



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR
SEMESTER - II



ACADEMIC YEAR 2025-26

PREPARED BY

BUSINESS ADMINISTRATION DEPARTMENT



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



INDEX

| UNIT | CONTENT | PAGE NO |
|------|--|---------|
| I | INTRODUCTION OF ORGANISATIONAL BEHAVIOUR | 03-14 |
| II | INDIVIDUAL BEHAVIOUR | 15-29 |
| III | PERSONALITY AND VALUE | 30-45 |
| IV | GROUP BEHAVIOUR | 46-59 |
| V | ORGANIZATIONAL CULTURE AND CHANGE | 60-71 |

KAMARAJ WOMEN'S COLLEGE



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



UNIT – I

Introduction of Organisational Behaviour

Organizational Behaviour (OB)

Organizational Behaviour refers to the examination of individual and group dynamics within a corporate environment. While each enterprise is distinct and varies across sectors, the common aspiration among them is to foster an organizational culture that harmonizes productivity with employee contentment. Executives frequently employ insights from OB to decipher team functionalities and individual contributions and behaviours within the office space. This discourse delves into the essence of organizational behaviour, scrutinizes its merits and demerits, illustrates instances, and demystifies the elements influencing OB.

What is Organizational Behaviour?

Organizational behaviour (OB) is an interdisciplinary field that examines the interactions among employees and the processes within an organization to build a harmonious and effective work environment. OB sheds light on individual conduct within a company, the collaboration of teams, and the interconnected effects of these elements. It encompasses the study of behavioural relationships among staff and groups within a business context. Notably, OB takes into account cultural dimensions, including gender, ethnicity, and the social dynamics of the workplace.

Implementing OB principles can assist workers in defining their own objectives and comprehending the influences on them. Organizational behaviour can be explored both in practice and theory, drawing from disciplines such as psychology, anthropology, and management science. These academic perspectives enable organizations to devise strategies and frameworks to innovate and enhance the occupational atmosphere. The study of OB typically includes topics like negotiation, stereotyping, and decision-making, which collectively provide insights into an organization's ethos and forecast employee conduct.

Concept of Organisational Behaviour

Organisational Behaviour is based on several fundamental principles that relate to the nature of people and organizations. The fundamental principles of OB include:

- 1. Individual Uniqueness:** Stemming from psychological principles, this concept acknowledges that from birth, each person is distinct, shaped by unique experiences that further differentiate them from others. Individuals vary across multiple dimensions, including intelligence, physical attributes, personality, learning abilities, and communication skills. It is the individual who bears responsibility and makes decisions, while a group's power is latent until its members act in concert.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



2. **The Entirety of a Person:** This notion suggests that an organization hires not merely the skills of an individual but also their preferences, biases, and personal history. One's domestic life is intertwined with their professional existence, necessitating that organizations provide a conducive work environment that promotes both professional and personal growth and fulfilment.
3. **Causality in Behaviour:** Unseemly behaviour in an individual often has underlying causes, which could range from domestic issues to challenges in punctuality. When such behaviour surfaces, it is incumbent upon managers to discern the root cause and address it effectively.
4. **Respect for Individual Dignity:** Every person, irrespective of their position, deserves to be treated with respect and dignity. This principle emphasizes the importance of recognizing and valuing each job, thereby fostering the improvement of individual aspirations and capabilities. It stands in opposition to the notion of treating employees merely as economic instruments.
5. **The organization as a social entity:** Organizations function as complex social systems, a concept derived from sociological studies. These systems are subject to both social and psychological norms that dictate organizational activities. Within an organization, there exists a blend of formal and informal social structures, emphasizing the organization's capacity for dynamic evolution over maintaining rigid relationships. Each component within this system relies on the others for its function.
6. **Shared interests among organizational participants:** The principle of mutual interest underscores the symbiotic relationship between individuals and organizations. Organizations come into existence and persist through a shared interest among their members. Individuals join organizations to fulfill their personal ambitions, while organizations depend on individuals to achieve their collective goals. A lack of shared interest can lead to disarray within the group. Conversely, a unified purpose galvanizes members to collaboratively address organizational challenges rather than casting blame.
7. **Holistic concept:** The holistic approach to organizational behaviour synthesizes the aforementioned six principles into a comprehensive framework. This perspective examines the interplay between individuals and organizations, considering the full spectrum of personal, group, organizational, and societal dimensions. It involves taking into account the diverse viewpoints within an organization to grasp the factors shaping behaviour. Rather than isolating specific incidents or issues, this approach evaluates them within the broader context that they influence and are influenced by.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Nature of Organisational Behaviour

1. **Diversity:** Organizational behaviour recognizes the unique differences among individuals, valuing diversity in backgrounds, skills, and perspectives as a source of strength and innovation within a company.
2. **Adaptability:** It emphasizes the need for organizations to be adaptable, allowing them to respond effectively to changes in the market, technology, and workforce dynamics.
3. **Motivation:** Understanding what motivates employees is crucial in Organisational Behaviour, as it directly influences productivity, job satisfaction, and retention rates within an organization.
4. **Leadership:** Effective leadership is a cornerstone of Organisational Behaviour, as leaders shape the culture, set the vision, and guide employees towards achieving organizational goals.
5. **Communication:** Clear and open communication channels are vital for the smooth operation of an organization, facilitating collaboration and minimizing misunderstandings.
6. **Productivity:** Organisational Behaviour aims to enhance productivity by optimizing the work environment, ensuring that employees have the resources and support they need to perform at their best.
7. **Well-being:** Employee well-being is a focus area in Organizational Behaviour, with the understanding that a healthy work-life balance contributes to better performance and lower turnover.
8. **Innovation:** Encouraging innovation is part of Organizational Behaviour, as it drives growth and keeps organizations competitive in their respective industries.
9. **Ethics:** Organizational Behaviour upholds ethical standards and practices, ensuring that organizations operate with integrity and respect for all stakeholders.

Role of Organizational Behaviour

The Role of organizational behaviour is multifaceted and crucial for the success of any organization. Here are some key points highlighting its importance:

1. **Performance Improvement:** Organizational Behaviour helps in identifying ways to increase productivity and efficiency, leading to better performance outcomes for both individuals and the organization.
2. **Employee Satisfaction:** By understanding the needs and motivations of employees, Organizational Behaviour contributes to creating a work environment that enhances job satisfaction and employee retention.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



3. **Leadership Development:** Organizational Behaviour provides insights into effective leadership styles and practices, enabling the development of leaders who can inspire and guide their teams.
4. **Change Management:** It equips organizations with the tools to manage and adapt to change, ensuring resilience and flexibility in a dynamic business landscape.
5. **Conflict Resolution:** OB offers strategies for resolving interpersonal and group conflicts, fostering a harmonious workplace.
6. **Organizational Culture:** It plays a significant role in shaping and maintaining a positive organizational culture, which is essential for long-term success.
7. **Team Dynamics:** Organizational Behaviour studies how teams work and interact, which is vital for building strong, collaborative teams that can achieve collective goals.
8. **Communication Enhancement:** It improves communication within an organization, ensuring that information flows effectively between different levels and departments.
9. **Decision-Making:** OB aids in the decision-making process by providing a better understanding of human behaviour and organizational dynamics.
10. **Innovation Encouragement:** It encourages innovation by creating an environment where new ideas are valued and employees feel empowered to share their creativity.

Contributing Disciplines to Organizational Behaviour

Organizational Behaviour (OB) is an applied behavioural science that draws heavily from several foundational disciplines. Unlike a standalone field, OB integrates theories, principles, and methods from diverse social sciences to understand how individuals and groups act within organizations. This interdisciplinary approach makes OB richer, more holistic, and practical in dealing with real-world challenges.

The major contributing disciplines to OB are psychology, sociology, anthropology, political science, and economics. Each discipline contributes unique perspectives, theories, and research methods that explain human behaviour in organizational settings.

1. Psychology and OB

Definition of Psychology

Psychology is the scientific study of the human mind and behaviour. It focuses on understanding individuals—their thoughts, emotions, perceptions, learning patterns, and motivations.

Contribution to OB



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Psychology contributes most to the micro-level of OB, where the focus is on the behaviour of individuals within organizations. Psychologists study factors such as personality, learning, attitudes, and motivation, which directly affect workplace performance.

Key Areas from Psychology Integrated into OB

1. Learning Theories

- **Classical Conditioning (Pavlov):** Explains how behaviour can be learned through association.
- **Operant Conditioning (Skinner):** Highlights reinforcement and punishment in shaping workplace behaviour.
- **Application:** Reward systems, training programs, and behaviour modification strategies.

2. Motivation

- **Maslow's Hierarchy of Needs:** Explains how human needs drive workplace behaviour.
- **Herzberg's Two-Factor Theory:** Differentiates between hygiene factors and motivators.
- **Vroom's Expectancy Theory:** Employees exert effort if they expect desirable rewards.

3. Personality and Individual Differences

- **The Big Five Personality Traits:** Affect leadership, teamwork, and decision-making.
- **Locus of control, self-efficacy, and emotional intelligence:** Influence performance and relationships.

4. Perception and Attitudes

- How employees interpret reality influences job satisfaction and decision-making.
- Cognitive biases such as stereotyping and the halo effect affect hiring and evaluations.

5. Mental Health and Stress

- Work stress, burnout, and coping strategies are key psychological concerns for modern organizations.
- Industrial psychologists design interventions to improve well-being.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Example in Practice

Google's people operations team uses psychological insights on motivation and personality testing in hiring, training, and performance management to sustain a high-performing culture.

2. Sociology and OB

Definition of Sociology

Sociology is the study of society, social relationships, and group behaviour. It examines how individuals interact in groups, how institutions shape behaviour, and how social systems maintain order or change.

Contribution to OB

Sociology influences the macro-level of OB, focusing on how groups, teams, and organizational structures affect behaviour.

Key Areas from Sociology Integrated into OB

1. Group Dynamics

- **Role behaviour:** Individuals play specific roles within organizations (leader, follower, and innovator).
- **Conformity and groupthink:** Excessive conformity can hinder creativity in teams.

2. Organizational Structure

- **Formal structures:** Hierarchy, authority, division of labour.
- **Informal structures:** Social networks and cliques that shape workplace behaviour.
- **Centralization vs. decentralization:** Influences decision-making efficiency.

3. Communication

- Formal channels (reports, meetings) and informal communication ("grapevine") affect morale and decisions.
- Cross-cultural communication in multinational companies remains a critical challenge.

4. Leadership and Power

- Distribution of authority and influence across roles.
- Contrasting charismatic and bureaucratic leadership styles.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



5. Social Stratification and Inequality

- Impact of class, gender, caste, and ethnicity on workplace opportunities and discrimination.
- Insights help create diversity, equity, and inclusion strategies.

Example in Practice

Large IT services companies in India design flexible organizational structures and cross-functional teams to foster collaboration—an approach grounded in sociological research on group dynamics.

3. Anthropology and OB

Definition of Anthropology

Anthropology studies human beings, their evolution, culture, and social systems, focusing on how culture shapes values, norms, and behaviours.

Contribution to OB

Anthropology has become increasingly important in OB, particularly for understanding organizational culture and cross-cultural management.

Key Areas from Anthropology Integrated into OB

1. Culture

- **Organizational culture:** Shared beliefs, rituals, and practices influencing behaviour.
- **National culture:** Hofstede's cultural dimensions explain cross-border management challenges.

2. Values and Norms

- Values such as trust, loyalty, and innovation shape workplace behaviour.
- **Example:** Japanese organizations emphasize collectivism and loyalty; American firms prioritize individual achievement.

3. Ethnographic Methods

- Observation and field studies analyze workplace rituals, symbols, and artifacts.
- **Example:** Studying interactions in informal spaces like cafeterias to understand collaboration.

4. Diversity and Inclusion



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Helps organizations manage multicultural workforces.

Understanding differences in religion, gender roles, and cultural practices is essential globally.

Example in Practice

Multinational corporations rely on cultural intelligence training for managers to lead cross-border teams effectively—a direct application of anthropological insights.

4. Political Science and OB

Definition of Political Science

Political science is the study of power, authority, governance, and conflict resolution. It explores how individuals and groups acquire and exercise power.

Contribution to OB

In organizations, political science explains power dynamics, decision-making processes, and conflicts among individuals and groups.

Key Areas from Political Science Integrated into OB

1. Power and Authority

- **French and Raven's Five Bases of Power:** Legitimate, reward, coercive, expert, and referent.
- Understanding power helps managers influence others ethically.

2. Organizational Politics

- Informal behaviours individuals use to gain advantage, which can be constructive or destructive.

3. Conflict and Negotiation

- Negotiation strategies such as win-win and distributive bargaining manage workplace conflict.

4. Policy and Governance

- Corporate governance structures, labour relations, and regulatory compliance.

Example in Practice

Structured employee unions and collective bargaining frameworks reflect political-science principles in organizational conflict resolution.

5. Economics and OB



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Definition of Economics

Economics studies how scarce resources are allocated to satisfy unlimited human wants, covering production, distribution, and consumption of goods and services.

Financial software

Contribution to OB

Economics contributes to OB by analysing how incentives, productivity, and decision-making under constraints affect workplace behaviour.

Key Areas from Economics Integrated into OB

1. Incentives and Rewards

- Wages, bonuses, and profit-sharing act as motivators.
- **Principal-agent theory:** Explains conflicts between owners and managers.

2. Labor Markets

- Supply and demand of skills, wage structures, and talent shortages.
- **Example:** Competitive compensation for AI/ML talent during shortages.

3. Decision-Making

Rational choice and bounded rationality: Explain decisions under uncertainty.

4. Resource Allocation

- Budgeting for HR, training, and welfare programs.
- Cost-benefit analysis ensures efficient use of limited resources.

Example in Practice

Technology firms use economic insights to design stock options and variable pay that retain top talent in competitive labour markets.

6. Integrative Perspective

While each discipline contributes uniquely, OB integrates them to address complex organizational challenges:

- **Psychology** helps managers understand individuals.
- **Sociology** explains group and structural behaviour.
- **Anthropology** provides cultural insights.
- **Political Science** reveals power dynamics.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- **Economics** explains incentives and resource allocation.

Together, they offer a comprehensive view of workplace behaviour.

7. Contemporary Relevance of Interdisciplinary OB

In today's global, technology-driven, and diverse organizational environment, the interdisciplinary nature of OB is more critical than ever.

1. **Globalization:** Anthropology and sociology help manage cultural diversity.
2. **Digital Transformation:** Psychology explains how employees adapt to AI and automation.
3. **Sustainability and Ethics:** Political science guides corporate governance and ethical leadership.
4. **Gig Economy:** Economics explains labour market shifts, while psychology highlights freelance motivation.
5. **Hybrid Workplaces:** Sociology and psychology explore virtual teamwork and employee engagement.

