
UNIT 1 SOCIAL PROCESSES AND ORGANISATION IN DYNAMIC ENVIRONMENT

Objectives

After reading this unit you should be able to understand:

- the changing scope of Organisational Behaviour (OB) involving Micro and Macro OB;
- the open system and institutional perspectives of society and organisation;
- the society-environment-organisation interface;
- social processes as sources of human behavior in general and at work;
- process levels from individual (micro) level to society (macro) level; and
- changing society and organisations in India

Structure

- 1.1 Introduction
- 1.2 The Open System and Institutional Perspectives of Society and Organisation
- 1.3 The Society-Environment-Organisation Interface
- 1.4 Social Processes as Sources of Human Behaviour
- 1.5 Process Levels from Individual (Micro) Level to Society (Macro) Level
- 1.6 Changing Society and Organisations in India
- 1.7 Summary
- 1.8 Self Assessment Questions
- 1.9 Further Readings

1.1 INTRODUCTION

The term *Organisational Behaviour* (OB) initially had reference only to the behaviour and nature of people in organisations. Given the fuzziness of its boundaries (Blood:1994) this discipline, combining cultural anthropology, economics, political science, psychology and sociology, always tended to stretch beyond that domain. Within three decades of its established identity, OB also incorporated the behaviour and nature of organisations. (Today its concern is first with the behaviour and nature of people within organisations (Micro OB); and second with the behaviour and nature of organisations within their socio-cultural, political and economic environments (Macro OB).)(Miner: 2006) Though it was intertwined with other terms like *organisation theory* and *organisation science*, yet, as a professional specialisation it has acceptably settled with the term *Organisational Behaviour*. Understanding Social processes is important to understand both Micro and Macro OB streams. For this purpose we have to discuss the open system and institutional perspectives of society and organisation; the society-environment-organisation interface, social processes as sources of human behavior in general and at work and process levels from individual(micro) level to society (macro) level

1.2 THE OPEN SYSTEM AND INSTITUTIONAL PERSPECTIVES OF SOCIETY AND ORGANISATION

Modern society is an organisational society (Amitai Etzioni). Civilization progresses through organised living in which organisations play an important role. Different types of organisations are created, developed and sustained in order to satisfy the multitude and varied needs of members of the society. Society places at the disposal of organisations all requisite resources, while setting out the objectives to be pursued and also keeps a tag on the organisations' activities and functions. Thus, while organisations per se are important for the society; society is the resource provider and janitor of all organisations.

The 'Resource Dependence Theory' (Pfeiffer & Salancik 1978) captures this concept when it postulates two assumptions namely: "first that organisations and their people are interdependent with other organisations and people; and second that consequent to this interdependence and the social relationships involved, understanding is much better served by investigating the effects and the constraints emanating from the social contexts; this is true of both individual and organisational behaviour".

The 'open systems' perspective (Katz & Kahn 1966) focuses on external social constraints on organisational action. Organisations are sub-systems of society. Society subsumes many systems. But each system has defining characteristics such as –

- 1) The importation of *energetic inputs* from the social environment.
- 2) Transformation of available energy as *throughput*, so that work is done within the system.
- 3) The exportation of a product or *output* into the environment.
- 4) A *cycle of events* in which the product exported to the environment provides the energy for repetition of the cycle.
- 5) The development of *negative entropy*, where by more energy, is imported from the environment than is expended in work, thus counteracting the entropic imperative, which inevitably tends towards disorganisation and death.
- 6) The existence of *information inputs* or signals about how the environment and the system are functioning; *negative feedback* from internal functioning, which provides information to correct deviations from course; and a *coding* process that simplifies energy and information inputs and permits their selective reception.
- 7) A *stead state* that preserves the character of the system and is marked by a stable ratio of energy exchanges and relations between the parts.
- 8) Movement in the direction of increasing *differentiation*, elaboration or specialisation.
- 9) The operation of the principle of *equifinality*, under which a system can achieve the same final state from different initial conditions and various paths.

The open system perspective not only identifies the characteristics of system in terms of its relationship with other systems external to it, but also provides a framework to understand the internal structures and functions, and the processes which bind them. Governing both these external and internal aspects is done through institutionalisation.

Institutionalisation is the creation, definition and execution of norms to regulate the behaviour of major units of society and organisation as systems. The norms, set out by tacit agreement of the units, determine the criteria according to which resources are allocated and purposes for which utilized; while prescribing the sanctions to ensure that such norms are upheld. Institutionalisation defines behaviour patterns required to regulate the flow of activities and resources between and within organised systems. The direct or indirect interrelatedness and dependence between organisations creates the need for institutionalisation for not only effective functioning but also for the maintenance of specific structural forms, activities and rules and degrees of exchange (Talcott & Parsons).

Institutions regulate and organize patterns of behaviour of individual members of the system and of its component groups; and in turn it is also greatly influenced by their sentiments, attitudes and activities. While the collective institutions' impact is well conceived, how the individual sentiments, attitudes and activities become exchanged and crystalized with institutions is not clear. Through processes of acculturation and socialisation institutions are transmitted from macro to micro units of the system, but the reverse analysis of how micro behaviour impacts on macro institutions is considered a blind spot caught in the 'black box' or 'dark arena' of throughput in the system. But it is an undeniable fact that, in the social exchange for achieving social order somewhere the micro and macro mutually impact one another though with differing degrees of freedom and effectiveness. The balance in this exchange is inherently maintained though temporary indications of disorganisation and disintegration appear.

Organisational structures are purported to develop in highly institutionalised contexts. Thus, they are influenced to take on the practices and procedures that are defined by prevailing rationalised ideas about organisational work held in society. When they do this they increase their legitimacy and their chances of survival. The 'neo-institutionalists' challenge this postulate and call that societal expectations defined through institutions can be fictitious and mythical as it may conflict with criteria of efficiency, profit maximisation, and such other goals of organisation (Meyer and Scott 1983). They are critical of old institutionalists' sacrosanct contention that 'Institutionalisation is the process through which a given set of cultural rules in the name of collective progress and justice; and, a pattern of activities come to be normatively and cognitively held in place, so that they are taken for granted to be lawful either by formal law, customs or common knowledge; and action is not by individual choice but of broad social scripts.' They see that in this contention the individualism loses out in large part to 'the massive institutional features of the social system'. They also see a forced 'rationalisation' which is a purposive or instrumental process that structure everyday life within impersonal norms and rules that constitute universal social organisation and collective moral purpose. They suggest a model as given in the Exhibit 1.1 below.

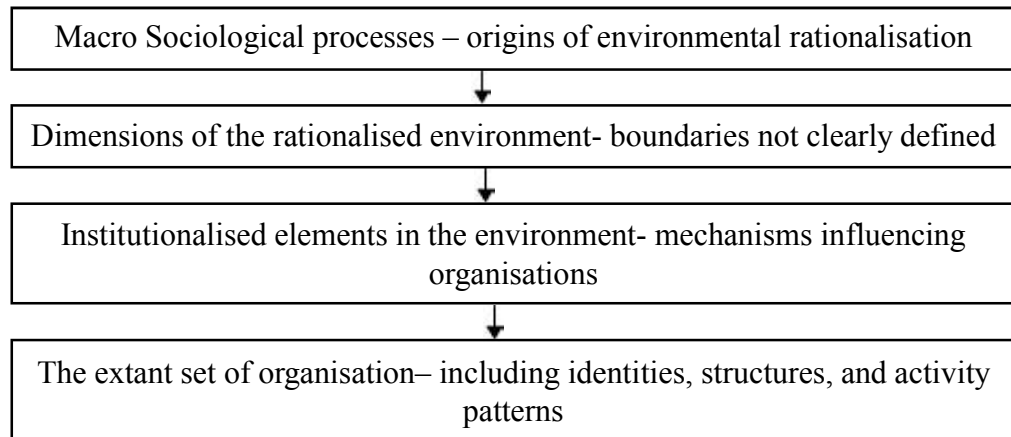


Exhibit 1.1: Neo- Institutionalists Model

The neo institutionalists suggest for four ways of integrating units into institutionalisation process namely

- Representational rules involving shared logics or modes of reasoning that help to create shared understanding of reality that have been ‘taken for granted’;
- Consultative rules that create ‘actors’ i.e. identities and entities linked to specified behaviours and action routines;
- Normative rules that stipulate expectations for behaviour that are both internalised by actors and reinforced by the beliefs and actions of those with whom they interact; and
- Enforcement mechanisms, both formal and informal, involving surveillance, assessment, and the application of sanctions rewarding conformity and punishing deviance. (Scott and Meyer, 1994)

Bringing the neo institutionalisation to still micro level, Lynne Zucker (1977, 1983) suggests that organisations shall go for potentially repeatable (objective) and socially approved (exterior) institutional processes. Transmission, Maintenance and Resistance are conceived as three possibilities of institutional norms getting crystalized in organisations. More the objectivity and exteriority, greater is the feasibility and continuity of transmission. Transmission shall be sustained by maintenance which shall be a continuous effort. When the first two fail, resistance to institutions grow and the reality is that they fail and resistance also comes up though not fully and continuously but partially and intermittently. Stability and change are to be judiciously balanced through institutionalisation for the continuance of the system.

Inter-organisational institutionalisation is addressed through the concept of ‘isomorphism’ which means that ‘similarity in different organisms resulting from convergence’. DiMaggio and Powell (1983) identify *coercive* (arising from unilateral power seeking legitimacy in terms of compliance), *mimetic* (resulting from standard imitative responses to uncertainty) and *normative* (identified with professionalism) isomorphism. The organisation’s tendency to model their institutions on the basis of dependence on other organisations; be it political, economic, or social for resources, policies, capital and other needs; is considered as a method of institutionalisation. When we interpret one of the most important phenomenon of current times namely globalisation, we can clearly see how political, economic and socio-cultural systems are shaping their institutional base

on the principle of isomorphism. The crises of systems force them to search for apparent successful and best practices elsewhere to shape their institutions.

The following table 1.1, explaining the institutional change process, further elucidates the point made above.

