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# **UNIT 1      ORGANISATIONAL BEHAVIOUR: MEANING, FEATURES, SIGNIFICANCE AND MODELS\***

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## **1.0 OBJECTIVES**

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After reading this Unit, you should be able to:

- Understand the meaning of Organisational Behaviour (OB);
- Discuss the key features of OB;
- Examine the significance of OB;
- Explain the relationship between bureaucracy and OB;
- Educate the theoretical framework of OB; and
- Describe the major approaches and models of OB.

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## **1.1 INTRODUCTION**

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Organisations are not mere brick and mortar; they consist of people. As per Peter Drucker (1999), “The Organisation is, above all, social. It is people”. OB is the study of the ways in which people interact in an organisational setting. It is believed that the behaviour of people in organisational contexts is different from that exhibited by them in their personal lives. Until the 1980s, the business schools stressed only on the importance of quantitative and other technical aspects of management, but during the eighties and early nineties the environment in which organisations work changed dramatically, as a result of which the study of human behaviour came to the forefront. The ultimate aim

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of developing Organisational Behaviour as a discipline may be to improve the efficiency and efficacy of organisations, but individual employees also benefit from the scientific approaches embedded in the conceptual constructs of Organisational Behaviour theories as they seek to maximise the outputs from individuals by strategic interventions. So what is an organisation?

An organisation is a group of two or more people who work together to achieve the agreed upon objectives. We come into touch with several organisations during our life time. Organisations are as diverse as a hospital, a university and a company like Infosys etc. Organisations are defined by Richard L. Daft (2012) in his book “Organisation Theory and Design” as “i) Social entities that; are goal-oriented ii) are designed as deliberately structured and coordinated activity systems and iii) are linked to the external environment”. The key element of an organisation is not the building that houses it or the policies that guide it; the key element is the people and their relationships with one another. An organisation is said to exist when people interact with one another to perform essential functions to achieve organisation’s objectives or common goals. We study this in detail under the concept called Organisational Behaviour.

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## **1.2 MEANING OF ORGANISATIONAL BEHAVIOUR**

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According to John W. Newstrom and Keith Davis (2015), “Organisational Behaviour is the study and application of knowledge about how people act within an organisation. It is a human tool for human benefit. It applies broadly to the behaviour of people in all types of organisation”. Stephens P. Robbins and Judge (2019) has stated that “Organisational Behaviour is a field of study that investigates the impact that individuals, groups and structure have on behaviour within the organisations for the purpose of applying such knowledge toward improving organisation’s effectiveness”.

According to Fred Luthans (2011), “Organisational Behaviour is directly concerned with the understanding, production and control of human behaviour in organisations,” while Robert E. Callahan, C. Patrick Fleenor and Harry R. Knudson (1985) have defined OB as “a subset of management activities concerned with understanding, predicting and influencing individual behaviour in organisational settings”.

If we try to deduce the meaning of OB from the above definitions, it will be clear that unlike the terms ‘human behaviour’, ‘animal behaviour’, ‘consumer behaviour’, ‘class room behaviour’ etc., the term ‘Organisational Behaviour’, when used in the context of Management Studies does not mean the behaviour itself, but the study about a certain type of behaviour: behaviour of individuals and groups within an organisational setting.

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## **1.3 FEATURES OF ORGANISATIONAL BEHAVIOUR**

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Organisational Behaviour has the following salient characteristics:

1. OB is not a stand-alone discipline, but is an integral part of the larger ‘Management discipline’, although by virtue of its importance and

effectiveness, it has come to be regarded as a distinct field of study.

2. OB studies are not mere academic exercises. They have specific goals to achieve. Broadly, these goals are directly or indirectly related to improvements in productivity.
3. OB is multi-disciplinary, in the sense that it is affected and influenced by developments in other fields of study like Economics, Management, Sociology, Anthropology, Psychology, Industrial Psychology, etc.
4. Other behavioural sciences are concerned with all types of behaviours of humans, animals etc., but OB deals with the behaviour of humans alone and that too within the extremely narrow context of life within an organisation.
5. OB studies behaviour at three distinct levels: individual level, group level and the level of the organisation itself.

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## **1.4 SIGNIFICANCE OF ORGANISATIONAL BEHAVIOUR**

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A group of individuals can achieve what one individual cannot achieve alone. This is the basic idea behind setting up an organisation. Many individuals, possessing varied skills and expertise, come together under the umbrella of an organisation to achieve common objectives. Such individuals expect each other to behave/perform in a certain way that will be most appropriate for achieving the prescribed goals.

