can affect employment opportunities, both in quantity and quality.

#### **3) Organisational Systems and Resources:**

a) **Physical facilities:** Physical facilities such as lighting, ventilation, air-conditioning, decor, space provided for each employee, equipment and the like, have an influence on employee performance. In addition, adequate provision of secretarial support and other staff can allow a senior manager to focus his or her attention on issues more critical to the organisation's effectiveness.

b) **Organisation structure and design:** These have to do with



the way in which the different groups and departments in an organisation are set up and the way in which, the reporting relationships and lines of communication are established among different positions in the organisation. The behaviour and performance of an individual by where that person fits into the overall structure and design if the organisation.

c) **Leadership:** An organisation establishes a system of leadership and supervision to provide direction, assistance, advice, and coaching to individual members.

d) **Reward System:** Organisations establish reward system to compensate their employees for good work done. The behaviour and performance of an individual is influenced by the reward system his or her organisation has established.

e) **Work related behaviour:** An individual behaviour is influenced by what stage he or she occupies in an organisation.

#### 4) Psychological factors:

a) **Personality:** Personality refers to the attributes of an individual which make him or her different from others.

b) **Perception:** Perception refers to the process of seeing what is there to be seen.

c) **Attitudes:** The attitudes are the poor or good performance of the internal factors. These are either the positive or negative in general.

d) **Values:** Values represent stable long-lasting beliefs about what is important. They are evaluative standard that help us define what is right or wrong good or bad, in the world. Some people value money while others consider morals are more important.

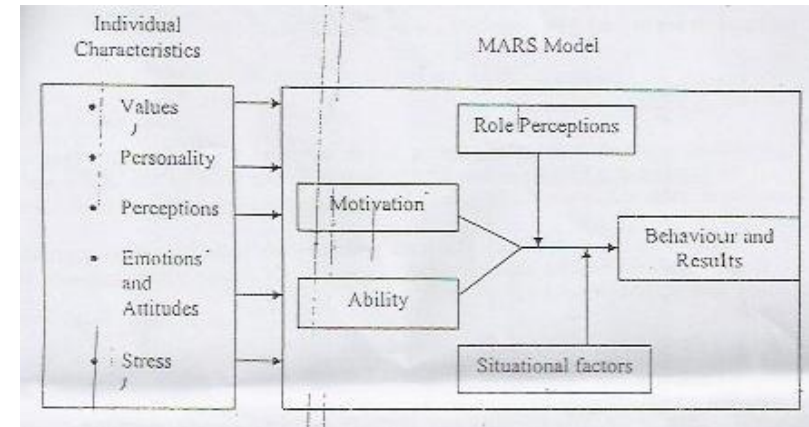
e) **Learning:** Learning is the modification of behaviour through practices, training or experience. It is an important input in the individual behaviour.

#### MARS MODEL:

This model is very useful starting point to understand the

drivers of individual behaviour and results. This model highlights the four factors that directly influence an employee's voluntary behaviour and resulting performance: Motivation, Ability, and Role Perceptions and Situational factors. These four factors are represented by the acronym "MARS" in the model's name.

#### MARS Model of individual Behaviour



The MARS Model shows that these four factors have a combined effect on individual performance. If any factor weakens, employee performance will decrease. Personality and Values are the most stable characteristics. Emotions, attitudes and stress are much more fluid characteristics, where as individual perceptions and learning usually lie somewhere between. Each of these factors relate to MARS model in various ways:

**1) Employee Motivation:** Motivation represents the forces within a person that effect his/her direction, intensity and persistence of voluntary behaviour.

**2) Ability:** Employee's abilities also make a difference in behaviour and task performance. Ability includes both the natural aptitudes and learned capabilities required to successfully complete a task. These are employees learn specific tasks more quickly and perform them better.

**3) Role Perceptions:** Employees have accurate role perceptions when they understand the specific tasks assigned to them, the relative importance of those tasks, and the preferred behaviours to accomplish those tasks. Employees know exactly what their

objectives are and how they relate to business units and ultimately, the entire enterprise.

**4) Situational factors:** Situational factors include conditions beyond the employee's immediate control that constrain or facilitate his or her behaviour and performance. Some characteristics such as consumer preferences and economic conditions originate from the external environment and consequences are beyond the employee's and organisation's control.

### VALUES:

Values represent stable, long-lasting beliefs about what is important. They are evaluative standard that help us define what is right or wrong, good or bad, in the world. Some people value money while others consider morals are more important.

Values differ from attitudes. These are general beliefs about life, whereas attitudes are directed towards specific objects, events or people. Of course values influence our attitudes towards those objectives.

### Types of values:

The Types of values are of two categories:

#### A) Internal Values:

**1) Terminal Values:** These are desired states of existence that we think are worth striving for. A world of beauty, equality, wisdom and a comfortable life.

**2) Instrumental values:** These are desirable modes of behaviour that help us reach the objectives of terminal values. Some of them include polite, Courageous, and Logical, Self-controlled and ambitious.

#### B) External Values:

**1) Theoretical values:** These values discover the truth and emphasis is critical and rational to problems.

**2) Economic Values:** Values utility and practicality and emphasizes standard of living.

**3) Aesthetic values:** Values from grace and harmony and emphasizes the artistic aspects of life.

**4) Social Values:** Values love of people and altruism and emphasize competition and winning.

**5) Political values:** Values power, position, and influence and emphasizes competition and winning.

**6) Religious values:** Values Unity and people's relationship to the universe and emphasizes high ideals and the search for the purpose of being on earth.

