

ORGANISATIONAL BEHAVIOUR

COURSE CODE: B23PY01DE

Undergraduate Programme in Psychology

Discipline Specific Elective Course

Self Learning Material



SREENARAYANAGURU
OPEN UNIVERSITY

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The State University for Education, Training and Research in Blended Format, Kerala

SREENARAYANAGURU OPEN UNIVERSITY

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To increase access of potential learners of all categories to higher education, research and training, and ensure equity through delivery of high quality processes and outcomes fostering inclusive educational empowerment for social advancement.

Mission

To be benchmarked as a model for conservation and dissemination of knowledge and skill on blended and virtual mode in education, training and research for normal, continuing, and adult learners.

Pathway

Access and Quality define Equity.

Organisational Behaviour

Course Code: B23PY01DE

Semester - IV

Discipline Specific Elective Course
Undergraduate Programme in Psychology
Self Learning Material
(With Model Question Paper Sets)



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ORGANISATIONAL BEHAVIOUR

Course Code: B23PY01DE

Semester- IV

Discipline Specific Elective Course
Undergraduate Programme in Psychology

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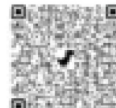
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MESSAGE FROM VICE CHANCELLOR

Dear learner,

I extend my heartfelt greetings and profound enthusiasm as I warmly welcome you to Sreenarayanaguru Open University. Established in September 2020 as a state-led endeavour to promote higher education through open and distance learning modes, our institution was shaped by the guiding principle that access and quality are the cornerstones of equity. We have firmly resolved to uphold the highest standards of education, setting the benchmark and charting the course.

The courses offered by the Sreenarayanaguru Open University aim to strike a quality balance, ensuring students are equipped for both personal growth and professional excellence. The University embraces the widely acclaimed “blended format,” a practical framework that harmoniously integrates Self-Learning Materials, Classroom Counseling, and Virtual modes, fostering a dynamic and enriching experience for both learners and instructors.

The university aims to offer you an engaging and thought-provoking educational journey. The undergraduate programme in Psychology is designed to match the high standards of top universities across the country. We have included the most up-to-date methods for teaching psychological concepts and ideas in our curriculum. This approach helps spark learners’ interest and encourages them to go deeper into the subject. Our courses cover both theories and real-world examples, giving the learner a well-rounded understanding of psychology. The Self-Learning Material has been meticulously crafted, incorporating relevant examples to facilitate better comprehension.

Rest assured, the university’s student support services will be at your disposal throughout your academic journey, readily available to address any concerns or grievances you may encounter. We encourage you to reach out to us freely regarding any matter about your academic programme. It is our sincere wish that you achieve the utmost success.



Warm regards.
Dr. Jagathy Raj V. P.

01-03-2026

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Fundamentals of Organisational Behaviour



UNIT

Fundamentals of Organisational Behaviour

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ◆ define organisational behaviour
- ◆ discuss the scope, historical evolution, and importance of organisational behaviour in the workplace
- ◆ discuss the challenges and opportunities of organisational behaviour.
- ◆ describe organisational structure
- ◆ discuss common organisational designs

Prerequisites

Infosys Ltd., one of India's most successful IT companies, is today a global leader in consulting and technology services. From its modest beginnings in 1981 with just a handful of engineers, Infosys has grown into a multinational organisation employing thousands across continents. Over the decades, it has not only become a symbol of India's IT revolution but has also established itself as a hugely profitable enterprise with a strong global presence. Its continued expansion, stable revenues, and recognition as one of the world's most admired companies make it an inspiring example of organisational success. Yet, behind this impressive growth story lie challenges of leadership transitions, cultural shifts, employee turnover, and communication across global teams—issues that remind us that success is never just about strategies or technologies but also about people.

The story of Infosys shows us that organisational behaviour is not just a theory but a practical field of study that explains why organisations succeed or face difficulties. It demonstrates how individual behaviours—such as attitudes, perceptions,

and motivation—directly influence performance; how groups and teams must work effectively to achieve results; how leaders and organisational culture shape the overall workplace climate; and how organisational-level practices affect long-term growth and stability. To understand these dynamics more clearly, we now turn to the fundamentals of organisational behaviour.

Keywords

Organisational Behaviour, Hawthorne Studies, Organisational Structure, Bureaucracy, Matrix Organisation, Globalisation, Workforce Diversity, Downsizing.

Discussion

When we look at successful organisations like Infosys, Tata, or even global firms such as Google, one question naturally arises: what truly drives their success? Is it advanced technology, innovative products, or strong financial backing? While all of these factors matter, experience shows that the real strength of an organisation lies in how people behave, work together, and respond to challenges. The way employees are motivated, the way teams collaborate, the way leaders inspire, and the way culture shapes everyday decisions—these are the hidden forces that determine whether an organisation thrives or struggles. To study and understand these forces systematically, we turn to the field known as organisational behaviour.

1.1.1 Definition of Organisational Behaviour

Organisational Behaviour (OB) is a field of study that investigates the impact that individuals, groups, and structure have on behaviour within organisations, for the purpose of applying such knowledge toward improving an organisation's effectiveness (Robbins, 2019). To deepen our understanding of this definition, we can look more closely at each of its major elements.

First, organisational behaviour is described as a field of study. This means that it is a recognised discipline with its own body of knowledge, much like psychology, sociology, or economics. Over the years, scholars and practitioners have developed theories, models, and research findings that make OB a systematic area of learning rather than just common sense about people at work.

Second, OB investigates the impact of individuals, groups, and organisational structure. These are the three levels at which behaviour in organisations can be studied. At the individual level, it explores factors such as attitudes, personality, motivation, and perception. At the group level, it focuses on processes like communication patterns, leadership roles, teamwork dynamics, and the ways conflicts are managed. At the organisational level, it examines broader elements such as structure, hierarchy, policies, and culture, which shape how people behave at work.

Third, OB is concerned with how these factors shape behaviour. For example, a manager's leadership style can influence employees' level of motivation; the way a team communicates may determine whether

it works harmoniously or falls into conflict; and an organisation's culture or policies may influence whether people feel valued or ignored.

Finally, the purpose of OB is to apply this knowledge to enhance organisational effectiveness. In other words, OB goes beyond theoretical understanding and helps organisations function more efficiently, strengthen productivity, foster a positive and supportive work environment, and promote both individual development and overall organisational success.

While Robbins has provided a widely accepted definition of organisational behaviour, several other scholars have also explained the concept. Some important definitions are given below.

According to L. M. Prasad, "Organisational behaviour (OB) can be defined as the study and application of knowledge about human behaviour related to other elements of the organisation such as structure, technology, and social systems."

According to K. Aswathappa, "Organisational behaviour is the study of human behaviour in organisational settings, of the interface between human behaviour and organisation, and of the organisation itself."

According to John W. Newstrom, "Organisational behaviour is the systematic study and careful application of knowledge about how people—as individuals and as groups—act within organisations. It strives to identify ways in which people can act more effectively."

1.1.2 Scope of Organisational Behaviour

The scope of organisational behaviour is wide and multi-dimensional. It covers the study of people, structure, technology, and the

external environment in which organisations function. Some of the important areas that come under the scope of OB are:

- ◆ **Individual Behaviour:** OB studies how individuals think, feel, and act within organisations. It examines personality (understanding how personality traits influence behaviour, motivation, and job satisfaction), attitudes (exploring the role of employee attitudes and personal values in shaping behaviour), perception (examining how individuals interpret and make sense of their work environment, including their perception of fairness, justice, and organisational support), motivation (studying the factors that drive individuals to work hard and achieve goals, including intrinsic and extrinsic motivators), and learning styles (investigating how individuals acquire new knowledge, skills, and abilities) that influence workplace behaviour.
- ◆ **Group Behaviour:** Organisations are not made up of individuals working in isolation. People work in groups and teams, and OB focuses on group dynamics (examining how individuals interact within groups, including communication patterns, power dynamics, and conflict resolution), leadership styles (investigating different leadership styles and their impact on employee motivation, performance, and satisfaction), decision-making (analysing how individuals and groups make decisions, including biases that can affect decision-making quality), power (understanding how power is acquired and used within organisations), and conflict management (analysing the causes and consequences of conflict and exploring strategies for managing

and resolving conflict effectively).

- ◆ **Organisational Structure:** The scope of OB includes how organisations are designed and structured. It looks at formal roles, responsibilities, hierarchies, and systems that guide work. It includes examining how the design and structure of an organisation (e.g., hierarchy, departmentalisation) affect communication, decision-making, and overall performance.
- ◆ **Organisational Culture:** Every organisation develops its own culture – shared values, beliefs, and practices. OB helps in understanding how culture shapes employee behaviour and organisational effectiveness.
- ◆ **Leadership and Management:** A central aspect of OB is the study of how leaders influence, guide, and inspire their teams. It also explores how management practices affect performance and employee satisfaction.
- ◆ **Communication:** Effective communication is critical in any workplace. OB examines formal and informal communication networks, barriers to communication, and strategies for improvement.
- ◆ **Change and Development:** Organisations face constant changes due to competition, technology, and globalisation. OB studies how individuals and groups respond to change, and how organisations can manage transitions smoothly through planned development.
- ◆ **Technology and Innovation:** The integration of technology has changed work patterns. OB studies

how technological advancements influence employee roles, workplace stress, adaptability, and innovation.

- ◆ **External Environment:** Finally, OB also considers how external factors such as economic policies, global markets, and cultural diversity impact the functioning of organisations.

In essence, the scope of organisational behaviour includes all factors that shape how individuals and groups act within workplace settings and, in turn, how these patterns of behaviour influence organisational performance and effectiveness.

1.1.3 Historical Evolution of Organizational Behaviour.

Having understood what organizational behaviour is and why it matters, it becomes equally important to explore how the field emerged and developed over time. OB did not appear as a distinct discipline all at once; it evolved gradually through a series of scientific, managerial, and social developments that shaped the way human behaviour at work is understood today. Tracing this historical development helps us understand how organizational behaviour took shape and how its major ideas came into being. The following section outlines and analyses the key stages in the evolution of organisational behaviour.

- Classical Approach
- Behavioural Approach

1.1.3.1 Classical Approach

The classical approach roughly covered the period from 1900 to 1930. The major contributors were Fredric Taylor, Henry Fayol, Max Weber, Mary Parker Follett, and Chester Barnard. The classical approach includes scientific management theory,

administrative theory, and the bureaucratic model of organisation. The emergence of these theories was closely connected to earlier economic and industrial developments.

◆ The Industrial Revolution

The Industrial Revolution, which began in the 18th century, marked a turning point in the history of organizational behaviour. As factories and large-scale businesses emerged, managing people became more complex. The need to increase productivity, streamline processes, and improve efficiency became a central focus. It was during this time that the groundwork for modern organizational behaviour was truly laid.

◆ Adam Smith and the Division of Labour

In his seminal work, “The Wealth of Nations,” Adam Smith introduced the concept of the division of labour, which played a key role in the growth of modern organizations. Smith argued that when tasks are broken down into specialized components, workers can become more efficient. This idea laid the foundation for mass production systems and created a framework for thinking about efficiency in organizations. While Smith’s ideas were rooted in economics, they had a direct impact on how work was organized in factories and other large organizations during the industrial era.

◆ Scientific Management

Scientific management emerged through the work of Frederick Winslow Taylor, who is widely regarded as the father of scientific management. Taylor began his career as a machinist and later progressed to the position of chief engineer. During his work in industrial settings, he observed several problems, such as inefficiency, wastage of materials, faulty equipment, inadequate training of workers, restricted output, and

lack of cooperation between management and employees. In response to these issues, he introduced a systematic and scientific approach to work design. Taylor emphasised selecting the right people for the right jobs, placing them in suitable positions, providing proper training, and ensuring appropriate remuneration in order to improve efficiency and productivity. In his 1911 book *The Principles of Scientific Management*, he argued that productivity could be significantly improved by analysing work tasks, standardising procedures, selecting and training workers systematically, and linking performance to financial incentives.

◆ Administrative Theory

Administrative Theory originated with Henri Fayol, a French industrialist who sought to identify the universal principles that could guide effective management. In his 1916 work, “Administration Industrielle et Générale,” Fayol outlined five key managerial functions—planning, organizing, commanding, coordinating, and controlling—that he believed applied to all organizations.

He also proposed fourteen principles of management, emphasizing issues such as division of labour, authority and responsibility, unity of command, discipline, and a clear hierarchical structure. Fayol viewed workers as units within a rational system that needed guidance, supervision, and discipline to achieve organizational goals. Although later criticized for its mechanistic view of human behaviour, administrative theory provided the earliest comprehensive framework for understanding managerial responsibilities.

◆ Bureaucratic Model of Organisation

The bureaucratic model of organisation originated with Max Weber, who proposed bureaucracy as a rational and efficient

form of organisation. According to Weber, organisations function effectively when there is a clear division of labour, a well-defined hierarchy of authority, and a system of formal rules and procedures that guide employees' behaviour. He also emphasized the principle of impersonality, where decisions are made objectively rather than based on personal relationships, and recruitment and promotion are based on technical competence and merit. Although the model was later criticised for its excessive emphasis on rules and rigid hierarchy, which may cause delays in decision-making and ignore human aspects of organisations, it provided an important framework for understanding the formal structure and functioning of modern organisations.