Challenges and Opportunities in Organizational Behaviour (OB)

Organizational Behaviour (OB) faces several challenges and offers opportunities for improvement in the modern workplace. These challenges and opportunities are shaped by economic, cultural, and global changes, as well as by evolving employee expectations. Below are some of the key challenges and opportunities:

1. Responding to Economic Pressures

Economic downturns, such as the global recession in 2008, present significant challenges for managers. Widespread layoffs, job losses, and pay cuts create an environment of uncertainty. During these times, managers are tasked with: - Managing layoffs and maintaining morale among remaining employees. - Helping employees cope with increased stress and job insecurity. - Making difficult decisions about pay cuts, resource allocation, and organizational survival. In good economic times, the focus shifts to understanding how to reward and retain employees, while in bad times, OB provides insights into managing stress, decision-making, and helping employees adapt.

2. Increased Foreign Assignments

Managers are increasingly being transferred to foreign assignments, requiring them to manage workforces in different cultural environments. The challenges include: - Adapting to different needs and aspirations of employees in foreign countries. - Managing a culturally diverse workforce with different attitudes and values. - Developing an understanding of local customs, work ethics, and management practices. Success in foreign assignments



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



requires flexibility and cultural sensitivity, as the expectations and motivations of employees abroad may differ significantly from those at home.

3. Working with People from Different Cultures

Even within a manager's home country, the workforce is often multicultural. Managers must learn to work effectively with individuals from various cultural backgrounds. Challenges in this area include: - Understanding cultural differences that affect communication, motivation, and work styles. - Adapting management practices to fit the cultural and religious values of employees. - Recognizing that management practices are not universally transferable across different cultures. To navigate these challenges, managers must become culturally aware and modify their leadership styles to suit the cultural dynamics of their teams.

4. Managing Workforce Diversity

Workforce diversity encompasses differences in gender, race, ethnicity, age, sexual orientation, and physical abilities. Managing diversity is a global concern, and some challenges include: - Leveraging differences within groups to create a competitive advantage. - Deciding whether to treat all employees alike or recognize individual and cultural differences. - Fostering cultural awareness without resorting to political correctness. Many countries, such as those in Europe, have seen significant growth in immigration, adding to the diversity of the workforce. OB helps managers understand how to build inclusive workplaces where diversity is an asset.

5. Improving Customer Service

Service-oriented roles, such as sales clerks, nurses, and financial planners, require substantial interaction with customers. OB provides guidance on how to improve customer service by addressing: - Employee attitudes and behaviour that directly affect customer satisfaction. - Creating a customer-responsive culture, where employees are friendly, knowledgeable, and willing to go the extra mile to please customers. A strong customer service culture leads to better business outcomes, as customer satisfaction is a key determinant of organizational success.

6. Enhancing Employee Well-Being at Work

The line between work and personal life has become increasingly blurred, leading to work-life balance challenges. Employees are experiencing: - Increased stress due to competing work and personal demands. - A desire for greater flexibility in work schedules to better manage work-life conflicts. Organizations that fail to support work-life balance may struggle to attract and retain top talent. OB can help managers develop policies that promote employee well-being, reduce stress, and enhance job satisfaction.

7. Responding to Globalization



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Globalization has expanded markets and increased competition, but it also presents challenges for managers. Organizations now operate in a global context, requiring: - Adaptation to different legal, economic, and cultural environments. - Managing cross-border teams that may be geographically dispersed. - Understanding global market dynamics and how they influence organizational behaviour. Globalization requires managers to be more adaptable, flexible, and culturally aware as they lead teams and organizations across diverse regions.

UNIT - II



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Individual Behaviour

Individual Behaviour

Individual behaviour can be defined as a mix of responses to external and internal stimuli. It is the way a person reacts in different situations and the way someone expresses different emotions like anger, happiness, love, etc. By birth people, behaviour is affected by different factors both genetic and environmental.

The influence of these factors greatly determines the patterns of human behaviour. In fact, by Kurt Lewin, behaviour is the function of the person and the environment around him. In an organizational setting, there seems great influence of individual behaviour on organizational performance. It is important to understand how a person behaves, reacts, and expresses which let to come up with a solution and what types of duties handling capabilities he/she holds. Positive behaviour of people greatly and positively influences the performance of the company whereas the negative one adversely affects even creates losses.

A manager should appreciate the positive behaviour of his people and ask, force, or even punish those who show unhealthy behaviour for the organization.

Individual Differences

John Ivancevich and Michael Matteson have identified major factors influencing individual difference in behavioural pattern as: demographic factors, abilities and skills, perception, attitudes and personality. Let us learn them briefly.

Demographic Factors: These factors are socio economic background, education, nationality, race, age, sex, etc. The persons belonging to good socio-economic background, well educated, young etc. may be preferred by the organisation because they are likely to perform better. You must be aware that the young professionals having good academic background and communication skills are in great demand. For example, a call centre prefers the young professional having excellent command on communication. Thus the study of demographic factors helps the manager to identify the suitable persons for a particular job.

Abilities and Skills: Ability refers to mental or physical capacity of an individual to do something whereas skill refers to an ability to act in a way that allows a person to perform well. Ability and skills play very important role in individual's behaviour and performance. If a person's abilities and skills match the job requirement, he/she is likely to perform better in the organisation. Therefore, the manager has a challenging job of matching the abilities and skills of the employees to the job requirement.

Perception: Perception refers to the cognitive process meant for interpreting the environmental stimuli in a meaningful way. Every individual may organise and interpret environmental stimuli based on his/her own reference. Several factors influence the



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



perception of an individual so their study may be very crucial for the manager. The manager must create the favourable work environment so that the employees perceive them in a favourable way. If the employees perceive them in a positive way, they are likely to perform better.

Attitude: Psychologists have defined attitude as a tendency to respond favourably or unfavourably to certain objects, persons or situations. The formation of attitude is influenced by the family, society, culture, peers and organisational factors. In an organisation, manager requires to study the variables related to job and create the work environment in such a favourable way that the employees are tempted to form positive attitude towards the job. If the employees form positive attitude, he/she may perform better in the organisation.

Personality: Personality refers to the study of the characteristics and distinctive traits of an individual, the inter-relations between them and the way in which a person responds and adjusts to other people and situations. Several factors like heredity, family, society, culture and situation influence the personality of an individual. As a result, individuals differ in their manner of responding to organisational environment. It is the most complex aspect of human beings and influences their behaviour immensely. Therefore, the study of personality traits provides an opportunity to understand the individuals, properly direct their effort and motivate them for the accomplishment of the organisational goal.

CONCEPT OF LEARNING

Institute for Employment Studies (IES) United Kingdom (1988) investigated the links between industrial and organisational learning and whether the linkages are more likely to occur within certain kinds of development intervention in others (Learning to Manage by P. Tampkin and L. Barber, Institute for Employment Studies, Report 345, 1998). The study examined five UK's best known organisations and found that as a result of learning experiences, the managers showed change in the following cognitive areas.

- Strategic overview: A broader view of business.
- Thinking Style: Clear and more informal thinking.
- Action orientation: Became more proactive and started taking more initiative.
- Reflection: Learning from mistakes.
- Personal Style: More sensitive and caring.
- Self Awareness: Toning down aggressive behaviour as a result of feedback.
- Way of dealing with others: More honest, more team worker and follow more human democratic management style. These changes frequently occurred as a result of feedback from peers and subordinates. The study reflects how learning is important for people.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



India's Best Managed Company – Business Today – AT Kearney study by Devinder, Anshuman and Satyajit (Business Today, June 22, 2003) shows that conscious steps are taken by companies striving to be amongst the best managed companies which can be learned and applied. Every one of the 16 best managed companies in the study holds its position because it has moved consciously and with great deliberation. Each has necessarily striven to formulate, reformulate and achieve its vision and improve the internal organisation. The best managed companies believe they control their own destiny and shy away from blaming external factors. They are focused on achieving certain goals, learn, adapt and apply best practices and take conscious steps to ensure execution of the vision and strategies. This is one of the key messages for CEOs intent on improving the overall functioning of their organisation.

The above studies reflect that learning is the most important ways of acquiring new knowledge and skills. Now the question arises what is learning? Since the very beginning of childhood you keep on learning different activities at home at the school and at the work place. You learn how to dress yourself, how to conduct well, how to solve a problem and so on. It can be said that the human beings continue to learn throughout their life. Have you ever thought what is learning? Psychologists have defined learning as relatively permanent change in behaviour, which occurs as a result of experience or practice. If you analyse this definition, you find that learning is a change in behaviour. This change may be favourable or unfavourable. You may learn how to increase output in your organisation or you may also learn how to decrease output in the organisation. The second feature of this definition is that the change must be relatively permanent. It must last for a longer period of time. This means that sometimes, the change may be due to fatigue, adaptation, motivation etc. which may be a temporary change. Learning involves permanent change in behaviour. The third feature involves the change takes place through experience or practice. The changes through growth and maturation are not considered as learned behaviour. The experience or practice is required for the purpose of learning to take place. The experience may be acquired through interaction with the environment in the forms of observation, personal exposure, repetition, etc. The reinforcement of experience or practice facilitates the learning. Having learnt the concept of learning, the question arises how performance can be changed through learning. This is the most challenging task before the managers.

Conditioning

Individual behaviour in organizations is conditioned through learning processes—specifically classical conditioning, operant conditioning, and social learning—which shape how employees react to stimuli, rewards, and punishments. Managers use reinforcement (positive/negative) and shaping to modify behaviours, driving performance, motivation, and organizational culture.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Key concepts in individual behaviour conditioning:

- **Operant Conditioning:** Behaviours are learned based on their consequences. Positive reinforcement strengthens desirable behaviour (e.g., rewards), while punishment decreases undesirable behaviour.
- **Classical Conditioning:** A passive process where a neutral stimulus becomes associated with a response, often applied to emotional reactions to organizational events.
- **Social Learning Theory:** Individuals learn by observing, modelling, and imitating the behaviours of others, often influenced by role models in the workplace.
- **Behaviour Modification:** Techniques like shaping (reinforcing behaviours that move closer to the target behaviour) are used to modify habits.
- **Factors Influencing Behaviour:** Beyond conditioning, individual behaviour is shaped by personal attributes (personality, values), abilities (intellectual, physical), and environmental factors (organizational structure).

Managers apply these, for instance, by offering bonuses (positive reinforcement) for high sales, or reducing supervision when employees perform well (negative reinforcement), to improve productivity.

Reinforcement in Shaping Behaviour

Reinforcement is a powerful concept in the process of learning and behaviour modification. It involves the use of rewards and punishments to strengthen or weaken specific behaviours. In the context of Organizational Behaviour (OB), understanding the role and methods of reinforcement is essential for managers and organizations to promote desired behaviours, improve employee performance, and create a positive work environment. In this blog, we will explore the role of reinforcement in shaping behaviour and the various methods used in the workplace.

Methods of Reinforcement

1. Positive Reinforcement:

Positive reinforcement involves providing a reward or positive consequence immediately after a desired behaviour occurs. The reward strengthens the likelihood of the behaviour being repeated. In the workplace, positive reinforcement can be applied through various methods, including:

- **Verbal Praise:** Managers can offer praise and recognition to employees for their excellent performance, teamwork, or innovative ideas.
- **Monetary Rewards:** Providing bonuses, incentives, or salary raises for achieving individual or team targets reinforces good performance.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- Employee of the Month: Recognizing an outstanding employee as the “Employee of the Month” boosts morale and encourages others to excel.

2. Negative Reinforcement:

Negative reinforcement involves the removal of an unpleasant stimulus following a desired behaviour. The removal of the unpleasant stimulus serves as a reward, increasing the likelihood of the behaviour happening again. Some methods of negative reinforcement in the workplace include:

- Removing Extra Work: If an employee consistently meets deadlines, the manager may reduce their workload as a form of negative reinforcement.
- Canceling a Meeting: If a team finishes a project ahead of schedule, the manager might cancel a meeting initially scheduled for discussing the project’s progress.

3. Punishment:

Punishment is the application of an aversive consequence following an undesired behaviour. The goal of punishment is to decrease the occurrence of that behaviour. While punishment can be effective in some cases, its use in the workplace should be approached with caution to avoid negative consequences, such as decreased morale and increased stress. Some methods of punishment in the workplace include:

- Verbal Reprimands: Managers may issue verbal reprimands to employees for violating workplace policies or exhibiting unprofessional behaviour.
- Salary Deduction: In certain cases, salary deductions might be used as a form of punishment for repeated poor performance.

4. Extinction:

Extinction occurs when a previously reinforced behaviour no longer receives reinforcement. As a result, the behaviour decreases in frequency. In the workplace, extinction can be used to discourage undesired behaviours by not providing the expected rewards for those behaviours. For example, if an employee’s constant complaining is no longer acknowledged or tolerated, the behaviour may diminish over time.

The Importance of Positive Reinforcement

Positive reinforcement is generally considered the most effective and preferable method for shaping behaviour in the workplace. It creates a supportive and motivational work environment, fostering employee engagement, productivity, and job satisfaction. By recognizing and rewarding desired behaviours, managers can encourage a culture of excellence, teamwork, and continuous improvement

Reinforcement plays a vital role in shaping behaviour in the workplace. Positive reinforcement, negative reinforcement, and punishment are methods used to encourage or



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



discourage specific behaviours. Positive reinforcement, in particular, is highly effective in fostering a positive work culture and motivating employees to excel. By understanding and strategically implementing reinforcement methods, managers can shape desired behaviours, enhance employee performance, and contribute to the overall success of the organization.

Attitude

Attitude is said to be the result of a mix of three elements, such as- a cognition part, which deals with the beliefs and ideas of a person he has created about a person or an object; an affective element which is a person's feeling about an object and planned element which the person has towards an object.

Types of Attitude in Organizational Behaviour

Attitudes in a firm's conduct can be sorted into three primary types.

Cognitive Attitude

Cognitive attitude refers to a person's ideas, beliefs, and knowledge about a particular aspect of their work setting. It has facets such as opinions, reviews, and evaluations linked to job tasks, co-workers, and the firm's policies. It involves rational thinking and the processing of data related to work-related facets such as job tasks, the firm's policies, and colleagues. This part reflects the wisdom and perceptions an individual holds about specific parts of their work.

Affective Attitude

An affective attitude reflects a person's emotional or feeling responses towards their work climate. It contains emotions, ideas, and general moods workers share, affecting their motivation, job delight, and engagement.

Behavioural Attitude

Behavioural attitude focuses on a person's will to behave in a certain way within the firm's setting. It involves visible actions, wills, and answers shown by workers based on their attitudes towards work-related facets.

Components of Attitude in Organizational Behaviour

Attitudes are formed of three primary elements.