Table 1.1: Institutional Change Processes

Stages		Description
I.	Destabilisation	Established practices are subjected to perceived crises, felt needs, and precipitating jolts arising out of social upheavals, regulatory changes, obsolete disrupted technologies, competitive disadvantage,
II.	Deinstitutionalisation	New players emerge, existing consensus is disturbed in established institutional framework
III.	Pre-institutionalisation	Organisations and individuals innovate on their own solutions that are viable in response to local problems and conditions
IV.	Theorization	Abstract categories are developed and specified, and cause-effect chains are elaborated, so that local deviations can be internalised justifying the failure of status-quo and need for replacement.
V.	Diffusion	The local innovations are spread for gaining consensus and achieving legitimacy based on their assumed pragmatic value
VI.	Full Institutionalisation	Cognitive legitimacy is attained as a function of the density of adoption, with the result that the ideas are taken for granted as natural and expected, and thus uncritically accepted.

Source: Royston Greenwood, Roy Suddaby and C.R.Hinings (2002) 'Theorizing change: The Role of Professional Association in the Transformation of Institutionalised Fields', *Academy of Management Journal*, 45, p 59-61.

Activity 1

Cite an example how political, economic and socio cultural systems are shaping their institutional base on the principle of isomorphism.

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1.3 THE SOCIETY – ENVIRONMENT – ORGANISATION INTERFACE

The Sociotechnical theory of the Tavistock group conceived “enterprises as an open system that engages in continuing exchanges with other enterprises, institutions, and individuals in its external environment. Its sociotechnical system must permit it to maintain a steady state in which work can be done in the face of changing environmental circumstances. This open systems approach contrasts with that of closed systems, which regard the enterprise as ‘sufficiently independent to allow most of its problems to be analysed with reference to its internal structure and without reference to its external environment’ (Eric Tryst 1969). Eric Tryst and Fred Emery also identified four types of environments to an enterprise basing on a continuum of minimum and slow to maximum and fast changes namely; *placid random, placid clustered, disturbed reactive and turbulent field*. The environmental changes are driven by the political, economic, social and cultural changes that happen on account of either natural evolutionary causes or revolutionary processes like technological, ideological other and man made changes. Industrialisation, globalisation are examples of the latter category. The organisations respond by adaptation strategies of their own.

James D. Thompson (1967) first provided for four categories of environment and suggests different boundary spanning activities by organisations which are provided in the Table 2.

Table 1.2: Types of Environment

Types of Environment	Organisational boundary Spanning Actions suitable for the environment
Homogeneous-stable	A few functional divisions utilizing standardized rules or adaptation
Heterogeneous- stable	A variety of functional divisions matched to homogeneous segments of the task environment and utilising rules extensively
Homogeneous-variable	Geographically decentralized divisions concerned with planning responses to change
Heterogeneous- variable	Divisions functionally differentiated to match segments of the task environment and decentralised to monitor and plan

Second, he provides for a framework on organisation-environment interface in an open system perspective in the following postulates-

- 1) Variations in environmental conditions will bring about changes in decision strategies for input and output components of the firm.
- 2) Variations in environmental conditions can penetrate the input and output ‘buffers’ and cause changes in the technical core of the organisation.
- 3) Variations in environmental conditions will alter the dependence of input, technical core and output components relative to one another.

- 4) When input or output components transfer uncertainty rather than absorb it, there will be conflict among input, technical core, and output components.

Then he suggests four methods such as *buffering, smoothing, forecasting, and rationing*, by which technological core can seal off itself from environmental changes. These he suggests as organisational actions.

Burns and Stalker 1994 commented that, “As the rate of change increases in the technical field, so does the number of occasions which demand quick and effective interpretation between people working in different parts of the system. As the rate of change increases in the market field, so does the need to multiply the points of contact between the concern and the markets it wishes to explore and develop”. Then, they suggested Mechanistic systems and organic systems as two polarities, the former suitable for stable conditions, and the latter suitable for changes that introduce new problems and unforeseen contingencies.

Paul Lawrence and Jay Lorsch (1967) defined organisation under contingency theory as “A system of interrelated behaviours of people who are performing a task has been *differentiated* into several distinct subsystems, each subsystem performing a portion of the task, and the efforts of each being *integrated* to achieve effective performance of the system.” The term ‘differentiation’ is explained as ‘the state of segmentation of the organisational system into subsystems, which tends to develop particular attributes in relation to the requirements posed by its relevant external environment. The term integration is explained as ‘the quality of the state of collaboration that exists among departments that is required to achieve unity of effort by the demands of the environment.’

The above mentioned theories explain the interrelatedness between society, environment and organisation. They also highlight the kinds of environment and the way organisations respond to the vagaries of change happening in the environment on account of ever changing political, economic, social and cultural conditions.

Activity 2

Explain the relationship between society, environment and organisation with examples.

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1.4 SOCIAL PROCESSES AS SOURCES OF HUMAN BEHAVIOUR

Human behaviour is a learnt behaviour and hence has scope for continuous learning process involving unlearning and relearning. Socialisation, acculturation and assimilation facilitate human learning at all life stages. Social institutions like family and groups; political institutions and economic institutions facilitate the socialisation process. Individuals as organisms shape their behaviour based on their experiential and empirical exposure.

Society is a web of social relationships basic to which is human relations. Human relations are inter-personal relationship between individual and individual, individual and group, and group and group in both formal and informal settings (Elton Mayo 1946). The social processes shape the web of social relations (McIver and Page). These processes are contact, adjustment and accommodation, conflict, competition, cooperation, assimilation, acculturation and socialisation.

Contact: Three types of contacts are identified in social process, namely; physical contact indicating proximity, social contact based on mutuality, awareness and cognition and psychological contact indicating propinquity. An employee, only after selection, becomes a member of the organisation and develops all the three levels of contacts gradually with structures, technology and people- the three components of an organisation. The best behaviour of involvement and commitment are achieved when the individual employee develops propinquity i.e. psychological contact with the job, fellow employees, and the organisational goals. This social process of contact thus indicates the level of human behaviour which on the other extreme can be indicated by lack of contact (connectivity) leading to apathy, indifference and estrangement.

Contact is an important social process that facilitates group formation. Formal groups are formed by the organisation depending on the 'contact sets' required by the interrelatedness between jobs as a contributing factor towards the strengthening of organisational structure and achievement of organisational objectives. Team building exercises like quality circles, cross-functional teams, and project teams further crystalize the formal group processes through contact as a binding force. The informal group processes, a reality propagated by Elton Mayo and his associates after the famous Hawthorne Experiments and its internal processes explained by the group dynamics theory of Kurt Lewin, emerge -though fluidly- based on contact as a foundation principle. The inter-personal relations in informal groups are shaped by proximity and propinquity developed through value systems formed by cognition, awareness and mutuality. Thus, contact as a social process is an important source of human behaviour at work.

Adjustment-Accommodation is an important set of social processes which indicates the human tendency to accept and live with unfavourable, non-conducive contradictions that is a reality both in society and organisations. Adjustment is the preliminary stage of accepting the contradictions and putting up with them as a minimum level of 'living and letting others live'. Accommodation is the higher level of accepting and compromising with the contradictions as an unavoidable necessity failing which the 'actor' knows that everything would collapse to the detriment of oneself and others. Human

behaviour i.e. tendency and capability to develop compatibility with unfavourable conditions arises out of this social process

Conflict is a significant social process which reflects in human behaviour. Conflict is endemic and sometimes essential. When there is maladjustment of and lack of accommodation between interests and goals, conflict arises. Conflict may occur at intra-personal level in terms of stress caused by organisational conditions; or in the form of approach-approach, approach-avoidance and avoidance-avoidance goal conflict, or person-role conflict (Fred Luthans). It may arise at interpersonal level, between person and group, group and group, and at organisational level. Conflict is ingrained in organisations. The example of Union-Employer conflict, not only get limited to employment relations but also becomes representative of class conflict. Thus conflict in society may find way to the organisation. However, conflict left unaddressed is inimical to any system. Win-Lose, Lose-Lose and Win-Win are conflict handling strategies adopted by parties to the conflict. Though win-lose is the logic of game theory of conflict, more disastrous outcome can be from the 'lose-lose' positioning. Win-win positioning though desirable, seldom is it achievable. 'Loss is essential to gain' defeats logically the win-win proposition underlying which there is a loss-loss possibility.

Conflict is considered by some as having positive value. In 'group think' phenomenon it is considered disastrous if all people think alike. Differences in opinion as embodiment of differences in goals and interests are considered essential for conflict to manifest. Latent conflict is more injurious than open and manifest conflict. Once conflict becomes open, the handling will be easier. But allowing unmanageable levels of conflict is cancerous for any system. Conflict stages like pre-conflict, conflict and conflict aftermath need to be addressed as there is a 'domino effect' in conflict, which means that conflict gives rise to conflict.

Competition is another social process which has relevance in all human activities in the society and organisation. As resources are few and claimants are many, competition emerges to get the claim. But even a bird has to rise early to get the worm. It is the presence of rule that makes the difference between the competition and conflict. Simply framing of rules may not make competition healthy. The rules shall be mutually agreed upon; institutional arrangements shall be made in order to implement the rules to the satisfaction of all. If not, competition may brew into conflict. Organisation initiated competition systems are promotions, performance pay etc.; which unless administered through explainable organisational justice mechanisms may give rise to conflict. Competition has become a global process testing the competitive advantage of corporates.

Cooperation is a positive and desirable social process which shapes human behaviour towards affiliation, coalition and co-optation. An overdose of conflict, howsoever endemic it might be, is to the detriment of organised society. So, cooperative structures and systems are developed both as reactive and proactive approach to conflict. Conflict reduction and maximisation of cooperation is the symptom of healthy organised societies. Structure-functions, processes, systems are institutionalised to bring orderliness in society as well as organisations. There can be degrees of cooperation in terms of loyalty, involvement and commitment which have behavioural implications.

Assimilation is a social process that promotes taking in and absorbing external stimulus into the system. It is a psychological, social and cultural tendency and ability to receive new facts and realities and internalise into the behaviour patterns of the recipient. Starting from ethnic societies to individuals including organisations consistently undergo this process. Assimilation is central to learning. As learning is crucial to behavior modification, assimilation plays a seminal role in organisational dynamics. It is the process on which the processes of acculturation and socialisation rest.

Acculturation and Socialisation processes contribute to the perpetuation, self-renewal, and continuity of society. Individuals, groups, communities, institutions, organisations and one and all in a system undergo these processes for growth and development. Change as is endemic, is achieved by forces of acculturation and socialisation. All those in a society find it imperative to change and evolutionary long lasting change happens through these processes which make the adaptation easy through the process of assimilation.