Adam Smith (1776) has observed in his classic work, *An Enquiry into the Nature and Causes of the Wealth of Nations* that “the greatest improvement in the productive powers of labour and the greater part of skill, dexterity and judgement with which it is anywhere directed, or applied, seem to have been the effects of the division of labour.” Organisations implement the ‘division of labour’ concept in a very effective manner. Because of the implementation of division of labour, different individuals within an organisation will be possessing different skills, and they will be placed at different hierarchical levels. This heterogeneity leads to a complex web of interactions between the diverse groups of people. OB discipline provides us with the tools to navigate this difficult landscape.

OB theories help in addressing the following challenges faced by today’s organisations:

**Workforce diversity:** Workforce diversity implies that the workforce is comprised of employees belonging to different race, gender, religion, caste, etc. Workforce diversity helps to bring new perspectives to the workplace. However, it brings many challenges as well along with it. A manager who is an expert in OB will be better equipped to face the diversity-related challenges.

**Globalisation:** Globalisation is a challenge as well as an opportunity for most organisations. Those organisations which address its challenges well will be able to tap into the opportunities in a better way. OB theories acquire great significance in the context of ‘International Human Resource Management’.

**Customer-Orientation:** Mahatma Gandhi had forcefully said, “Customer is king.” However, it does not mean that an organisation can sacrifice its employees at the altar of customer service. Only the satisfied employees can make a customer satisfied. On the other hand, a disgruntled employee will pass on his or her irritation to the customer in a manner that can put the organisation in a disadvantageous position. But most organisations have limitations as far as making employees satisfied is concerned. The tangible resources at the disposal of an organisation are limited and might prove inadequate to meet all the demands of its employees. Therein lies the importance of OB theories, as the learnings from them can equip the management to strike a perfect balance in this context. It is worth noting that Nayar (2010) openly proclaims in his book that he puts employees first and customers second.

**Innovation and Disruption:** Innovations and disruptions are the order of the day and are not rare phenomena anymore. Innovation is the use of a new idea or method or process or technology that creates value for customers and profits for organisations. According to Caroline Howard of Forbes, disruption is destructive and creative at the same time, since it displaces an existing market, industry or technology, and replaces it with something better. From an HR practitioner’s viewpoint, employees can be the driving force behind innovation and disruption, or they can be its greatest enemy. Organisations have to use all weapons in its OB arsenal to urge the employees to innovate, or to at least not to resist when changes are brought about by innovations and disruptions initiated by others.

**Work Environment:** The work environment does not denote merely the physical work environment but the psychological space as well. A conducive work environment is where employees have healthy relationships with their superiors and colleagues; receive deserved recognition for their efforts and are able to grow as individuals. A perfect work-life balance is also a necessity if an employee is to operate at the optimum level. OB theories and models can go a long way in helping organisations establish the perfect work environment in which an employee will perform to his highest possible level.

**Check Your Progress 1**

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the Unit.

1. Define ‘Organisation’ and explain the meaning of OB.

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2. Discuss the concept of OB.

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## 1.5 ORGANISATIONAL BEHAVIOUR AND BUREAUCRACY

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Introduction of the bureaucratic system in organisations during the Industrial Revolution was a big change as far as individuals working in an organisation were concerned. A bureaucratic organisation had a rigid hierarchy and was organised into different functional units manned by technically qualified and skilled people. An organisation became 'impersonal' in the sense that its administration became rule-based, that is, same rules got applied to everyone. In the pre-bureaucratic era, individuals used to get promoted on the basis of their relationships with owners/superiors, but in a bureaucracy, there were clearly defined rules and procedures for promotions.

According to German sociologist, Max Weber (1978), although bureaucracy limits the freedom of individuals, it is the most efficient way of organising human activity. He used the term 'iron cage' to describe the situation in which individuals get trapped in a system, the only aim of which is efficiency, and individuals have no freedom to choose what they do. Weber went on to mention that the 'bureaucratisation' of society will lead to a 'polar night of icy darkness'.

Before organised industrial activity came into existence, each individual was his own master. A cobbler had the freedom to decide when to work, where to work and how to work. But in a bureaucratic organisational setting, he sells his labour to someone else and thus loses his autonomy. According to Weber, an individual becomes a cog in the bureaucratic machine and his only aim will be to become a bigger cog within the bureaucracy. It is easy to see the significance of OB in such a system, when compared to unorganised activities or to less developed forms of organised activities.