Cognitive Component

The cognitive element of attitude pertains to a person's beliefs, thoughts, and learning about a certain object, person, or situation. It involves rational thinking, logical analysis, and data processing linked to work-related aspects.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Affective Component

The affective element refers to a person's emotional reaction or feelings associated with a specific object, person, or situation. It has positive or negative emotions, likes or dislikes, and overall mood related to work-related facets. Positive affective attitudes result in workers sharing lovely emotions, such as joy or pleasure, in relation to their work. Contrarily, negative affective attitudes involve feelings of discontent, frustration, or anger towards work-related factors.

Behavioural Component

The behavioural facet means a person's will to act or behave in a certain way based on their attitudes. It involves visible actions, decision-making, and replies shown by workers in the workplace. For example, a worker with a positive attitude may show bold conduct, such as taking the initiative, offering help to co-workers, or going beyond their assigned tasks. On the other hand, a worker with an averse attitude may display manners like opposition, absenteeism, or passive-aggressive relations.

Importance of Attitude in Organizational Behaviour

Attitude holds the essence of a firm's behaviour due to the next reasons.

Job Satisfaction and Employee Engagement

Positive attitudes foster job satisfaction and engagement, leading to higher productivity and motivation. Conversely, negative attitudes can result in decreased job satisfaction, absenteeism, and turnover.

Organizational Culture

Attitudes shape the overall firm's culture by affecting worker relations, contact patterns, and the overall work climate. Positive attitudes promote a healthy and validating culture, boosting union and teamwork. When people maintain positive attitudes, they are more likely to engage in teamwork, cooperation, and open contact. This leads to a positive office culture where workers feel valued, supported, and inspired, fostering creativity, creation, and overall success.

Customer Relations

Attitudes of workers impact client relations and service quality. Positive attitudes improve customer delight, loyalty, and retention, leading to improved firm performance. Positive attitudes donate to client satisfaction, loyalty, and positive word-of-mouth. Happy clients become advocates for the firm, growing client retention and business growth.

Conflict Resolution and Cooperation

Attitudes play a crucial role in dispute solutions and cooperation within the workplace. When workers maintain positive attitudes, they are more inclined to approach conflicts



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



constructively, seeking mutually helpful solutions. Positive attitudes foster open-mindedness, pity, and the ability to consider other views. This enables useful collaboration, teamwork, and the result of strong interpersonal affinities.

Adaptability and Change

Attitudes greatly influence how workers respond to corporate change and adapt to new events. Positive attitudes foster a mind-set of flexibility, resilience, and readiness to adopt change. Workers with positive attitudes are more likely to see change as an option for growth and growth rather than a source of resistance. Their adaptability donates to smoother shifts and enhanced firm agility.

Motivation and Performance

Attitudes are closely linked to worker motivation and performance. Positive attitudes create a positive psychological state, fostering zeal, initiative, and a strong work ethic. Workers with positive attitudes are driven to gain their goals, take the right of their work, and strive for greatness. This leads to higher levels of outcome, quality output, and overall firm's success.

Leadership and Influencing Others

Attitudes influence leadership energy and the ability to affect others positively. Leaders with positive attitudes serve as role models, inspiring and inspiring their team members. They create a climate where workers feel valued, certified, and inspired to develop positive attitudes. Positive attitudes in leadership foster trust, respect, and effective contact, driving team cohesion and achieving the firm's goals.

Measurement of Attitude in Organizational Behaviour

Measuring attitudes in a firm's behaviour can be done through various methods.

Surveys and Questionnaires

Structured surveys and questionnaires are typically used to gather quantitative data on workers' attitudes. They provide insights into workers' perceptions, opinions, and levels of satisfaction. The queries can be rated on a Likert scale, where respondents show their deal or clash with ideas. Surveys are efficient, cost-effective, and provide measurable data that can be studied for trends and patterns.

Interviews and Focus Groups

Qualitative methods such as interviews and focus groups allow in-depth inquiry into attitudes, providing a deeper sense of personal affairs and views. These plans allow pupils to study attitudes in greater depth, capture nuances, and uncover underlying motivations or crises. Interviews involve one-on-one talks with workers, allowing them to express their thoughts, emotions, and perspectives in a more detailed manner. Yet, they require more time and aid compared to surveys.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Behavioural Observations

Direct observation of workers' behaviours and relations in the office can provide helpful insights into their attitudes and wills. By obeying manners, firms can infer attitudes indirectly. For example, an employee who always shows good behaviours, such as actively participating in team activities or aiding colleagues, likely has a positive attitude. Behavioural observations offer a real-time view but require skilled viewers and careful interpretation of conduct.

Electronic Monitoring

Advancements in technology have led to the use of electronic monitoring systems to gauge attitudes in a firm's behaviour. These systems track workers' digital interactions, such as emails, instant messages, or social media activities, to gauge their sentiments and attitudes. Text analysis methods, including view study and natural language processing, are used to analyse the content and tone of contacts. Electronic monitoring can provide factual data on workers' attitudes, but it raises privacy crises and requires moral concerns.

Existing Organizational Data

Firms can utilize existing data sources to gain insights into workers' attitudes. Worker feedback media, performance evaluations, and records of worker fuses or grudges can provide useful data about their attitudes. Studying patterns in these data sources can identify trends and regular issues related to attitudes. However, it's essential to ensure data accuracy, confidentiality, and proper anonymization when utilizing existing firms' data.

Features of Attitude in Organizational Behaviour

Attitudes in a firm's behaviour exhibit certain key features.

Stability

Attitudes tend to be relatively stable over time, although they can be influenced by new experiences, information, or changes in the work environment.

Subjectivity

Attitudes are personal and vary from person to person. They are influenced by individual beliefs, values, personality traits, and past experiences.

Predictive Power

Attitudes can predict and control workers' behaviours, decision-making, and job performance. Knowing workers' attitudes allows firms to predict and handle likely problems.

Multi-Dimensionality



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Attitudes are multidimensional constructs. They consist of cognitive, affective, and behavioural facets. The cognitive element conveys thoughts, beliefs, and evaluations. The affective element involves emotions and feelings linked with the attitude. The behavioural element reflects the will to act or behave in a certain way based on the attitude.

Influence on Behaviour

Attitudes play a crucial role in shaping people's behaviours in the workplace. They act as a guiding force, affecting decision-making, job performance, and interpersonal relations. Positive attitudes often lead to proactive and collective behaviours, while negative attitudes can result in opposition, conflict, or disengagement.

Interaction with Organizational Factors

Attitudes in a firm's behaviour interact with various corporate facets. A firm's policies, leadership styles, work settings, rewards, and credit systems can affect people's attitudes. Also attitudes can also impact corporate factors, such as overall culture, worker morale, and output levels.

Predictive Power

Attitudes have predictive power in learning and expecting workers' manners and output. By assessing workers' attitudes, firms can gain wisdom into their level of job delight, loyalty, and readiness to commit to discretionary efforts. This likely aspect helps firms design interventions, policies, and plans to better worker satisfaction and performance.

Theories of Attitude

The theories of attitude have been explained below.

Cognitive Dissonance Theory

Cognitive Dissonance Theory, offered by Leon Festinger, suggests that people strive for consistency in their attitudes and conduct. When there is a mismatch or inconsistency, known as cognitive dissonance, people undergo distress and seek to restore harmony. This theory explains how people may alter their attitudes to align with their manners or justify their manners to match their attitudes.

Social Learning Theory

Social Learning Theory, developed by Albert Bandura, stresses the role of observational learning and socialization in attitude building. According to this theory, people acquire attitudes by eyeing and imitating others, especially effective role models. Through social learning, people adopt attitudes that are backed or awarded in their social setting.

Theory of Planned Behaviour



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



The Theory of Planned Behaviour, offered by Icek Ajzen, posits that attitudes are affected by three facets: attitudes, subjective norms, behavioural control. Attitudes represent people's personal beliefs and analysis of a specific behaviour. Personal norms refer to the force of social norms and the perception of others' consent or dislike. Perceived behavioural control reflects people's perception of their ability to perform the conduct properly.

Elaboration Likelihood Model

The Elaboration Likelihood Model, created by Richard Petty and John Cacioppo, explains how attitudes are formed and vary based on the amount of cognitive processing and growth involved. According to this model, people can process details through a central route (high growth) or a peripheral route (low elaboration). The level of growth affects the power and rigidity of attitudes.

Affective Events Theory

The Affective Events Theory focuses on the impact of moving affairs on attitudes. It suggests that emotions shared in the office can shape people's attitudes and next conduct. Joyous moving affairs donate to positive attitudes, job satisfaction, and raised motivation, while hostile emotions can lead to toxic attitudes and lesser results.

Motivation

The biggest challenge faced by the organisations is to get the work done by their employees. This entirely depends on the motivation levels of the employees. Their motivation is a result of their needs and organisational expectations. If the employees are adequately motivated, the organisation will be able to meet its objectives.

The term motivation is derived from a latin word mover which means to move. A motive is an inner state that encourages, activates or moves and that directs behaviour towards goals. Thus, motivation is psychological force within an individual that sets him in motion for the achievement of certain goals or satisfaction of certain needs.

Motives are somewhere a reflection of human needs. E.g. A factory worker knows if he will complete his work on time, he will be rewarded with a bonus or some kind of financial incentive which can be spent. Thus, here we can understand that needs are physiological and psychological drives. On the other hand, drives for which an individual has money and wants to spend become wants. The factors which are utilised for satisfying or motivating people are called incentives.

Definition of Motivation

Several authors have defined motivation in different ways.

According to Robert Dublin, "Motivation is the complex set of forces starting and keeping a person at work in an organization."



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



According to Stanley Vance, "Motivation represents an unsatisfied need which creates a state of tension or disequilibrium, causing the individual to march in a goal-directed pattern, towards Motivation

Characteristics of Motivation

1. Psychological process: Motivation is a psychological process. It is the process to achieve a desired result by stimulating and influencing the behaviour of subordinates. A manager should carefully make an attempt to understand the needs, motives and desires of every employee in the organization. The reason for this is that each person is different and a same kind of motivational technique does not apply to all kinds of individuals.

2. Continuous process: Motivation is a continuous process. When one need is satisfied, another need emerges. Therefore, it is the responsibility of the management to develop innovative techniques, systems and methods to satisfy the changing needs of workers.

3. Complex and unpredictable: Motivation is a complex and unpredictable task. Human wants are not definite and they change according to consequences. A worker may be satisfied in present situation but due to his changed needs he may not be satisfied in future. Similarly, even two persons may not be motivated with similar behaviour and facilities.

Therefore, a manager must be more conscious to motivate subordinates and to achieve objectives.

4. Pervasive function: Motivation is the pervasive function of all levels of management. Every manager from top to the lowest level in the management hierarchy is responsible for motivation. A manager is largely responsible for motivating his subordinates and secondly other subordinates in management hierarchy.

5. Influences the behaviour: The most important objective of motivation is to influence the employees' behaviour and thus bringing about the behavioural changes. The managers influence the behaviour of workers and encourage them to concentrate more on their goals.

6. Positive or negative: Motivation may be positive or negative. A positive motivation promises incentives and rewards to workers. Incentives are both financial and non financial. Negative motivation is based on punishment for poor performance like reducing wages, demotion, job termination etc. On the basis of requirements, manager can use both positive and negative motivation for better performance.

Importance of Motivation

Motivating the subordinates is the fundamental duty of the manager as it ultimately helps in fulfilling the goals of the organisation. The significance of motivation is discussed below and has been summarised in Fig. 8.2.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- 1. Cooperation and Goals:** Motivated employees cooperate willingly with the management and thus contribute maximum towards the goals of the company.
- 2. Productivity:** Motivated employees attempt to enhance their knowledge and skills. This enables increase in the productivity.
- 3. High Efficiency:** It has been observed that when motivated employees work sincerely towards their given tasks; they develop a sense of belongingness which results in conserving the organisational resources. This results in improvement in efficiency. Unit 5 – Motivation
- 4. Job Satisfaction:** Higher motivation paves the way for a higher job satisfaction of the employees. A motivated employee yearning for opportunities for satisfying needs becomes loyal and committed towards his work and eventually the organisation.
- 5. Better Relations:** The number of complaints and grievances reduce when the employees are motivated.
- 6. Good Image:** If the employees of the organisational are motivated and satisfied with the work environment, the image of the company as a good employer boosts in the industry

Content Theories

Content theories emphasise on the idea that motivation depends upon the individual needs. Need could be defined as a state in person's life that triggers action and activates behaviour. Content theorists have gathered that there is a variation in the individual needs and hence the motivation levels. These theories are also referred as needs theories, because they are generally related with a view that focuses on the significance of determining 'what' motivates us. They try to recognize what our 'needs' are and thus relate motivation to the fulfilling of these needs. The important content theories are discussed as follows: Maslow's Hierarchy of Needs

Physical or Physiological Needs: These needs include the basis needs of an individual which include food, air, water and shelter. They are lower-order needs and they need to be met first in order to move an individual for higher level needs.

Safety needs: After meeting physical needs, an individual is concerned about the safety needs which include staying in a safe and secure environment. At a work place, the managers ensure meeting of the safety needs by providing job security, medical insurance and safe gadgets and machines for working.

Social or Belongingness Needs: These needs include the needs for love, affection and interaction with people. These needs are also called affiliation needs. Social needs are essential to humans so that they do not feel isolated and depressed. Social needs are met through friendships, family and intimacy. A manager can work upon satisfying the social



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



needs by ensuring that employees are provided with cooperative teamwork, kind supervision and sufficient work-life balance.

Esteem Needs: These needs include two aspects- self-esteem or self-respect through personal achievement and social esteem through respect and appreciation from others. Managers should motivate their subordinates by giving those awards and appreciation certificates for their achievements.

- Self-Actualisation
- Esteem Needs
- Social Needs
- Security Needs
- Physical Needs

Herzberg Two-Factor theory

Frederick Herzberg developed motivation-hygiene theory on the basis of studies to understand the factors affecting satisfaction or dissatisfaction in a work environment. These factors have been classified as motivators and hygiene factors respectively.

Hygiene Factors: These are the basic factors in a job and also known as extrinsic factors. Although, they may not provide positive satisfaction but absence of these factors lead to dissatisfaction. Examples of hygiene factors include status, job security, salary and fringe benefits.

Motivators: These factors are internal to the jobs that provide satisfaction. These are called intrinsic factors. Absence of these factors may not to yield to dissatisfaction but their presence in a job give a sense of satisfaction. Examples of motivators are job challenge, advancement, autonomy, responsibility, etc.

McGregor's Theory X and Theory Y

McGregor has suggested two contrasting theories on motivation based on certain assumptions

Theory X

Theory X revolves around the traditional approach to motivation and control. It represents traditional stereotyped and authoritarian management style. It has following assumptions:

- An average human being is lazy and doesn't like to work. He will avoid work if he can.
- Most human beings lack ambition and thus don't want responsibility. They prefer to be directed rather than to lead.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- Most human beings are self-centred and indifferent to the organisational goals.
- Most people are not creative to solve organisational problems.
- Most human beings are motivated with physiological and safety needs. Unit 5 – Motivation
- These assumptions suggest that the human beings can be motivated by money and the benefits required for satisfying the physical and safety needs.