1.1.3.2 Behavioural Approach of Organizational Behaviour

The behavioural approach of organizational behaviour is based on the conviction that organisational efficiency depends upon managers' ability to understand work as well as people having varied backgrounds, needs, values, perceptions, and personalities. Therefore, the human factor is central to this approach. This approach can be understood in two phases:

- Human relations movement
- Behavioural science approach

1. The Human Relations Movement

While early theories of organizational behaviour focused on efficiency and structure, the human relations movement, which emerged in the early 20th century, shifted the focus towards the human aspect of organizations. This movement was influenced by a series of groundbreaking studies that sought to understand how the work environment affects employee performance and satisfaction.

♦ The Hawthorne Studies

The Hawthorne Studies, conducted at the Western Electric Company's Hawthorne Works in a suburb of Chicago during the 1920s and 1930s, were among the most influential studies in shaping the human relations movement. The studies were carried out by Elton Mayo, a professor of industrial relations at Harvard Business School. Elton Mayo is often regarded as the father of the human relations movement.

Hawthorne experiments were carried out over a period of 8 years from 1924 to 1932. The experiment was started to establish a relationship between productivity and physical working conditions, but at later stages, the study found that workers' behaviour and sentiments were closely related, and a person's behaviour was significantly affected by the group influences. The Hawthorne Studies included a series of experiments, which are explained below.

♦ Illumination Experiment

The first major experiment was the illumination experiment (1924-1927). The purpose of this experiment was to study the effect of different levels of lighting on productivity. The experiment included two groups: the control group and the experimental group. The control group was not exposed to any variation in light, whereas the experimental group experienced changes in lighting level. The results of the experiment were shocking. As lighting was increased for the experimental group, the productivity of the group also increased, but when lighting was subsequently reduced, the productivity still increased more. On the other hand, lighting for the control was not increased, but still their productivity increased. Eventually, it was concluded that lighting did not have any effect on the productivity of employees, but there was something else that was responsible for the same. At that time, it was realised that the

human factor was important in determining the productivity of the employees.

◆ **Relay Assembly Test Room Experiments**

Following the illumination studies, another important phase of the Hawthorne Studies was the relay assembly test room experiment (1927–1932). The purpose of this experiment was to examine how changes in working conditions influenced workers' productivity. In this experiment, workers were placed in a separate test room so that their performance could be closely observed. Several changes were gradually introduced in the working environment, such as the introduction of rest pauses, provision of refreshments during breaks, adjustments in working hours, and modifications in the incentive system. These changes were introduced in different sequences to observe their impact on productivity. The findings showed that productivity improved even when the experimental benefits were later withdrawn, and the original working conditions were restored. Researchers concluded that the increase in productivity was mainly due to psychological and social factors, such as the attention given to workers and a sense of cooperation and belongingness among the workers. This experiment highlighted the importance of human relations in influencing employee performance.

◆ **Bank Wiring Room Study**

Another important phase of the Hawthorne Studies was the bank wiring room study. The purpose of this study was to examine the behaviour of workers in small groups and to understand how group dynamics influence individual performance at work. In this experiment, workers performing wiring tasks were placed in a separate observation room where their activities could be carefully studied.

The results showed that productivity did not increase even though group incentives were provided. Instead, workers deliberately restricted their output and informally decided the level of work that was acceptable for the group. Any member who tried to work faster than the agreed level was discouraged by the others. The study revealed that informal group norms and social pressures strongly influence individual behaviour, sometimes even more than financial incentives or managerial control. This experiment highlighted the importance of informal groups in shaping behaviour within organisations.

2. Behavioural Science Approach (1950s–1960s)

Following the insights gained from the Hawthorne studies, the period from the 1950s to the 1960s witnessed the emergence of the behavioural science approach, which significantly broadened the scope of organisational behaviour. This approach integrated knowledge from psychology, sociology, and anthropology, allowing researchers to examine work behaviour using more systematic and scientifically grounded methods. During this period, scholars shifted their attention from merely observing workplace behaviour to explaining why employees think, feel, and act as they do within organisational settings. The development of major motivation theories also marked this era. Abraham Maslow's hierarchy of needs, Frederick Herzberg's two-factor theory, and Douglas McGregor's theory X and theory Y offered deeper insights into employee motivation, job satisfaction, and managerial assumptions about human nature. Together, these contributions strengthened OB by providing theoretical frameworks that highlighted the psychological and social processes underlying work performance.

1.1.3.3 The Modern Era of Organisational Behaviour

The modern era of organisational behaviour is generally considered to have developed from the 1960s onwards, when the field emerged as a distinct academic discipline supported by systematic research and interdisciplinary perspectives. During this period, organisations began to be viewed not as rigid mechanical structures but as complex and dynamic systems. The systems approach explained organisations as interconnected networks of individuals, groups, technology, and the external environment working together to achieve common goals. Closely related to this, the contingency approach argued that no single management practice is universally effective; instead, the success of organisational strategies depends on situational factors such as task structure, organisational environment, and workforce characteristics. From the late twentieth century to the early twenty-first century, organisational behaviour evolved into a more sophisticated field focusing on issues such as organisational culture, diversity, leadership, and organisational change. The growth of technology, globalization, and changing societal expectations has created new perspectives on how organisations function and how employees interact in the workplace. Today, organisational behaviour is an interdisciplinary field that draws insights from psychology, sociology, economics, and management to understand behaviour in organisations and to improve organisational effectiveness while supporting employee well-being.

1.1.4 Importance of OB in the workplace

Organisational behaviour is not just a theoretical subject; it has practical significance for employees, managers, and organisations as a whole. Understanding OB helps us see how behaviour at work affects

productivity, satisfaction, and long-term success. Its importance can be explained through the following points:

- ◆ Understanding Human Behaviour

OB helps managers and employees understand why people behave in certain ways at work. By studying attitudes, perceptions, personality, and motivation, it becomes easier to predict and guide behaviour in a positive direction.

- ◆ Improving Organisational Effectiveness

An organisation is considered effective when it accomplishes its goals with efficiency and ensures employee satisfaction. OB provides tools to design better structures, improve decision-making, and ensure smooth coordination between individuals and teams.

- ◆ Enhancing Motivation and Productivity

By applying OB concepts, managers can identify what motivates employees—whether it is financial rewards, recognition, growth opportunities, or meaningful work—and create systems that boost performance.

- ◆ Building Better Relationships and Reducing Conflicts

Human interactions form the foundation of every workplace. OB emphasises communication, teamwork, and leadership, which are essential for reducing conflicts and building trust among employees.

- ◆ Adapting to Change

Organisations operate in an environment marked by rapid technological advancements, intense competition, and increasing globalisation. Organisational behaviour helps individuals and managers handle change effectively by understanding sources of resistance, managing stress, and applying

strategies for smooth adaptation.

- ◆ Developing leadership and managerial skills

Effective leadership is key to organisational success. Organisational behaviour provides insights into various leadership styles and prepares managers with the knowledge and skills to motivate, guide, and support their teams, fostering productivity and a constructive work environment.

- ◆ Creating a positive organisational culture

Culture shapes how people think and act at work. Organisational behaviour helps in building an organisational culture that encourages innovation, ethical practices, and employee well-being.

- ◆ Managing workforce diversity

Modern organisations consist of employees with varied cultural backgrounds, values, and perspectives. Organisational behaviour helps managers recognise and understand these differences, enabling them to create an inclusive environment where diversity becomes an asset rather than a challenge.

1.1.5 Challenges and Opportunities in Organisational Behaviour

Organisations today are functioning in an environment that is steadily evolving, bringing with it a variety of challenges as well as opportunities for managers. The workforce is becoming more diverse, technology is reshaping the nature of work, and many organisations are expanding their operations across global markets. Alongside these developments, managers are increasingly attentive to issues of ethics, justice, and corporate responsibility towards the environment, society, and local communities.

There is also a growing emphasis on developing employees' strengths and addressing the effects of global events—such as the COVID-19 pandemic—which have altered employee expectations, workplace arrangements, and organisational priorities.

In short, the challenges faced by organisations also create opportunities for managers. The following section reviews some of these key challenges and opportunities in detail.

1.1.5.1 Workforce Diversity and Inclusion

Workforce diversity refers to the variety of characteristics—such as gender, age, race, ethnicity, sexual orientation, and other attributes—that employees bring to organisations. Managing workforce diversity is an important challenge and opportunity, as it requires recognising and respecting differences in backgrounds, values, and perspectives.

Beyond recognition, organisational members have a collective responsibility to ensure that the work environment remains fair, respectful, and equitable for all employees. Workforce inclusion focuses on creating conditions in which individuals feel welcomed, valued, and able to participate fully in organisational processes and decision-making.

When diversity is managed effectively, it can enhance creativity, innovation, and problem-solving by bringing multiple perspectives together. However, if diversity is poorly managed, it may lead to misunderstanding, conflict, and higher employee turnover, highlighting the importance of inclusive organisational practices.

1.1.5.2 Globalisation

The world has increasingly become a global marketplace, where products, services, and information move easily across national boundaries. Globalisation refers to the growing interconnectedness and interdependence of economies, cultures, and business systems across the world. It involves the flow of goods, services, technology, capital, and people across borders, creating a more integrated global economy. Although globalisation opens wide opportunities for organisations—such as access to larger markets, diverse talent, and advanced technologies—there are also several challenges they must confront. These include adapting to different cultural values and practices, complying with unfamiliar laws, regulations, and policies, as well as dealing with international competition and global supply chains. Organisations must also focus on adopting new technologies and responding to organisational change and restructuring to remain competitive in the global economy.

1.1.5.3 Ethical Behaviour

As workplaces grow more complex and globally interconnected, employees frequently face situations that test their honesty, integrity, and fairness. Issues such as confidentiality, conflicts of interest, misuse of organisational resources, and pressures to meet targets can create ethical dilemmas.

For organisations, promoting ethical behaviour is essential for maintaining trust, safeguarding reputation, and ensuring long-term effectiveness. Many companies respond by establishing clear ethical guidelines, conducting training, and creating systems for reporting concerns. When employees act ethically, it strengthens workplace relationships and contributes to a positive organisational climate, making ethical behaviour both a responsibility and an

opportunity for organisational success.

Closely related to ethical behaviour is the concept of Corporate Social Responsibility (CSR). While ethical behaviour primarily concerns the conduct of individuals and internal organisational practices, CSR extends this responsibility to the organisation's impact on society and the environment. It emphasises that organisations should not only pursue profits but also operate in ways that contribute positively to communities, protect the environment, and uphold social values. By adopting socially responsible practices, organisations can enhance their reputation, build stakeholder trust, and foster a culture of responsibility and sustainability.

1.1.5.4 Customer Service

Organisations today rely heavily on employees who interact directly with customers—such as support staff, sales personnel, nurses, consultants, and service technicians. The quality of these interactions strongly shapes customer satisfaction, making employee attitudes and behaviour critical to organisational success.

A key challenge arises when employees are unable to meet customer expectations, leading to dissatisfaction and potential loss of business. To address this, organisations need to build a customer-responsive culture, where employees are supported and trained to communicate warmly, establish rapport, put customers at ease, and respond to each customer's unique situation.

1.1.5.5 Quality Management

Ensuring quality is a major challenge as well as an opportunity for modern organisations. The quality of a product or service is judged by the extent to which it meets or exceeds customer expectations. With increasing competition from both domestic and international organisations, maintaining high-quality standards has become essential

for organisational success. Therefore, organisations emphasise comprehensive quality control by setting quality standards, monitoring performance, and ensuring that employees at all levels contribute to maintaining quality.

To strengthen quality consciousness, many organisations adopt practices such as Total Quality Management, Six Sigma, Kaizen, and quality certification programmes. These approaches focus on continuous improvement, error reduction, and customer satisfaction. Although implementing such practices may require changes in work processes and employee attitudes, organisations that successfully develop a culture of quality can improve their reputation, increase customer satisfaction, and gain a competitive advantage.

1.1.5.6 Technological Advancement

Advancements in technology have significantly transformed the way organisations operate, communicate, and make decisions. Innovations such as artificial intelligence and other advanced digital technologies have enhanced organisational efficiency and improved the speed and accuracy of decision-making. These developments create important opportunities for organisations to improve productivity, introduce innovative products and services, and remain competitive in a rapidly changing business environment. At the same time, rapid technological change also presents challenges. Employees must continuously update their knowledge and skills to adapt to new systems and methods of work, while organisations need to invest in training and effectively manage the process of technological change. Thus, technological advancement represents both an opportunity for organisational growth and a challenge that requires continuous adaptation by employees and managers.