It may be stated that the values people emphasize vary with their occupations.

**Eg:** A Priest values for the religious values.

A Scientist and Professors are theoretically inclined....

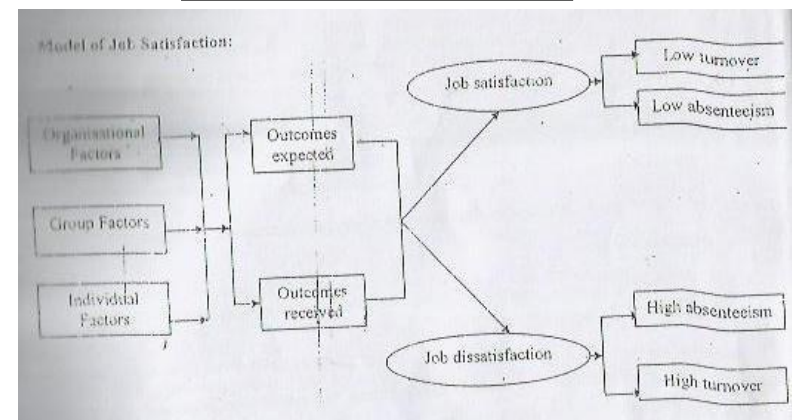
An individual enters into an organisation with the personal values, which often clash and together may conflict with the organisational values. What values an organisation manager carries are called intended values. These are ideals that are personally important. Organisations grow and prosper when operative values are strong.

### JOB SATISFACTION:

Job satisfaction refers to the general attitude of employees towards their job. It probably is the most widely studied variable of organisational behaviour. When the attitude of an employee towards his or her job is positive, there exists job satisfaction. Dissatisfaction. Dissatisfaction exists when the attitude is negative.

Job satisfaction is important for management as it has impact on turnover, productivity, absenteeism and other job related aspects.

### Model of Job satisfaction



### **Causes of Job Satisfaction:**

1) **Organisational factors:** Organisational factors which contribute to an employee's attitude towards her job.

- a) Pay
- b) Opportunities for promotion.
- c) The nature of work
- d) Policies of the organisation.
- e) Working conditions

2) **Group factors:** Group factors wielding influence on satisfaction include:

- a) Group size
- b) Group supervision

3) **Individual factors:** There are certain personal variables that have a bearing on job satisfaction.

- a) Personality
- b) Status
- c) Jobs congruent with interests
- d) General life satisfaction

## **ORGANISATIONAL BEHAVIOUR**

### **UNIT-II**

#### **Motivation - Theories of Motivation - Group Dynamics - Leadership Styles.**

#### **MOTIVATION:**

The word motivation is derived from the Latin word "movere" which means "move on" Motivation is something that moves a person to act on and continuous him in a course of action already initiated.

**Robert Dubin**

"Motivation refers to a driving force which induces a person to act in a particular way".

"Motivation defined as the way in which urges, drives, desires, aspirations, striving or needs direct, control of explain the behaviour of human beings"

**MC Farland**

#### **THEORIES OF MOTIVATION:**

The theories of motivation are mainly classified in to two categories. They are

- i) content theories
- ii) Process theories

Content theories of motivation focus on needs or set of needs underlying human behaviour. But we mainly study about content theories of motivation by studying how various needs influences the human behaviour for survival and reconnection.

Under these theories we need to study about

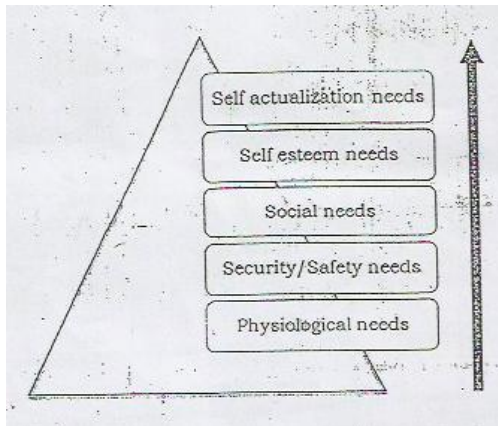
- 1. Maslow's hierarchy of needs theory.
- 2. Mc Gregor Theory X & Theory Y
- 3. Herzberg two factor theory.

**1) Maslow's hierarchy of needs theory:** Maslow assumed



motivation in terms of a need hierarchy theory. He distinguishes a number of needs ranging from lower order to higher order needs, namely, physiological needs security and safety needs, belonging, love and social needs, status and self actualisation needs.

According to the theory needs at lower levels have to be fulfilled to some extent before those at the next higher level can be satisfied. The lower four needs are called deficiency needs because they motivate people to meet them and until they are met, people find it difficult to respond to higher order or so-called growth needs.



**PHYSIOLOGICAL:** Physiological needs are the lowest order of human needs. It consists of the basic survival needs like the need for food, clothing and shelter.

**SAFETY AND SECURITY NEEDS:** Safety and security needs represent stability (including financial security) and freedom from physical threats and dangers. Furthermore, according to Maslow, it is the need for physical and emotional security in the form of food, clothing and shelter. In the modern setting it could include protection in the form of unemployment insurance, retirement, benefits and pension.

**SOCAL NEEDS:** Belonging, love and social needs include affective relationships and the need to belong to a group or family.

**SELF-ESTEEM NEEDS:** Status and self-esteem needs refer to the need to feel valued and respected by oneself and significant others. Furthermore, Maslow identifies it as the need for accomplishment and achievement.