According to the theory, the employees are managed by punishments and strict control.

This type of motivational process can only work in the environment whereby the work is repetitive in nature and promotions are not frequent. McGregor advocated Theory Y refuting the assumptions of Theory X as nowadays the employees don't just get motivated with money and related benefits.

Theory Y

Theory Y assumes that people are not unreliable and lazy by nature. It has a positive view on employee motivation and their behaviour. The management undertakes the responsibility of helping the employees to develop and express their creative skills. The assumptions of McGregor's Theory Y are as follows:

- An average person doesn't dislike work rather work is natural as play.
- An average human being will exert self-control and direct himself for his objectives.
- An average individual knows that he will be rewarded if he is committed for the objectives. And generally these rewards are higher order needs namely ego.
- Satisfaction and self-actualisation.
- An average person tends to seek responsibility and is ambitious.

Imagination, creativity, and ingenuity can be used to solve work problems most of the people. Considering the present scenario of present industrial life, the intellectual potential of an average man is only partly utilized. Theory Y is more real and generally used in the organisations. In support of this theory, McGregor suggested motivational practices like decentralisation, delegation, job enlargement, participation and consultative management.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



KAMARAJ WOMENS COLLEGE



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



UNIT - III

Personality and Value

Introduction

Understanding personality in organizational behaviour (OB) is key to unlocking the dynamics of workplace interactions. By delving into how individuals' traits, behaviours, and values impact team dynamics and performance, organizations can cultivate a harmonious and productive work environment. Embracing the nuances of personality in organizational behaviour fosters a culture of empathy, collaboration, and personal growth within teams. Dive into the realm of organizational behaviour to harness the power of personality for enhanced teamwork and overall success.

Definition

To begin, let us understand the definition of personality and its relation to organizational behaviour. Personality is an individual's unique mix of traits that impact how they think, feel, and act in different scenarios. It's a dynamic and organized collection of characteristics that shape behaviours, emotions, motivations, and thoughts.

Personality in Organizational Behaviour

Personality in organizational behaviour refers to the unique traits, behaviours, and characteristics that individuals exhibit in a work environment. It influences how individuals interact with others, perceive situations, and make organizational decisions.

Importance of Personality in OB

Personality plays a crucial role in organizational behaviour as it affects employee motivation, job satisfaction, communication patterns, leadership effectiveness, teamwork, and organizational culture.

Understanding individual differences in personality helps managers make informed decisions regarding recruitment, selection, training, performance management, and conflict resolution.

Moreover, fostering a positive work environment that values diversity of personalities can enhance employee engagement and organizational effectiveness.

Types of Personality in OB

Here are some common personality types and frameworks relevant to organizational settings:

- Big Five Personality Traits (OCEAN)
- Myers-Briggs Type Indicator (MBTI)



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- Type A and Type B Personality Theory
- Holland's Occupational Themes (RIASEC)
- DISC Personality Assessment

The Big Five Personality Traits (OCEAN)

The Big Five model helps us grasp and explain how people differ in personality through five main dimensions. It is widely used in research, clinical practice, and various other fields to assess personality traits and their implications for behaviour, relationships, and well-being.

Openness to experience

Openness to experience is a general appreciation for art, emotion, adventure, unusual ideas, imagination, curiosity, and variety of experience. People who are open to experience are intellectually curious, open to emotion, sensitive to beauty, and willing to try new things. They tend to be, when compared to closed people, more creative and more aware of their feelings. They are also more likely to hold unconventional beliefs. Open people can be perceived as unpredictable or lacking focus, and more likely to engage in risky behaviour or drug-taking. Moreover, individuals with high openness are said to pursue self-actualisation specifically by seeking out intense, euphoric experiences. Conversely, those with low openness want to be fulfilled by persevering and are characterised as pragmatic and data-driven – sometimes even perceived to be dogmatic and closed-minded. Some disagreement remains about how to interpret and contextualise the openness factor as there is a lack of biological support for this particular trait. Openness has not shown a significant association with any brain regions as opposed to the other four traits which did when using brain imaging to detect changes in volume associated with each trait.

Sample items

- I have a rich vocabulary.
- I have a vivid imagination.
- I have excellent ideas.
- I am quick to understand things.
- I use difficult words.
- I spend time reflecting on things.
- I am full of ideas.
- I have difficulty understanding abstract ideas.
- I am not interested in abstract ideas.
- I do not have a good imagination.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Conscientiousness

Conscientiousness is a tendency to be self-disciplined, act dutifully, and strive for achievement against measures or outside expectations. It is related to people's level of impulse control, regulation, and direction. High conscientiousness is often perceived as being stubborn and focused. Low conscientiousness is associated with flexibility and spontaneity, but can also appear as sloppiness and lack of reliability. High conscientiousness indicates a preference for planned rather than spontaneous behaviour.

Sample items

- I am always prepared.
- I pay attention to details.
- I get chores done right away.
- I like order.
- I follow a schedule.
- I am exacting in my work.
- I leave my belongings around.
- I make a mess of things.
- I often forget to put things back in their proper place.
- I shirk my duties.

Extraversion

Extraversion is characterised by breadth of activities (as opposed to depth), urgency from external activities/situations, and energy creation from external means. The trait is marked by pronounced engagement with the external world. Extraverts enjoy interacting with people, and are often perceived as energetic. They tend to be enthusiastic and action-oriented. They possess high group visibility, like to talk, and assert themselves. Extraverts may appear more dominant in social settings, as opposed to introverts in that setting.

Introverts have lower social engagement and energy levels than extraverts. They tend to seem quiet, low-key, deliberate, and less involved in the social world. Their lack of social involvement should not be interpreted as shyness or depression, but as greater independence of their social world than extraverts. Introverts need less stimulation and more time alone than extraverts. This does not mean that they are unfriendly or antisocial; rather, they are aloof and reserved in social situations.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Generally, people are a combination of extraversion and introversion, with personality psychologist Hans Eysenck suggesting a model by which differences in their brains produce these traits.

Sample items

- I am the life of the party.
- I feel comfortable around people.
- I start conversations.
- I talk to a lot of different people at parties.
- I do not mind being the centre of attention.
- I do not talk a lot.
- I keep in the background.
- I have little to say.
- I do not like to draw attention to myself.
- I am quiet around strangers.

Agreeableness

Agreeableness is the general concern for social harmony. Agreeable individual's value getting along with others. They are generally considerate, kind, generous, trusting and trustworthy, helpful, and willing to compromise their interests with others. Agreeable people also have an optimistic view of human nature. Being agreeable helps us cope with stress.

Disagreeable individuals place self-interest above getting along with others. They are generally unconcerned with others' well-being and are less likely to extend themselves for other people. Sometimes their scepticism about others' motives causes them to be suspicious, unfriendly, and uncooperative. Disagreeable people are often competitive or challenging, which can be seen as argumentative or untrustworthy.

Because agreeableness is a social trait, research has shown that one's agreeableness positively correlates with the quality of relationships with one's team members. Agreeableness also positively predicts transformational leadership skills. In a study conducted among 169 participants in leadership positions in a variety of professions, individuals were asked to take a personality test and be directly evaluated by supervised subordinates. Very agreeable leaders were more likely to be considered transformational rather than transactional. Although the relationship was not strong it was the strongest of the Big Five traits. However, the same study could not predict leadership effectiveness as evaluated by the leader's direct supervisor.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Conversely, agreeableness has been found to be negatively related to transactional leadership in the military. A study of Asian military units showed that agreeable people are more likely to be poor transactional leaders. Therefore, with further research, organisations may be able to determine an individual's potential for performance based on their personality traits. For instance, in their journal article "Which Personality Attributes Are Most Important in the Workplace?" Paul Sackett and Philip Walmsley claim that conscientiousness and agreeableness are "important to success across many different jobs."

Sample items

- I am interested in people.
- I sympathise with others' feelings.
- I have a soft heart.
- I take time out for others.
- I feel others' emotions.
- I make people feel at ease.
- I am not really interested in others.
- I insult people.
- I am not interested in other people's problems.
- I feel little concern for others.

Neuroticism

Neuroticism is the tendency to have strong negative emotions, such as anger, anxiety, or depression. It is sometimes called emotional instability, or is reversed and referred to as emotional stability.

Neuroticism is a classic temperament trait that has been studied in temperament research for decades, even before it was adapted by the Five Factor Model. For example, in Hans Eysenck's (1967) theory of personality, neuroticism is associated with low tolerance for stress (N+ in the FFM) or a strong dislike of change (O- in the FFM). Neuroticism in the FFM is similar but not identical to being neurotic in the Freudian sense. Some psychologists prefer to call neuroticism by the term emotional instability to differentiate it from the term neurotic in a career test.

Neurotic people are emotionally volatile, emotionally reactive and vulnerable to stress. They are more likely to spontaneously experience negative emotions (see sample items below) and their negative emotional reactions tend to stay for longer periods of time, which means they are more often in a bad mood. They are more likely to interpret ordinary situations as threatening. They can perceive minor frustrations as hopelessly difficult. For instance,



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



neuroticism is connected to pessimism toward work, to certainty that work hinders personal relationships, and to higher levels of anxiety from the pressures at work. Furthermore, highly neurotic people may display more skin-conductance reactivity than less neurotic people. These problems in emotional regulation can make a highly neurotic person think less clearly, make worse decisions, and cope less effectively with stress. Being disappointed with one's life achievements can make one more neurotic and increase one's chances of falling into clinical depression. Moreover, neurotic individuals tend to experience more negative life events, but neuroticism also changes in response to positive and negative life experiences. Also, neurotic people tend to have worse psychological well-being.

At the other end of the scale, less neurotic individuals are less easily upset and are less emotionally reactive. They tend to be calm, emotionally stable, and free from persistent negative feelings. Freedom from negative feelings does not mean that low scorers experience a lot of positive feelings; that is related to extraversion instead.

Sample items

- I get stressed out easily.
- I worry about things.
- I am easily disturbed.
- I get upset easily.
- I change my mood a lot.
- I have frequent mood swings.
- I get irritated easily.
- I often feel blue.
- I am relaxed most of the time.
- I seldom feel blue.

Myers Briggs Type Indicator (MBTI)

The MBTI is a reliable and valid instrument that measures and categorizes your personality and behaviour. It is not a test. There are no “right” or “wrong” answers.

Around 1940 a mother-daughter team (Katharine C. Briggs and her daughter Isabel Briggs Myers) developed this instrument to help people understand and use Carl Jung’s theory of psychological type preferences.

Swiss Psychologist, Carl Jung, (1875 – 1961) theorized that you can predict differences in people’s behaviour if you know how they prefer to use their mind.

There are a total of 16 possible “types” based on unique combinations of the preferences.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- Four letters are used to represent a type, for example a person with preferences for Extraverted, Sensing, Thinking, and Judging is called an ESTJ.
- Each type has strengths and weaknesses. No type is better than another.
- People can use this assessment tool to validate their preferences on each of the four dichotomies and understand the sixteen different personality types that result from the interactions among preferences.

Knowing your type can help you:

- Choose a career that might be a good match for your personality
- Understand others
- Understand your own behaviour
- Communicate better with others
- Work more cooperatively in groups with others
- Manage people better in a work situation and appreciate individual differences

MBTI and Learning Styles and Strategies

Extroverts (E) are energized by interaction with others. They are people of action. Es are pulled into social life and find it difficult to settle down, read, or concentrate on homework. They may find college tasks, such as reading, research, and writing challenging because they are solitary endeavours.

They learn best by talking and physically engaging in the environment. Extroverts learn better in small classroom settings where students can actively engage in conversations with peers and professors as opposed to large lecture style classrooms where listening is the primary activity. Extroverts enjoy oral feedback from professors, as well as conversations before/after class or during office hours. Additionally, extroverts benefit from study groups where they can learn through speaking with others.

Introverts (I) are energized by the inner world of reflection, thought, and contemplation. They need space and time alone. Introverts like reading, lectures, and written work. Therefore, they generally do well in traditional classroom settings. Introverts may hesitate to speak up in class but may benefit from one-on-one conversations with a professor or written feedback. Online courses may work well for introverts as many often engage more in chat rooms or via email than contributing orally to a class discussion. Introverts may need time alone to reflect, process, and reenergize before joining a group or study group.

Sensing (S) people rely heavily on their five senses to take in information. They may be good listeners or visually oriented learners. They also enjoy hands-on learning experiences. They like concrete facts, organization, and structure. They learn well from organized lectures or



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



presentations. They are good at memorization. Sensing people usually like outlines, clear guidelines, and specifics. A syllabus is an important learning tool for Sensing types. As Sensing types often have difficulty with theory, they may struggle in classes where theoretical concepts are commonplace such as psychology or philosophy.

Intuitive (N) people see the world through intuition. They learn by hunches. Intuitive students may not read a test question all the way through, sometimes missing a key part. Intuitive types want to know the theory before deciding that facts are important and will always ask "why". They are creative and innovative and may struggle following strict sets of instructions or on multiple choice tests. Ns also work with bursts of energy. Ns will write their term paper and then finish the required outline.

Thinking (T) people decide on the basis of logic, analysis, and reason. They may be great at figuring out logical problems and analysing problems. They may voice their strong opinions in the classroom. They expect fairness in grading, equal treatment of all students and adherence to fair classroom policies.

Feeling (F) persons decide on the basis of their feelings, personal likes and dislikes. Feeling type's value harmony and are distressed by interpersonal friction. Harmony in the classroom, with classmates and with the professor will be of ultimate importance for Feeling types.

Judging (J) types try to order and control their world. They are decisive, may be closed-minded, and are usually well organized. They meet deadlines, like planning, and prefer to work on only one thing at a time. Judging types will usually have very well organized notebooks, and will structure their time to complete assignments promptly. Judging types will struggle if changes occur and they need to adapt, or if they are required to work with a group that is not as well organized, or if they need to cram for an exam.

Perceiving (P) types are spontaneous and don't like to be boxed in by deadlines or plans. They want to gather more information before making a decision. They work at many things at once. Ps are flexible and often good in emergencies when plans are disrupted. Their biggest problem is procrastination. Ps may have trouble getting assignments in on time or budgeting their time. They may, however, actually do well cramming for an exam or rushing to get a project finished as they thrive on last-minute pressure.