The whole gamut of social processes needs to be viewed from an integrated perspective. Contact as the first process brings the individual entities in relation with other individuals and collective entities. How to fine tune contacts to one's advantage is learnt by processes of assimilation, acculturation and socialisation through the experiences of adjustment and accommodation, failure of which exposes one to conflicts. Competition and cooperation are soothers which attempt to reduce conflict and improve compatibility in the systems. Assimilation, acculturation and socialisation are neither the last processes nor do they happen at the end. Rather, these processes occur at every stage continuously and persistently. The inter-play between various social processes in a given space and time, result into learnt behaviour patterns of an 'organism' in the society which shapes one's values, personality and culture. These reflect in organisational behaviour which includes both the behaviour of people in organisations (micro OB) and behaviour of organisation in total environment (Macro OB).

'Individual differences' is an important concept of OB. The 'organism' is always exposed to diverse and varied socio-cultural, political and economic systems. It would internalise values, customs, belief patterns, culture through processes of assimilation, acculturation and socialisation, which would shape the idiosyncratic behavior patterns. When organisations have to manage behaviour of people at work they have to manage diversities. In the management of people at work, knowledge of social processes is, hence essential.

1.5 PROCESS LEVELS FROM INDIVIDUAL (MICRO) LEVEL TO SOCIETY (MACRO) LEVEL

Pareek (2007) observes that 'in an organisation, several levels operate simultaneously, from individuals who work in the organisation to the whole society, which constitutes the context in which the organisation functions'. He identifies nine levels between the micro level (individual) and macro level (the society). Different processes operate at different levels in an integrated framework. This is given in Table 1.3 below:

Table 1.3: Levels and Nature of Processes

Level	Nature of the process
The Person: Existential Process	It is a process of self-awareness of one's organisational and social reality as to how he/she is living and working in with others for self-actualisation and personal goals.
The Inter-person: Empathic Process	This is a relationship building process between two entities for mutuality. Facilitators are collaboration and co-operation; polluters are conflict and unhealthy competition. Sensitivity to others is the cardinal principle.
The Role: Coping Process	Through role individuals come in contact with others and the organisation. Role difficulty, ambiguity, role conflicts arising out of role overlapping need to be coped. Organisations should ensure role clarity.
The Group: Building Process	There are functional and hierarchical formal groups which need to be built to form an integrated structure. Norms and traditions emerge naturally in a group process including informal clusters. Team building is a group process.
The Intergroup: Collaborative Process	Equifinality in a system demands collaboration between heterogeneous groups. Conflict and unhealthy competition are likely in groups. Preventing these negatives and promoting collaboration is crucial.
The Organisation: Growth Process	Organisations are organic entities that can learn from past, change currently and develop in future. In this effort, organisations shall integrate individual interests with that of groups and organisational goals. Self-renewal on a continuous basis is imperative.
The Organisation-Environment interface: Influence Process	Organisations are influenced by social, political and economic changes defining its environment; while being in transaction with the society due to resource dependency. The organisation shall proactively visualise the environmental changes and pressures to create strategies independently or in coalition with other organisations, for responding to positive pressures and insulating from negative pressures. Reactive fire-fighting approach will be damaging to the organisation.
The Community: Process of Social-Awareness	Organisation-community interface is based on mutual social awareness of both. Direct pressure and impact of organisation on the neighbouring community or vice versa is immediately felt by the other. CSR is currently propagated to smoothen this interface through 'conscientisation' i.e. increasing

	awareness about social realities and developing a positive self-concept in relation to such reality.
The Society: Value Process	The most relevant processes at the level of the society are related to values and power. Power is the ability to influence various forces in society towards achieving the greatest good of all. But, power is always not positively exercised. Values then play a role to bring power on to the desired path. Societal values, organisational values and individual values need a synergetic integration for this purpose and Social processes of assimilation, acculturation and socialisation play an important role in transmitting and sustaining right values.

Source: Compiled from Udai Pareek, 'Understanding Organisational Behaviour'; Oxford University Press, 2007, pp. 13-17

These processes are not to be understood in isolation. There is an intricate relationship between these. Organisations can practise OB in a better way once they understand these relations.

1.6 CHANGING SOCIETY AND ORGANISATIONS IN INDIA

OB processes need to be understood in the socio-historical perspective of a country. Some of the discernible features of Indian social processes and other institutions over a span of time are presented in Table 4 below. The table gives a glimpse of Indian history and the important social, political and economic events characterising the people and society. It is self-explanatory and needs no elaboration excepting for the fact that the people, systems and processes have become vibrant over years with a definite trend towards making India a happening country and a global player.

Table 1.4: Indian Social Processes

Period	Major events and General perspective of social processes and other institutions
Pre-Muslim period	Philosophical, intellectual and spiritual pursuits flourishing at the cost of military capabilities due to fragmented kingdoms
Muslim Period	Invasions with twin purposes of plundering wealth and forced propagation of Islam which was possible due to the moderate secular philosophical base and weak military powers.
Initial British Colonial Period	Expansion of Christianity, imperialism, and ultimate subjugation of passive, subdued and non-vibrant people. Scientific temperament, infrastructure, new institutions and social reforms emerging due to expanded use of English language among native elite groups.

Later British Colonial Period	Anti- colonial movement led by native and British educated Indian leaders supported by politically activated and socially aroused people and emergence of indigenous business families.
Initial Post-Independence period	Heavy industrialisation under public sector needing trained and educated human resource and consequent growth of education. Political hegemony. Unionisation and increased union militancy.
The period of social upheaval and political movements	Privatisation of banks, poor performance of public sector; protests under J.P, movement leading to National Emergency curbing all liberties of people. Weakening of trade unions.
The post-emergency period	The resurrection of a vibrant democracy with rise of new political coalitions against hegemonic rule indicating political maturity of people. Proliferation of civil society, human rights and NGOs along with union activism giving new voices to people. Poor economic performance due to political instability.
The New Economic Policy	Economic liberalisation to save the country from impending disaster arising out of low foreign exchange reserves leading to Balance of payment problem. Structural adjustments leading to rationalisation of manpower, public sector disinvestment, privatisation leading to opening of markets having impacts on the indigenous economic players from MNCs
Post- Globalisation scenario	Jobless economic growth due to economic and labour reforms, inflation and low purchasing power parity, Entrepreneurship grows in informal and start-up sectors due to technical exposure of large section of human resource. Resourcefulness and competencies increase with growing competition as well as demand-supply gap in low cost, high quality manpower

In the changed context in India some paradoxical paradigm shifts in social institutions and processes can be identified.

- Indigenous development adopting models of western intellectual rationality.
- Emerging new norms and belief patterns promoting culture of consumerism and change in life style towards materialism, while old norms of self – sufficiency, satisfaction and spiritualism are getting eroded.
- Disintegration of joint families and neglect of family and social values while strengthening the organisational values and values leading to individualism as against pluralism.

- Old social institutions like caste and hierarchical structures are dissipating; but new dependency on collective institutions like civil society, human rights and NGO groups is increasing.
- Greater convergence of role of male and female is evident; but gender discrimination and bias has not reduced.
- Ascribed status giving way to achieved status in economic sphere; while political system still clings on to ascribed status as evident from the family monopoly.
- Diversity is increasing with the same tempo as intolerance and narrow parochialism.

These contradictions happen in vibrant and fast changing societies. One has to keep them in mind while analysing human behaviour at work.

1.7 SUMMARY

The open systems concept indicates that all systems are related to and dependent on one another directly or indirectly. For civilised living organised systems are essential. Society is the largest system of which organisations (socio-cultural, political and economic) are sub systems. There is resource dependency between organisations that establishes their interface. The society manages its interface with organisations through institutionalisation. There are differences of approach between old institutional and neo institutional thinkers. Society representing pluralist interests can impose institutions on organisations is the focus of old institutionalists; whereas participatory institutionalisation is advocated by the neo-institutionalists. The interface between society and organisation is intervened by environment which stems from the social institutions and directly impacts the organisation. Various shades of thought describe this interface examining types of environmental changes and responses of the organisations. The social processes regulating the human relations and behaviour in the larger society play a significant and similar role in organisations, justifying the claim that 'organisations are miniature society'. In understanding, analysing, predicting and managing human behaviour at work i.e. micro OB as well as the organisations' behaviour in the larger environment (Macro OB), the knowledge of social processes is essential.

1.8 SELF ASSESSMENT QUESTIONS

- 1) Write short notes on Macro and Micro OB explaining the relevance of social processes in both.
- 2) What are the characteristics of open system?
- 3) How institutionalisation plays a significant in developing and maintaining interfaces between various systems?
- 4) Explain the institutionalisation process suggested by neo institutionalists.
- 5) What are the institutional changes in Indian scenario?
- 6) Explain the intricate nature of social processes as they shape the behaviour of units in a system and impact on changes in behaviour.

1.9 FURTHER READINGS

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THE PEOPLE'S
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UNIT 2 ORGANISATIONAL PROCESSES

Objectives

After going through this unit you should be able to understand:

- meaning of and approaches to Organisational Behaviour (OB);
- OB components and models;
- systems view of OB;
- components of formal organisation system; and
- model for management of OB

Structure

- 2.1 Introduction
- 2.2 Meaning of and Approaches to Organisational Behaviour (OB)
- 2.3 OB Components and Models
- 2.4 Systems View of OB
- 2.5 Components of Formal Organisation System
- 2.6 OB Models
- 2.7 Managing Organisational Behaviour
- 2.8 Summary
- 2.9 Self Assessment Questions
- 2.10 Further Readings

2.1 INTRODUCTION

We have examined the open system and institutional perspectives of Society and Organisation; the society-environment-organisation interface; social processes as sources of human behavior in general and at work; process levels from individual (micro) level to Society (Macro) level; and changing Society and Organisations in India in the previous unit. In this unit we will discuss the conceptual framework of OB, its systems view, and components of Formal Organisation System. As OB is an applied science a model guiding the learners to choose their preferred managerial style is given at the end.