**SELF- ACTUALISATION NEEDS:** Self-actualisation needs refer to the need to utilise one's potential to the maximum, working with and for other people and developing one's capacity. This can also be utilising one's full potential in surviving a noble.

### **THEORY OF "X" AND THEORY OF "F"**

<b>McGregor XY Theory</b>	
<b>Theory "X"</b>	<b>Theory "Y"</b>
Dislike work	Enjoy work
Avoid work	Willing to work
Postpone	Prepone work
Need force to achieve goals	Sportive Spirit in office
Need Control	Self controlled
Responds to punishments	Committed
Irresponsible	Responsible
No direction	Self direction
No ambition	Creative and innovative

Douglas McGregor observed two diametrically opposing view points of managers about their employees, one is negative called "Theory of "X"" and one is positive called "Theory of Y".

**Theory of X:** Following are the assumptions of managers who believe in the "Theory of X" in regard to their employees.

- \* Employees dislike work; if possible avoid the same.
- \* Employees must be coerced, controlled or threatened to do the work.
- \* Employees avoid responsibilities and seek formal direction.
- \* Most employees consider security of job, most important of all other factors in the job and have very little ambition.

**Theory of Y:** Following are the assumptions of managers who believe in the "Theory of Y" in regard to their employees.

- \* Employees love work as play or rest.
- \* Employees are self directed and self controlled and committed to the organisational objectives.
- \* Employees accept and seek responsibilities.
- \* Innovative spirit is not confined to managers alone, some employees also possess it.

Theory of X assumes Maslow's lower level needs dominate in employees. Whereas Theory of Y, assumes Maslow's higher level needs deminate in employees.

### **Herzberg's two factos theory of motivation**

<b>Two Factors Theory of Motivation</b>	
<b>Motivational (Satisfactional) Factors</b>	<b>Hygiene (Dissatisfactional) factors</b>
Achievement	Company policy and procedures
Recognition	Supervision
Responsibility	Relations with supervisors
Advancement	Working conditions
Work itself	Salary
Growth opportunities	Relations with peers
	Personal life
	Relation with subordinators
	Status
	Job security

Frederick Herzberg (considered by many to be a pioneer in motivation theory) interviewed a group of employees to find out what made them satisfied and dissatisfied on the job. From these interviews, Herzberg went on to develop his theory that there are two dimensions to job satisfaction "motivation" and "hygiene". Based on research investigating the relationship between motivation and job-satisfaction, Herzberg concluded that all variables that make people feel either good or bad about their jobs can be grouped into one of two categories, hence, his theory being known as the two-facts theory of motivation.

The Six motivators identified by Herzberg 8) are:

**Achievement:** Achievement which refers to the reach or attainment of a goal through effort, the successful accomplishment or completion of a task, the solving of a problem, the maintaining of a position and lastly, the visible results of a person's work.

**Recognition:** Recognition which is the acknowledgement of the contribution of a person, to express appreciation or to reward the individual for the accomplishment of a task.

**Responsibility:** Responsibility which is giving a person th liability, accountability and answerability for a task or person.

**Advancement:** Advancement which is th promotion of an individual.

**Work itself:** The work itself which refers to the doing of the work and the type of work. The job can be repetitive or changing creative or monotonous, easy or difficult.

**Growth Opportunities:** Growth opportunities which refer to the individual growing in experience, skills, knowledge status and senioriy.

HERZBERG IDENTIFIED SOME HYGIENE OR JOB DISSATISFACTION FACTORS THEY ARE:

**Salary:** Salary includes all financial rewards, such as the actual salary increase, performance increase etcetera.

**SUPERVISION:** Supervision includes all the skills and abilities of the supervisor to lead, to coach and to solve problems. These aspects are crucial for his/her success.

**RELATIONSHIP WITH SUPERVISION:** Relationship with supervisor refers to a good relationship with the supervisor resulting in continuous learning willingness to listen to subordinate proposals, willingness to give credit and to defend an employee.

**RELATIONSHIP WITH COLLEAGUES:** Relationship with colleagues refers to a pleasant and supportive relationship with coworkers. This develops a sense of camaraderie and teamwork.

**COMPANY POLICY AND PROCEDURES:** Company policy and procedures include human resource policy work organisation, production and other facilities, procedures and non-financial privileges.

**WORKING CONDITIONS:** Physical working conditions pertain to the quality of work, availability of resources, and the environment in which the individual works.

**PERSONAL FACTORS:** Personal factors refer to long working hours and high stress which influences the individual's personal life resulting in negative feelings toward the job.

**STATUS:** Status includes symbols like position title and office furniture.

**JOB SECURITY:** Job security includes the factors that lead to a feeling of job security, for example, the survivability of the organisation, and safety of a person specific job / position, medical aid and pension fund.

Herzberg concludes that the opposite of job dissatisfaction is not job satisfaction but rather no job dissatisfaction and similarly, the opposite of job satisfaction is not job dissatisfaction but rather no job dissatisfaction. Diagram 2.1 below illustrates Herzberg's Two Factory Theory".

**McClelland's 3 needs theory:** According to Mullins (1996) Robbins (1998) and Sherman, Bohlander and Snell (1996), McClelland proposes that there are three basic needs that are operative in the workplace, that is:

**NEED FOR ACHIEVEMENT:** This is the desire to exceed some standard of behaviour, the need to excel; the need to be successful.

**NEED FOR POWER:** This is the need to make others behave in a way in which they would not otherwise have behaved the need to control others, to be influential.