Philip Selznick (1948), an eminent sociologist, has stated in his seminal work, *Foundation of the Theory of Organisation* that "formal structures never succeed in conquering the non-rational dimensions of organisational behaviour". From an economic viewpoint, organisation is a system, which uses scarce resources in the most efficient and effective manner. This 'technical problem' is addressed using formal management techniques like delegation and control. This is the formal part. However, leadership is all about winning of consent and support of individuals. The effectiveness of the organisation depends to a large extent on the degree of effectiveness of persuasion and inducement from the management's side. Selznick has added that "control and consent cannot be divorced even within formally authoritarian structures". This implies that without consent of the individuals, control cannot be imposed effectively. Thus, it is essential to view the organisation as a social structure.

In the formal system, individuals are viewed in relation to their 'roles' within the system. However, employees have a natural tendency to oppose this kind of 'depersonalisation', since employees are not merely 'roles', they are 'whole' individuals. This 'whole' individual can create problems for the formal

organisation because of the needs of his personality, because of his habits and because of conflicts of interest by way of commitment to entities external to the organisation. Delegation is a formal assignment made to 'roles' or official positions. It is not an assignment to an individual as such. However, ultimately the 'whole' individual is the one who is donning the 'role'. His personal interests may not be in full alignment with the goals of the organisation. In fact, such non-alignment seems to be the rule, rather than the exception. Selznick gives a simple example where one of the tasks delegated to a subordinate is training his own replacement. It is not in his interest to properly train his replacement as doing so will make him less indispensable to the organisation. Thus, it is evident that the formal system alone cannot ensure the achievement of organisational goals. In fact, Lyndal Urwick, an expert in Public Administration and Management, has gone to the extent of suggesting that formal channels function only to confirm and record decisions arrived at through more personal means. These individual-centric aspects make Organisational Behaviour very significant in an organisational setting.

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## 1.6 THEORETICAL FRAMEWORK OF ORGANISATIONAL BEHAVIOUR

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There are three main theoretical frameworks in the discipline of Organisational Behaviour: Behavioural Framework, Cognitive Framework and Social Cognitive Framework.

***Behavioural Framework:*** This framework focuses on the 'Stimulus-Response' pair. A specific stimulus gets associated with a particular kind of response in the minds of individuals. The fact that is pertinent to Organisational Behaviour is that the responses can be conditioned/taught. Ivan Pavlov, a Soviet researcher, is an exponent of 'Classical conditioning'. In his famous experiment with a dog, he showed that the dog salivated when it was presented with meat powder. This is an unconditional response to an unconditional stimulus. The dog did not salivate when he rang a bell. Pavlov then started ringing the bell whenever he gave meat powder to the dog. After many repetitions, it was found that the dog salivated when the bell rang, even if meat powder was not presented. This is a conditioned response and this type of conditioning is called 'classical conditioning'. Many critics believe that classical conditioning is limited in its applicability to involuntary responses like salivation, increase in heart beat rate etc., and is hence not very useful in OB.

In 'operant conditioning' developed by B.F. Skinner (1950), the response to a stimulus is based on the consequences of that response (in the past). Consequences can be of many types: something positive can be given (for example, a salary increment), something positive can be taken away (discontinuance of perks), something negative can be introduced (a punishment) or something negative can be discontinued (revoke a suspension). OB theories suggest that by careful use of these consequences (reinforcements and punishments); management can elicit desired behaviour from employees.

***Cognitive Framework:*** In this framework, cognition precedes behaviour. It is based on the idea that an individual knows and expects that a specific action will lead to a specific consequence. He is conscious about it. He is thinking

about the goal and the kind of behaviour that can lead to the achievement of that goal. 'Motivation' is one of the concepts of OB in which cognitive framework is applied.

***Social Cognitive Framework:*** This framework adds to the cognitive and behavioural aspects and introduces environment as an important determinant in this framework. In our day to day life, many of our responses are the outcomes of observation and imitation. It is especially so for children. Children observe others very closely and often try to mimic what they see. If they see someone being rewarded/punished for a particular type of behaviour, they are likely to imitate the behaviour. This is true of employees in an organisation as well, and hence this framework is an essential component of the discipline of OB.