2.2 MEANING OF AND APPROACHES TO ORGANISATIONAL BEHAVIOUR (OB)

OB is the body of knowledge and people skills (Robinson: 1993) that helps managers to **understand, analyze, predict, and manage or control** (Fred Luthans: 2000) human behaviour at work. The body of knowledge is enriched by social sciences such as psychology, sociology, anthropology, economics, philosophy, politics, law, ethics and moral sciences, there by resorting to an interdisciplinary approach. In a limited way biological sciences like human anatomy and genetics, and physical and environmental sciences have influenced the OB theory.

The inter-disciplinary approach helps to understand and analyze the causes and nature of human behaviour. These two levels are reactive i.e. action taken after the behaviour is manifest. They work upon the notion that '*behaviour is caused*'. The OB precepts are used to know the 'why and what' part of human behavior at work. No doubt that this is the foundation on which the prediction and control of behaviour rests.

The human or people skills of managers make use of OB as an applied science in order to proactively predict and control human behaviour in organisations. The basic notion is that causes of behaviour may not be always traced to organisational conditions. The social influences, group norms and personal attributes and values which shape the 'individual differences' could also be contributory. While managers to some extent can address to the human behaviour by associating it with organisational causes, they cannot change the social, group and individual causes. The prediction of human behaviour pattern is an area which can rely upon the causative aspects of behaviour, but the control of behaviour needs a fully proactive approach that has to aim at '*managing consequences of behaviour*'. Here the OB processes are used for developing the 'how to manage' part of human behaviour at work.

Besides the inter-disciplinary approach, OB is enriched by the Human Resources, Contingency and Systems approaches. Human Resource approach is developmental contributing to individual, group and organisational development. The Contingency approach is based on situational variations involving actors, time and space dynamics. Open systems approach combines all these approaches. So, the systems approach is adopted for the study of OB which provides for a rich crop of strategies to refine and motivate human behavior at work. Unit 1 has details about the open system perspective of Organisations.

2.3 OB COMPONENTS AND MODELS

OB combines two terms namely; a) organization and b) behaviour.

a) **Organisation: concept, structure and processes**

Organization is "the pattern of ways in which large numbers of people, too many to have intimate face to face contact with all others, and engaged in a complexity of tasks, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purposes" (J.M.Pfiffner & F.P.Sherwood). It is also known as "the rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labor and function and through a hierarchy of authority and responsibility" (Edgar H.Schein). It is also described as "a continuing system of differentiated and coordinated human activities utilizing, transforming and welding together a specific set of human, material, capital, ideational and natural resources into a unique problem solving whole; engaged in satisfying particular human needs in interaction with other systems of human activities and resources in its environment (E.W.Bakke). These three definitions define organisation as a structure, process and system respectively.

Organization is represented by pyramid design comprising people, structure and technology as depicted below in **Figure 2.1**.

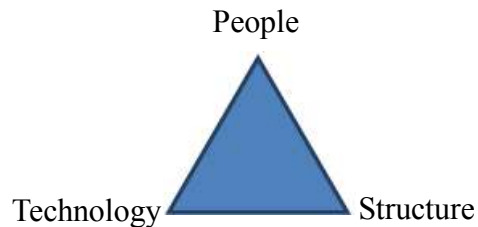


Figure 2.1: Organisations

Individual differences, whole person (Gestalt theory i.e. the whole to be greater than the sum of its parts), and human dignity (Keith Davis) are the features of People component. These three indicate that although management generally tries for ‘a fit for all’ institutionalization; when it comes to controlling human behaviour at work, ‘individual differences’ of each *organism* be it individual or group or organisation (as in an open system, organisation deals with many organisations and the environment) shall be taken into account. At the same time the ‘whole person’ combining the, personal, psychological, emotional, spiritual, social, cultural, economic, and political aspects of an *organism* need to be identified and addressed. Human dignity and basic human rights need to be protected in class and power permeated organisations.

The machines, tools and methods of production along with the technical know-how and skills indicating the human face of technology compose the Technology component. Technological determinism meaning that technology determines all aspects of organisational structuring and functioning is greatly emphasized. It determines the interface between mechanistic and organic structures and processes. Ergonomics (man-working environment adjustment); human engineering (man-machine compatibility), are area addressed by technology. Technology also determines the peoples’ skill, job positioning and status structure.

Organisation Structure is created by the interface between People and Technology. It embodies authority-subordinate structure reflected in the hierarchy; functional specialization and division of labour depicted in its lateral or horizontal form. It also envisages the vision, mission, goal, policies and rules providing the energy and purpose to the structure. The authority – subordinate vertical structure is based on certain principles as given below.

- The ‘chain of command’ determines the flow of direction or line of command.
- The ‘Span of Control’ identifies the ratio of the subordinates to superiors.
- Authority is institutional and not personal.
- The CEO has delegated authority from the institutional framework.
- Authority generates responsibility, so greater the authority more the responsibility. The CEO cumulatively is ultimately responsible for every act of omission or commission in the organisation.
- Authority can be delegated, but not the responsibility.
- If authority is more than responsibility, then it may be abused. If responsibility is more than authority then it cannot be complied with. Even though, authority generates responsibility, a mechanism should be there to

maintain a balance. Because, authority has a tendency to transgress the limits. Underuse of authority is also unproductive.

- Authority flows from top to the bottom. The ‘acceptance theory’ of Chester I Barnard and ‘Giving of orders’ principle of Mary Parker Follett suggest that if the authority and orders are accepted by the subordinates, it becomes more effective. It gives a ‘bottom to top’ scheme of authority. But in organisational process it is not feasible proposition. It holds good to the extent of legitimacy and effectiveness of authority.
- Accountability establishes linkages in terms of subordinates’ compliance to the authority and gauging the extent of compliance. It is a ‘bottom-up’ process.
- The horizontal structure is devised on division of labour and functional specialisation. Decentralisation and coordination are the forces which sustain this structure.

The above mentioned elements of organising structure process emanate from bureaucratic principles (Max Weber). He propounded Bureaucracy as an ideal and rational structure tested over a period of time and space. Specialization and division of labour, and employment based on technical qualification; positions arranged in a hierarchy where in promotions are made according to seniority and/or achievement, ‘ideal’ bureaucrat at the apex, who is protected against arbitrary dismissal and expected to maintain impersonal relations; and a system of impersonal rules are the features of Bureaucracy.

Bureaucracy has been profusely criticized. Karl Marx believed that bureaucrats are used by dominant capitalistic class to control and exploit the lower working class. He believed that bureaucracy can be as effective as the person at the apex. Parkinson’s law that, ‘bureaucratic staff increases in inverse proportion to the amount of work done’; and Peter’s principle that ‘in bureaucracy people rise to the level of incompetence’ indicate the weakness of bureaucracy.

Dysfunctions are seen in Bureaucratic functions namely:

- Specialization and division of Labour apparently increases efficiency and productivity; but at the same time it creates conflict between the specialized units to the detriment of organization like Line-staff conflict.
- The functional attributes of hierarchy are that it maintains unity of command, coordinates activities of personnel, reinforces authority, responsibility and accountability chain, and serves as the formal system of communication. In theory it has both downward and upward orientation, but in practice it has turned out to be having only downward emphasis. Thus, individual initiative and participation are often blocked. Upward communication is impeded and there is no recognition of informal communication.
- Ideal bureaucrat never exists really. Nobody can be really impersonal and the whole success of bureaucracy rests on the flimsy impersonal conduct of the ideal bureaucrat.
- Rules are supposed to be inviolate and non-discriminatory. But seldom are they. Rules have earned the notorious distinction of red tape and often become more important than goals. Delay and distortion in communication become a rule by itself under bureaucracy.

The modern organisation designs

Modern organization designs are conceived due to the changes that have occurred on account of globalization and resultant mergers, and expansions. The philosophical challenges to bureaucracy also induced its reduced importance. The philosophical challenges are as follows.

- Bureaucracy does not allow personal growth; expects conformity and group think; does not take into account the informal organization; does not have conflict resolving mechanism to resolve role conflict (Robert L. Kahn), line-staff conflict (Peter F. Drucker); and above all, it is so rigid structure that it cannot assimilate new technology and change. So, Warren G. Bennis, a strong critic of bureaucracy had predicted its doom because it never bothered about the exchange balance between the organisation and individual.
- The Group theory of Rensis Likert highlights the role relations resulting into more group to group relations rather than the individual-individual relations. It breaks both the horizontal boundaries and vertical linkages in the line form of hierarchical bureaucracy (Linking Pin Theory).
- The organization as open system almost declared the death knell of bureaucracy by giving importance to not only internal systems, but also external systems. The organization-environment dependency and the information processing imperatives also expected the organization structure to be more flexible.
- The contingency approach of Lawrence and Lorsch outlined the important role of organization in differentiation and integration as strategies adopted by them to adjust with vagaries of change. Galbraith expanded it still further by linking certainty and uncertainty faced by organizations with mechanistic and organic structures respectively. Duncan in his decision tree model conceived simple (low uncertainty) and complex (high uncertainty) environments being addressed by static and dynamic organization structures.

Project Design-Project is a time bound prioritized goal. Every organization will have such goals which are distinguished from generic policy objectives and addressed. There could be many projects at any given point of time. The project staff would emanate from the functional structure and assimilate back into it after completion of the project. Thus it breaks all the tenets of bureaucracy, inbreeding great flexibility in the organization structure and even breaking the line-staff dichotomy. Projects require inter functional and inter hierarchical integration for their successful completion. This inter-dependency requires lot of flexibility in ideation and execution. Individual, staffs, inter-mix and aggregate are some of the types of project structure.

Matrix Design-When a project structure is superimposed on the functional structure, the result is the matrix. Matrix design is largely laterally spread. It violates the hierarchy and line-staff division. It breaks informal groups which emerge out of relatively more permanent work groups. Matrix design creates a repository of specialists available in the functional structure.

Free form organization or linear structure, SBU model, Transnational or geographical model of organization structures are used by MNCs. These are largely

‘modular’ design with a central hub surrounded by a network of production units or outside specialist service providers. Rather than being housed under one roof or located within one organization services such as accounting, design, manufacturing of parts, marketing and distribution networks are outsourced to outside agencies that are connected electronically to a central office and expected to perform as per the standards prescribed by the main company in the mutually agreed upon job contract. This design is not only cost-effective as the expenses on machine tools, material resources are born by the contracting out company but also reduces administrative overhead cost.