**NEED FOR AFFILIATION:** This is the need for warm and close interpersonal relationships, to be liked and accepted by others. Swanepoel (1998) states that if the above needs constitute the

totality of needs, it remains for the manager to determine his/her subordinates dominant need and to offer opportunities whereby the individual's needs and the organisations goals can simultaneously be met. For instance, the hyper enthusiastic salesperson does not generally make a good sales manager. The best managers are people with a high need for power and a low need for affiliation. "Newstrom and Davis concur that supervisors are usually high achievers who are interested in concrete measures, namely money, as it reflects how well they have done.

**GROUP:** A group is defined as any number of persons who interact with each other in such a manner that the behaviour of one is influenced by the behaviour of the all other persons.

**GROUP DYNAMICS:** Group dynamics refers to the "forces operating in groups".

Group dynamics is the social process by which people interact face to face in small groups is called group dynamics. **John W Newstrom and Keith Davis**

It may be concluded from these definitions that group dynamics is the field of enquiry that deals with the nature and development of small groups, interactions among members, and group and intergroup behaviour. The basic assumptions underlying study of group dynamics are:

**TO OR MORE PERSONS:**

To form a group, there should be atleast two persons because a single individual cannot interact. However, there cannot be any specific limit on the maximum number of persons in a group but the size of the group will be determined by rules and regulations of the organisation.

**COLLECTIVE IDENTITY:** Members of the group must be aware about their membership of the group. Each member of the must believe that he is a member of, is a participant in, some specific group. It is the awareness of each other that most clearly differentiates a group from random aggregation of individuals. In the case of random aggregation of individuals, they are ordinarily not aware of one another or if aware do not interact

with each other in a meaningful way.

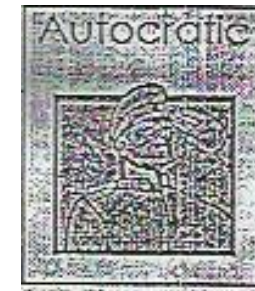
**INTERACTION:** Members of the group interact among themselves. Interaction means that each member shares his ideas with others through communication and this communication can take place face to face, in written, over the telephone, across a computer network, or in any other manner which allows communication among group members. However, it is not necessary for all members of the group to interact simultaneously, but each member must interact at least occasionally with one or more members of the groups.

**SHARED GOAL INTEREST:** Members of the group should subscribe to the attainment of some common objectives. However, it is not necessary that each member subscribes to or agrees with all the objectives of the groups. If a group has a variety of objectives or interests, each members of the group must share at least one of the group's concerns. The shared goal interest binds the group together.

**LEADERSHIP:** The leadership theories classify different aspects. The early days the leadership theories are mostly concerned about their traits, behaviours, and influence and situational. Where as the recent leadership theories focused on followers and leadership correlation nature. The trait, behavioural can not explain the influence of leaders on the followers. They also rigid in the definition and suffer from lack of measurement methods. Much of the attention has been paid on the leadership where the leader motivates the followers to achieve expected performance by guiding them to understand the responsibilities and develop the goals.

**AUTOCRATIC LEADERSHIP:** The classical approach the leadership is autocratic style and keeps the most of the decision making power. These leaders do not take any input from sub-ordinates and they expect the staff accept their decisions. These leaders offer only structured and rigid rewards and do not encourage performance related rewards. The autocratic do not listen and do not accept explanation from sub-ordinates in the event of any mistakes. They deal any mistakes with punishments to staff

and rigid behaviour. The staff does not feel part of the organisation and may co-operate fully with the leaders. The performance of the employees is not to full extent.



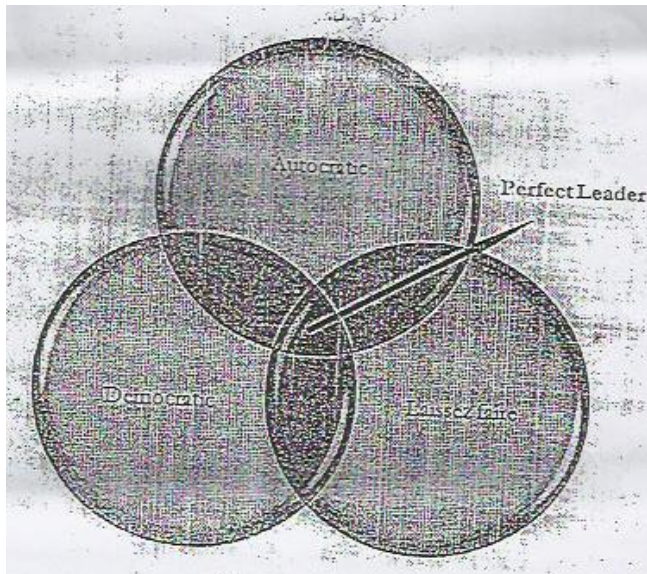
**DEMOCRATIC LEADERSHIP:** The democratic leadership is form of a participatory leadership where the leader takes into consideration of sub-ordinates input while making the decisions. The staff is well informed before hand regarding about the activities they are involved and the matter concerned to them. The staff has participatory role starting from planning, design and execution. This enables the staff to effectively deal with any problems during the execution. The democratic leaders act like a coach motivating the staff and instill the team culture in the organisations. The team work results in the large volumes of work in the short period of time. The democratic leaders receive support from staff and appreciate the importance given to their inputs. The democratic leader place trust on their staff allowing to them make decisions and develop their goals. These leaders allow professional growth of their staff and encourage career growth based on their performance. The employee reward and compensation is linked to the individual performance.