1.1.5.7 Crisis and Uncertainty

Organisational crises, such as global pandemics, economic downturns, or sudden disruptions in business operations, create significant challenges for both employees and management. Events like the COVID-19 pandemic and the global economic recession of 2008 forced many organisations to deal with layoffs, job insecurity, and major changes in work arrangements. During such periods, managers are required to make difficult decisions regarding organisational functioning, while employees often experience stress, uncertainty, and increased work pressures. How organisations handle these situations has a major impact on productivity, employee morale, and overall organisational survival.

At the same time, crises can also create opportunities for organisations to improve their practices. Challenging situations often encourage organisations to reassess their policies, strengthen communication with employees, and develop more flexible ways of working. Many organisations introduce new work methods, improve internal processes, and adopt flexible work arrangements during difficult periods. By applying the principles of organisational behaviour, managers can better understand employee concerns and maintain effective coordination within the organisation. In this way, even difficult circumstances can lead to organisational learning, improved work practices, and stronger long-term development.

1.1.6 Organisational Structure

Organisational structure refers to the formal system that defines how tasks, authority, and reporting relationships are arranged within an organisation. It is the framework that determines how organisational activities are coordinated, supervised, and directed in order to achieve organisational goals. It also represents the systematic arrangement

of human resources within an organisation so that individuals and groups can work together effectively toward common business objectives.

Organisational structure acts as a blueprint for organisational operations. It outlines the roles and responsibilities of every member of the organisation so that work and information flow seamlessly, ensuring the smooth functioning of the organisation.

1.1.6.1 Key Components of Organizational Structure

1. Work Specialization

Also called the division of labour, work specialization involves breaking a job into smaller tasks, with each task performed by different individuals. Employees focus on specific tasks rather than the entire process, which helps improve efficiency and skill through repetition. It allows organisations to complete work faster and more effectively.

2. Departmentalization

Once work is divided, related tasks are grouped together to form departments. This grouping can be based on function (e.g., marketing, finance), product lines, geography, or customer types. Departmentalization helps organise work in a way that improves coordination and communication within the organisation.

3. Chain of Command

The chain of command is the formal line of authority that runs from the top of the organisation to the lowest levels. It clarifies who reports to whom and ensures that instructions and decisions flow in an organised manner. A clear chain of command reduces confusion and conflict.

4. Span of Control

The span of control refers to the number of employees a manager can effectively supervise. Factors that determine a manager's span of control include the complexity of the organization, the manager's capacity, the management tools available, and the competence of employees.

5. Centralization and Decentralization

In centralized organisations, decision-making authority is concentrated at the top levels of management. Top managers make the key decisions, and lower-level managers and employees are responsible for implementing these directives. This structure ensures uniformity in decisions and clear control over organisational activities, but it can slow down decision-making and reduce flexibility at lower levels.

In contrast, decentralized organisations delegate decision-making authority to managers who are closer to the action or to work teams. This approach allows decisions to be made more quickly and enables greater responsiveness to local or departmental needs. Decentralization can empower employees, encourage initiative, and enhance adaptability, though it may require strong coordination to maintain overall organisational alignment.

6. Formalization

Formalization refers to the degree to which rules, procedures, and written guidelines govern the work and behaviour of employees in an organisation. In highly formalized organisations, employees are expected to follow clearly defined rules, policies, and standard procedures while performing their tasks. In contrast, organisations with low formalization provide employees with greater freedom and flexibility in deciding how to carry out their work.

7. Boundary Spanning

Boundary spanning involves interactions between organisational units or with external stakeholders such as customers, suppliers, or partners. It helps gather information, coordinate activities across departments, and adapt to external changes.

1.1.7 Common Organisational Designs

Common organisational designs refer to the traditional structural arrangements through which organisations divide tasks, coordinate activities, and establish authority relationships. The most widely used designs include simple organisations, bureaucratic structures, and matrix organisations, all of which emphasise clarity of roles, hierarchical control, and formal coordination.

1.1.7.1. Simple Organisations

A simple organisation is the most basic type of organisational structure, typically featuring a small group of employees with a single individual holding decision-making authority. It usually has only two or three vertical levels and is characterised by minimal departmentalisation, a wide span of control, and low formalization, with few formal rules or procedures. In simple terms, a simple structure doesn't have a multilayered management system or formal departments. Instead, authority is centralised with the founder, who delegates work to staff directly, and employees report to the business owner in case of any issues. Communication is usually informal, and the structure allows for quick adaptation to changes and immediate responses to problems.

The characteristics of the simple structure include the following:

1. Flat hierarchy: few levels of management, resulting in minimal layers between employees and top decision-makers.

2. Centralised authority: decision-making is concentrated in one individual or a small group, typically the founder or owner.
3. Informality: Roles and responsibilities are not rigidly defined, allowing employees to handle multiple tasks.
4. Flexibility: highly adaptable to changes in the environment due to its lack of bureaucracy and rigid structure.
5. Limited formalization: policies, procedures, and rules are minimal, and the structure is mainly informal.

This type of organisation is well-suited for small businesses or startups, where flexibility, speed, and close supervision are essential. However, the simple structure also has certain limitations. As an organisation grows, this structure may become increasingly inadequate because its low formalization and high centralization tend to create information overload at the top level. Decision-making may become slower as the single executive attempts to handle most organisational responsibilities. If the structure is not modified and made more elaborate as the organisation expands, the firm may lose momentum and may eventually fail.



Fig.1.1: Example of Single Organisational Structure.

1.1.7.2 Bureaucracy

Bureaucracy is a traditional organisational structure characterised by a clear hierarchy, formal rules and procedures, and well-defined roles for employees. Each person has a specific job and reports to a single manager, creating a predictable chain of command. This structure emphasises specialisation, with routine tasks divided among employees, and incorporates strict formalised rules, centralised authority, and narrow spans of control. Bureaucracy also includes strong departmentalisation, ensuring consistency, efficiency, and fairness in large organisations.

The following are the major characteristics of a bureaucratic structure:

1. Clear hierarchy

The organisation is arranged in a well-defined chain of command, where each level has specific authority and responsibility. Employees know exactly who they report to and who reports to them.

2. Division of labour

Work is divided into specialised roles and tasks. Each employee performs duties within a specific area of expertise, promoting efficiency but reducing flexibility.

3. Formal Rules and Procedures

A bureaucratic structure relies heavily on written policies, procedures, and regulations that guide employee behaviour and decision-making. This ensures uniformity and reduces ambiguity.

4. Impersonality

Decisions are made based on established rules rather than personal preferences or relationships. Employees are treated uniformly, ensuring fairness but sometimes reducing human warmth.

5. Merit- Based Employment

Recruitment, promotion, and rewards are based on qualifications, expertise, and performance. This system aims to minimise favouritism and ensure that competent individuals hold key positions.

While bureaucratic structures provide stability and make it easier to manage routine operations, they can also be rigid. Strict rules and procedures may slow decision-making, reduce flexibility, and limit creativity, leaving employees feeling constrained and less motivated to innovate. Despite these limitations, bureaucracy remains common in government agencies, large corporations, and institutions where standardisation, accountability, and orderly management are essential.

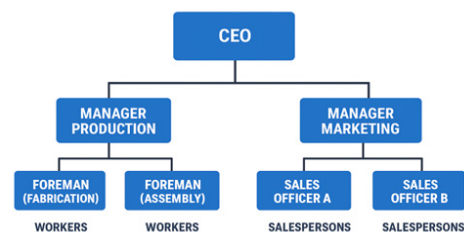


Figure.1.2: Example of a bureaucratic model

1.1.7.3 Matrix Organisations

Matrix organisations combine a traditional functional structure with a product-based structure. In this design, employees report not only to their department managers but also to project or product managers, creating dual lines of authority. Product managers focus on product- or project-related decisions, while functional managers oversee departmental responsibilities. This structure is particularly useful in dynamic and uncertain environments, allowing organisations to give special attention to specific products or projects without abandoning their functional framework.

Characteristics of the Matrix Structure

1. Flexible resource allocation— Employees can be assigned dynamically to projects and priorities, allowing effective use of skills across multiple initiatives.
2. Enhanced communication and collaboration— Close coordination between project managers and functional managers improves information flow and cross-departmental interaction.
3. Balanced focus – The structure maintains both functional expertise and project accountability, ensuring organisational objectives are met efficiently.
4. Employee development and innovation – Working on diverse projects across functions provides learning opportunities and fosters creativity through cross-functional collaboration.
5. Customer responsiveness – Project teams can quickly access relevant functional resources, enabling faster responses to technical issues and client needs.

Despite their benefits, matrix structures come with certain challenges. In a matrix, employees report to two or more managers, which violates the traditional principle of unity of command, where each person reports to a single manager. This dual reporting can create confusion, as communication no longer follows a predictable path, and coordination becomes more complex.

The presence of multiple managers

can lead to power struggles or conflicts over authority. Managers must coordinate closely, which increases interdependence and demands more effort to align their work. For employees, this structure may result in interpersonal conflicts with team members or leaders, as well as role conflicts due to unclear expectations. Additionally, working with cross-functional teams can increase the likelihood of task-related disagreements.

1.1.8. New Design Options

Although traditional organisational structures such as the simple structure, bureaucracy, and matrix provide stability and clarity, they also have significant limitations. These include rigidity, slow decision-making, high levels of formalisation, and difficulty in responding quickly to environmental change. In today's dynamic and competitive business environment, these drawbacks have led organisations to experiment with more flexible and adaptive designs.

1.1.8.1 Virtual Organisations

Virtual organisations are designed to operate with geographically dispersed employees who collaborate primarily through digital technology rather than in a single physical office. These organisations rely heavily on communication tools like video conferencing, cloud-based platforms, and collaborative software to coordinate work across different locations and time zones. This structure allows companies to access global talent, reduce overhead costs, and respond quickly to changing market demands.

The major advantage of the virtual structure is its flexibility, which enables individuals with innovative ideas and limited resources to compete successfully against larger, more established organisations. This structure also saves a great deal of money by eliminating permanent offices and

hierarchical roles for outsourced functions.

Although virtual organisations offer flexibility and efficiency, they also come with challenges. Employees may feel isolated, struggle to build strong team relationships, or experience difficulties in balancing work and personal life due to blurred boundaries. Managers must focus on maintaining clear communication, fostering trust, and creating a sense of belonging among remote team members. By addressing these challenges, virtual organisations can leverage technology to enhance collaboration, productivity, and innovation while adapting to the modern, digitally connected world of work.

1.1.8.2. Boundaryless Organisations

A boundaryless organization is a contemporary approach to organizational design. As the word implies, it is an organization with no boundaries. Normally, a company has a structure and a set of hierarchies. But a boundaryless organization has no or minimal structure and hierarchy. In such organizations, the barriers that typically divide employees—such as hierarchy, job function, and geography—are minimized or removed. Similarly, boundaries that separate the company from suppliers and customers are reduced to enable closer collaboration and integration. The term *boundaryless organization*, belongs to Jack Welch, who developed this concept during his tenure as CEO of General Electric (GE).

The primary goal of such organizations is to ensure greater flexibility and responsiveness, as well as a smooth flow of information and ideas. Such organizations form self-governing and cross-functional teams around their core activities, thus enabling them to achieve greater integration and coordination.

1.1.8.3. Leaner Organisations

A leaner organisation is a modern organisational design that focuses on reducing unnecessary complexity, eliminating waste, and improving overall agility. The central idea is to streamline structures so the organisation can respond quickly to environmental changes, adopt innovations faster, and operate with greater efficiency.

Leaner organisations reduce layers of hierarchy, simplify job roles, and encourage more direct communication. This structure minimises bureaucracy and shortens decision-making time, enabling employees and teams to act swiftly. Lean design also emphasises flexibility—teams are encouraged to adapt, collaborate, and focus on activities that directly contribute to organisational goals.

One major strategy for becoming leaner is downsizing, which refers to deliberate efforts to reduce the size and scope of the organisation. This may involve closing unproductive units, reducing staff, or selling off divisions that do not contribute value. The purpose is not merely cost-cutting, but creating a compact, focused organisation with stronger core capabilities. However, effective downsizing must be planned carefully to avoid damaging employee morale or losing essential talent.

Leaner organisations often rely on cross-functional teams, technology-enabled workflows, and continuous improvement practices. By keeping the structure light and adaptable, they remain competitive in dynamic markets where speed, innovation, and efficiency are critical.