Concept and approaches to the study of behaviour

Behaviour is activity directed towards goals (Paul Hersey & Ken Blanchard). Manifestation is essential to be recognized as behaviour. Latent state of mind is the psyche of which cognition is an important feature. Cognition is an inherent ability to comprehend, compare and cognize. It is the cognitive ability that receives, organizes and responds to external stimulus thereby playing a crucial role of bringing about parity between the latent state of mind and manifest behaviour. The following are some important approaches to OB.

- Sigmund Freud’s model is characterized by three interrelated but often conflicting psychoanalytic frames of mind, namely *Id*, *Ego* and *Superego* and unconscious motivation. ‘Id’ is the impulse struggling for gratification; Superego is the unconscious conscience that differentiates the right and wrong and blocks the impulses of Id; and Ego is the conscious which acts as a balancing force. This inherent conflict in the intra-person explains the behavioural aberrations and clinical methods of treating mental illness came out of this model. Though it provides for a framework for analyzing behaviour at the intrapersonal level; yet it remains a ‘black box’ and cannot be applicable for analyzing behaviour at inter-personal, group and organisational levels. Eric Bernie’s Child, Adult and Parent Ego stages (Transactional Analysis) model further explains the cognitive dissonance (Leon C. Festinger) leading to behavioural problems.
- The cognitive approach (Edward Tolman) emphasized the positive and free-will aspects of human behaviour as against Freudian obsession with negative, irrational, sexually motivated human behaviour. It explains the intervening and mediating conditions between stimulus and behaviour in terms of expectancy.
- Behaviour is caused. Stimulus is the cause which shapes the response (manifest behaviour). It is captured by the Stimulus-Response model (S-R) espoused by the Classical Conditioning theory (Ivan Pavlov).
- Behaviour is shaped by consequences. Behavior resulting into pleasant consequences will be repeated and behaviour resulting into unpalatable consequences will extinguish. This is explained by the principle of hedonism, by the cognitive theory advanced by Edward Tolman that “behaviour is purposive” and by the more scientific explanation of Response-Stimulus model (R-S) propounded by the operant conditioning theory (B.F. Skinner).
- The Antecedents-Behaviour-Consequence (ABC) model converges the above two facets of behaviour namely “Behaviour is caused” & “Behaviour is shaped by consequences”.

- Stimulus – Organism- Response (SOR) model attempted to focus on the organism i.e. ‘individual differences’ characteristic of people, indicating the fact that same stimulus may not result in same response due to organism interventions.
- The Stimulus-Organism-Behaviour-Consequence (SOBC) model (Fred Luthans) takes the best of all models such as S-R, R-S and S-O-R inclusive of the whole person and human dignity features of people. It is captured by the Social Learning theory of Albert Bandura when he takes the position that behaviour can best be explained in terms of continuous reciprocal interaction between cognitive, behavioural and environmental determinants. It is represented in the figure 2.2.

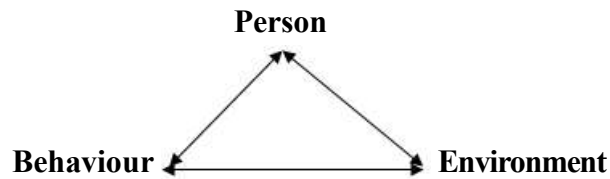


Figure: 2.2: Social Learning Theory

Activity 1

According to you, which OB model is suitable in present scenario, justify citing examples.

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2.4 SYSTEMS VIEW OF OB

The SOBC model and Social Learning theories adopt the System model of OB, which is universally accepted. The model is depicted below in Figure 2.3.

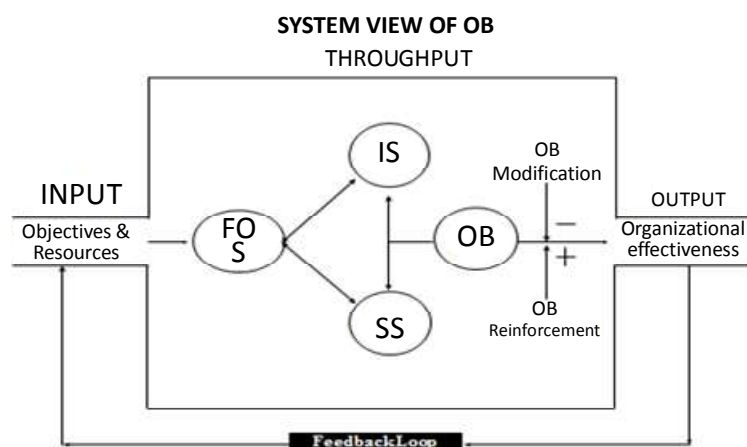


Figure 2.3: System Model of OB

Legend - FOS-Formal Organisation System, IS-Individual System, SS- Social System

The explanation of the systems model includes the following points

- Organizations have to pursue socially approved objectives.
- No organization has its own resources. These are allocated to the organization by the society to pursue socially approved objectives. Objectives and resources thus are inputs drawn by the organization from the larger society which also provides the distant and immediate environment to the organisation.
- The throughput in OB system is composed of Formal Organization System (FOS) placed in juxtaposition to Individual System (IS) and Social System (SS).
- The interface between the three in which the FOS is in the driver's seat influencing the IS and SS result into Organizational Behaviour.
- OB is not an end in itself. Rather, it is a means to achieve the main output of OB system namely; the organizational effectiveness.
- OB can be both positive and negative. Positive behaviour of people at work needs reinforcement, as much as the modification of negative behaviour. Thus reinforcement and modification are intervention strategies to channelize the behaviour contributing to performance which ultimately leads to Organizational Effectiveness.
- Effective organizations are those which achieve their goals, can adjust as a system with the vagaries of change brought about by the environment and manage the interfaces with other sub systems of the larger system as a sub system.

2.5 COMPONENTS OF FORMAL ORGANISATION SYSTEM

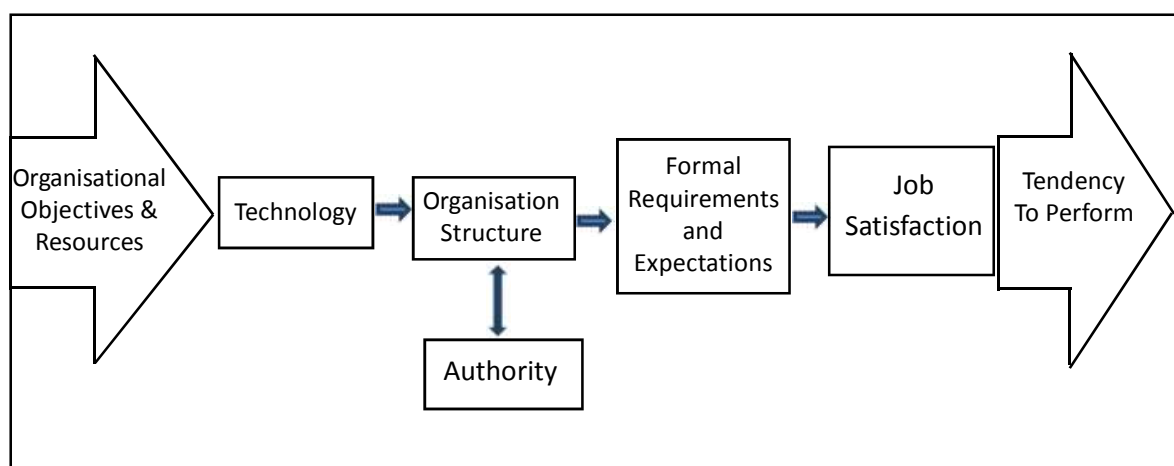


Figure 2.4: The Formal Organisation System

The explanations are as given below:

- Objectives of organization embody the inputs to the FOS.
- Technology is essential for translating the objectives into concrete results.
- The interface between technology and human resource culminate into a structure.
- The structure represents both the hierarchy and functional specialization with policies and rules binding them into an organic unity. The hierarchy defines the authority-subordinate relationship in which communication plays an important role.
- The formal requirements and expectations of the organization from its people is expressed in the vision, mission and goal statement that which is influenced both by external environment and internal imperatives.
- Authority presupposes the existence of leadership, and decision making. Leadership indicates the managerial style which is discussed below in the model given by Chris Argyris.
- Decision making process can be either unilateral or participative. Strategic decisions could be the premise of the top executives; bur operational decisions can be participatory. Decision rationality, balancing organisational requirements and the interests of the employees, is crucial for the decisions to be effective.
- The role of authority is to ensure compatibility between organization's expectations and employee interests so that the organization gets the best performance from its people and the employees derive job satisfaction.
- Such a win-win situation will lead to a tendency to perform among the human resource, which is the output of the FOS.

The interface between the FOS and IS and SS happens as given in Figure 2.4. The components of IS and SS and the synergy of the three subsystems of the organisation is discussed in the unit 3.

2.6 OB MODELS

Every organization develops a particular model in which behaviour of the people takes place. This model is developed on the basis of management's assumptions about people and the vision of the management. Since these assumptions vary to a great extent, these result into the development of different organizational behaviour models (OB models).

From the very beginning of the civilized human society, two alternative approaches have been adopted for placing trust on people. One says "trust everyone unless there is a contrary evidence": another says "do not trust anyone unless there is a contrary evidence".

Naturally, interpersonal interactions take place differently under these two approaches.

Following description of the organizations is worth while to note here:

“Most of our originations tend to be arranged on the assumption that people cannot be trusted or relied on, even in tiny matters”.

However, this is only one side of the coin. For example, McGregor has given theories

X and Y and each theory makes assumptions which are quite contrary to each other; Argyris has given the concept of immaturity and maturity of people which also provides two opposite views about the people. Thus, OB models developed on the basis of these assumptions would show great variations. However, OB models that are in practice show some kind of continuum between these two opposite poles, though they tend to lean towards a particular pole. Davis has described four OB models which are as follows:

Autocratic Model

In the autocratic model, managerial orientation is towards power. Managers see authority as the only means to get the things done, and employees are expected to follow orders. The result is high dependence on boss. This dependence is possible because employees live on the subsistence level. The organizational process is mostly formalized; the authority is delegated by right of command over people to whom it applies. The management decides what is the best action for the employees. The model is largely based on the Theory of X assumptions of McGregor where the human beings are taken inherently distasteful to work and try to avoid responsibility. A very strict and close super-vision is required to obtain desirable performance from them. Likert's management system can be compared with the model of organizational behavior. His system (exploitative authoritative) in which motivation depends on physical security and some use of desire for start and better performance is ensured through fear, threats, punishment, and occasional rewards; communications is mostly one-way, that is downward: there is little interaction between managers and employees.