The democratic leaderships are more effective where the staff are active and want participate in the decision making process. The multi-disciplinary projects, which require inputs from several departments. The knowledge and information technology related projects which have changing requirements, also requires democratic leadership. The democratic leadership is not effective where the problems required to be solved in the given time. The situations where the mistakes are not tolerated are not suitable for democratic leadership style.





**LAISSEZ - FAIRE LEADERSHIP:** The leaders who follow the laissez-Faire style do not provide any direction and guidance to the sub-ordinates. These leaders give full freedom to the staff and staff takes their own decisions. The leaders assume that staff is intelligent enough to make decisions and solve the problems themselves. The laissez-faire leadership is most effective when the staff is well trained, qualified and have experience in the work. The staff takes a pride in delivering their duties. In the knowledge based industry people are expected to work on their and solve the problems. For example external consultants brought to solve specific problems are managed under this leadership style. However, this leadership is not effective where staff is insecure and requires managerial inputs. This also not suitable manager does not his role and responsibilities.



## **ORGANISATIONAL BEHAVIOUR**

### **UNIT-III**

#### **Organisational Conflict - Cause & Consequences - Conflict & Negotiation**

**ORGANISATIONAL CONFLICT:** Conflict is disagreement among parties. It has both positive and negative characters. - **Geogory Moorhead and Ricky Griffin.**

Horizational conflict can be defined as the absence of peace in the oragnisation between consumer and capital. - LM Prasad

Horizational conflict refers to any difference between employees and employers or between employees and employees or between employers and employers. - **LM Prasad**

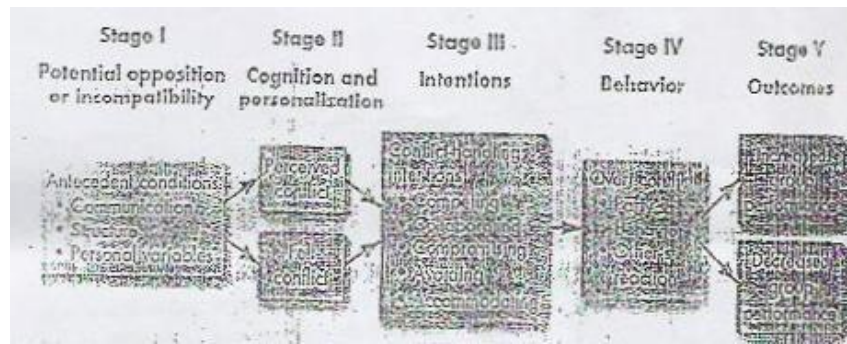
1. Disagreements. Violence in organizational relations or individual differences.
2. Dissatisfaction.
3. Opposing nature
4. Struggle.
5. Goal incompathibility
6. Rules and regulations.

Mostly the conflicts take place between employees and management because of salaries, promotions, management support and opportunities.

**CONFLICT CAUSES & CONSEQUENCES:** The term conflict can be defined conflict, then, as a process that begins when one party perceives that another party has negatively affected, or is about to negatively affects, something that the first party cares about. This definitions is purposely broad. It also employees the term process to denote that conflict should be viewed not as an isolated event with causes, motivations, and resolutions.

The denflict process can be seen as a comprising five stages. Potential oppsition or incompatibility, cognition and personalization, behaviour, and outcomes. The process is diagrammed below.





**Potential opposition or incompatibility:** The first step in the conflict process is the presence of conditions that create opportunities for conflict to arise. They need not lead directly to conflict, but one of these conditions is necessary if conflict is to surface. For simplicity's sake, these conditions have been condensed into three general categories. They are.

1. Communication
2. Structure
3. Personal variable

**Communication:** The Communication source represents the opposing forces that arise from semantic difficulties, misunderstanding, and noise in the communication channels. A review of the research suggests that differing word connotations, jargons, insufficient exchanging of information, and noise in the communication channel are barriers to communication and positional antecedents to conflict.

**Structure:** The term structure is used, in this context, to include variables such as size, degree of specialization in the tasks assigned to group members, jurisdiction clarity, member- goal compatibility, leadership styles, reward systems, and the degree of dependence among groups are forces to stimulate conflict.

**Personal variables:** Individuals who are authoritarian and dogmatic - lead to potential conflict. Emotions can also cause conflict. For example an employee shows up to work irate from her hectic morning commute may carry that anger to her 9.00 am meeting.

**Cognition and Personalization:** If the conditioned stimuli in stage I negatively affect something that one party cares about, then the potential for oppositions of incompatibility becomes actualized in the second stage. Here the perceived conflict and felt conflict take place in both parties.

**INTENTIONS:** Intentions intervene among people's perceptions and emotions and over behaviours. These intentions are decision to act in given way. Intentions are separated out as a distinct stage because you have to infer the others' intent to know how to respond to that others' behaviour. A lot of conflicts are escalated merely by one party attributing the wrong intentions to the other party. Using two dimensions cooperativeness and assertiveness we can identify five conflict handling intentions.

1. Competing: Assertive and uncooperative, such as when you strive to achieve your goal at the expense of the other party achieving his.
2. Collaborative: Assertive and cooperative intending to find a win-win solution that makes both parties happy.
3. Avoiding: unassertive and uncooperative, such as when you avoid a conflict based on the hope it will just go away.
4. Accommodating: Unassertive and cooperative, such as when you give in just to please someone else.
5. Compromising mid range on both assertiveness and cooperativeness where the pie is sliced down middle.