Recap

- ◆ Organisational behaviour is the systematic study of how people act within organisations.
- ◆ The purpose of OB is to apply knowledge to make organisations more productive.
- ◆ OB examines behaviour at three levels: individual, group, and organisational.
- ◆ Frederick Winslow Taylor introduced scientific management to organisational behaviour.
- ◆ Henri Fayol introduced administrative theory to guide effective management in all organisations.
- ◆ The Hawthorne Studies showed that workers' attitudes and social factors affect their productivity.
- ◆ The relay room experiments showed that changes in work hours, rest breaks, or pay did not alone cause productivity increases; social and psychological factors mattered.
- ◆ The bank wiring room study revealed that strong group norms could limit productivity despite management incentives or supervision.
- ◆ The behavioural science approach studied why employees behave, think, and feel the way they do at work.
- ◆ Modern OB views organisations as dynamic systems, using the systems and contingency approaches to improve effectiveness and support employees.
- ◆ OB helps manage workforce diversity, globalisation, technology, ethics, and customer service in modern organisations.
- ◆ OB is crucial during crises, helping organisations adapt, maintain productivity, and turn challenges into opportunities.
- ◆ Organisational structure defines tasks, authority, and reporting to coordinate work efficiently.
- ◆ Common designs include simple, bureaucratic, matrix, virtual, boundaryless, and leaner organisations.
- ◆ New designs focus on flexibility, technology, reducing hierarchy, and improving collaboration across teams.

Objective Questions

1. Who is known as the father of scientific management?
2. Who is known for administrative theory?
3. Where were the hawthorne studies conducted?
4. Which hawthorne study examined rest breaks and work hours?
5. Which study showed that group norms could restrict productivity?
6. Name one motivation theory developed during the behavioural science period.
7. Which approach in modern OB argues that no single management practice is always effective?
8. Which type of organisations coordinate work primarily through digital platforms?
9. Which OB aspect focuses on creating a safe, supportive, and productive workplace?
10. Which organisational design has a clear hierarchy, rules, and specialised roles?
11. Which structure has employees reporting to both functional and project managers?
12. Which modern organisation operates primarily through digital collaboration across locations?
13. Which type of organisation reduces hierarchy and simplifies roles to improve agility?
14. Which element shows the formal line of authority in an organisation?
15. Which element groups related tasks into departments?

Answers

1. Frederick Winslow Taylor
2. Henri Fayol
3. Western Electric Company at Hawthorne, Chicago
4. Relay Room Experiments
5. Bank Wiring Room Study
6. Maslow's Hierarchy of Needs
7. Contingency approach
8. Virtual Organisations
9. Positive work environment
10. Bureaucracy
11. Matrix Organisation
12. Virtual Organisation
13. Leaner Organisation
14. Chain of Command
15. Departmentalisation

Assignments

1. Define organisational behaviour (OB) and explain its scope with relevant examples from modern workplaces.
2. Trace the historical evolution of OB from the classical approach to the modern era. How did the focus of management change over time?
3. Compare and contrast the classical and behavioural approaches to OB, highlighting key contributors and their contributions.
4. Explain the differences between simple, bureaucratic, and matrix organisational structures. Discuss one advantage and one limitation of each.

5. Describe virtual, boundaryless, and leaner organisations. How do these modern designs address the limitations of traditional structures?
6. Identify and discuss three major challenges faced by organisations today (e.g., workforce diversity, globalisation, crisis). How can understanding OB help managers respond effectively?

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UNIT

The Individual in an Organisation

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ◆ discuss the meaning of individual differences in organisations
- ◆ identify the factors of individual differences
- ◆ discuss personality and other important personality traits that affect behaviour in organisations
- ◆ discuss other individual difference factors like values, abilities, perception, and attitudes
- ◆ discuss the role of motivation in the workplace
- ◆ explain major theories – Maslow’s, Herzberg’s, Expectancy, Equity, and Self-Determination Theory
- ◆ describe strategies to manage individual differences

Prerequisites

Have you ever wondered why two employees in the same job perform differently or respond differently to the same situation? For instance, one may feel motivated and take initiative, while another may seem disengaged or dissatisfied. Such differences arise because each individual brings unique traits, needs, and expectations to the workplace.

To understand these variations, researchers and management experts have developed frameworks to explain what drives human behaviour, which factors influence motivation, and how organisations can address these differences to enhance satisfaction,

performance, and well-being. These frameworks provide a systematic way to explore how individual needs, expectations, and perceptions shape workplace behaviour.

In the following sections, we will delve deeper into these theories of motivation and behaviour and examine strategies for managing individual differences effectively. Let's explore these concepts to understand the driving forces behind employee behaviour in organisations.

Keywords

Individual differences, Core self-evaluations, emotional intelligence, Self-esteem, Locus of control, Myers-Briggs Type Indicator, Organisational Citizenship Behaviour, Counter productive Work Behaviours.

Discussion

In every organisation, people bring with them a wide range of characteristics that make them unique. They differ in personality traits, intelligence, values, interests, abilities, emotions, and communication styles. These variations influence how individuals think, feel, and behave at work. Because no two people are exactly alike, their behaviour and performance in organisational settings will also vary.

The concept of individual differences refers to these unique variations among people. It highlights that a single, uniform approach to managing or motivating employees cannot be effective for everyone. If all employees shared the same abilities, attitudes, and preferences, organisations could rely on standard methods to manage them. However, since each person is different, managers must be sensitive to these distinctions and adapt their leadership, communication, and motivational strategies accordingly.

1.2.1 Factors of Individual Differences

Organisational Behaviour (OB) begins with the study of the individual because

individuals perceive, think, decide, and act within the organisation. Groups and teams come to life only through the actions and interactions of their members. Therefore, understanding individual differences is essential for explaining group behaviour, team performance, and overall organisational effectiveness.

To understand why people differ so widely, it is necessary to examine the factors that shape these differences. The following section discusses the major factors that contribute to individual differences and explains how they shape employee behaviour within organisations.

1.2.1.1 Demographic Variables

Demographic variables are important individual difference factors that influence workplace behaviour, attitudes, and interactions. These variables include characteristics such as age, gender, ethnicity, education, marital status, and tenure, which help shape employees' experiences, perspectives, and expectations. Differences in demographic characteristics can affect

communication styles, work preferences, decision-making, and team dynamics. For example, employees of different age groups may have varying comfort levels with technology or approaches to problem-solving, while cultural background can influence values, beliefs, and interpersonal behaviour. Organisations that recognise and understand demographic differences are better able to manage diversity, design inclusive policies, and create work environments that leverage the strengths of all employees. By considering demographic variables, managers can enhance employee engagement, collaboration, and overall organisational effectiveness.

1.2.1.2 Personality

Personality refers to the relatively stable patterns of thoughts, emotions, and behaviours that distinguish one individual from another. It helps explain how people typically respond to situations and why they differ in their ways of thinking and acting. In organisational settings, understanding personality is valuable because it enables managers to predict behaviour, assign suitable roles, and create environments in which employees can perform effectively.

Does personality determine workplace behaviour? To some extent, it does, but it is not the only factor. Personality influences tendencies—such as sociability, assertiveness, or emotional stability—but its impact on actual work behaviour is moderate. Much of what employees do is guided by job roles, expectations, and organisational norms. Personality becomes more visible when individuals have greater freedom, autonomy, or flexibility in their work. In such situations, their natural preferences and traits are more likely to influence their behaviour.

♦ Major Personality Frameworks

a. Big Five Personality Traits

The Big Five Personality Model is one of the most widely accepted and scientifically supported frameworks for understanding personality. It consists of five broad dimensions, discussed below.

1. Openness to Experience

Openness refers to how curious, imaginative, and open-minded a person is. Individuals high in openness enjoy learning new things, exploring new ideas, and adapting to change. They tend to be creative and flexible, making them successful in jobs that require innovation and continuous learning.

2. Conscientiousness

Conscientiousness describes how organised, responsible, and dependable a person is. Highly conscientious individuals are disciplined, achievement-oriented, and reliable. This trait strongly predicts good job performance across different occupations, as such individuals set goals and work hard to achieve them.

3. Extraversion

Extraversion is the degree to which a person is outgoing, sociable, and energetic. Extraverted individuals enjoy being around others, participating in group activities, and expressing themselves openly. They often excel in roles that require social interaction, such as sales or customer service.

4. Agreeableness

Agreeableness reflects how kind, cooperative, and compassionate a person is. Individuals high in agreeableness are friendly, trusting, and helpful. They tend to build positive relationships and contribute to teamwork by supporting and assisting others in the workplace.

5. Neuroticism

Neuroticism refers to the tendency to

experience negative emotions such as anxiety, anger, or mood swings. People high in neuroticism are more likely to feel stressed and have difficulty managing their emotions. This can affect their relationships and performance at work, as they may struggle with emotional stability and confidence.

How do the Big Five traits predict behaviour at work?

Research consistently shows that the Big Five personality traits are meaningfully related to job performance and workplace behaviour, with conscientiousness emerging as the strongest overall predictor. Employees high in conscientiousness develop greater job knowledge, perform more effectively across conditions, engage more in organisational citizenship behaviours (OCBs), and exhibit lower counterproductive work behaviours (CWBs). Emotional stability is strongly associated with job and life satisfaction, lower burnout, and better stress management, whereas high neuroticism is linked to burnout, work–family conflict, reduced motivation, and higher CWBs. Extraversion contributes positively to leadership emergence, interpersonal effectiveness, and job satisfaction.

Openness and agreeableness also shape important work outcomes in distinct ways. Individuals high in openness tend to be more creative, adaptable, and effective in dynamic or ambiguous roles, showing sustained performance over time and lower work–family conflict. Agreeable employees contribute to positive workplace relationships, experience lower turnover, and engage more in cooperative behaviours that support team functioning; however, their tendency to avoid self-promotion may limit career advancement. Overall, while conscientiousness best predicts performance, all Big Five traits influence behaviour, effectiveness, and well-being at work in complementary ways.

b. The Myers-Briggs Type Indicator (MBTI)

The Myers-Briggs Type Indicator (MBTI) is one of the most widely used personality assessment tools in organisational settings. Developed by Isabel Briggs Myers and Katharine Cook Briggs, the MBTI is based on Carl Jung’s theory of psychological types, which proposes that people differ in how they perceive the world and make decisions. The MBTI categorises individuals into 16 distinct personality types derived from four key dimensions:

1. **Extraversion(E)-Introversion(I):**
Describes where individuals direct their energy and attention—toward the external world or their inner thoughts.
2. **Sensing(S)-Intuition(N):**
Refers to how people prefer to gather information—through concrete facts or abstract patterns and possibilities.
3. **Thinking(T)-Feeling(F):**
Indicates how individuals make decisions—based on logic and analysis or on personal values and relational considerations.
4. **Judging(J)-Perceiving(P):**
Represents preferred lifestyle—structured and organized versus flexible and adaptive.

The combination of these preferences produces 16 types (e.g., ISTJ, ENFP, ENTJ), each with characteristic patterns of behaviour, decision-making, and interaction at work. Although the MBTI has faced criticism for focusing on “types” instead of continuous traits, it remains a valuable tool in many organisations. It is commonly used for training, career development, and team building, rather than employee selection.

1.2.1.3 Other Personality

Attributes

Beyond broad personality traits such as the Big Five, organisational behaviour research also examines other personality attributes that shape how individuals perceive themselves and respond to work situations. Among these, Core Self-Evaluations (CSEs) are considered particularly important, as they provide a foundational understanding of self-beliefs that strongly influence motivation, job satisfaction, performance, and well-being at work.

Core Self-Evaluations (CSEs)

Core Self-Evaluations (CSEs) constitute a broad, fundamental personality construct that reflects an individual's appraisal of their own worth, competence, and capability to manage life's challenges. CSEs are composed of four interrelated, positive self-concept traits, which are discussed below.

◆ Self-Esteem

Self-esteem refers to the extent to which an individual holds positive feelings and attitudes toward themselves. People with high self-esteem generally have confidence, self-respect, and a positive self-image. In contrast, those with low self-esteem often experience self-doubt and question their own worth.

High self-esteem is linked to greater job satisfaction and improved performance at work. Individuals with low self-esteem, however, may prefer roles in larger organisations where they can remain less visible.

◆ Self-Efficacy

Self-efficacy refers to an individual's belief in their ability to successfully perform a specific task. It is a critical self-concept

variable that has been consistently linked to enhanced job performance and higher job satisfaction, both of which represent key individual-level outcomes in organisational settings.

◆ Locus of Control

Locus of Control refers to how much people believe they have control over their own actions and life outcomes. Individuals with a high internal locus of control believe that their success or failure is the result of their own efforts and decisions. They take responsibility for their actions, show initiative, and actively seek opportunities such as mentoring relationships. These individuals tend to be more motivated, involved in their work, and experience greater job satisfaction. In contrast, those with a high external locus of control believe that outside forces—such as luck, fate, or other people—determine what happens to them. They often feel less control over their circumstances and may be less proactive in influencing outcomes.

◆ Emotional Stability

Emotional stability refers to the extent to which individuals remain calm, secure, and resilient, and are less prone to experiencing negative emotions when under pressure. Those low in emotional stability are more likely to feel anxious, stressed, and to interpret events pessimistically. In organisational contexts, emotional stability is a valuable attribute because employees who score high on this trait tend to demonstrate better job performance and engage more frequently in organisational citizenship behaviours (OCBs), which are discretionary actions that support the organisation beyond formal job requirements. They are also less likely to exhibit counterproductive work behaviours (CWBs), which hinder personal or organisational effectiveness.