Communicating with MBTI Preferences

When communicating with Extroverts

- Talk to them, preferably face to face
- Present information to extroverts in groups as they will like to talk about it with each other
- Emphasize the action to be taken



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- Expect extroverts to toss ideas out and speak up in group situations

When communicating with Introverts

- Put in writing – send an email instead of calling
- Present to them individually or in small groups
- Give them time to reflect on their thoughts after receiving information and before sharing their ideas with a group

When communicating with Sensing

- Clearly present your topic in an orderly format
- Give lots of details, facts and concrete examples
- Use props, multimedia, or samples to help them see, hear, smell, touch, or taste your ideas
- Focus on the tangible, practical results that can be achieved in the short term

When communicating with Intuitive

- Discuss the big picture and long-term possibilities
- Emphasize ideas/concepts instead of details If you must mention specifics, do so using patterns and emphasize their connections
- Give them a problem to solve and allow them room to be innovative, novel and creative

When communicating with Thinking

- Be brief – get to the point
- Use logical (not emotional) arguments to appeal to the head, not the heart
- Clearly identify any pros or cons to be weighed
- Allow them time to critique
- Expect them to be fair

When communicating with Feeling

- Create a supportive, friendly environment
- Begin with words of appreciation and identify areas of agreement
- Use emotional arguments instead of logic and emphasize the effect on people involved Self-disclose with personal anecdotes or examples



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



When communicating with Judging

- Be prompt (or early) and stick to a schedule
- Present information in an organized manner
- Emphasize deadlines and timetables
- Expect decisions to be made quickly
- Don't include surprises

When communicating with Perceiving

- Expect to have fun
- Leave extra time to actually get work done; a deadline will not really be perceived as the deadline
- Present information as options that are modifiable and let them draw conclusions
- Capitalize on their natural last-minute energy

VALUES

Values are the core beliefs and principles that guide our actions and decisions. They influence how we behave, what we prioritize, and how we interact with others. In this article, we will explore what values are, why they are important, types and how they affect our daily lives. Whether they are personal values or those shared by a community, understanding values helps us make sense of our choices and relationships.

Whether you're looking to strengthen your ethical foundation or understand the diverse values that influence human behaviour, this discussion offers valuable perspectives. As we navigate through the complexities of modern life, understanding and embracing values can lead to a more fulfilling and purposeful existence.

Decision-Making:

Values act as a compass that directs our choices. When faced with decisions, big or small, values help us determine which path aligns best with what we believe is right and important. This leads to more consistent and principled decisions.

Example: Imagine you value environmental conservation. When deciding which car to buy, this value might lead you to choose an electric vehicle over a gasoline-powered one, reflecting your commitment to reducing your carbon footprint.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Behaviour and Consistency:

By adhering to a set of values, we maintain a consistent approach in our behaviour. This consistency helps in building trust and predictability in relationships, whether personal or professional.

Example: If integrity is a core value for someone, they consistently tell the truth and keep their promises, regardless of the situation. This behaviour builds trust among peers and colleagues.

Sense of Identity:

Values are a key component of our identity. They reflect who we are and what we stand for, differentiating us from others and helping to define our unique character.

Example: A person who values creativity might pursue a career in the arts and engage in creative hobbies like painting or writing. These choices reflect and reinforce their identity as a creative individual, shaping how they see themselves and how others perceive them.

Motivation and Purpose:

Values provide motivation and give us reasons to act in certain ways. They imbue our actions with purpose and meaning, making our daily tasks and long-term goals feel more significant and rewarding.

Example: If a teacher values education and lifelong learning, they might feel motivated to continually update their teaching methods and knowledge. This not only enriches their own life but also enhances their students' learning experiences, providing a sense of fulfillment.

Conflict Resolution:

Values can help resolve conflicts by providing a framework through which to evaluate the options and decide on an action that is most in line with what we deem important. This can lead to fairer outcomes and better handling of interpersonal disputes.

Example: In a workplace dispute where team members have different ideas about a project, those who value teamwork and collaboration might propose a compromise that incorporates elements from each idea. This approach respects everyone's contributions and moves the project forward.

Cultural Understanding and Cooperation:

Shared values can strengthen social bonds and promote cooperation within a community or organization. Understanding and respecting differing values can also enhance cross-cultural interactions and reduce conflicts.

Example: In a multicultural office, understanding and respecting diverse values such as respect for elders in some cultures can improve interactions. For instance, younger



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



employees may show deference to older colleagues during discussions, fostering a harmonious work environment.

Stress Management:

When our actions are aligned with our values, we are likely to experience less internal conflict and stress. Living in accordance with our values creates a sense of stability and satisfaction.

Example: Someone who values family highly might choose a job with flexible hours over a more demanding, higher-paying job. This decision reduces stress as it aligns with their value of spending time with family, leading to greater life satisfaction.

Types of Values

The 6 types of values are explained in detail below, each with example -

1. Instrumental Values

Instrumental values, often referred to as instrument values, are the means through which we achieve our desired ends or goals. They are the preferred modes of behaviour or qualities that are valued primarily for their utility in helping us accomplish more significant objectives. These values are not necessarily prized for their inherent worth but for their effectiveness in enabling us to achieve something else that we consider important.

Examples of Instrumental Values:

- Efficiency - Valued for maximizing productivity and reducing waste, which can help achieve business growth or personal goals more effectively.
- Honesty - Seen as crucial for building trust in relationships, whether personal, professional, or commercial, leading to better and more stable interactions.
- Ambition - Drives individuals and organizations to strive for greater achievements and improvements, often leading to success in various endeavors.
- Courage - Allows individuals to face difficulties and take risks, which is essential for personal growth and achieving challenging goals.
- Discipline - Important for maintaining consistency and focus on long-term objectives, thereby helping in personal development and the achievement of set goals.

2. Terminal Values

Terminal values, in contrast to instrumental values, are the ultimate goals or end-states of existence that individuals strive to achieve. These values represent the core objectives that people consider most desirable and important in their lives—essentially, what individuals ultimately seek to accomplish or maintain. Terminal values are considered inherently valuable and are pursued for their own sake.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Examples of Terminal Values:

- Happiness - Often considered the ultimate goal for many, happiness embodies a state of well-being and contentment.
- Inner Peace - Represents a state of tranquillity and serenity within oneself, free from internal conflict or distress.
- Self-Respect - The pursuit of maintaining a positive self-image and self-esteem, reflecting one's own standards and beliefs.
- Wisdom - Valued for the deep understanding and insight it brings, allowing individuals to make informed and thoughtful decisions.
- Security - Both financial and emotional security are common terminal values, encompassing safety, stability, and freedom from fear.
- Freedom - Represents independence and the ability to choose one's own path in life without undue constraints.
- Success - A broad terminal value that can be interpreted in various ways, such as achieving career goals, personal aspirations, or other markers of achievement.
- Equality - The pursuit of fairness and justice, ensuring that everyone has equal opportunities and rights.
- Friendship - Involves cultivating strong, supportive relationships that provide companionship and mutual respect.
- Health - A common terminal value focused on maintaining physical and mental well-being.

3. Cultural Values

Cultural values are the core principles and standards shared by members of a specific cultural group, which guide behaviours, decisions, and interactions both within the group and with outsiders. These values are deeply ingrained in the social fabric of the community and are taught from generation to generation, shaping the collective identity and norms of the society.

Examples of Cultural values:

- Respect for Elders
- Tradition
- Collectivism
- Religious Faith



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- Humility
- Patriotism.

4. Social Values

Social values are the principles and standards that society collectively deems important in social interactions. These values influence how individuals behave within a community, how they treat each other, and what is considered acceptable or unacceptable behaviour. Social values help maintain order, foster mutual respect, and ensure that social interactions are conducted smoothly.

Examples of Social Values:

- Equality
- Justice
- Respect for Diversity
- Community Service
- Democracy
- Human Rights.

5. Economic and Political Values

Economic Values and Political Values are distinct yet interrelated sets of principles that govern economic and political systems respectively. These values influence decisions, policies, and behaviours in the realms of economy and governance.

Economic Values

Economic values relate to the principles and standards that govern economic behaviour and decision-making within societies. They influence how resources are allocated, how wealth is distributed, and how economic activities are conducted. Common economic values include:

- **Efficiency:** The value placed on maximizing outputs from given inputs, minimizing waste, and optimizing resource use.
- **Growth:** Emphasizing the importance of increasing economic outputs, such as GDP growth, as a way to improve living standards.
- **Equity:** Concerned with fair distribution of economic resources and opportunities, aiming to reduce disparities between different groups within society.
- **Sustainability:** Valuing practices that ensure resources are used in a way that does not harm future generations, often linked to environmental stewardship.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- **Innovation:** Prioritizing new ideas, technologies, and methods that can improve productivity and economic outcomes.

6. Political Values

Political values are the principles that influence how a society is governed. These values affect how power is obtained, exercised, and justified. They play a critical role in shaping political institutions, laws, and policies. Key political values include:

- **Democracy:** Valuing the participation of citizens in the decision-making process, often through voting and free, fair elections.
- **Freedom:** Emphasizing individual rights and liberties, such as freedom of speech, religion, and association.
- **Rule of Law:** The principle that all individuals, institutions, and entities are accountable to laws that are publicly promulgated, equally enforced, and independently adjudicated.
- **Equality:** Ensuring that all citizens have equal protection under the law and equal opportunities in political and social activities.
- **Security:** Prioritizing the safety of citizens and the protection of the state from internal and external threats.

PERCEPTION

Perception is the process of organizing and interpreting sensory impressions to give meaning to the environment, heavily influenced by factors related to the perceiver, the target, and the situation. Key internal factors include motives, personality, experience, and expectations, while external factors involve stimulus intensity, size, and novelty.

- **Attitudes and Motives:** Personal interests and unmet needs strongly influence what is noticed (e.g., a hungry person notices food).
- **Past Experience and Learning:** Previous experiences shape how new information is interpreted.
- **Expectations:**
Individuals tend to perceive what they expect to see.
- **Personality and Emotional State:** A person's mood or personality (e.g., optimistic vs. pessimistic) shapes their interpretation of events.
- **Intensity and Size:** Larger, louder, or more intense stimuli are more likely to be perceived.
- **Contrast:** Elements that contrast with their surroundings stand out.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- **Motion and Novelty:** Moving objects or new/unexpected stimuli capture attention.
- **Repetition:** Repeated stimuli are more likely to be noticed.
- **Physical/Social Setting:** The surrounding environment, such as location or social context, changes perception (e.g., a behaviour may be seen differently at work than at a party).
- **Time:** The timing of an event can influence how it is perceived.
- **Cultural Background:** Socially constructed beliefs and education affect how individuals interpret the world.
- **Age:** Different age groups often interpret the same environment differently, such as in workplace interactions.

KAMARAJ WOMENS COLLEGE



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



UNIT - IV

Group Behaviour

Introduction

Teams and groups are two different things. A group is defined as consisting of two or more individuals who interact with each other and who are interdependent. They come together to achieve particular objective. A work group is one that primarily interacts for sharing information and makes decisions to help each other with the one's area of responsibility. Usually such work groups are not engaging in collective work requiring joint efforts but their performance as a group is sum total of each group's individual members contribution. A group is defined as two or more individuals, interacting and interdependent, who come together to achieve particular objectives. Groups can be either formal or informal. By formal, we mean defined by the organizations structure, with designated work assignments. Establishing tasks and work groups. In formal groups, the behavioural that one should engage in are stipulated by and directed towards organizational goals. In contrast, informal groups are alliances that are neither structured nor organizationally determined. These groups are natural formations for the work environment, which appear in response to the need for social contact. It is possible to further sub-classify groups as command, task, interest or friendship groups. Command and task groups are dictated by the formal organization, whereas interest and friendship groups are informal alliances.

DEFINITION AND MEANING OF GROUP

Everyone knows what a group is in general. When two persons or more come together and interact at one place it may be called a group. The group be defined in various ways. Given below area few important definitions of group and each of these definitions emphasizes one or the other important features of the group.

1) R.M. Williams (1951) "A social group is a given aggregate of people playing interrelated roles and recognized by themselves or other as a unit of interaction." Here it can be said group is an aggregate of some people. The roles of the group members are interrelated. The group is considered as unit.

2) R.M. Maclver (1953) "By group we mean any collection of social beings who enter into distinctive social relationships with one another." It is clear that there must be social relationships between the individual members of a group.

3) David (1968) " A social psychological group is an organised system of two or more individuals who are interrelated so that the system performs some functions, has a standard set of the role relationship among its members and has a set of norms that regulate the function of the group and each of its members.

"The word "group" has many meanings. Generally we use the term 'group" keeping in mind three main points:



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- i. Where a number of persons are sitting or working together. The essential thing is the physical proximity of a number of people being together at a given time with or without any common purpose;
- ii. Where persons are classified as belonging to an association. Sometimes it is seen that people may have no relationship with each other but they have some common characteristics and we classify them as a group;
- iii. Where persons belong to an organization. This group has definite structure, and people in this group have a sense of belongingness to the given organization a child's social development takes place gradually as the child advances in age.

To fulfil physical needs, children perform many functions. They exhibit signs of reacting to individuals who they identify as fulfilling their needs. Then they start understanding objects and individuals in their environment. As children grow older their patterns of play and other activities also change considerably.

The feelings of 'I' and "MINE" and then "YOU" and "YOURS" develop. Sharing things, asserting one's rights, co-operation, etc, are learnt by children in the first stage of their socialization.

Characteristics of Group

Suppose you belong to a group where you may observe some special features which you can accept or not. It may be good or bad, healthy or unhealthy, favourable or unfavourable, but there are certain significant features say the characteristics of the group.

- i. **A sense of we-feeling:** There is a feeling of belongingness among the members of the group. The members of the group help each other in performing their duties. They work collectively against the harmful powers. They treat people who do not belong to the group as outsiders. They always try to make the group self-sufficient.
- ii. **Common interest:** Each and every member of the group has a common interest. There is similarity among the members in regard to their interest which promotes unity. The group includes those persons who are related to each other in such a way that they should be treated as one,
- iii. **A feeling of unity:** Unity is essential for every group. Each and every member of the group treats each other as their own and there develops a sense of camaraderie amongst the members of group.
- iv. **Related to each other:** It is true that members of the group are interrelated. There is reciprocal communication among the group members. Social relations are the fundamentals of group life.
- v. **Affected by group characteristics:** Every group has some social characteristics which separate it from similar and dissimilar groups. These characteristics affect the



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



members of the group. The nature may be different for different persons, but still all the members are affected by the group.

- vi. **Common values:** There are certain values which are common among members and are traditionally respected and communicated to the succeeding generation. They are manifested in the mutual behaviours of the members. Members of the social group are bound together in terms of these common values.
- vii. **Control of group:** In each group there are some customs, norms and procedures which are acceptable to everyone. In fact, without some norms, the existence of group life is impossible. It may be stated that the reasons behind the similarity of behaviours in a group life is that the actions of the members are controlled by the group.
- viii. **Obligation:** In a group situation, all members have complementary obligations to each other. Also the relationships between the members of a group get strengthened through their mutual obligation and common social values.
- ix. **Expectations:** Not only mutual obligation, the members of the group also expects love, compassion, empathy, co-operation etc., from all other members of the group. If mutual expectation is fulfilled, the group members are maintained in tact. A group can maintain its existence only if the constituent members fulfil their responsibility by satisfying the desires among themselves.