**BEHAVIOUR:** When most people think of conflict situations, they tend to focus on stage IV because this is where conflicts become visible. The behaviour stage includes the statements, actions, and reactions made by the conflicting parties.

**OUTCOMES:**

**Functional:** The action - reaction interplay among the conflicting parties results in consequences. As our model demonstrates these outcomes may be functional in that the conflict results in an improvement in the group's performance, all it may be dysfunctional in that it hinders group performance.

When conflict is functional then it acts as a force to increase group performance.

Conflict is functional when it.

1. Improves the quality of decisions.
2. Stimulate creativity and innovations.
3. Encourages interest and curiosity among group members.
4. Provides the medium through which problems can arise and tensions released, and
5. Fosters an environment of self evaluation and change.

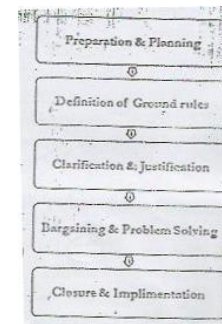
**Functional Outcomes:** The destructive consequences of conflict on a group's or organisations performance are generally well known. A reasonable summary might state that uncontrolled opposition breeds discontent, which acts to dissolve common ties and eventually leads to the destruction of the group. And of course, a substantial body of literature documents how conflict - the dysfunctional varieties - can reduce group effectiveness. Among the more undesirable consequences are a retarding of communication, reductions in group cohesiveness and subordination of group goals to the primacy of infighting among members. At the extreme conflict can bring group functioning to a halt and potentially threaten the group's survival.

**NEGOTIATION:** Negotiation is a process in which two or more parties exchange goods or services attempt to agree on the exchange rate for them." - J.A. Wall

"Negotiation is the process in which two or more parties attempt to reach agreement on issues on which they have differences".

It may be seen that negotiation is an attempt to settle conflicts among parties it is not Negotiation process.

Negotiation is a process which involves several steps as shown in the below figure.



Preparation & Planning  
Definition of Ground rules  
Clarification & jurisdiction  
Bargaining & Problem solving  
Closure & implementation

The following steps are involved in negotiation process:

1. Preparation & planning
2. Definition of Ground rules
3. Clarification & Jurisdiction
4. Bargaining & Problem solving
5. Closure & implementation

**Preparation & planning:** Before you start negotiation, you need to do your home work. What is the nature of the conflict? What is the history leading up to this negotiation, who is involved, and what their perceptions of the conflict are?

**Definition of Ground rules:** Once the preparation for negotiation is completed ground rules for negotiation are framed out in consultation with other party to negotiation. Ground rules include the following aspects.

1. Who will do the negotiation?
2. Where will the negotiation take place?
3. What time constraints
4. ON what issues consider in the negotiation.
5. What are the procedures to follow?

During this phase of negotiation process parties to the negotiation submit their proposals.

**Clarification & Justification:** When initial positions have been exchanged, both you and the other party will explain, amplify clarify, bolster (support) and justify your original demands. This need not be confrontational (critical) rather it is an opportunity

for educating and informing each other on the issues, while they are important, and how each of you arrived at their initial demands. This is the point at which you might want to provide the other party with any documentation that helps support your position.

**Bargaining & problem solving:** The essence of the negotiation process is the actual give-and-take involved in hashing out an agreement. It is here where concessions will undoubtedly need to be made by both parties.

**Closure & implementation:** The final step in the negotiation process is formalizing the agreement that has been negotiated and developing any procedures that are necessary for implementation and monitoring.

## **ORGANISATIONAL BEHAVIOUR**

### **UNIT-IV**

#### **Organisational change- Change process - Resistance to change - Organisational Development**

**Organisational change:** Organisational change is the alteration of work environment in organisation. It implies a new equilibrium between different components of the organisation - technology, structural arrangement, job design, and people. - LM Prasad

#### **Factors influencing organisational change (forces for change)**

There are some factors influencing organisational change, they push or pull organisation to change organisational subsystems. They include:

**Nature of the work force:** Almost every organisation has to adjust to a multicultural environment. Human resource policies and practices have to change to reflect the needs of an aging labour force. And many companies have to spend large amounts of money on training to upgrading, math, computer, and other employee skills.

**Technology:** Computers are now foundational to almost every organisations; and cell phones and handheld PDA's are seen as indispensable by many. Computer networks are also reshaping entire organisations - nearly all business now have to balance technology access with privacy issues.

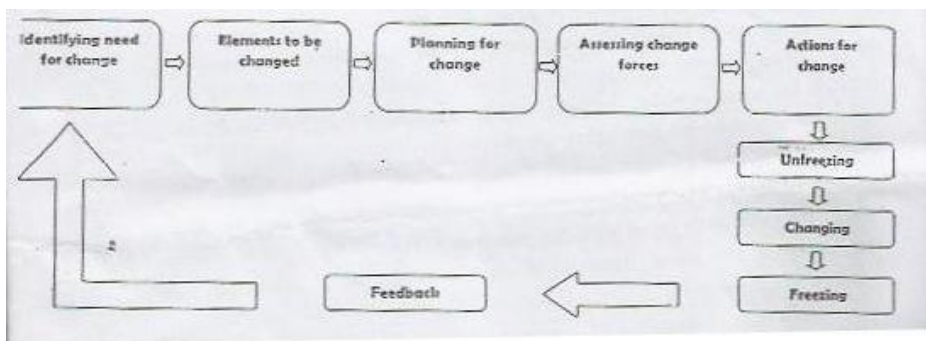
**Economic shocks:** Economic shocks have continued to impose changes on organisation. The stock had been declined from 2002, fall of US economic growth due to recession influenced organisations to change its financial strategies to get rid of financial fluctuations.