Individuals high in CSEs tend to view themselves as competent and effective, and this positive self-appraisal influences their behaviour and adjustment at work. Research consistently demonstrates that high CSEs are associated with desirable organisational outcomes, including enhanced job performance, greater job and life satisfaction, stronger motivation, and higher levels of organisational citizenship behaviour.

1.2.1.4. Intelligence

Besides personality and its traits, intelligence forms another key area of individual differences. Individuals vary in different kinds of mental abilities, such as general mental ability, how they process information, their verbal ability, and their level of emotional intelligence.

◆ General Mental Ability

General mental ability refers to a person's capacity to quickly learn, process, and use information. It includes skills such as reasoning, remembering, understanding, and solving problems. Often described simply as the ability to learn, general mental ability is strongly linked to performance across many types of tasks. Research consistently shows that mental ability becomes especially important in complex jobs, when employees are new to a role, or when the workplace undergoes changes that require learning new methods. For this reason, many organisations—such as Google—often prioritise general mental ability when selecting employees.

◆ Information Processing Capacity

Information-processing capacity refers to how individuals take in, organise, and use information. It helps explain why experts perform better than novices—experts are able to process and structure information more efficiently and accurately. This capacity

is influenced by general mental ability and also varies with age. Compared to younger adults, older adults usually possess a broader base of knowledge and experience, but they may process new or unfamiliar information more slowly.

◆ Multiple Intelligences

Traditional intelligence tests usually measure only a few abilities—such as language skills, spatial reasoning, and numerical ability. However, assuming that a single test score represents a person's total intelligence overlooks the many other mental abilities people possess. A lower score on one type of test simply indicates less strength in that specific area and does not reflect a person's abilities in other forms of intelligence.

Gardner's theory of multiple intelligences proposes that individuals possess several distinct kinds of intelligence—linguistic, logical–mathematical, spatial, bodily–kinesthetic, interpersonal, intrapersonal, and musical—each developing differently in each person. These different intelligences not only represent different content domains but also correspond to different learning preferences. The theory emphasises that assessments should evaluate all forms of intelligence. Understanding one's strongest areas of intelligence can help guide career choices, learning strategies, and workplace roles, enabling individuals to maximise their potential.

1.2.1.5 Emotional Intelligence

Daniel Goleman defines emotional intelligence (EI) as the ability to recognize, understand, and manage our own emotions, as well as the ability to recognize, understand, and influence the emotions of others. Emotional intelligence is commonly conceptualised through five core components.

- ◆ Self-awareness refers to the accurate recognition of one's emotional states and an understanding of their influence on behaviour.
- ◆ Self-regulation involves the capacity to manage or redirect disruptive emotions and maintain emotional balance in demanding situations.
- ◆ Motivation pertains to the use of emotional processes to sustain persistence, initiative, and achievement-oriented behaviour.
- ◆ Empathy reflects the ability to understand and respond appropriately to the emotions and perspectives of others.
- ◆ Social skills encompass a range of interpersonal abilities, including effective communication, conflict management, cooperation, and the development of supportive relationships.

Employees with higher levels of emotional intelligence demonstrate a greater capacity to regulate anxiety, frustration, and other negative emotional reactions, enabling more effective adjustment to organisational stressors such as job insecurity, change, and role pressures. Research indicates that emotionally intelligent managers are better able to cultivate supportive team climates, resulting in improved coordination and performance outcomes.

1.2.1.6 Skills and Abilities

Skills and abilities are important individual difference factors that influence workplace behaviour and performance. Skills refer to the learned proficiencies or expertise that an individual develops through training,

practice, and experience, enabling them to perform specific tasks effectively. Examples include technical skills, communication skills, problem-solving skills, and leadership skills. Abilities, on the other hand, refer to a person's natural capacity to perform tasks, which can include strength, coordination, endurance, cognitive reasoning, or analytical thinking. Both skills and abilities vary widely among employees, and alignment with job requirements is crucial for optimal performance. When employees' skills and abilities match the demands of their roles, tasks are completed efficiently, errors are reduced, workplace safety is enhanced, and overall organisational effectiveness improves. Recognising these differences allows managers to make better decisions in recruitment, training, and role assignment.

1.2.1.7 Values

Values are deeply held beliefs or abstract ideals that guide how individuals think, feel, and behave across different situations. They develop over time through various influences—such as parental upbringing, childhood experiences, life events, and religious or spiritual beliefs. Because values are relatively stable, they often shape our behaviour automatically, sometimes without our conscious awareness.

In organisational settings, values play a crucial role in shaping employee attitudes and decisions. Individuals are more likely to accept and remain in jobs where the organisation's values align with their personal values. This alignment, known as value attainment, contributes to higher job satisfaction, stronger motivation, and increased organisational commitment. On the other hand, when employees feel that the organisation does not reflect or support their core values, they may experience dissatisfaction, conflicts, reduced morale, and may eventually withdraw or leave the organisation. Thus, values serve as a key

factor in individual differences, influencing workplace behaviour, career choices, and the quality of employee–organisation relationships.

People vary widely in the values they consider important, and several typologies help explain these differences. One of the most influential frameworks is the Rokeach Value Survey (Rokeach, 1973), which distinguishes between 18 terminal values and 18 instrumental values. Terminal values refer to the desired end states or life goals that individuals hope to achieve—such as a prosperous life, personal freedom, or a peaceful world. Instrumental values, on the other hand, describe preferred modes of behaviour, such as honesty, responsibility, ambition, or ethical conduct.

1.2.1.8 Attitude

Attitudes are evaluative judgments that express favourable or unfavourable feelings toward objects, people, or events. They represent an individual’s emotional and cognitive orientation toward aspects of the environment. For instance, the statement “I enjoy my job” conveys an attitude toward one’s work. Attitudes are traditionally understood to consist of three interconnected components: cognition, referring to beliefs or thoughts about something; affect, referring to emotional reactions; and behaviour, referring to an individual’s intention to act in a particular way. Although analytically distinct, these components often operate together, with cognition and affect being particularly intertwined.

In organisational behaviour, attitudes are important because they are linked to behavioural tendencies and workplace outcomes. Early research assumed that attitudes directly determined behaviour, but later theorists, including Festinger, suggested that behaviour can also shape attitudes, especially when individuals attempt to reduce cognitive

dissonance. Contemporary research supports the idea that attitudes do predict future behaviour; however, the strength of this relationship depends on several moderating variables. When attitudes are strong, specific, easily retrievable, socially supported, and formed through direct experience, they are more likely to translate into consistent behaviour.

1.2.1.9 Perception

Perception refers to the process by which individuals organise, interpret, and give meaning to sensory information in order to understand their environment. It is not merely a passive reception of external stimuli; rather, perception is an active, subjective, and selective psychological process shaped by individual differences such as past experiences, personality, expectations, motives, and the context in which information is encountered. Because no two individuals perceive the same situation in exactly the same way, perception becomes a crucial individual difference variable influencing behaviour in organisational settings. In workplaces, perceptions determine how employees interpret events, assess people, and respond to managerial actions, making it a central element in understanding organisational behaviour.

One of the most important domains in which perception plays a critical role is decision making. Decision making involves identifying and defining a problem, gathering and interpreting information, considering alternative courses of action, and making a choice. This entire sequence is shaped by perceptual processes. As individuals gather information from multiple sources, their perceptions determine which data are noticed, which are filtered out, and which are considered relevant or irrelevant. Perceptions also guide the development and evaluation of alternatives, influencing how strengths and weaknesses are interpreted. Thus,

perception serves as a fundamental cognitive filter through which individuals understand problems, process information, and evaluate options. Recognising the role of perception in decision making is essential for improving managerial effectiveness, enhancing accuracy in judgments, and reducing errors that arise from biased or incomplete interpretation of workplace situations.

1.2.2. Motivation

Motivation can be defined as the set of processes that explain an individual's intensity, direction, and persistence of effort toward achieving a goal. While motivation in general refers to effort directed toward any goal, our focus here is on organisational motivation—the effort individuals invest in attaining work-related objectives.

Four theories of employee motivation formulated during the 1950s, although now considered to have limited explanatory power, remain among the most widely known. These include Maslow's Hierarchy of Needs, Herzberg's Two-Factor Theory, Equity Theory, and Expectancy Theory. Together, they form an important historical foundation for the study of motivation, and their concepts and terminology continue to influence managerial thinking and practice. In addition to these classical approaches, contemporary discussions of motivation also incorporate modern perspectives such as self-determination theory, which will be examined later in this unit.

1.2.2.1 Maslow's Hierarchy of Needs Theory

One of the most well-known and influential theories of motivation is Abraham Maslow's hierarchy of needs. Maslow proposed that every human being possesses a hierarchy of five fundamental needs, each building upon the previous one:

1. **Physiological Needs** – Basic survival requirements such as food, water, shelter, and rest.
2. **Safety Needs** – The desire for security and protection from physical or emotional harm.
3. **Social Needs** – The need for affection, belongingness, friendship, and acceptance.
4. **Esteem Needs** – The need for self-respect, achievement, autonomy, and recognition from others.
5. **Self-Actualisation Needs** – The drive to realise one's full potential, pursue personal growth, and achieve self-fulfilment.

According to Maslow, once a lower-level need is substantially met, it no longer serves as a motivator. The next higher-level need then becomes dominant. Therefore, to effectively motivate a person, one must identify which level of the hierarchy they are currently focused on and work to satisfy needs at or above that level.

Maslow also categorised these needs into lower-order and higher-order groups.

- ◆ Lower-order needs include physiological and safety needs, which are primarily satisfied through external factors such as salary, job security, union protection, or employment benefits.
- ◆ Higher-order needs—social, esteem, and self-actualisation—are satisfied internally, through personal fulfilment, recognition, and self-growth.

This hierarchical model remains influential in highlighting how different categories of

human needs influence motivation in organisational settings.

Despite its widespread acceptance and intuitive appeal, Maslow's theory lacks empirical support. Research has not

consistently validated the idea that needs follow a strict hierarchy or that satisfying one level automatically activates the next. Still, its simplicity and logical structure have ensured its enduring influence in organisational and managerial contexts.



Fig.2.1: Maslows Hierarchy of Needs

1.2.2.2 Herzberg's Two-Factor Theory

The theory emerged from Frederick Herzberg's attempt to understand what individuals truly seek from their work and how their job experiences shape their attitudes toward success and failure. Through interviews in which employees described situations that made them feel exceptionally good or bad about their jobs, Herzberg identified patterns that led to this classification of factors.

Herzberg's two-factor theory (also called Motivation-Hygiene Theory) proposes that job satisfaction and dissatisfaction are influenced by two different sets of factors: motivators and hygiene factors.

◆ Motivators

Motivators are intrinsic factors related to the nature and content of the work itself.

These include elements such as achievement, recognition, responsibility, opportunities for advancement, and personal growth. When these factors are present, employees experience higher levels of satisfaction, motivation, and engagement because the work itself becomes meaningful and rewarding.

◆ Hygiene Factors

Hygiene factors, in contrast, are extrinsic conditions surrounding the job rather than the work itself. These include salary, supervision, company policies, working conditions, interpersonal relationships, and job security. According to Herzberg, the presence of adequate hygiene factors prevents dissatisfaction, but their existence alone does not necessarily create motivation or satisfaction. When these factors are poor or inadequate, employees tend to feel dissatisfied.

An important aspect of the theory is Herzberg's argument that satisfaction and dissatisfaction are not simply opposite ends of the same continuum. Instead, satisfaction ranges from satisfaction to no satisfaction, while dissatisfaction ranges from dissatisfaction to no dissatisfaction. This means that eliminating problems related to hygiene factors may reduce dissatisfaction, but will not automatically motivate employees. For genuine motivation to occur, organisations must focus on providing motivators within the work itself.

Although Herzberg's two-factor theory has been highly influential in organisational behaviour and management practice, it has also faced criticism. Some scholars question the methodology used in the original studies, particularly the possibility of recall bias when employees describe past experiences. Others argue that the distinction between motivators and hygiene factors may not always be as clear as the theory suggests. Nevertheless, the theory has had a lasting impact on managerial thinking and continues to guide organisations in designing jobs and work environments that enhance employee satisfaction and productivity.

1.2.2.3 Expectancy Theory

Expectancy Theory was developed by Victor Vroom in 1964. It is considered a cognitive theory of motivation because it emphasises how individuals think about and evaluate different work situations before deciding how much effort to invest in a task. Unlike need-based theories such as Maslow's hierarchy of needs, which focus on internal needs that drive behaviour, expectancy theory highlights the role of expectations and perceived outcomes. According to the theory, employees are more motivated when they clearly understand how their effort leads to performance and how performance leads to rewards that they value.

Expectancy theory explains motivation as a conscious process in which individuals decide how much effort to exert based on their expectations about outcomes. The theory suggests that people are motivated to act when they believe that their effort will lead to good performance, that good performance will result in rewards, and that those rewards are personally valuable. In other words, individuals make rational decisions about their behaviour by evaluating whether their effort is likely to produce desirable results.