Groups are the units of social organization. Therefore, the integration and disintegration of social organization are dependent upon the integration or disintegration of the groups. In group, social relationship is a very important factor. The first and foremost social relationship indicates the relationship among the family members. Thus, it can further be said that family is an important social group. You are one of the members in your family. You interact with other family members and there is a reciprocal relationship between you and others.

Certainly you have the feeling where you belong. Among the family members there are relationships such as husband-wife, father-son, and brother-sister etc. and they all work together for the interests of the family in a mood of mutual co-operation. Each and every member of the family treats the other members as his own and in spite of differences of opinion they have some common ideals and values. It is mainly due to common interest of the members that the group works as a well-knit unit.

As for example we can say that "school is a social group". The significant characteristics of the school as a group are: -

All children have a common goal. - The students and the teacher are motivated for the achievement of a common goal. - School has an organized structure. - School offers excellent opportunities for group to realize its needs.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Since most people belong to a number of groups, it is obvious that different groups provide different benefits to their members. The most popular reason for joining groups are related to our needs for security, identity, affiliation, power and engaging in common tasks.

- i. **Security** By joining a group, we can reduce the unisexuality of 'standing alone' — We feel stronger, have fewer self- doubts and are more resistant to threats. New employees are more vulnerable to a sense of isolation and turn to the group for guidance and support. We get reassurance from interacting with others and being part of a group. This often explains the appeal of unions — if management creates an environment in which employees feel insecure, they are likely to turn to unionization to reduce their feelings of insecurity.
- ii. **Identity, Self Esteem and Status** Membership in one or more groups can help us to reassure us that we are important similarly, many employees in organizations place a high value on meeting their esteem needs and look to membership in both formal and informal groups for satisfaction of these needs. Groups can also fulfil intrinsic needs. Being assigned to a task force whose purpose is to review and make recommendations for the location of the company's new corporate headquarters can fulfil one s intrinsic needs for competence and growth, as well as one's extrinsic need or status and influence.
- iii. **Affiliation** People enjoy the regular interaction that comes with group membership. For many people these on the job interactions are their primary source for fulfilling their need for affiliation. For almost all people, work groups significantly contribute to fulfilling their needs for friend ships and social relations.
- iv. **Power** One of the appealing aspects of groups is that they represent power. What cannot be achieved individually becomes possible through group action. Informal groups additionally provide opportunities for individuals to exercise power over others. For individuals who desire to influence others, groups can offer power without a formal position of authority.
- v. **Group Goals** there are times when it takes more than one person to accomplish a particular task there is need of people's talents, knowledge or power in order to get a job completed. In such instances, management will rely on the use of a formal group.

Types of Group

1. **Formal Group** The line of authority forms the members of this group formally. They are formed for specific purpose. The purpose of forming is given by the management.
2. **Informal Group** Members of this group belong to various divisions irrespective of their jobs. These groups are formed for the purpose of solving any serious problems, or generally for sharing the ideas about any matter related or unrelated to the organization.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



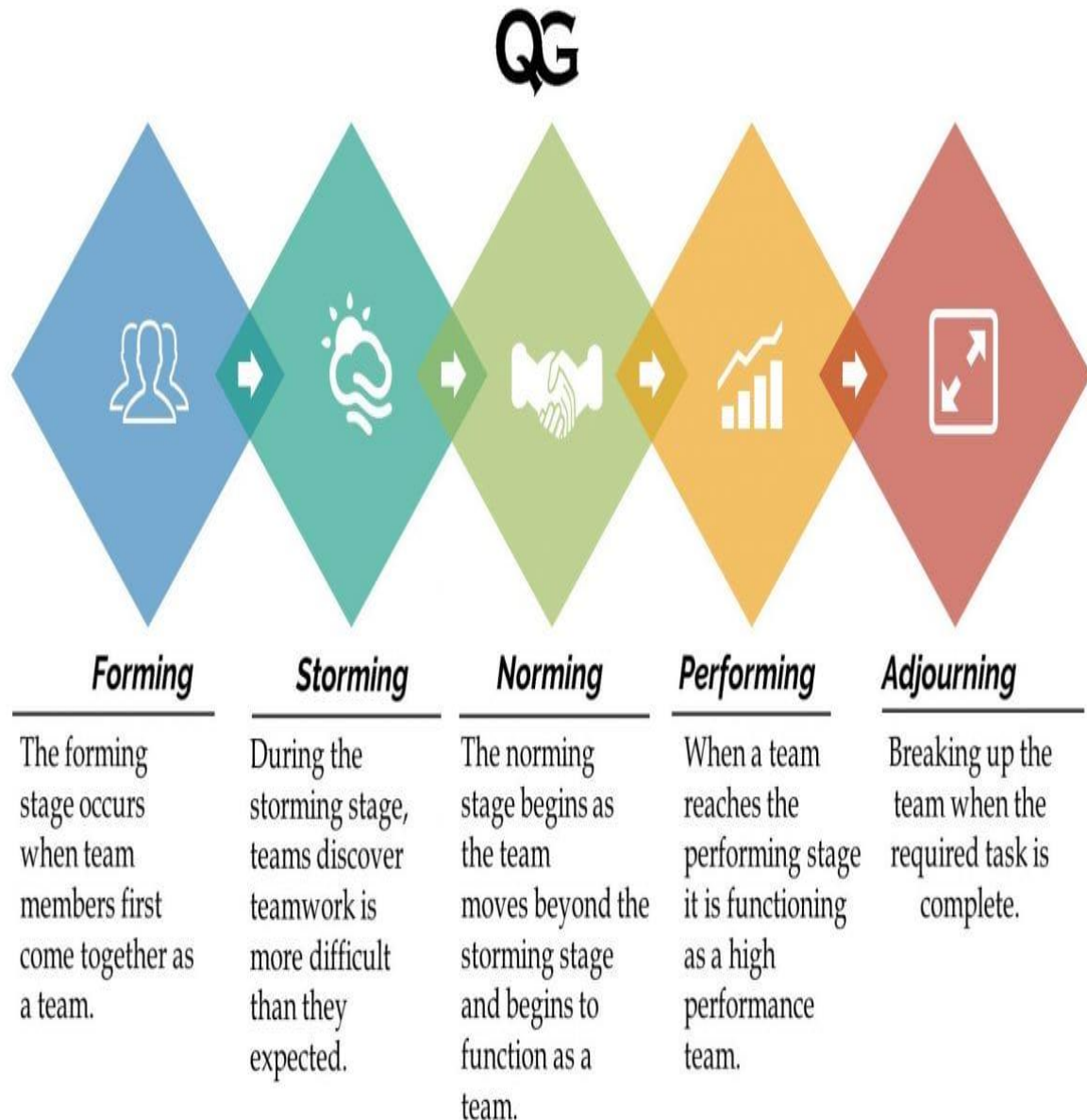
3. Reference Group the members of these group act as a comparisons or reference for other individuals. Individual outside the reference groups form their attitudes and frame their personality by referring or identifying themselves with reference groups.
4. Small Groups they are highly effective for short-term decision-making process. This group is restricted up to 5 members. The communications among the members of this group are fast.
5. Friendship Group they are a type of informal groups. These groups are basically formed to satisfy the needs of belongingness and security.
6. Task Group The management might form task groups in order to accomplish some of the organizational goals.
7. Self-managed Team A group of people working together in their own ways toward a common goal which is defined outside the team.
8. Self-directed Team A group of people working together in their own ways toward a common goal which the team defines.
9. Command Group It is relatively permanent and is specified by the organization chart It comprises of managers or superiors and subordinates, who meet regularly to discuss general and specific ideas to improve product or service.
10. Vertical Clique This group consists of people working in the same department drawing membership regardless of ranks.
11. Horizontal Clique This group consists of people of more or less the same rank and working more or less in the same area.

STAGES OF GROUP DEVELOPMENT

GROUP FORMATION/FORMATION OF GROUP



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



The process of group formation can be depicted by five stages:-

• **STAGE1:- FORMING**

This is the first stage of group formation. This first stage is characterized by a sense of uncertainty and awkwardness and perhaps anxiety. In this stage, group norms and standards are defined. This phase often shows as tentativeness or even some anxiety on the part of participants. Leaders need to "set the tone" for group behaviour, activities and interactions.

• **STAGE2:- STORMING**



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



This stage is characterized by individual assertive behaviour, which may result in some group instability. In this stage each person wants to feel a sense of individual importance and influence on the group "finding a niche"

• **STAGE3:-NORMING**

This phase is known as "becoming personal" Norming is the stage where the group is formed and structured completely. A growth of affection and establishment of personal relationships characterize this phase.

• **STAGE 4:-PERFORMING**

This phase is termed as "Working together". This phase's characterized by harmony among group members. At this stage the group is mature enough to attend to its own needs both in terms of task and relationship matters.

• **STAGE5:-ADJOURNING**

This stage is also known as Transference. In this stage, the group disperses after the group activity is completed.

Leadership

Leadership has been defined in different ways by different set of scholars. Leadership is defined as the ability to influence a group towards the achievement of a vision or set of goals. Keith Davis observes that, "without leadership, an organization is but a muddle of men and machines...Leadership transforms potential into reality. It is the ultimate act which brings to success all the potential that is in an organization and its people".

In 1938, Chester Bernard gave a new definition of leadership and stated that, "leadership is the ability of a superior to influence the behaviour of subordinates and persuade them to follow a particular course of action". A recent theorist on leadership, Williams (2005), states that, "leadership is an interactive art in which the leader is dancing with the context, the problem, the faction, and the objective".

A person in an organization may assume leadership both in a formal and informal way. By formal leadership we mean to say that a person assumes leadership role, based on the position that he holds in an organization and in such form of leadership, the leader is designated with the title, along with the authority and responsibility to lead the team.

In the second form of leadership, a person assumes leadership without any formal sanction of authority and duty. That is, in informal leadership, the ability to influence the group arises outside the formal structure of the organization and people in the organization oblige to such influence even without the formal influence. Leadership is quite important for an organization and they act as agents who cope with change and bring about change for the betterment of the organization.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Leaders establish direction by developing a vision of future for the organization, communicate the vision to the people in the organization and synchronize them with the organizational vision and mission, thereby inspire the people to translate the goals, vision and mission into reality. Thus, leadership is the ultimate act that brings to success all of the potent potential, that is in an organization and its people.

Theories of Leadership

In influencing the people in the organization towards the goals of the organization, there have been various approaches adopted by different set of leaders, as one model may not be suitable for different organizations with different set of objectives. Moreover, such models or theories of leadership also depend on the qualities that a leader inherit or display in managing her/his team. Some of the theories of leadership ranging from conventional theories to contemporary theories have been dealt with over here, the chief of them being the following:

- Great Man Theory/Trait Theory
- Behavioural Theories
- Contingency/Situational Theories,
- Transactional Theory of Leadership
- Transformational Theory of Leadership

Great Man Theory/Trait Theory of Leadership Some of the leaders in the history have always been identified as strong leaders based on the qualities or traits that they display.

Leaders like Mahatma Gandhi, Indira Gandhi, Margaret Thatcher, Nelson Mandela, Narayana Murthy of Infosys, Apple's Cofounder Steve Jobs etc. has been identified, based on the traits that they displayed.

For instance, when Margaret Thatcher was the prime minister of the Great Britain, she was regularly described as a confident, iron-willed, determined and decisive leader. Thus, the trait theories of leadership consider personal qualities and characteristics that differentiate leaders from non-leaders (Robbins, Judge, & Sanghi, 2007). In the beginning, the assumption behind trait theory was that „leaders are born and not made“. This concept was popularly known as the „Great Man Theory“ of leadership.

The great man theory was originally proposed by Thomas Carlyle in 1949 and the assumption behind this theory is that „great leaders will arise, when there is great need“. The theory also assumes that a leader cannot be a normal person and they are different from the average person in terms of personality traits such as intelligence, perseverance and ambition.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



However, a proposition of „Great Woman“ finds no place, especially in leadership studies mainly due to the fact that gender issues were out of context, when the theory was proposed and moreover, it was only male members of the society who were into such research and such biasness was hardly realized by the people then. In the period of 1960s, various research studies were made on the traits of a leader and about 80 traits that a leader could display was identified.

The trait theory assumes that leaders are born with inherited traits and good leaders have the right combination of traits. In 1974, Stodgily identified certain traits and skills that are essential for a leader, which are as follows:

Traits and Skills

| Traits | Skills |
|---------------------------------------|------------------------------------|
| Adaptable to situations | Clever (Intelligent) |
| Alert to social environment | Conceptually skilled |
| Ambitious and achievement oriented | Creative |
| Assertive | Diplomatic and tactful |
| Cooperative | Fluent in speaking |
| Decisive | Knowledgeable about group task |
| Dependable | Organised (administrative ability) |
| Dominant (desire to influence others) | Persuasive |
| Energetic (high activity level) | Socially-skilled |
| Persistent | |
| Self-confident | |
| Tolerant to stress | |
| Willing to assume responsibility | |

A comprehensive review of the leadership literature on traits, reveal that one of the significant approach that was developed was the Big Five Personality Framework.

Though various traits were identified by different studies, it was possible that such traits were somehow clubbed or subsumed under the Big Five approach.

Though the approach seems to be complex, it offers useful insights. Leaders who are extraverted (individuals who like being around people and are able to assert themselves),



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



conscientious (individuals who are disciplined and keep commitments they make), and open (individuals who are creative and flexible) do seem to have an advantage when it comes to leadership, suggesting that good leaders do have key traits in common. In recent years, another trait that has been identified with leadership is the Emotional Intelligence (EI).

Advocates of EI argue that without it, a person can have outstanding training, a highly analytical mind, a compelling vision, and an endless supply of terrific ideas, but still not make a great leader. The general assumption is that, empathetic leaders can sense others' needs, listen to what followers say (and don't say), and are able to read the reactions of others.

Behavioural Theories in the 1940s, apart from the research studies being conducted on the traits displayed by leaders, research was also conducted on the behaviours exhibited by leaders. The first and foremost study on leadership was carried out by psychologist, Kurt Lewin and his associates in 1939 and identified different styles of leadership, viz. autocratic, democratic and laissez-faire leadership, which has been discussed in the next unit. While the assumption behind traits theory is that „leaders are born, rather than made“, behavioural theories assume that specific behavioural patterns of leaders can be acquired through learning and experience. While the trait theory concentrates on „what the leader's are“, the behavioural theories concentrate on „what the leader's do“. In this section, four different behavioural pattern of leadership has been dealt with, which are as follows:

(1) Ohio State Studies one of the foremost studies that emanated on behavioural theories was the study made by Ohio State University in 1945 by E.A. Fleishman, E.F. Harris and H.E. Burt. The study narrowed the leadership behaviours into two categories, viz. initiating structure and consideration, under which the various leadership behaviours were clubbed.