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## **1.7 ORGANISATIONAL BEHAVIOUR MODELS**

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### ***Autocratic Model***

In this model, it is believed that those who are part of the management have the expertise, knowledge and skills required to run the business and the day to day activities. It is also assumed that those at the floor level lack skills to do the work on their own. Hence, it is presumed that they need to be micro-managed by those in power. They do not usually have any say in the functioning of the organisation. Even their opinions and suggestions are not sought by the management, since it is believed that they are not capable of making any worthwhile suggestion. The owners exercise absolute command over their employees, and likewise, the employees obey their seniors. Autocratic model is one of the oldest models of OB and was successful to a great extent during the period of Industrial Revolution. However, it is not without its drawbacks. Employees are unlikely to experience job satisfaction, as they lack involvement in the business process. They do not have any control on what they do at the workplace. Such an arrangement is not suitable for a modern day organisation in which many job roles are donned by specialists who have considerable expertise in the field. In certain present day industries, it will not be an exaggeration to say that those at the top, although will be having an idea about the bigger picture, won't have the requisite skills to direct the activities of the lower level employees.

### ***Custodial Model***

This model came into existence as a result of the limitations of the Autocratic model. In the autocratic model, the employees are afraid of the management and hence they do not rebel or oppose their commands. However, they might harbor feelings of antipathy within themselves if they are not treated fairly, and might vent out their hatred at some future point in time. To address this issue, the custodial model of OB was introduced. As per this model, the welfare of the employees is looked after by the management, by offering economic security to them. Other welfare measures like crèche for the kids of the employees, medical benefits etc., are also introduced as part of the Custodial model. The employee becomes dependent on these welfare measures and irrespective of whether they are satisfied with the job per se or not, they think twice before quitting the organisation.

***Supportive Model***

In the Autocratic model, power and authority are the main aspects that keep the model running. In the case of Custodial model, however, it is the incentives that are the driving force. In contrast, neither power nor incentives are key elements in a supportive model. Harmonious relationship between the management and the employees motivate employees working in an organisation in which supportive model is employed. The leadership style in the supportive model is such that the employees are allowed to grow and flourish.

***Collegial Model***

In the Collegial model everybody works as colleagues. Thus, team-work is the key factor in this model. Everybody participates in the growth of the organisation. The manager acts like a coach to develop team spirit among the employees. The coach is less concerned about his own performance, but more about the performance of the team. This model is effective in industries that by their very nature have to innovate. The team work as envisaged in the model produces new ideas and path-breaking discoveries.

***Systems Model***

This is the most recent of the five models. In the Systems model, an organisation acknowledges that individuals have different goals, talents and potential. The aim of the Systems model is to strike a balance between the goals of the employees with the goals of the organisation. Individuals obviously want good remuneration, job security, etc. The organisation should find out ways to reach win-win situations, where the needs of the employees are fulfilled even while they add value to the organisation.

**Check Your Progress 2**

- Note:** i) Use the space given below for your answers.  
ii) Check your answers with those given at the end of the Unit.

1. Explain the theoretical framework of Organisational Behaviour.

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2. Discuss the different Organisational Behaviour models.

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## 1.8 CONCLUSION

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Organisational Behaviour is the study of an individual's behaviour within an organisation (primarily in his organisational role), of the relationship between the individual and the organisation, and of the organisation itself. Although each of these can be investigated in isolation, it is essential to study all the three aspects together to gain a comprehensive understanding of the matter being studied.

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## 1.9 GLOSSARY

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**Organisational Behaviour :** A field of study that investigates the impact that individuals, groups, and structures have on behaviour within organisations, for the purpose of applying such knowledge toward improving an organisation's effectiveness (Robbins and Judge, 2019).

**Globalisation :** Globalisation implies giving rise to new societal expectations, changing value systems, altering the nature of State and governing systems. This is putting pressure on public administration to respond to the widely fluctuating shifts. It is resulting in major changes in the nature of the State.

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## 1.10 REFERENCES

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## **1.11 ANSWERS TO CHECK YOUR PROGRESS EXERCISES**

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### **Check Your Progress Exercise 1**

#### **1. Your answer should include the following points:**

- An organisation is a group of two or more people who work together to achieve agreed objectives.
- Organisational behaviour is directly concerned with the understanding, production and control of human behaviour in organisations.
- It includes the basic processes of leadership, motivation, communication, team building and other related facets of human behaviour in organisations.

#### **2. Your answer should include the following points:**

- Globalisation
- Customer orientation
- Innovation and disruption
- Work environment

### **Check Your Progress Exercise 2**

#### **1. Your answer should include the following points:**

- Behavioural framework
- Cognitive framework
- Social Cognitive framework

#### **2. Your answer should include the following points:**

- Autocratic model
- Custodial model
- Supportive model
- Collegial model
- Systems model