◆ Expectancy (Effort → Performance)

Expectancy refers to the belief that a certain level of effort will result in successful performance. Employees are more likely to exert effort when they feel confident that their abilities, skills, and resources will help them perform well. Factors such as past experiences, self-confidence, task difficulty, and organisational support can influence this belief. For example, a student who believes that studying for several hours will result in a good grade demonstrates high expectancy.

◆ Instrumentality (Performance → Outcome)

Instrumentality refers to the belief that good performance will lead to specific outcomes or rewards. Employees are motivated when they trust that the organisation will recognise and reward their performance fairly. Clear organisational policies, transparent evaluation systems, and trust in managers strengthen this relationship. For instance, an employee who knows that achieving sales targets will lead to a bonus or promotion is likely to show high instrumentality.

◆ Valence (Value of Outcome)

Valence refers to the value or attractiveness that an individual places on the expected reward. Different employees

value different outcomes; some may prefer financial incentives, while others may value recognition, promotion, learning opportunities, or job satisfaction. When

the reward offered by the organisation aligns with an employee's personal goals and preferences, the valence is high and motivation increases.

Core Components



Motivation Calculation

Expectancy theory suggests that motivation can be understood as the combined effect of these three components. It is often expressed as:

$$\text{Motivation} = \text{Expectancy} \times \text{Instrumentality} \times \text{Valence}$$

This means that if any one of these components is low or absent, overall motivation will also be reduced. Therefore, organisations can enhance employee motivation by ensuring that employees believe their effort will lead to good performance, that performance will be rewarded fairly, and that the rewards provided are meaningful to them.

1.2.2.4 Equity Theory

Equity theory was developed by psychologist John Stacy Adams in the 1960s. The theory emphasizes the importance of fairness in determining employee motivation and performance. According to the theory, employees compare their contributions and rewards with those of others in order to determine whether they are being treated fairly. When employees perceive fairness and equity, it creates a positive work environment, strengthens organisational commitment, and increases motivation. On the other hand, when employees perceive unfairness, it

may result in negative emotions, reduced productivity, and increased turnover.

◆ Components of Equity Theory

1. Inputs and Outputs

Inputs refer to the contributions employees make to their work, such as their time, effort, skills, and experience. Outputs represent the rewards employees receive in return for these contributions. These rewards may include salary, benefits, recognition, and opportunities for growth and development. Employees evaluate whether their outputs are fair in relation to the inputs they provide.

2. Referent Others

Referent others are the individuals against whom employees compare themselves to determine fairness. These may include colleagues in the workplace, friends, or even the employee's own experience in a different role or position. Through these comparisons, employees form judgments about whether their treatment within the organisation is fair.

3. Equity Distress

Equity distress refers to the negative emotional reactions individuals experience when they perceive a lack of fairness. These emotions may include anger, resentment,

frustration, and dissatisfaction. Such feelings can reduce motivation and negatively affect employees' attitudes toward their work.

4. Equity Restoration

Equity restoration refers to the actions individuals take to restore a sense of fairness when they perceive inequity. Employees may attempt to restore balance by seeking higher rewards, reducing their effort, or leaving the organisation in search of a more equitable work environment.

Equity theory highlights the significant role of fairness in influencing employee motivation and satisfaction. When employees perceive fairness in the workplace, they are more likely to feel valued, motivated, and engaged in their work. Fair treatment encourages stronger commitment and better performance.

Conversely, when employees perceive unfairness, it can lead to negative emotions such as anger, resentment, and demotivation. Employees who feel unfairly treated may reduce their effort, become disengaged from their work, or leave the organisation.

Organisations that emphasise fairness and equity in their policies and practices can achieve several benefits. Employees are more likely to be motivated and committed to their work, which improves performance and productivity. A fair work environment also promotes positive relationships among employees, enhancing teamwork and collaboration. Furthermore, organisations known for fairness and equity are better able to attract and retain talented employees.

One criticism of equity theory is that perceptions of fairness are subjective and influenced by personal experiences and biases. What one person considers fair may be perceived as unfair by another, making it difficult for organisations to ensure universal fairness. Another challenge is the difficulty of

accurately measuring and comparing inputs and outputs. Employees' contributions and rewards often vary across roles, departments, and industries, which can create differences in perceptions of fairness.

Additionally, the theory assumes that individuals are primarily motivated by fairness and equity. However, some employees may be more motivated by other factors such as autonomy, mastery, or purpose. Therefore, organisations must consider the broader context of motivation when applying equity theory.

1.2.2.5 Self-Determination Theory

Self-determination theory of human motivation and personality explains how individuals become motivated through internal psychological processes. The concept of self-determination was first introduced by psychologists Edward L. Deci and Richard M. Ryan in their 1985 book *Intrinsic Motivation and Self-Determination in Human Behaviour*. The term self-determination refers to an individual's ability to manage their own behaviour, make independent choices, and think for themselves. The theory emphasises that people have natural tendencies toward growth, development, and psychological well-being when their basic psychological needs are satisfied.

Self-determination theory focuses on the interaction between external influences and internal motivation. People can be motivated by external rewards such as money, praise, recognition, or fame; this is known as extrinsic motivation. However, the theory places greater emphasis on intrinsic motivation, which arises from internal satisfaction, interest, and enjoyment in performing an activity. When behaviour is self-determined, individuals engage in activities because they find them meaningful and satisfying rather

than because they are forced or rewarded for doing them. According to research by Mark R. Lepper and colleagues, behaviours that are self-determined are more likely to be intrinsically motivated and performed for personal interest and enjoyment rather than for external rewards.

In contrast, non-self-determined behaviours occur when individuals perform tasks only because they are required to do so or because external pressures compel them. Such behaviour often results in reduced feelings of control and lower motivation because the individual does not feel personally involved in the activity.

◆ Basic Psychological Needs

Self-Determination Theory proposes that individuals are driven by three universal psychological needs. Satisfaction of these needs promotes motivation, well-being, and personal growth.

1. Competence

Competence refers to the need to feel capable and effective in dealing with one's environment. It involves having the skills, knowledge, and abilities necessary to perform tasks successfully. When individuals feel competent, they experience a sense of mastery and confidence in their abilities. Feelings of competence increase when tasks are appropriately matched with a person's abilities and when individuals receive constructive feedback and encouragement. However, competence may decline when tasks are excessively difficult or when individuals receive constant negative feedback.

2. Relatedness

Relatedness refers to the need to feel connected to others and to experience a sense of belonging within social relationships.

It involves developing close, supportive, and caring relationships with others. When individuals feel respected, valued, and included within a group, their sense of relatedness increases. Conversely, relatedness can be weakened by social exclusion, excessive competition, criticism, or the presence of cliques within groups.

3. Autonomy

Autonomy refers to the need to feel that one's behaviour is self-directed and independent. It involves having the freedom to make choices and regulate one's own actions. When individuals are given opportunities to make decisions and exercise control over their activities, they experience greater autonomy. However, autonomy decreases when individuals feel controlled by strict rules, external pressure, or rigid deadlines. Excessive reliance on external rewards can also undermine autonomy, as individuals may begin to focus more on obtaining rewards rather than on the intrinsic enjoyment of the activity itself.

Self-determination theory has important implications for workplace motivation. Employees who believe they can influence their work environment and contribute meaningfully to organisational goals tend to be more motivated and engaged. Organisations can promote self-determination by encouraging autonomy, allowing employees to participate in decision-making, and assigning meaningful responsibilities.

For example, when managers assign team members specific roles in a project—such as designing presentations, analysing data, or developing strategies—employees gain a sense of responsibility and ownership over their work. Providing constructive feedback also strengthens competence by helping employees understand how to improve their performance. However, managers

must be cautious about relying too heavily on external rewards. Excessive rewards may shift employees' focus from intrinsic enjoyment of the task to merely obtaining the reward, thereby reducing intrinsic motivation and diminishing the sense of autonomy.

In summary, self-determination theory highlights that individuals are most motivated when their needs for competence, relatedness, and autonomy are satisfied. When these psychological needs are supported, individuals experience greater motivation, well-being, and personal growth in both personal and organisational contexts.

1.2.3 Strategies for Managing Individual Differences

Every individual in an organisation or social setting brings with them a unique combination of personality traits, values, abilities, and attitudes. These individual differences influence how people perceive their work, interact with others, handle stress, and respond to motivation. Managing such differences effectively is one of the most crucial skills for leaders, managers, and psychologists, as it helps to promote harmony, productivity, and personal development. The strategies for managing individual differences are discussed below.

1. Understanding and appreciating diversity

An important strategy for managing individual differences is understanding and appreciating diversity. Recognising that people differ in background, values, and thinking patterns helps avoid stereotyping and bias. Managers should develop sensitivity towards cultural, gender, and personality differences. By creating an inclusive environment where each person's uniqueness is valued, individuals feel respected and motivated to perform better. This appreciation of diversity fosters a sense of belonging among team members.

2. Flexible management and leadership styles

Another significant approach is flexible management and leadership styles. Since people vary in their needs and motivation levels, a single management style cannot be effective for all. For example, some employees may prefer autonomy and creativity, while others may need structure and clear guidance. Adopting a situational or contingency approach—where leadership behaviour changes according to the individual's ability, personality, and task demands—helps bring out the best in every person.

3. Effective communication

Effective communication is another vital tool for managing individual differences. Open, two-way communication reduces misunderstandings and ensures that people's viewpoints are heard. Encouraging feedback and active listening allows managers and peers to understand the perspectives and emotional states of others. When communication is empathetic and transparent, it builds trust and helps accommodate individual preferences in decision-making and teamwork.

4. Training and development programmes

Training and development programmes also play a key role. By identifying employees' strengths and areas that need improvement, organisations can design personalised learning opportunities. Providing skill-building workshops, mentoring, and career counselling enables individuals to grow according to their potential. This approach not only enhances performance but also conveys that the organisation values individual growth, which increases commitment and job satisfaction.

5. Individualised motivation strategies

Additionally, motivational strategies should be customised according to individual needs. Theories of motivation, such as Maslow's hierarchy or Herzberg's two-factor theory, emphasise that people are driven by different needs—some seek recognition, while others seek security or self-actualisation. Understanding what motivates each person helps in assigning roles, rewards, and responsibilities more effectively. This individualised motivation strategy results in higher engagement and better organisational outcomes.

6. Conflict management and emotional intelligence

Lastly, conflict management and emotional intelligence are essential in dealing with individual differences. Conflicts often arise due to contrasting opinions, attitudes, or communication styles. Leaders with high emotional intelligence can recognise these differences early and address them constructively. They use empathy, self-regulation, and social skills to turn conflicts into opportunities for growth and collaboration. Creating a culture that encourages open discussion of disagreements helps reduce stress and promotes teamwork.

Recap

- ◆ Personality is the unique and consistent way a person thinks, feels, and behaves across different situations.
- ◆ Tools like the MBTI and Big Five help us understand personality and predict work behaviour.
- ◆ Self-esteem shows how positively a person values and believes in themselves.
- ◆ Self-efficacy means believing that you can successfully complete a particular task.
- ◆ Locus of control reflects whether people think their outcomes depend on their own actions or on external factors.
- ◆ Physical abilities are the bodily skills needed to perform work well, such as strength and flexibility.
- ◆ Values are what a person believes is important in life and work.
- ◆ Attitudes show how a person thinks and feels about things or people.
- ◆ Perception is how a person sees and understands the information around them.
- ◆ Emotions affect how a person behaves and interacts with others.

- ◆ Motivation is the effort and persistence a person shows to achieve a goal.
- ◆ Maslow's theory explains motivation through five levels of needs, from basic survival to self-actualisation.
- ◆ Herzberg states that job satisfaction comes from intrinsic factors, while dissatisfaction arises from hygiene factors.
- ◆ Expectancy and equity theories explain motivation based on effort–reward links and fairness.
- ◆ Self-determination theory highlights autonomy, competence, and relatedness as key to genuine motivation.

Objective Questions

1. Which Big Five trait describes how organised and dependable a person is?
2. Which widely used personality assessment is known by the initials MBTI?
3. Which trait reflects a person's overall sense of self-worth?
4. Belief in one's ability to complete a specific task is called what?
5. What term describes whether people view outcomes as controlled by themselves or by external forces?
6. What ability helps people perceive, understand, and manage emotions in themselves and others?
7. What term describes beliefs that guide choices and behaviour?
8. What is the component of attitude that involves emotional reactions?
9. What process helps individuals organise and interpret sensory information?
10. What theory uses a hierarchy of five human needs?
11. Which theory divides factors into motivators and hygiene factors?
12. Which theory states that motivation depends on effort, performance, and reward?

13. Which theory focuses on fairness and input–output comparisons?
14. Which theory emphasises autonomy, competence, and relatedness?