- i. Initiating Structure: Initiating structure refers to the extent to which a leader is likely to define and structure his or her role and those of employees in the search for goal attainment. It includes behaviour that attempts to organize work, work relationships, and goals. A leader with initiating structure is generally task oriented, with focus on performance of employees and meeting of deadlines.
- ii. Consideration: As per „consideration“ category, a leader pays more attention to the employee of the organization rather than the task and shows concern for the well-being, comfort and satisfaction of employees. That is, a leader focuses on the relationships that are characterised by mutual trust, respect for employees' ideas, and regard for their feelings. The two-factor conceptualization of Ohio Studies has been gaining wide recognition in recent times.

(2) University of Michigan Studies Similar to the Ohio State University studies, research on leadership studies was also carried out by the University of Michigan's Research centres, in 1946 by Rensis Likert and his associates. The study made an analysis of the relationship between leadership behaviours and organizational performances. Michigan Studies also



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



identified a two factor component, viz. „employee-oriented leader“ and „production-oriented leader“.

(i) Employee-Oriented Leader: The concern of the employee-oriented leaders were more on the interpersonal relations with the employees and such leaders paid more attention on the needs of the employees and accepted the individual differences among members.

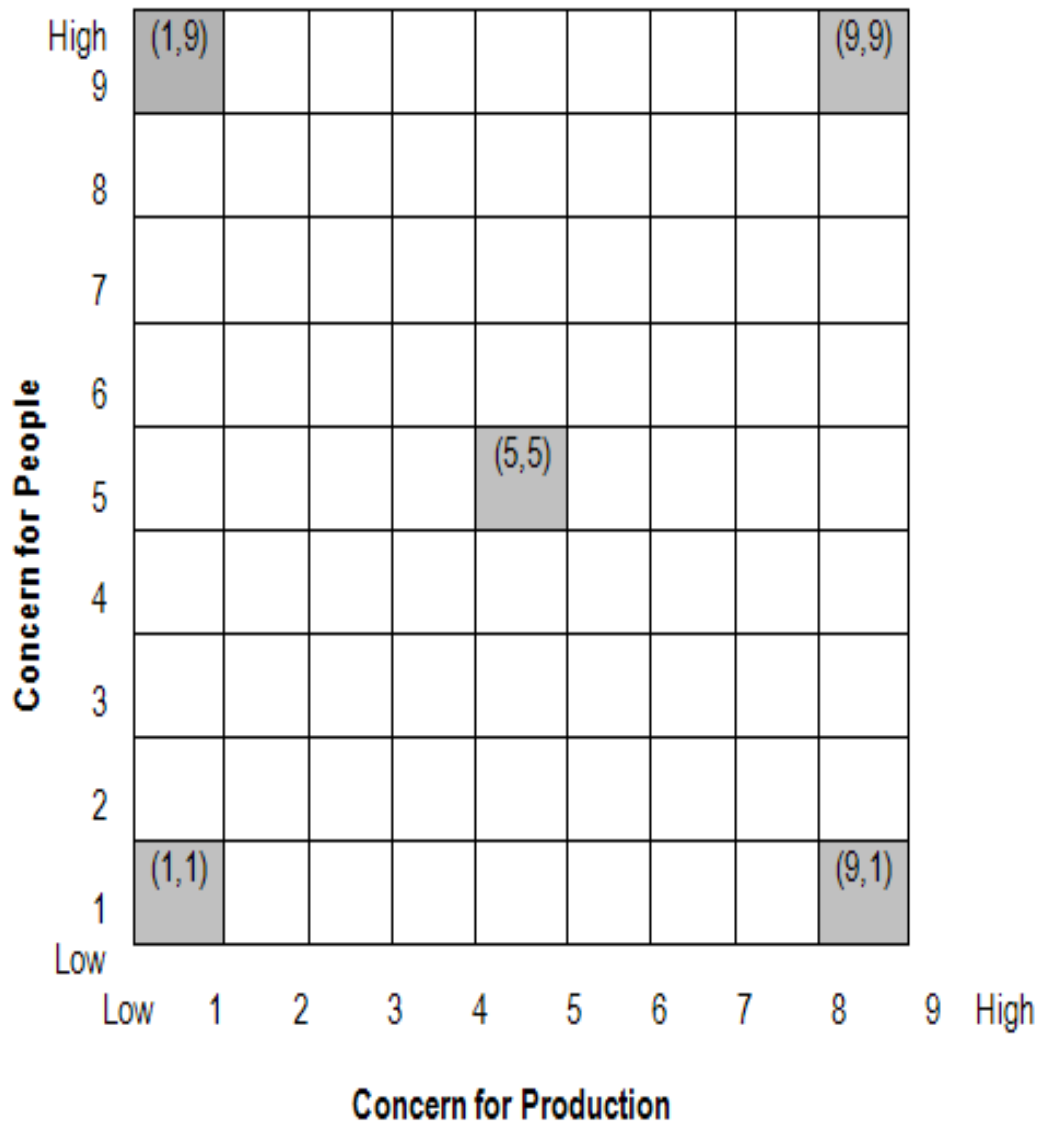
(ii) Production-Oriented Leader: The production oriented-leaders paid attention to the technical aspects of the job or the tasks assigned to the employees, rather than on employees. Such leaders gave least importance to the group members, and regarded the employees as only a means to achieve the ends, that is, the goals of an organization. It can be found that the two-factor conceptualization of the Ohio study is similar to the two way dimension of the Michigan studies. While the employee-oriented leadership can be compared with the „consideration“ component of Ohio studies, production-oriented leadership can be compared with „initiating structure“. While the Ohio studies considered both its components to be important for effective leadership, the Michigan studies gave supremacy to the component of „employee-orientation“ over „production-orientation“.

(3) The Managerial Grid like the Ohio State studies and Michigan studies, the Managerial Grid theory of leadership was also based on the styles of „concern for people“ and „concern for production“. The Managerial Grid theory of leadership was proposed by Robert Blake and Jane Mouton in 1964.

This theory which is depicted in a graphical form is also known as the „Leadership Grid Theory“. The grid is a nine-by-nine matrix which outlines 81 different styles of leadership. The grid has 9 possible positions along each axis creating 81 different positions in which the leader's style may fall.



Figure 1: Managerial Grid



Through the Managerial Grid, 5 kinds of Leadership Style was identified, which include the following:

- (i) Impoverished, in which there is low concern for people and production (1 by 1)
- (ii) Country Club, wherein the concern for production is low, but for people is high (1 by 9)
- (iii) Task, in which there is high concern for production and low concern for people (9 by 1)
- (iv) Middle of the Road, where there is moderate concern for both the production and the people (5 by 5)



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



(v) Team, wherein there is high concern for both the people and production (9 by 9).

Concern for People Concern for Production This theory, thus offers a useful framework for conceptualizing and understanding the leadership styles. Though behavioural theories make its contribution in understanding leadership effectiveness, it cannot be considered as the utmost option, to determine the success of leadership. In other words, it cannot be said with utmost clarity that a leader depicting a certain kind of leadership traits and behaviours are always successful. At times, the situational contexts play a strong role in determining the effectiveness of leaders.

Contingency/Situational Theories

Sometimes the success of a leader does not depend upon the qualities, traits and behaviour of a leader alone. The context in which a leader exhibits her/his skills, traits and behaviour matters, because same style of functioning may not be suitable for different situations. Thus the effectiveness of leadership also depends upon situations. Several research studies, when analysing the reason for inconsistent results in differing conditions with the same leadership style, laid their focus on situational variables. This theory views leadership in terms of a dynamic interaction between a number of situational variables like the leader, the followers, the task situation, the environment, etc. Some of the noteworthy studies on situational contexts that gained wide recognition include Fiedler's model, Hersey and Blanchard's Situational theory, Leader-Member Exchange theory, Path-Goal theory and Leader-Participation model, which has been discussed over here.

Fiedler Model Fred Fiedler was the first person to develop a comprehensive model for the contingency theory of leadership in 1967. The basic premise behind this theory is that, effective performance of an organization or a group of people in an organization highly depend upon the style adopted by a leader and the degree to which a situation gives control to the leader.

In order to assess the style followed by a leader, Fiedler developed „Least-Preferred Coworker“ (LPC) scale, in which the leaders were asked to give their preference on the employee with whom they have least preference to work with. If the least preferred co-worker was described in favourable terms, such response was rated as 'relationship oriented' and if rated in unfavourable terms, a leader was regarded as 'production oriented'. However, in contrast, the response derived from such study did not show a clear cut picture, as some of the responses had a score in the mid range.

Through such responses, it was difficult to classify a leader either as a relationship-oriented or a production oriented leader, as the scoring was neither high nor low. Fiedler's model thus illuminated attention on a new dimension of leadership studies.

Thus through this study, it was suggested that, if a situation requires a task-oriented leader and the person in that leadership position is relationship-oriented, either the situation has to be modified or the leader replaced, if optimal effectiveness is to be achieved (Robbins,



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Judge, & Sanghi, 2007). Based on the results derived, Fiedler has identified three situational factors, viz. leader member relations, task structure and position power, which determine leadership effectiveness.

A brief discussion on such situational factors is as follows:

- (i) **Leader-Member Relations:** The degree of confidence, trust and respect that members have on their leader;
- (ii) **Task Structure:** The degree to which the job assignments are structured or unstructured;
- (iii) **Position Power:** The degree of influence a leader has over power variables such as hiring, firing, discipline, promotions, and salary increases. Fiedler's model evaluates the effectiveness of leadership, based on the degree of existence of the above mentioned situational factors. The degree varies from good to poor in leader-member relations, high to low in task structure and strong to weak in position power.

According to Fiedler, a leadership is said to have more control of organizational situations, if the leader-member relations are good, task assignments are highly structured along with a stronger power positions. Similarly, the situations in an organization would be unfavourable, if the respect that members have for leaders is poor, with unstructured task assignments and weak position power.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



UNIT - V

Organizational Culture and Change

Defining Organizational Culture

Organizational culture is different from world cultures, those tapestries of shared histories, languages, beliefs, and foods, which are the source of our identity. Our personal culture affects how we marry, how we raise our children, how we celebrate events, and how we mourn death. Organizational cultures are not so encompassing, lacking the broad links that help define how we understand ourselves among others. This weakness also implies that organizational cultures are dynamic. The good news is that organizational cultures can adapt and change to new influences quickly. Organizational cultures are interpretive.

Remember when you first took a position in a new company. Remember how strange things seemed, but soon that strangeness seemed to disappear. At that point, you knew the organization's culture so well it didn't seem to exist at all.

For example, bank headquarters are typically grand and luxuriant offices located amid urban centres. They often have bold artwork and distinctive furniture.

Whether we acknowledge it or not, these characteristics are purposeful. The company wants you to feel that you are in a place of wealth. This environment not only influences customers, but also the people who work there. Employees likely will come to espouse this same feeling of wealth and importance.

Most organizations do not rely on such overt references. Instead employees are left on their own to interpret an organization's culture.

Identifying Common References

Defining an organization's culture requires being able to identify common organizational references. For example, how do employees describe their colleagues? What are some of the common phrases or stories they tell each other? Such depictions as "bureaucratic" or "people are not valued for their experience and expertise" become a common reference point for interpreting culture whether or not they are accurate.

References become so common in organizations that we often cease to question them. We stop interpreting and simply let the dominant references inform the way we work. For instance, a co-worker returns from a meeting and says, "As usual, they didn't read any of the documents I sent so the conversation went nowhere. Management doesn't care about the work I'm doing.

They were dismissive and wanted to talk about their issues more than all the hard work I did. It's always the same. They just don't care." If you are listening to this story while preparing for a presentation to a group, you may become hesitant, worried, or defensive. In turn, these attitudes may cause management to be dismissive of your ideas. Consider



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



another example. You are excited about starting a new position. Many of your new team members welcome you and share your excitement.

One person even takes you aside to tell you how things really work. They tell you to avoid John because Susan, the director, really dislikes him. This co-worker is providing you key references for how you should interpret the organization. The organization

Organizational Culture By Dorian LaGuardia tolerates ignorance, and the directors share their personal impressions of people with other employees. Those are powerful messages to new employees, and ones that will surely influence their interactions from that point forward.

This example illustrates that simple stories actually transmit common organizational references. When stories are negative, reductive, and focused on things that don't work, energy, commitment, innovation, and teamwork suffer. For instance, when you hear such negative stories, do you return to your desk with the energy and commitment? Or do you spend a few hours regrouping, browsing the Internet, and making personal calls? Most of us fall into the latter category. Time we spend regrouping equates to unproductive hours that few organizations can afford to lose.

Changing the Culture

Because stories help define an organization's culture, it's easy to use them to change that culture. Simply get people to tell stories that amplify the best aspects of the organization. More important, tell positive stories often to drown out the sound of competing stories.

Typically, organizations try to exemplify their stories by using a common vision and mission statement. Vision provides the aspirations. Mission provides the direction. Unfortunately, vision and mission statements often are poor stories. They either lack drama, or contain too much melodrama. They are abstract and fail to relate to day-to-day roles and responsibilities.

They don't engage workers. Yet, changing an organization's culture does depend on having a common framework. The framework can be used in various ways to get people to share stories about how people across the organization deliver exceptional performance.

Recently, organizations have been developing competency frameworks, which are sets of words and phrases that outline the skills, knowledge, attitudes, and behaviours that the organization respects and that employees need to perform their jobs well. Competency frameworks not only provide a solid foundation for talent management, but also are well suited for culture change initiatives. They provide a clear backdrop for asking questions and engaging workers to tell stories about what they do well.

Using a competency framework is the best way to generate a number of stories that exemplify the best aspects of the organization and, in the process, to effectively change the culture for the better. This is an issue of volume. The trick is to counter the negative stories



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



with true stories about positive experiences in the organization without any embellishments or editing.

Organization Culture

The culture of an organization affects the way in which people behave and has to be taken into account as a contingency factor in any programme for developing organizations and HR policies and practices. This is why it is important for HR specialists to understand the concept of organizational culture, how it affects organizations and how it can be managed, as discussed in this chapter.

Organizational culture defined Organizational or corporate culture is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people in organizations behave and things get done. 'Values' refer to what is believed to be important about how people and organizations behave. 'Norms' are the unwritten rules of behaviour.

The definition emphasizes that organizational culture is concerned with the subjective aspect of what goes on in organizations. It refers to abstractions such as values and norms that pervade the whole or part of a business, which may not be defined, discussed or even noticed.

Nevertheless, culture can have a significant influence on people's behaviour. The following are some other definitions of organizational culture:

- The culture of an organization refers to the unique configuration of norms, values, beliefs and ways of behaving that characterize the manner in which groups and individuals combine to get things done. Eldridge and Crombie (1974)
- Culture is a system of informal rules that spells out how people are to behave most of the time. Deal and Kennedy (1982)
- A pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with the problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to these problems. Schein (1985)
- Culture is the commonly held beliefs, attitudes and values that exist in an organization. Put more simply, culture is 'the way we do things around here'. Furnham and Gunter (1993) Organizational Culture 385 Characteristics of culture, Furnham and Gunter (1993)
- It is difficult to define (often a pointless exercise).