**Competition:** Competition is ever changing. Because of the competition organisations try to stand on their feet, and there is a need to develop new products rapidly and getting them to market quickly. They will rely on short production runs, short product cycles, and an on going stream of new products. In other words, they are flexible.

**Social Trends:** Today the social trends are changing very rapidly, in olden days the customers were going to the retail shops and outlets to buy the products but today it is completely change the online shopping took place on that the customers are buying the products from their kitchen or bedroom.

**World politics:** The one-sided attack of Iraq by united states has led to an expensive post war rebuilding and an increase in anti American attitudes in much of the world. The terrorist attacks on Newyork, Washington, London and Madrid have led to changes in business practices related to the creation of backup systems, employee security, employee stereotyping and profiling and post terrorist attack anxiety.

**Process of organisational change:** Management of organisational change is a complex process. Organisational change doesn't occur instantaneously. Instead, it involves formidable exercise on the part of management. A major organisational change requires considerable planning. The change is successful if it is taken in a planned way which proceeds in a sequential forms as shown in the figure.



**Identifying Need for change:** The basic step in change process is to identify when the change is required in the organisation because change should be supported by the people of the organisation. Identification of change is depending up on the gap analysis, that is, the gap between desired state and actual state of affairs.

**Elements to be charged:** What elements of the organisation should be changed will largely be decided by need and objectives of change. This stage takes the analysis further by adopting the problems caused because of which change is necessary.

**Planning for change:** At this stage, managers should plan about how the change can be brought in the light of the above two sub processes:

1. Who will initiate as the change agents.
2. When the change should be brought.

**Assessing change forces:** Unless the cooperation of people is not ensured, any change process will not succeed. For this purpose, the management has to create an environment in which change will be accepted by the people. This problem is referred to the problem of overcoming resistance to change.

**Action for changing:** Action for change is the fifth stage in the change process in this stage include:

**Unfreezing:** In this stage the organisation is going to make aware of the employees about the upbringing change and also it is the process of removing the fear in the employees.

**Changing:** This is the stage in which the individual being changed learn new behaviour methods of working, new thinking, perception of new rules etc.

**Refreezing:** Refreezing means that what has been learned is integrated in to actual practice. At this stage, the individuals internalize, the new beliefs, feelings and behaviour learned during the changing the phase. The adopt these elements as a permanent part of their behaviour repertoire.

**Feedback:** Management of change requires feedback and following up actions to ensure that the changes program is progressing in right direction without producing any dysfunctional effect. Since a change programming is likely to solve some problems and produce other problems, though of minor magnitude, it is desirable that management has constant watch as the change programming progresses.

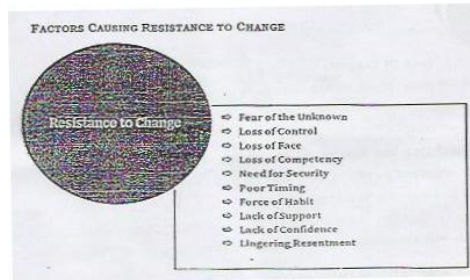


**Resistance to change:** Resistance is an incomplete transition in response to change. **Bridges**

Resistance is the obstacle in the organisation's structure **Kotter**

Resistance is protection energy and paradox **Maurer**

**Factors causing resistance to change.**



**fear of the unknown:** When the change required in the organisation and the organisation realized it then the employees of the organisation may afraid of the change because they may receive that the change may effect their current positions.

**Loss of control:** If the technological change takes place and the decisions are made by the computer systems then the decision makers of the organisation may feel that they lost their control.

**Loss of face:** Some times organisations may for online training programs in such cases the employees who are learning the things they may face to face communication so they may reject that.

**Loss of competency:** When the organisation use updated software like accounting, tally then the computers themselves do all the calculations, so the skilled existed employees cannot digest that.

**Need for security:** If the change is taking place in the organisation then the employees feel that they may lose their jobs then search for alternative security.

**Poor timing:** Because of the new change of the organisation the work will slow down due to the newly introduced machines and techniques.

**Force of habit:** In the change process the organisation force the organisational employees to make them habituated and adopt for the particular changed environment.

**Lack of Support:** Once the organization makes changes in the organisation and it is failed to support the organisatinal employees then they will be dissatisfied towards the new changes.

**Lack of confidence:** The employees lose their confidence levels due to the new working environment of the organisation and its effects. They feel that they cannot adjust to the change.

**Lingering resentment:** Finally by the effect of the change, the workers dislike, bitter, disagrees and they cannot cope up with the change and work would be slow.

**Organisational development:** Organizational development is the process of planned change and improvement of the organisation through application of knowledge of the behavioural sciences.

**Consider International issues:** Analyze the latest global development issues and how change is handles in different culture.

**Take a holistic view of the organisation:** In the process of organisational development the organisation should take whole the organisation as a single unit because the organisation includes various social systems and cultures.

**Start small:** The change and development must start small. It works out details and shows the benefits of the change to those who might resist.

**Secure top management support:** The support of top management is essential to the success of any change effort. As the organisations probable dominant coalition, it is a powerful element of the social system, and its support is necessary to deal which control and power problems.

**Encourage participation:** Allowing people a voice in designing the change may give them a sense of power and control over their own destinies.