Answers

1. Conscientiousness
2. Myers–Briggs Type Indicator
3. Self-esteem
4. Self-efficacy
5. Locus of control
6. Emotional intelligence
7. Values
8. Affect
9. Perception
10. Maslow
11. Herzberg's Two-Factor Theory (also called Motivation–Hygiene Theory)
12. Vroom's Expectancy Theory
13. Adams' Equity Theory
14. Self-determination Theory

Assignments

1. Explain how core self-evaluations (CSEs) influence workplace behaviour and employee performance. Provide examples.
2. Compare and contrast the different types of intelligence, including gen-

eral mental ability, multiple intelligences, and emotional intelligence, in predicting work performance.

3. Discuss how self-esteem, self-efficacy, locus of control, and emotional stability contribute to effective leadership.
4. Critically analyse Maslow's hierarchy of needs and Herzberg's two-factor theory in the context of employee motivation in modern organisations.
5. Explain how equity theory can influence employee satisfaction and motivation, with reference to real workplace scenarios.
6. Discuss strategies for managing individual differences in organisations, focusing on diversity, communication, and training interventions.
7. Analyse the role of values, attitudes, perception, and emotions in shaping workplace behaviour and organisational effectiveness.

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BLOCK

Employee Motivation and Job Satisfaction



UNIT

Employee Motivation

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ◆ define employee motivation
- ◆ describe important aspects of motivation, such as behaviour, performance, ability, situation, and motivation
- ◆ explain how motivation affects work performance
- ◆ discuss the role of self-esteem, intrinsic motivation, and the need for achievement
- ◆ identify ways to develop and improve motivation

Prerequisites

In 2019, Google once again appeared on the list of the world's best places to work. Behind this reputation was not just high salaries or glamorous offices—it was Google's carefully designed system of employee motivation. The company discovered early that employees are most productive when they feel autonomy, purpose, recognition, and opportunities for growth.

Google introduced the famous “20% Time” policy, which allowed employees to spend one day each week working on projects of personal interest. Many breakthrough innovations—including Gmail and Google News—emerged from this practice. Instead of supervising employees closely, managers acted as facilitators who encouraged experimentation, risk-taking, and creativity.

The company also implemented peer recognition systems, flexible work arrangements, and continuous learning opportunities through Google's internal training

platform, “Grow with Google.” Employee surveys showed that workers felt more committed because their work aligned with personal goals and because they perceived their contributions as meaningful.

This case clearly illustrates a core idea in Organisational Behaviour: employee motivation is not solely about financial rewards. It is about creating a work environment where employees feel competent, autonomous, and valued—conditions that directly influence individual performance and organisational effectiveness.

Keywords

Motivation, Intrinsic and Extrinsic Motivation, Job Performance, Ability, Environment, Self-Esteem, Need for Achievement, Employee Engagement, Goal-Directed Behaviour

Discussion

In the previous unit, we explored the concept of individual differences in organisations—how people vary in terms of personality, attitudes, values, and perceptions, and how these differences influence their behaviour at work. Building on that understanding, this unit turns to a closely related and equally important aspect of human behaviour in organisations—motivation.

Every individual comes to the workplace with unique needs, goals, and expectations. While some employees may be driven primarily by financial rewards, others seek personal growth, recognition, or the satisfaction of contributing to meaningful goals. These diverse reasons for working highlight the complex nature of motivation within organisations.

Motivation plays a vital role in determining not only individual performance but also the overall effectiveness of an organisation. In fact, one of the major distinctions between highly successful organisations and less effective ones often lies in the level of motivation among their members. Managers

and leaders, therefore, must develop a sound understanding of what drives people to perform, persist, and engage in their work roles.

2.1.1 The Nature of Motivation

Motivation refers to the set of internal and external forces that direct, energise, and sustain human behaviour toward the achievement of specific goals. It is the driving factor that influences why individuals choose to engage in one course of action rather than another.

For instance, a student who begins working on an assignment well in advance to ensure the best possible outcome, a salesperson who devotes extra hours on weekends to exceed sales targets, or a doctor who personally follows up with patients to ensure their recovery—all demonstrate motivated behaviour. Their actions reflect purposeful effort toward desired outcomes.

At the same time, motivation does not always lead to organisationally desirable

behaviour. A student who avoids studying by spending the day at the beach, a salesperson who leaves work early to avoid a challenging client, or a doctor who skips follow-up calls to make time for personal leisure are also motivated—but their motivation is directed toward different goals.

From a managerial perspective, the essential task is not merely to stimulate motivation but to channel it toward behaviours that serve the organisation's objectives. Understanding what drives individuals and aligning their personal goals with organisational goals is therefore central to effective motivation management within the workplace.

Definition

The term motivation derives from the Latin word *movere*, meaning “to move.” Motivation describes the psychological processes “that underlie the direction, intensity, and persistence of behaviour or thought.” Direction pertains to what an individual is attending to at a given time, intensity represents the amount of effort being invested in the activity, and persistence represents how long that activity is the focus of one's attention.

In the organisational context, work motivation can be defined as the set of internal and external forces that cause an employee to choose a course of action and engage in certain behaviours, which are ideally directed toward the achievement of organisational goals, with the previously discussed components—direction, intensity, and persistence—taking on specific meanings in relation to workplace behaviour.

◆ Direction

Direction refers to the alignment of an employee's behaviour with organisational goals, such as demonstrating dependability,

creativity, helpfulness, and timeliness, while avoiding dysfunctional behaviours like absenteeism or withdrawal.

◆ Intensity

Intensity reflects the level of effort an employee is willing to invest in their work, ranging from minimal effort to a high level of commitment and excellence.

◆ Persistence

Persistence denotes the extent to which an employee consistently maintains effort over time, continuing to perform tasks despite challenges rather than giving up prematurely.

Together, these elements explain how work motivation operates as a combination of internal and external forces that guide employees' actions toward the effective achievement of organisational objectives.

The Basic Motivation Process

Motivation is a process that begins with a physiological or psychological deficiency or need, which activates behaviour or a drive aimed at achieving a goal or incentive. Thus, understanding motivation requires examining the meaning of, and relationships among, needs, drives, and incentives.

1. Needs

Needs arise whenever there is a physiological or psychological imbalance. For example, a need exists when the body is deprived of food or water, or when an individual lacks social relationships such as friendship and companionship. While many psychological needs are based on deficiency, some may develop even in the absence of deprivation. For instance, a person with a strong desire for achievement may develop this need from a history of consistent success.

2. Drives

Drives, also referred to as motives, are established to reduce or satisfy needs. A drive can be understood as a deficiency with direction, pushing an individual toward action. These drives may be physiological or psychological and are action-oriented, providing the energy necessary to move toward a goal. For example, the need for food leads to the hunger drive, the need for water leads to thirst, and the need for social connection results in a drive for affiliation.

3. Incentives

Incentives represent the end point of the motivation cycle and refer to anything that satisfies a need and reduces a drive. Achieving an incentive helps restore physiological or psychological balance and diminishes the corresponding drive. For instance, food, water, and social relationships act as incentives by fulfilling hunger, thirst, and affiliation needs respectively.



2.1.1 Key Concepts

Types of motives:

◆ Primary motives

Primary motives are unlearned and physiologically based drives that arise from basic biological needs and are essential for survival. These include hunger, thirst, sleep, avoidance of pain, sex, and maternal concern. Although they are universal and innate, they

do not always dominate behaviour, as they can sometimes be overridden by learned motives in certain situations.

◆ Secondary motives

Secondary motives are learned drives that develop through experience, social interaction, and cultural influences. They are not physiologically based and play a major role in shaping behaviour, especially in organisational settings. Common examples include achievement, power, affiliation, security, and status, and in many situations, these motives become more dominant than primary motives.

There are two types of motivation:

1. Extrinsic Motivation

Extrinsic motivation results from the actual or anticipated receipt of external rewards such as recognition, money, or promotion, which are provided by others for performing a task. These rewards are often used to encourage performance and commitment, especially in situations where higher effort is required.

2. Intrinsic Motivation

Intrinsic motivation arises from internal feelings of satisfaction, enjoyment, and accomplishment derived from performing the task itself. It is driven by positive internal experiences rather than external rewards, and individuals generate it through feelings of achievement, self-praise, and engagement in meaningful activities.

2.1.2 The Importance of Motivation

One of the primary responsibilities of a manager is to ensure that employees are motivated to perform at their highest potential. Effective motivation encourages

individuals to work diligently, maintain regular attendance, and contribute positively to the organisation's overall mission and goals.

However, motivation alone does not determine job performance. Performance is the result of the combined influence of motivation, ability, and work environment, and can be expressed by the following relationship:

$$P = M + A + E$$

Where,

P=Performance,

M=Motivation,

A=Ability,

E = Environment.

For employees to achieve high levels of performance, three conditions must be satisfied:

1. They must want to do the job well (motivation).
2. They must possess the skills and knowledge to perform effectively (ability).
3. They must have access to the necessary resources, equipment, and information (environment).

A deficiency in any of these areas can adversely affect performance. Therefore, managers must ensure that all three components are adequately addressed.

Among these factors, motivation is often the most challenging to manage. If an employee lacks the ability to perform, training and development programmes can enhance the required skills. If essential resources or information are missing, the manager can take steps to provide them. For example, a worker unable to complete a

project due to the absence of sales forecast data can be supported by obtaining the needed information from the marketing department.

However, when motivation is lacking, the problem becomes more complex. Unlike ability or resources, motivation stems from internal drives, needs, and perceptions. A manager must therefore identify and understand what specifically motivates each individual to exert greater effort and commitment.

Let's try to understand each of these concepts in detail.

2.1.2.1 Performance

Performance is the outcome produced by an individual's behaviour. It reflects how effectively and efficiently a person completes a task or achieves a goal. In organisational behaviour, performance is commonly understood through the relationship $P = A + E + M$, where P stands for Performance, A for Ability, E for Environment, and M for Motivation. This equation highlights that performance is shaped not by a single factor but by the interaction of personal qualities and external conditions. It shows that what a person achieves depends on what they can do (ability), the environmental and situational supports or constraints surrounding the task, and the inner reasons or forces that energise their behaviour (motivation). Including both environment and situation emphasises that performance varies depending on the context—such as organisational systems, available resources, team climate, and the immediate circumstances or demands of the task.

2.1.2.2 Ability

Ability refers to the individual's inherent capacities, learned skills, and knowledge required to perform a task. It includes both aptitude (natural potential) and acquired

competence (training or experience). Even a highly motivated person cannot perform effectively if they lack the necessary cognitive, physical, or interpersonal abilities. For example, a worker may be extremely enthusiastic about operating a complex machine, but without proper technical skills, performance will remain low. In this way, ability forms the foundational “can do” component of human performance.

2.1.2.3 Environment

Environment refers to all external, situational, and organisational factors that either facilitate or hinder performance. This includes resources, tools, workplace conditions, policies, supervision, team climate, organisational culture, and even time availability. A person may have high ability and strong motivation, but if the environment is not supportive—for instance, if equipment is faulty, instructions are unclear, or the workplace atmosphere is toxic—performance will inevitably decline. Thus, the environment represents the “support to do” element, emphasising that good performance depends on systems and conditions, not just personal qualities.

2.1.2.4 Motivation

Motivation represents the internal forces that initiate, sustain, and direct behaviour toward achieving goals. It answers the question “Why does the person choose to act?” Motivated employees show energy, persistence, and focus, and they invest psychological effort into tasks because the work holds personal meaning or provides valued outcomes. Whether this motivation comes from internal needs, drives, goals, or external rewards, it plays a major role in determining how much of a person’s ability is actually applied. In this way, motivation is the “will to do,” transforming potential performance into actual performance.

Motivation influences performance indirectly by shaping how individuals behave at work. It determines the direction, intensity, and persistence of behaviour, which in turn affects performance outcomes.

◆ Relationship between Motivation and Behaviour

Behaviour refers to the visible actions of an individual—what a person actually does in response to internal needs and the external environment. In organisations, behaviour includes how employees carry out tasks, interact with colleagues, communicate with supervisors, and respond to demands or challenges. Managers cannot directly observe motivation, but they can observe behaviour, making it an important indicator of how employees are reacting to their needs, drives, and workplace conditions.

Motivation and behaviour are closely interconnected in organisational settings, as motivation provides the internal drive that initiates, directs, and sustains behaviour at work. While motivation itself is an internal psychological state, it becomes visible through behaviour such as the level of effort an employee puts into tasks, their willingness to take initiative, and their persistence in achieving goals. Employees who are highly motivated are more likely to engage in positive, goal-directed behaviours, whereas low levels of motivation may result in withdrawal, reduced effort, or disengagement. Motivation also influences the choice of behaviours, determining whether individuals approach challenges proactively or avoid demanding tasks. Thus, behaviour serves as the outward expression of motivation, making the study of behaviour essential for understanding how motivation operates within organisations.

Motivation is a critical concern for employers, as every organisation wants its employees to perform at their highest

potential. Employers invest significant effort in selecting applicants who possess the right abilities and the willingness to work hard. They also strive to provide adequate resources and create supportive work environments. Yet, despite these efforts, motivation remains one of the most challenging aspects of human behaviour to understand and manage. For this reason, it continues to receive substantial attention from both practitioners and researchers, who repeatedly seek answers to the fundamental question: What drives people to perform well at work?