The autocratic model represents traditional thinking which is based on the economic concept of the man. With the changing values and aspiration levels of people, this model is yielding place to others. However, this does not mean that this model is discarded in toto. In many cases; the autocratic model of organizational behaviour may be a quite useful way to accomplish performance, particularly where the employees can be motivated by physiological needs. This generally happens at lower strata of the organization.

Custodial Model

In the custodial model, the managerial orientation is towards the use of money to play for employee benefits. The model depends on the economic resources of the organization and its ability to pay for the benefits. While the employees hope to obtain security, at the same time they become highly dependent on the organization.

An organizational dependence reduces personal dependence on boss. The employees are able to satisfy their security needs or in the context of Herzberg's theory only maintenance factors.

These employees working under custodial model feel happy, their level of performance is not very high. This resembles again to Herzberg's satisfier and dissatisfier.

Since employees are getting adequate regards and organizational security, they feel happy.

However, they are not given any authority to decide what benefits or rewards they should get. This approach is quite similar to the patrimonial approach where the basic assumption is that it is the prerogative of management to decide what benefits are best suited to the employees. Such an approach is still quite common in many business organizations in India. The phenomenon is more predominant in family-managed business organizations where family characteristics have also been applied to the organizational settings. The basic ingredient of the family-managed system is that, parents decide what is good or bad for their children and managers decide what is good for their employees. From this point of view, this model is not suitable for matured employees.

Supportive Model

The supportive model organizational behaviour depends on managerial leadership rather than on the use of power or money. The aim of managers is to support employees in their achievement of results. The focus is primarily on participation and involvement of employees in managerial decision-making process. The model is based on principles of supportive relationships of Likert, which is the basic ingredient of his system 4 (participative). Likert states that, the leadership and other processes of the organization must be such as to ensure a maximum probability that in all interactions and all relationships with the organizations each member will, in the light of his background, values and expectation views the experience as supportive and one which builds and maintains his sense of personal worth and importance. It is quite similar to the assumptions of McGregor's Theory Y. The supportive model is based on the assumptions that human beings move to the maturity level and they expect the organizational climate which supports this expectations. Various organizational processes-communication, leadership, decision-making, interaction, control, and influence-are such that, these help employees to fulfil their higher order needs such as esteem and self-actualization.

Likert has shown that, supportive model is best suited in the conditions when employees are self-motivated. Thus, this emphasizes not on the economic resources of the organization but its human aspect. Manager's role is to help employees to achieve their work rather than supervising them closely. This can be applied more fruitfully for higher level managers whose lower order needs are satisfied reasonably. Organizations with sophisticated technology and employing professional people can also apply this model for getting best out of their human resources. However, this does not mean that, this model can be applied in all circumstances. For example Davis observes that, 'the supportive model tends to be specially effective in nations with affluence and complex technology, because it appeals to higher order needs and provides intrinsic motivational factors. It may not be the best model to apply in less developed nations. Because their employees need structures who are often at lower levels and their social conditions are different. Moreover, this model can be applied more fruitfully for managerial levels as compared to operative levels. As such, the tendency of modern management is to move towards supportive model, especially for their management groups.

Collegial Model

Collegial model is an extension of supportive model. The term collegial refers to a body of people having common purpose. Collegial model is based on the team concept in which each employee develops high degree of understanding towards others and shares common goals.

The employee response to this situation is responsibility. Employees need little direction and control from management. Control is basically through self-discipline by the team members. The organizational climate is quite conducive to self-fulfillment and self-actualization. Collegial model tends to be more useful with unprogrammed work requiring behavioural flexibility, an intellectual environment, and considerable job freedom. The various models of organizational behaviour are based on the assumption of the human characteristics and how they can work best. Since situational variables are strong factors in determining the organizational processes, managers cannot assume that a particular model is best suitable for all purposes and for all situations. Rather all the models will remain in practice and that too with considerable success. These models are basically constructed around need hierarchy. Since need hierarchy is not similar for all the employees, the same model cannot be used for all of them. The need hierarchy changes with the level of a person in the organization, level of his education, level of maturity, personality factors and the type of work environment. Considering these factors, a particular model can be applied. Organization theorists have argued that there is a tendency to move towards the adoption of supportive model because in this case people may give their best because in other models they do not find conditions conducive to give their best performance. This is why managers are taking a number of steps to humanize their organizations, such as participation, morale building, and so on to make the organizations more effective.

2.7 MANAGING ORGANISATIONAL BEHAVIOUR

After understanding the theories of OB and systems model, it is pertinent that managers shall learn how to manage and control human behaviour at work to the advantage of all. Keith Davis provides for four Models of Organisational Behaviour as given in table below. Managers like any human being have mental models about people and organisations which they develop through assimilation, and socialisation. After careful perusal of the Table 2.1 given below the learning managers in the making can place their belief patterns into the framework and work upon their mental models. They should keep in mind that these four models are the essence of managerial styles in handling human behaviour developed over and learnt from history.

No model shall be conceived exclusively good or bad and always effective. Basing on the maturity of organisations and the people in it, all the models at different periods of time and situation may be helpful.

Autocratic model works with formal official authority and power is used to oblige employees to follow orders without questions and interpretation as the management implicitly assumes that it knows what is best. Management assumes that employees are passive and even resistant to organisational needs- they have to be persuaded and pushed into performance, and this is the management task (Theory X postulate of McGregor). F.W.Taylor Scientific Management largely

focused on it. Employees in turn shall be obedient and exhibit high degree of compliance i.e. takes orders and does not talk back. It has worked in history. Autocratic model combined with benevolence has been upheld as a workable method of managing.

Table 2.1: Framework and Mental Models*

Variables	Autocratic	Custodial	Supportive	Collegial
Depends on	Power	Economic Resources	Leadership	Mutual Contribution
Managerial orientation	Authority	Material Rewards	Support	Integration & Team Work
Employee orientation	Obedience	Security	Performance	Responsibility
Employee Psychological Result	Personal dependency	Organisational dependency	Participation	Self-discipline
Employee needs met	Subsistence	Maintenance & security	Higher order	Self-realization
Performance result	Minimum	Passive cooperation	Awakened drives	Enthusiasm
Morale Measure	Compliance	Satisfaction	Motivation	Commitment to task and team

A compliant employee may not talk back but cannot be stopped from 'thought back'. Pent up feelings of frustration, insecurity and aggression sometimes erupt to the detriment of both the organisation and the employee. Satisfaction came to be an important outcome for employees under the custodial model. The managers used welfare, and HR practices to keep the employees happy. The purpose however is perhaps to add 'organisational dependency' atop a reduced 'dependency on the boss'. The subordinate may extend passive cooperation under subdued conditions. Herzberg calls it hygiene factors with no motivational value and cautions that with a satisfied need being not a motivator, psychological expectations towards autonomy and challenging responsibilities may emerge.

The supportive model expects managers to give their employees more of psychological support than economic support. Rensis Likert's 'employee-oriented supervisor' supporting Elton Mayo's small work groups in a supportive role is considered more satisfying than the economic support of welfare and HR. It is the supportive leader who makes the difference in taking people along with as a motivator (Theory Y proposition of McGregor)

The collegial model readily adapts to the flexible, intellectual environment of project and matrix organisations. It promotes team work, recognises individual contributions as worthy, and instils a sense of self-discipline.

To conclude, it needs appreciation that all these models have relevance depending on the situational dynamics, maturity of 'actors' and above all the changing contexts.

2.8 SUMMARY

OB is the body of knowledge and people skills that helps managers to understand, analyse, predict, manage and control human behaviour at work. OB combines two components namely organisation and behaviour. The organisation comprises of people, structure and technology. There are few established models of OB which is components live person, environment and behaviour. The systems model of OB is universally accepted and it dwells around a process consistency formal organisation system, individual system and social system. The input is objectives and resources and the output as organisational effectiveness.

2.9 SELF ASSESSMENT QUESTIONS

- 1) Explain the concept of and approaches to Organisational Behaviour (OB)
- 2) Discuss the concept and features of bureaucratic and modern Organisations
- 3) Discuss the models of OB. How the systems model is important and what are its components?
- 4) Explain the Components of Formal Organisation System
- 5) If you are required to manage human behaviour at work which model for management of OB you would adopt and why?

2.10 FURTHER READINGS

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UNIT 3 INDIVIDUAL PROCESSES

Objectives

After reading this unit you will be able to understand:

- the importance of Individual System (IS) and Social System (SS) in the OB System;
- the components of Intra- individual processes in behavioural dynamics;
- the components of Inter-individual and group processes in behavioural dynamics; and
- the synergy between the FOS, IS and SS

Structure

- 3.1 Introduction
- 3.2 The Importance of Individual System (IS) and Social System (SS) in the OB System
- 3.3 The Components of Individual System (IS)
- 3.4 The Components of the Social System(SS)
- 3.5 The Synergy between the FOS, IS and SS
- 3.6 Summary
- 3.7 Self Assessment Questions
- 3.7 Further Readings

3.1 INTRODUCTION

In Unit 2 the system framework of OB has been given in the Figure 2.3 and has been explained. The organisational process indicating the functioning of the FOS has also been discussed in Unit 2. This unit is devoted to the explanation of the Individual and Social sub systems and the way they relate to the FOS and result into behaviour at work. You will find detailed discussions on these in other blocks. Here the purpose is to present an integrated picture.