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



• It is multi-dimensional, with many different components at different levels. • It is not particularly dynamic and ever-changing (being relatively stable over short periods of time).

• It takes time to establish and therefore time to change a corporate culture. Significance of culture, Furnham and Gunter (1993)

Culture represents the 'social glue' and generates a 'we-feeling', thus counteracting processes of differentiations that are an unavoidable part of organizational life. Organizational culture offers a shared system of meanings which is the basis for communications and mutual understanding. If these functions are not fulfilled in a satisfactory way, culture may significantly reduce the efficiency of an organization.

Source Review

Problems with the concept But Furnham and Gunter refer to a number of problems with the concept, which include:

- how to categorize culture (what terminology to use);
- when and why corporate culture should be changed and how this takes place;
- what is the healthiest, most optimal or desirable culture.

They also point out that it is dangerous to treat culture as an objective entity 'as if everyone in the world would be able to observe the same phenomenon, whereas this is patently not the case'. Organizational climate defined as defined by Ivancevitch et al (2008), organizational climate is:

'A set of properties of the work environment, perceived directly or indirectly by the employees, that is assumed to be a major force in influencing employee behaviour.' The term 'organizational climate' is sometimes confused with organizational culture and there has been much debate on what distinguishes them 386 Organizational Behaviour from one another.

In his analysis of this issue, Denison (1996) suggested that 'culture' refers to the deep structure of organizations, which is rooted in the values, beliefs and assumptions held by organizational members. In contrast, 'climate' refers to those aspects of the environment that are consciously perceived by organizational members.

Rousseau (1988) stated that climate is a perception and is descriptive. Perceptions are sensations or realizations experienced by an individual. Descriptions are what a person reports of these sensations. The debate about the meanings of these terms can become academic. It is easiest to regard organizational climate as how people perceive (see and feel about) the culture existing in their organization.

As defined by French et al (1985) it is 'the relatively persistent set of perceptions held by organization members concerning the characteristics and quality of organizational culture'.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



They distinguish between the actual situations (ie culture) and the perception of it (climate). How organizational culture develops the values and norms that are the basis of culture are formed in four ways; first, by the leaders in the organization, especially those who have shaped it in the past. Schein (1990) indicates that people identify with visionary leaders – how they behave and what they expect. They note what such leaders pay attention to and treat them as role models. Second, as Schein also points out, culture is formed around critical incidents – important events from which lessons are learnt about desirable or undesirable behaviour.

Third, as suggested by Furnham and Gunter (1993), culture develops from the need to maintain effective working relationships among organization members, and this establishes values and expectations.

Finally, culture is influenced by the organization's environment. The external environment may be relatively dynamic or unchanging. Culture is learnt over a period of time.

Schein (1984) suggests that there are two ways in which this learning takes place.

First, the trauma model, in which members of the organization learn to cope with some threat by the erection of defence mechanisms.

Second, the positive reinforcement model, where things that seem to work become embedded and entrenched. Learning takes place as people adapt to and cope with external pressures, and as they develop successful approaches and mechanisms to handle the internal challenges, processes and technologies in their organization.

Where culture has developed over long periods of time and has become firmly embedded it may be difficult to change quickly, if at all, unless a traumatic event occurs. Organizational Culture 387 The diversity of culture the development process described above may result in a culture that characterizes the whole organization. But there may be different cultures within organizations.

For example, the culture of an outward-looking marketing department may be substantially different from that of an internally-focused manufacturing function. There may be some common organizational values or norms, but in some respects these will vary between different work environments. The components of culture Organizational culture can be described in terms of values, norms, artefacts and management style.

Values

Values are beliefs in what is best or good for the organization and what should or ought to happen. The 'value set' of an organization may only be recognized at top level, or it may be shared throughout the business, in which case it could be described as 'value-driven'. The stronger the values the more they will influence behaviour.

This does not depend upon their having been articulated. Implicit values that are deeply embedded in the culture of an organization and are reinforced by the behaviour of



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



management can be highly influential, while espoused values that are idealistic and are not reflected in managerial behaviour may have little or no effect. When values are acted on they are called 'values in use'. Values are translated into reality through norms and artefacts, as described below. They may also be expressed through the media of language (organizational jargon), rituals, stories and myths.

Norms

Norms are the unwritten rules of behaviour, the 'rules of the game' that provide informal guidelines on how to behave. Norms tell people what they are supposed to be doing, saying, believing, and even wearing. They are never expressed in writing – if they were, they would be policies or procedures. They are passed on by word of mouth or behaviour and can be enforced by the reactions of people if they are violated. They can exert very powerful pressure on behaviour because of these reactions – we control others by the way we react to them.

Artefacts

Artefacts are the visible and tangible aspects of an organization that people hear, see or feel and which contribute to their understanding of the organization's culture. Artefacts can include such things as the working environment, the tone and language used in e-mails, letters or memoranda, the manner in which people address each other at meetings, in e-mails or over the telephone, the welcome (or lack of welcome) given to visitors and the way in which telephonists deal with outside calls. Artefacts can be very revealing. Management style Management style is the approach managers use to deal with people. It is also called 'leadership style', as described as defined there, it consists of the following extremes:

- Charismatic/non-charismatic.
- Autocratic/democratic.
- Enabler/controller.
- Transactional/transformational.

Most managers adopt an approach somewhere between the extremes. Some will vary it according to the situation or their feelings at the time; others will stick to the same style whatever happens. A good case can be made for using an appropriate style according to the situation but it is undesirable to be inconsistent in the style used in similar situations.

Every manager has his or her own style but this will be influenced by the organizational culture, which may produce a prevailing management style that represents the behavioural norm for managers that is generally expected and adopted. The term 'management style' can also refer to the overall approach an organization adopts to the conduct of employee relations.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Purcell and Sisson (1983) identified five typical styles: authoritarian, paternalistic, consultative, and constitutional and opportunist.

Organizational Change

Concept and Model the dictionary meaning of change as a noun is — ‘making or becoming different, difference from previous state, substitution of one for another, variation’ etc. We are experiencing changes in all spheres of our lives — food, drinks, clothing, relationships, ambitions, living standard, work, tools, techniques.

Change is the alteration of status quo or making things different than before. Change is the disturbance of equilibrium presently prevailing. It is any alternation that occurs in the overall work environment of an organization.

Hence, Organizational change refers to the process of growth, decline and transformation within the organization. Mr. John Bull defines organizational change as “When an organizational system is disturbed by some internal or external force, change frequently occurs. Change as a process, is simply modification of the structure or process of a system. It may be good or bad, the concept is disruptive only”.

Organizational change refers to the process of growth, decline and transformation within the organization. Organizational change is necessary for companies to succeed and grow. Organizations may change their strategy or purpose, introduce new products or services, change the way they produce and sell, change their technology, enter new markets, close down departments or plants, hire new employees, acquire other organisations become acquired by other organisations and what not ! In doing so, they may turn larger, smaller or stay the same in terms of size.

Organizational changes are of two types

1. Reactive changes and
2. Proactive changes (planned changes).

1. Reactive Changes:

Reactive changes occur when forces compel organization to implement change without delay. In other words, when demands made by the forces are compiled in a passive manner, such a change is called reactive change.

2. Proactive Changes:

Proactive changes occur when some factors make realize organization think over and finally decide that implementation of a particular change is necessary.

Then, the change is introduced in a planned manner There are numerous visible and invisible forces, which are constantly affecting changes in organizations, a few of them may be enumerated as follows:



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- Technology — Tools, techniques, instruments, methods, procedures
- Work force — Knowledge, skills, ambitions, expectations, needs.
- Economy — Liberalization, globalization, privatization, breaking the barriers resource imbalance
- Competition — Mergers, acquisitions, entry of new organizations, new products, lowering prices, better services.
- Social trends — Nuclear families, working couples, late marriages, one child norm.
- Political — Warning ideologies, new equations, transitory relationships, coalition Govts etc., single superpower.
- Financial — New types of Finances and Financial Institutions

All changes are not similar in nature. Some changes keep on happening on their own and some are planned.

There are three types of changes.

1. Evolution

2. Revolution

3. Planned change When people are not willing or / and not prepared for facing the change, change comes gradually as a natural process, in small adjustments or shifts in response to emerging problems — this type of change has been called Evolution. When people reach a state of readiness to resolve conflicts by applying force on others to comply through coercion or suppression, revolution takes place. When efforts are made to make others experience the need of change and determine the ideal or desired situation and striving to achieve the ideal or desired state through planned actions — planned change takes place.

Change Targets There could be a variety of possible targets of change in an organization. Few examples are:

- Vision, mission task, and goal
- Structure
- Strategy
- Systems, procedures, technology
- Organizational Values
- Management styles
- Culture



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



- Human resource : knowledge, skills, attitudes, values

Process of Change

Change is process of moving from the current state to the desired state (vision) of future. Making a change involves, moving the organizations people and culture in line with the strategies, structure, processes and systems to achieve desired state (vision). Existing Change (Transition) Vision (Desired Situation Situation) The existing situation is the status, which is prevailing at the moment, what the organizations looks like now. The desired situation is the status which one desires to prevail; it is also called vision.

A vision helps in clarifying

- what do we want to become?
- How much needs to change?
- What the Organization should look like when the change is completed?

The transition state may be defined by ascertaining the activities and processes necessary to transform the organizations from its current state to the desired state — a road map — for specifying the activities, crucial interventions and events during the transition period. For making an organization move from the existing state to desired state some 'force' is to be applied.

Some forces applied by the individual(s) undergoing the change oppose the force applied for moving to the desired state — this is called resistance. Virtually every organization will, at some point, undergo a transition or change in order to remain feasible or alive.

Unfortunately, organizational change isn't always easy to adapt to and can be intimidating for all team members who find themselves impacted by it. There are many models are available to organizational change but what change model is used, depending on the situation and level of former organizational change experience. Lewin's Change Model A very simple change model was invented by social psychologist Kurt Lewin (Kreitner, Kinicki, 2007, p. 584).

According to Lewin's three step model, successful change in organizations should follow three steps:

1. Unfreezing,
2. Changing
3. Refreezing.

This model assumes the change is planned and emphasizes that no matter what kind of change is being made (i.e. structure-, system- or behaviour-related), people are always the root of the change. This model also places a heavy focus on reducing resistance to change



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



by referring to two forces in an organization-driving forces and restraining forces. Driving forces are reasons people are motivated to change. Restraining forces represent reasons people are hesitant to change.

For affecting the change:

1. The Driving forces should be identified, assessed and intensified / added.
2. The Restraining forces should be identified, assessed and weakened / removed.
3. Both strategies are followed simultaneously. With these forces in mind, let's look at Lewin's change model.

Stages of Lewin's Change Model

Unfreezing-

For making any change something has to be done in a planned way to disturb the status quo: this is called de freezing (unfreezing). For example, for a stagnant product, every product will remain stagnant and non-competitive leading to decay vertically down unless and until an external, innovative and relevant technology is proposed to cause its growth vertically upwards.

This stage aim sat disturbing the existing equilibrium and creates motivation to change using mechanisms like

(a) lack of confirmation or disconfirmation

(b) sharing one's concerns and perceptions openly, looking in to feelings, removal of barriers of communications, induction of guilt and anxiety and creations of threats by reduction of psychological safety, presentation of alternative scenarios etc.

In case of any change, the effort is going to face individual resistance and group conformity. These change efforts for overcoming the pressures of both individual resistance and group conformity. This stage is the preparatory stage for a change to occur and takes places as driving forces become greater than restraining forces. People are more motivated than hesitant to change. People prepare to make the desired change. However, to get to this point, a lot of resistance, such as fear of the unknown or breaking old habits, must be overcome.

The following tactics may be used to reduce resistance. Each can be used in the appropriate setting. Communicating the Rationale behind Change It is very essential that the people should know-why change? What is the motive behind change? What is that justifies change? People are eager to know the answer to these questions before they are asked to act upon.

Hence, it is very essential to bring home the rationale behind the change which is possible through effective communication. Keep people updated about the status of the change. Make employees aware of how the change will impact them, for good or for bad.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



One interviewee stated that not being transparent bothers people more than the change itself (V. Agnihotri, personal communication, September 11, 2012}. An interviewee, who was in the middle of a large organizational restructure, said that most people are willing to look past themselves and support the change if they can understand the "why" behind it. Training- Give people the knowledge and skills needed to reach expectations. Employee involvement -Include certain employees in decisions about the change. Allow them to share their ideas.

Stress management-Give employee's opportunities to discuss with someone their concerns regarding the change. Sometimes simply knowing what is manageable (in regards to making adjustments to the change based on an employee's concerns} is all an employee needs to be satisfied that his or her concerns were taken into consideration as much as possible. Then this individual is willing to support the change.

Negotiation- Give employees something they want to persuade them to make the change. Creating Conducive Atmosphere for Change- Change for the better is impossible unless the organisation has conducive atmosphere for change. The high yielding systems such as total quality management (TQM), total preventive maintenance (TPM), total cost management (TCM), six-sigma, re-engineering, cluster dynamics, re-organisation and the like are likely to fail because the management is disabled to bring about change in work-climate. That is why Professor Victor S.L. Tan says that even the well-orchestrated change will fail if the environment is not conducive; the plans, efforts and morale get defeated along the way; thus, it is necessary to develop an environment that is positive for change.

Coercion- Give employees an "ultimatum": Make the change or be let go. This is an extreme example, but people don't change simply because they are asked to {C. Ganiere, personal communication, August 22, 2012). They need a reason to do so, and sometimes this method of reducing resistance is necessary.

Changing/Intervening-

This stage is when the change actually occurs. People learn the new behaviours, systems, structures, etc.

The steps to be taken for making the desired change should be planned considering all aspects

- Tasks
- Technology
- Structure
- Human Resource

This step aims at developing new responses by providing new information.



ACADEMIC YEAR 2025-2026, SEMESTER – II
STUDY MATERIAL FOR BUSINESS ADMINISTRATION
ORGANIZATION BEHAVIOUR



Refreezing-

This stage is where the change is reinforced. This is done through feedback and organizational rewards for demonstrating the desired behaviour. Refreezing stabilizes a change intervention by balancing the forces which have created the desired (driving forces) and those, which are inhibiting the changes to occur (restraining forces).

This stage helps stabilizing and integrating the changes. This is gained by integrating new responses into persons and into significant ongoing relationships through reconfirmation. Lewin's model demonstrates the process of change in one of the simplest forms possible. Specific resistance-reducer tactics are outlined to facilitate the least resistant and least stressful change process possible.

KAMARAJ WOMENS COLLEGE