**Foster Open communication:** Open communication is an important factor is managing resistance to change and overcoming information and control problem during transitions.

**Reward Contributors:** Employees who contribute to the change in any way need to be rewarded.

## **ORGANISATIONAL BEHAVIOR**

### **UNIT-V**

Organisational Culture - Creating an Ethical Organisational Culture - Causes of stress - Stress Management - Organisational Effectiveness.

**Organisational Culture:** Organisational culture is the set of assumptions, beliefs, values, and norms that are shared by an organisation's members.

Characteristics of organisational culture:

Innovation and risk taking

Attention to detail

Outcome orientation

People oriented

Team oriented

**Crating an Ethical Organisational Culture:** Organisational culture is a long term proposition that must satisfy the members needs and values and match the cultural requirements of the society of which the organisation is a part. However creation of organizational culture proceeds as a process with distinct steps as shown below.



**Establishing values:** The first steps in creating organizational culture is establishment of values which will govern members of the organisation. Peter and Waterman have described what type of values are followed by excellent companies. These are as follows:

A belief in being best.

A belief in the importance of the details of execution.

A belief in the importance of people as individuals.

A belief in superior quality and service.

A belief that most members of the organisation should be innovative.

A belief in the importance of informality to enhance communication.

A belief in and recognition of the importance of economic growth and profits.

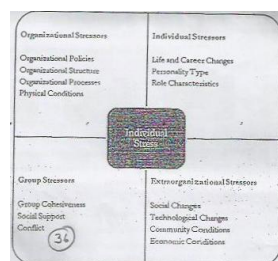
**Creating Vision:** Vision represents the imagination of future events and prepares the organisation for the same. It implies that the organisation should create projections about where it should go in the future and what major challenges lie ahead.

**Operationalizing values and vision:** Till values and vision are not operationalized, that is, these are not put in to action, these remain just thinking of those who have created these.

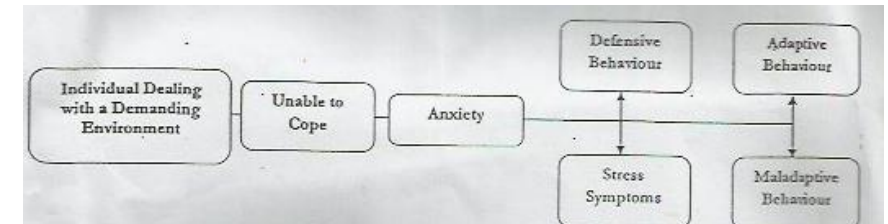
**Socialization of employees:** To ensure that culture of an organisation is adopted by its employees, socialization of employees is required. The term socialization has been drawn from sociology where it is used as a process by which an individual develops in to a functioning member of the group according to its standards, conforming to its modes, observing its traditions, and adjusting himself to the social situations.

**Organisational stress:** Organisational stress is a condition arising from the interaction of people and their jobs and characterised by changes within people that force them to deviate from their normal functioning.

### Causes of organisational stress



### Stress Management:



High level stress affects the individuals directly and through them, their families and organisations are also affected.

Therefore, efforts should be made to overcome the negative consequences of high stress. Stress management is required when an individual is unable to cope with the demanding environment. This inability generates anxiety and produces defensive behaviour and stress symptoms.

**Individual coping strategies:** Individual coping strategies tend to be more reactive in nature, that is, they tend to be ways of coping with stress that has already occurred. Some individuals' strategies, such as physical exercise, can be both reactive and proactive, but most are geared towards helping the person who is already suffering from stress. Following are the major individual strategies

Physical exercise

Relaxation

Work home transition

Cognitive therapy

Networking

**Organizational coping strategies:** Organisational coping strategies are more of proactive nature that is, they attempt at removing existing of potential tressors and prevent the onset of stress of individual job holders. Therefore, the organisational coping strategies revolve around those factors which produce or help producing stresses. Following are organisational coping techniques and efforts.

Supportive organisational climate

Job enrichment

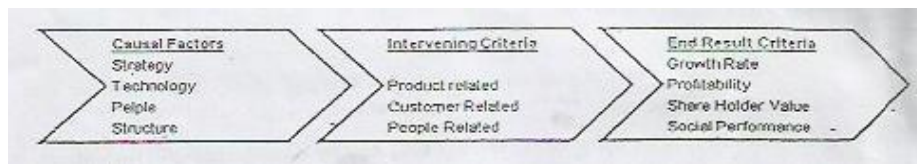
Organisational role clarity

Career planning and counsiling

Stress control workshops and employee assistance programs.

**Organisational effectiveness:** Effectiveness of an organisation can be seen in terms of the survival of the organisation - **John Kimberly**

**Criteria For organisational Effectiveness:** An organisation has to set intervening criteria as well as end result criteria by taking into account casual factors as shown in the figure below.



**Casual factors:** Casual factors are those variable which influence the course of development with in an organisation and ultimately, its accomplishment. These variables are independent and include only those variables which can be changed by the organisation and its management.

**Intervening criteria:** Intervening criteria are mostly internally focused and are used by the organisation to judge whether it will meet its need result criteria. Intervening criteria reflect the internal state of the organisation.

**Product relative criteria:**

Product quality and performance.

Product cost and price

New products introduced

**Customer related criteria**

Customer service

Customer satisfaction

Customer loyalty

**End Result criteria:** End result criteria are externally focused and are, often, used to measure organisation effectiveness. End result criteria of an organisation convey what it intended to anchieve and what actually it has achieved.