3.2 THE IMPORTANCE OF INDIVIDUAL SYSTEM (IS) AND SOCIAL SYSTEM (SS) IN THE OB SYSTEM

Individual is the nucleus of behavioural dynamics. Any individual, as ‘people at work’ i.e. an employee, comes in *contact* with an organisation through the ‘job’. The job description, institutionalised on the basis of technological and organisational goal requirements, shapes the employment contract in terms of defining the role and status, the responsibilities and the job offers at the individual level. Once the contract is accepted the employee has to perform the role in a specified way in lieu of remuneration, benefits and security mutually agreed by the organisation and the individual employee. In actual work relations both the organisation and the individual exhibit ‘behaviour’ that is constantly appraised by both in terms of mutual exchange. It is the real and perceptual balance of

these exchanges that determines the behaviour of both. There is possibility that both the organisation and the employee feel that the other is not performing at the expected level. This gives rise to 'conflict'. It may manifest in terms of multi-lateral equity issues i.e. the organisation vis-à-vis the employee and other employees. It may also lead to industrial unrest if the individual employee is supported by the union. In order to reduce this possibility, organisations resort to counselling or mentoring, motivation and other human resource development (HRD) methods like training, performance management systems, career planning etc. Individual, in this context can be both the 'organisation' as an entity and the employee. This concept of individual is crucial for the OB practice because its primary aim is to cultivate mutuality; trust and integration- a positive inter relationship between the organisation and its people.

The intra-personal cognitive and perceptual processes of an individual, which are regulated by the socially learnt values, attitudes and dispositions determining the personality traits is important in OB practice. This identifies the 'organism' that we find in the S-'O'-B-C model.

The inter-personal relations in an organisation begin with the role relationships that exist in formal work groups. Job to a large extent can be related to the individual person, but work is identified with plurality- through groups to the whole organisation. So in formal structures all work relations are pluralistic. Another dimension to the inter-personal relations is the informal processes. It is a natural human tendency or disposition to form informal groups. These groups give expression to the social needs (Maslow) of the people. The formal work groups and informal social cliques have been identified as important entities in OB practice. The human relations approach (Mayo and his associates), the socio-technical model (Tavistock group), group dynamics theorists (Kurt Lewin) are replete with the social system as a subsystem of OB.

Therefore in the discussions below, the nature and features of IS and SS are identified and their mutual interrelatedness and with the FOS is explained. The concepts and terms underlying these systems are discussed in exclusive blocks that follow.

3.3 THE COMPONENTS OF INDIVIDUAL SYSTEM (IS)

The Components of 'IS' is given in Figure: 3.1 below. While explaining the model, you will find some terms are deliberately '*italicised*'. This is to indicate how social processes work in the whole of OB system along with the very strong psychological processes that are not italicised like communication, perception, personality and personality.

The external stimulus or inputs for individual's behaviour at work can come from two sources, namely; direct and indirect. The direct source is the organization, whose logic can be traced to theory 'Y' as opposed to theory 'X' (Douglas McGregor) i.e. human behaviour is not caused by the inherent nature of a person, but by one's experience in the organization. The corporate policies, HR practices, the organisational culture and climate can be the direct inputs to the IS.

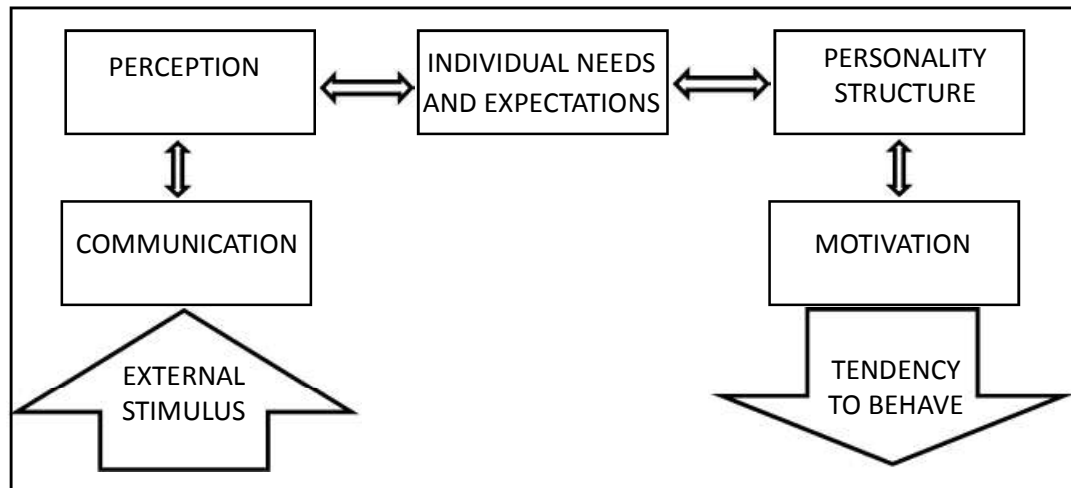


Figure 3.1: Components of Individual System

Another direct source impacting on individual's behaviour is the formal work group of which the individual becomes a member by job related compulsive *contacts*. It can be an integration of supervisor-subordinate-fellow group members' work related activities within the rules and procedures set by the organisation and demands of technology and work processes. There can be issues of *conflict* that are set right by deliberate efforts of *cooperation*. Any aberrations in these relations are smoothed by processes of *adjustment and accommodation*.

The indirect source is the larger society in which the individual has been groomed as an organism. It happens through the social processes of *assimilation, acculturation and socialization*. The values, attitudes, dispositions, and personality of an individual are shaped by these social processes. The individual carries the idiosyncratic traits typical of oneself to the workplace influencing the behaviour in relation to the organisation as a whole and towards other people.

Another indirect, but emanating from within the organisation, source impacting on the behaviour of IS are the informal social cliques, which are formed by choice of their members who are also members of the organisation and formal workgroups. These are formed naturally to satisfy certain interests, which do not find satisfaction in formal systems. These cliques can be innocuous, too personal to harm organisational goals. They can be potentially opposed to organisational interests if formed by disgruntled employees unable to give vent to their pent up feelings against the organisation. Subtle and latent, the conflict brewed by such cliques can resist change, stall development and can be harmful to the organisation. Organisations have found it necessary to break such groups by transfers in order to dismantle the proximity and propinquity between the members. Diverting the energy of such group members through Quality Circles, team-building exercises have also been tested with some success.

Any of the above can create inputs for individual behavior at work. But, for the organisation one of the most powerful tools to regulate the inputs and establish effective interface with the 'IS' is communication. Formal communication involves encoding, transmitting, decoding and responding processes making it always bilateral continuous cyclic process. The encoding and transmission of messages only are within the control of the sender, while the decoding and responding phases are within the purview of the receiver. With all positive ingredients of transparency, clarity, timeliness, and brevity in communication FOS

can to a large extent facilitate the individual to develop positive behaviour. Informal communication, the grapevine, is a reality which challenges the formal communication. The use of information technology, social media and network communications can facilitate both the formal and informal channels. This is a challenge.

Communication is filtered through perceptual process at cognitive level of the receiver. Perception is a process of receiving, organizing, interpreting, internalizing, and giving feedback. The 'IS' is influenced by the individual needs and expectations and personality which are typical of oneself. There are also situational factors other than dispositions which influence the perception. The FOS can create situational compulsions for desired perceptual outcomes from its communication. This needs culture building, free rein communication systems, encouraging Organisational Citizenship Behaviour (Organ)* and such other motivational and employee empowerment strategies that will mature the individuals to higher levels of perception. Nevertheless, the learnt values, belief patterns, attitudes, and personality traits also play a role in the development of perceptual ability.

**Explanation of OCB— Organ (1988) Identified five dimensions of OCB; namely, 3. Altruism (Helping specific others) 2. Civic Virtue (Keeping up with important matters within the organization) 3) Conscientiousness (Compliance with Norms) 4) Courtesy (Consulting others before taking actions) 5) Sportsmanship (Not complaining about trivial matters). Williams and Anderson (3993) divided these five components of OCB into two types; namely, 3. Behaviours directed at individuals in the organization such as Courtesy, and Altruism (OCB- I); and 2) Behaviours concerned with benefitting the organization as a whole, such as Conscientiousness, Sportsmanship and Civic Virtue (OCB-O)*

ERB (Extra Role Behaviour) advanced by Van Dyne, Cummings and Mclean-Parks (3995, as cited in Organ, Podsakoff, & MacKenzie, 2006), is another construct similar to OCB. ERB is defined as "behavior that attempts to benefit the organization and that goes beyond existing role expectations" (Organ et al., 2006, p. 33). While similar in many aspects, there exist some important differences between OCB and ERB. Two interesting concepts are a part of ERB that are not included in OCB: whistle blowing and principled organizational dissent. Whistle blowing involves the reporting of one employee by another so that unethical and or illegal practices are brought to the attention of authorities (Near & Miceli, 1987, as cited in Organ et al., 2006). Principled organizational dissent is when employees protest the organization because of some kind of injustice (Graham, 1986, as cited in Organ et al., 2006). Both of these ideas contribute to ERB in the sense that their purpose is to further the good of the organization and that they are not included in the formal job description. This again, is a construct very similar to OCB.

Motivation is the inner drive in a person towards one's need satisfaction and goal attainment and can explain the 'whys' of human behaviour (the intrinsic motivation). The arousal and dovetailing of the motivation towards work performance and achievement of organisational goals can set out the 'hows' of managing behaviour (the extrinsic motivation). These two are complementary dimensions. FOS has to motivate the individuals and groups towards organisational performance. The content theories of Abraham Maslow and Frederick Herzberg with focus on hierarchy of needs and hygiene-motivational

factors help to know the causes of motivation. The process theories of motivation like Victor Vroom’s expectancy theory, Porter-Lawler model, J. Stacy Adam’s equity theory, Lewin and Festinger’s attribution theory help managers to devise methods by which employees can be motivated. (*These theories are discussed in details in other blocks*)

The FOS can satisfy the following intrinsic needs of employees at work place to motivate them towards commitment as suggested by the Sociotechnical School. (Ketchum and Trist, 3992)

- 1) The *need* for the job to be reasonably demanding in terms other than sheer endurance and to provide a minimum of variety (not necessarily novelty, which is too much for some people though the spice of life for others). This is to recognize enfranchisement in problem solving as a human right.
- 2) The *need* to be able to learn on the job on a continuous basis. Again this is a question of neither too much nor too little, but of matching solutions to personal requirements. This is to recognize personal growth as a human right.
- 3) The *need* for some area of decision making that the individual can call his own. This recognizes the opportunity to use one’s own judgement as a human right.
- 4) The *need* for some degree of social support and recognition in the workplace, from both fellow workers and bosses. This recognizes group belongingness as a human right.
- 5) The *need* to be able to relate what one does and what one produces to one’s social life. That is to have a meaningful occupational identity that gives a person dignity. This recognizes the opportunity to contribute to society as a human right.
- 6) The *need* to feel that the job leads to some sort of desirable future (not necessarily promotion). It may involve training or redeployment- a career at shop floor level leading to the development of greater skill. It includes being able to participate in choosing the future. This recognizes hope as a human right.

The ‘tendency to behave’ is the output of the IS. The FOS and IS interface logs in the components of communication, perception, personality and motivation to exhibit specific behaviours that may or may not be contributory to organisational goals.

Activity 1

Highlight the components of individual system in an organisation you are familiar with.

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3.4 THE COMPONENTS OF THE SOCIAL SYSTEM (SS) IN ORGANISATIONAL BEHAVIOURAL DYNAMICS

By now, you must have understood the significance of social processes in organisations. The inter-personal, group, and inter-group relations both at formal and informal levels culminate into a social system (SS) in organisations. The Figure 3.2 below identify the processes which characterise the SS.

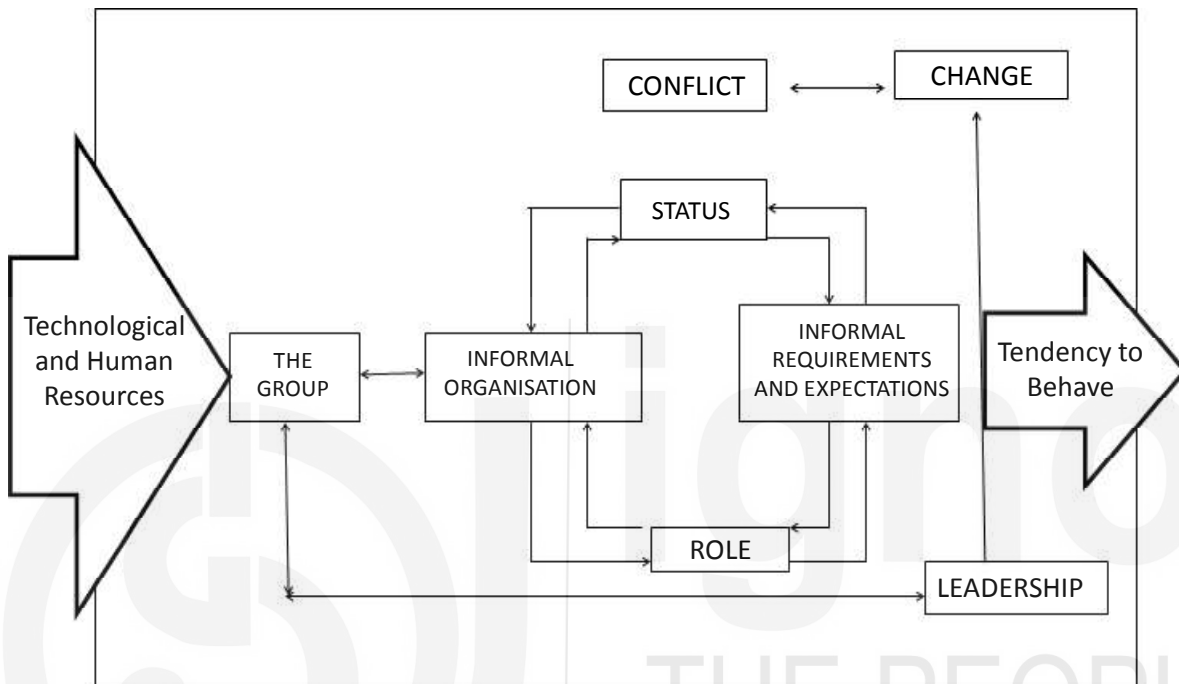


Figure 3.2: Components of Social System

Group is the main focus of 'SS'. Group emerges out of multilateral inter-personal relations. In an organisation it is the technology as an input demands creation of the formal groups in which role relationships within a work area are established. It becomes essential for proper allocation and performance of work by the human resource utilizing the technology. The formal intergroup relations culminate into formal organisation. The same way informal organisation emanates from informal intergroup relations, which in turn comes out of inter-personal informal relations.

Whether formal or informal, group processes rest on some basic principles. George C. Homans going beyond proximity and propinquity factors elucidates how groups form based on activities, interactions and sentiments. The intricate relations between the three is succinctly put as under:

“The more activities persons share, the more numerous will be their interactions and stronger will be their sentiments; the more interactions among persons, the more will be their shared activities and sentiments; and the more sentiments persons have for one another, the more will be their shared activities and interactions.”

Group dynamics indicates the internal nature of groups, how they form, their structure and processes, and how they function and affect individual members, other groups and organisation. (Kurt Lewin)The nature of groups can be command

group, task group determined by organisation; interest and friendship groups formed spontaneously by members having common interest and affinity; and informal groups formed by members to satisfy their social needs. People join groups for security, status, self-esteem, affiliation, power, and goal achievement. Formal groups are relatively more permanent than the informal groups which are highly amorphous and temporary. In another block various theories of group dynamics are detailed out.

The myth of group cohesiveness is busted by the phenomenon of ‘group think’ (Irvin Janis) which is “a deterioration of mental efficiency, reality testing, and moral judgement that results from in-group pressures.” It occurs due to pressures on individual members to conform and reach consensus. “If everybody thinks alike nobody thinks much” is the adage that reflects the weakness of forced cohesiveness.

The FOS imposes organisation strategy driven by the Vision-Mission-Goal, resources and culture; authority structures and physical working conditions; formal regulations; performance standards and rewards on the groups. Groups, in turn responds basing on its realities like the ability of its members and its own synergic ability; its size and structure; its own performance standards and goals; the actions of its leaders; and the level of conflicts within the group.

Coming to the structure of the group, every work group will have a formal leader as much as every informal group will have an informal leader. They may coexist with a subtle but extremely important relationship for the effectiveness of the group. Roles with issues like role identity; role perception; role expectations; role overlap, ambiguities, and conflict also prevail in group processes. Groups do have formal regulations as well as informal norms. If there is compatibility between the two, then group effectiveness will be better. Status is of two types, namely ascribed and achieved. In formal groups achieved status defined by positional power prevails. In informal groups status is ascribed to persons and not positions. So the power exercised in formal groups is position power, whereas in informal groups it is personal power which counts. The group processes culminate into ‘tendency to behave’ as the output.

Activity 2

Identify the role of groups in the social system of organisations. Cite examples.

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3.5 THE SYNERGY BETWEEN THE FOS, IS AND SS

The FOS has to recognize the prevalence of the informal organization and its positive potential for facilitating change as well as negative potential for generating conflict. The 'IS' is caught between the commands of the FOS and demands of the SS. Therefore, the FOS in order to make use of the IS has to integrate the SS with its goals and actions. The whole systems model discussed so far explains the sub systems characterizing the FOS, IS and SS. The basic logic tying them together is that FOS is ultimately responsible for integrating them into a cohesive unit for achieving the best of organisational effectiveness.

It has been observed that '*tendency to perform*' is the output of FOS (Refer to Figure 2.4 of Unit 2); whereas '*tendency to behave*' is the output of both IS and SS (Fig 3.3 & 3.2). It is also observed that the '*tendency to behave*' by both the IS and SS may tilt towards positive manifestations or negative ramifications. FOS has the ultimate responsibility to reinforce positive behaviour and modify negative behaviour so as to achieve organisational effectiveness which is the ultimate goal of any organisation.

Organisational effectiveness can be judged by performance and satisfaction which are the internal goals of the organisation. Individual performance shall be dovetailed through group energy contributing to organisational performance. FOS is solely responsible for this. Further, the FOS as an open system finds challenges from the external environment to adjust with vagaries of change. A continuous self-renewal becomes imperative involving strengthening of internal processes to handle pressures of change, competition and conflict. Organisation shall act as 'individual system' learning, internalizing, and responding to other systems on a continuous basis.

3.6 SUMMARY

Individual and social systems are the major pillars of any organisation. organisational effectiveness depends on the synergy between individual, social and organizational systems. Both the individual and social systems have major components. There is always an interrelationship amongst the components. The alignment and positive coordination in line with the organizational strategy is the key for organizational effectiveness.

3.7 SELF ASSESSMENT QUESTIONS

- 1) Explain the importance of Individual and Group systems in organisational behaviour.
- 2) What are the components of Individual System? How do they relate to one another?
- 3) What are the components of Social System? How do they relate to one another?
- 4) Compare and contrast the formal and informal organisation.
- 5) 'Formal Organisation System is ultimately responsible for integrating the IS and SS'- justify the statement by giving suitable examples from the organisation that you know.

3.8 FURTHER READINGS

Fred Luthans, 'Organisational Behavior', McGraw Hills, 1992

R.S.Ross, 'Small Groups in Organisational Setting', Prentice Hall, New Jersey, 1989

Stephen P Robbins, "Organisational Behaviour- Concepts, Controversies and Applications, Prentice Hall of India, New Delhi, 2003

M.E. Shaw, 'Group Dynamics: The Psychology of Small Groups', McGraw Hill, New York, 1983

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George C. Homans, "The Human Group" Brace & World, New York, 1950

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MS 21: SOCIAL PROCESSES AND BEHAVIOURAL ISSUES

Block 1 Society and Organisations

Unit 1 Social Processes And Organisation In Dynamic Environment.

Unit 2 Organisational Processes

Unit 3 Individual Processes

Block 2 Organisational Processes

UNIT 4 Organisational Communication processes

UNIT 5 Leadership and decision making

UNIT 6 Organisational Power and Politics

UNIT 7 Diversity Management

UNIT 8 Organisational Cultures

Block 3 Intrapersonal Processes

UNIT 9 Personality

UNIT 10 Learning

UNIT 11 Perception and Attribution

UNIT 12 Motivation

Block 4 Interpersonal and Group Processes

UNIT 13 Group dynamics and team building

UNIT 14 Counseling and behavior modification

UNIT 15 Conflict and stress management

UNIT 16 Negotiating strategies

Block 5 Emerging Trends

UNIT 16 Employee Empowerment

UNIT 17 Organisational Citizenship Behaviour

UNIT 18 Organisational inclusiveness

UNIT 19 Corporate Social Responsibilities

UNIT 20 Positive approaches to work behaviour