One important part of the answer lies in the personal factors that shape how motivation is experienced and sustained in the workplace. While the preceding discussion has explained what motivation is and why it matters, the following section focuses on key individual characteristics that play a central role in developing employee motivation.

2.1.3 Developing Motivation

Understanding what motivates people is only the beginning; the next step is learning how motivation can be developed, strengthened, and sustained within the workplace. Employees do not remain motivated automatically; motivation fluctuates depending on both personal factors and the work environment. Among the many influences on motivation, three concepts play a particularly significant role: self-esteem, intrinsic motivation, and the need for achievement. These personal characteristics shape how individuals respond to challenges, how much effort they invest, and how persistently they work towards their goals.

1. Self-Esteem and Motivation

Self-esteem refers to an individual's overall evaluation of their worth and capability. It encompasses how individuals perceive themselves, which can be influenced by

various factors such as personal achievements, social interactions, and external validation.

Employees who have high self-esteem believe they can perform well and deserve success. As a result, they approach challenges confidently, take initiative, and are not easily discouraged by setbacks. Their positive self-belief enhances their willingness to engage in demanding tasks and persist until goals are achieved.

In contrast, employees with low self-esteem may doubt their abilities, fear making mistakes, and avoid tasks where failure is possible. This hesitation reduces their motivation and limits their willingness to take on new responsibilities.

Organisations can strengthen employee motivation by helping them build self-esteem through the following ways:

1. Supportive feedback

Providing constructive, timely, and encouraging feedback helps employees understand their strengths and areas for improvement. This not only enhances their competence but also builds confidence, leading to higher motivation and willingness to perform.

2. Recognition

Recognising and appreciating employees' efforts and achievements, whether formally or informally, reinforces their sense of value within the organisation. This positive reinforcement boosts self-worth and motivates individuals to maintain or improve their performance.

3. Opportunities for meaningful contribution

When employees are given opportunities to contribute meaningfully to tasks, projects, or decision-making processes, they develop

a sense of ownership and importance. This enhances their self-esteem and encourages active engagement in their work.

4. A climate that values learning rather than perfection

Creating an environment that emphasises learning, growth, and improvement rather than flawless performance reduces fear of failure. Employees feel safe to take risks, learn from mistakes, and develop their abilities, which ultimately strengthens both self-esteem and motivation.

2. Intrinsic Motivation

Intrinsic motivation arises when individuals engage in a task because the activity itself is enjoyable, meaningful, or personally rewarding, rather than because of external incentives. Employees who are intrinsically motivated feel satisfaction from the work process—solving problems, being creative, mastering new skills, or contributing to something significant. This type of motivation leads to deeper involvement, greater persistence, and higher-quality performance.

Organisations nurture intrinsic motivation through the following ways:

1. Providing autonomy

Allowing employees the freedom to make choices and exercise control over how they perform their tasks enhances their sense of responsibility and ownership. This independence increases self-direction and encourages individuals to engage more deeply with their work.

2. Opportunities for mastery

Providing opportunities to develop skills, learn new competencies, and improve performance helps employees experience a sense of growth and accomplishment. As

individuals become more competent, they feel more confident and intrinsically motivated to take on challenging tasks.

3. Meaningful work

When employees perceive their work as valuable and aligned with a larger purpose, they develop a stronger emotional connection to their tasks. This sense of meaning enhances satisfaction, engagement, and long-term motivation.

4. Opportunities for decision-making

Involving employees in decision-making processes fosters a sense of trust and respect. When individuals feel that their opinions matter, it strengthens their commitment, enhances self-worth, and promotes sustained intrinsic motivation.

3. Need for Achievement

The need for achievement (nAch), as explained in McClelland's theory, reflects a person's desire to excel, meet high standards, and accomplish challenging goals. Individuals high in nAch prefer tasks that allow them to use their skills, require effort, and offer clear, immediate feedback. They tend to set moderately challenging goals—neither too easy nor too risky—and take personal responsibility for outcomes.

Such employees often demonstrate high persistence and a strong work ethic. They thrive in environments that recognise performance, encourage goal-setting, and offer opportunities for growth and advancement. Employees with lower achievement needs may prefer structured tasks with less personal responsibility and fewer risks.

The need for achievement plays a significant role in developing motivation by fostering a strong internal drive to perform and succeed. Individuals with high nAch are

naturally motivated to take initiative, pursue challenging tasks, and maintain consistent effort toward goal attainment.

◆ Encouraging goal-setting

Organisations can strengthen motivation by helping employees set clear, meaningful, and achievable goals, which gives direction and purpose to their efforts.

◆ Providing regular feedback

Timely and constructive feedback helps employees understand their progress, identify areas for improvement, and stay engaged in pursuing their objectives.

◆ Recognising accomplishments

Acknowledging employees' achievements reinforces their efforts, boosts self-confidence, and sustains their internal drive to perform.

By encouraging goal setting, providing regular feedback, and recognising accomplishments, organisations can strengthen this motive, thereby enhancing overall motivation, performance, and effectiveness.

In summary, developing motivation in the workplace requires attention to key personal characteristics that influence how employees approach their work. Self-esteem shapes

confidence and resilience, intrinsic motivation sustains engagement through meaningful work, and the need for achievement drives effort toward challenging goals. By recognising and supporting these motivational forces, organisations can create work environments that encourage sustained effort, adaptability, and improved performance.

2.1.4 Situational Determinants of Motivation in Organisational Settings

Motivation does not operate in isolation but is strongly influenced by situational factors within the workplace. Organisational conditions such as leadership style, job design, reward systems, work climate, and group dynamics can either enhance or undermine an individual's motivation. Even highly motivated employees may show reduced effort in unsupportive or restrictive situations, while favourable situations can stimulate motivation among individuals with moderate intrinsic drive. Thus, motivation is best understood as the result of an interaction between personal characteristics and situational influences, highlighting the importance of designing work environments that support and sustain motivated behaviour.

Recap

- ◆ Motivation is the internal and external force that drives people to act toward goals.
- ◆ People can be motivated toward both positive and negative outcomes.
- ◆ Managers should channel employees' motivation toward organisational objectives.
- ◆ Job performance depends on motivation, ability, and the work environment.

- ◆ Motivation is harder to manage than ability or environment because it comes from internal drives.
- ◆ Understanding employees' needs and drives helps managers inspire better performance.
- ◆ A need is a deficiency that creates tension and drives behaviour to restore balance.
- ◆ A drive is the internal push that energises action to satisfy a need.
- ◆ Behaviour is the visible action of a person responding to needs and the environment.
- ◆ High performance occurs when ability, environment, and motivation all work together.
- ◆ Motivation comes from inside a person (needs, goals) and outside (rewards, recognition) and compels people to act.
- ◆ To develop motivation, we need to understand self-esteem, intrinsic motivation, and the need for achievement.
- ◆ People with high self-esteem are confident, try hard, and do not give up easily.
- ◆ Intrinsic motivation occurs when work is enjoyable or meaningful, making people work harder and stay involved.
- ◆ People with a high need for achievement enjoy challenging goals, take responsibility, and seek feedback to improve.

Objective Questions

1. What is the force that drives goal-directed behaviour?
2. In $P = A + E + M$, what does "A" stand for?
3. What term describes a state of deficiency that creates tension?
4. What is the internal state that energises behaviour to satisfy a need?
5. What term refers to the visible actions of an individual?

6. What is the outcome produced by an individual's behaviour called?
7. What is the motivation that comes from personal goals or values called?
8. What is motivation that comes from external rewards called?
9. What drives people to act towards goals and sustain effort?
10. Name the internal factors that motivate individuals.
11. Name the external factors that motivate individuals.
12. What personal trait reflects a person's overall sense of worth and capability?
13. What type of motivation comes from enjoying or finding meaning in the work itself?
14. What theory explains the need for achievement as a key motivator?
15. What does nAch stand for?

Answers

1. Motivation
2. Ability
3. Need
4. Drive
5. Behaviour
6. Performance
7. Intrinsic
8. Extrinsic
9. Motivation
10. Needs

11. Rewards
12. Self-esteem
13. Intrinsic
14. McClelland
15. Need for achievement.

Assignments

1. Define motivation and explain its importance in the workplace.
2. Explain how self-esteem influences employee motivation and performance.
3. Describe intrinsic motivation and how organisations can foster it among employees.
4. Discuss the relationship between motivation and job performance using the $P = A + E + M$ model.
5. Explain the role of managers in developing and sustaining employee motivation.
6. Compare and contrast intrinsic and extrinsic motivation with workplace examples.
7. How can organisations create work conditions that enhance motivation for high-achieving employees?

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Suggested Reading

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UNIT

Job Satisfaction

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ♦ define job satisfaction
- ♦ describe the factors influencing job satisfaction
- ♦ discuss the impact of job satisfaction on work outcomes
- ♦ explain the role of employee engagement in performance
- ♦ identify strategies to improve job satisfaction and engagement

Prerequisites

When Anita joined a fast-growing logistics company in Kochi, she was excited about the new role and the opportunities it promised. However, within six months, her enthusiasm began to fade. Long working hours, limited recognition for her efforts, and unclear career prospects slowly affected her motivation. She noticed that many of her colleagues felt the same—some were actively seeking other jobs, while others continued working but with decreasing commitment. Meanwhile, a newly formed team in the same organisation, led by a supportive supervisor, showed remarkably different results. They reported feeling valued, communicated openly, and consistently met their targets with less stress and more enthusiasm.

The management began to wonder: why were two groups within the same organisation experiencing work so differently? What made one team more engaged, committed, and productive than the other? The answer lay not in salary or workload alone, but in the deeper and more complex idea of job satisfaction—the sense of fulfilment individuals feel from their work, the environment they operate in, and the way they are treated.

This unit explores why situations like Anita's are common across many organisations and why understanding job satisfaction is essential for interpreting and improving employee behaviour at work.

Keywords

Job satisfaction, Job involvement, Organisational commitment, Perceived organisational support, Absenteeism, Turnover, Workplace deviance

Discussion

Job satisfaction is one of the most extensively studied concepts in organisational behaviour, as it serves as a key indicator of employees' attitudes toward their work and their organisation. It reflects the extent to which individuals feel positively or negatively about their jobs. A satisfied employee is more likely to demonstrate enthusiasm, commitment, and cooperation, whereas dissatisfaction often manifests in reduced performance, absenteeism, or turnover intentions.

1. What exactly does job satisfaction mean?
2. How do researchers and managers measure it?
3. What factors influence whether an employee experiences high or low satisfaction?
4. And most importantly, how do satisfied or dissatisfied employees influence organisational effectiveness?

Understanding job satisfaction requires more than simply knowing whether people like their jobs. It involves exploring the specific aspects of work—such as pay, recognition, relationships, growth opportunities, and the work environment—that shape employees'

overall evaluation of their job experiences. Interestingly, research reveals that job satisfaction is not always linked directly to pay or status. Many employees in modestly paid roles report high satisfaction because they find meaning, social connection, or autonomy in their work. Conversely, certain high-paying or prestigious positions can produce low satisfaction if they involve excessive stress, poor management, or a lack of personal fulfilment.

Before we delve into the ways in which job satisfaction is measured, it is useful to recognise that employees' feelings about their jobs arise from a complex blend of personal expectations, workplace conditions, and organisational culture. Examining these dimensions helps managers identify where satisfaction thrives and where improvement is needed.

2.2.1 Job Satisfaction

Job satisfaction can be defined as a positive feeling about one's job that results from an evaluation of its characteristics (Robbinson,2013). A person with a high level of job satisfaction holds positive feelings about his or her job, whereas a person with a low level of job satisfaction holds negative feelings.

A job is not merely a set of routine tasks like typing reports, serving customers, or driving a vehicle. It encompasses much more: interacting with colleagues and supervisors, following organisational rules and policies, adapting to technology, managing workload, meeting performance expectations, and coping with workplace conditions. Therefore, an employee's satisfaction is essentially a complex outcome shaped by many factors within the work environment. The question then arises—how do we measure job satisfaction?

2.2.2 Measuring Job Satisfaction

Job satisfaction is an internal attitude and cannot be observed directly; therefore, it is measured using systematic assessment tools that capture employees' perceptions, feelings, and evaluations of their jobs. Most measures rely on self-report techniques, as individuals are considered the best judges of their own job-related experiences. Over time, researchers in organisational behaviour have developed reliable and valid instruments to assess both overall job satisfaction and satisfaction with specific aspects of work.

1. Single Global Rating Method

This is the simplest approach. Employees are asked one direct question, such as “All things considered, how satisfied are you with your job?” They then respond on a numerical scale, usually from 1 (highly dissatisfied) to 5 (highly satisfied). The method is fast, requires no specialized training to administer, and provides a clear snapshot of overall employee sentiment.

◆ Advantages and Limitations

Its main strength is efficiency. Organisations can survey an entire workforce quickly and track changes over time with minimal burden on respondents. The method is also considered valid, as employees typically

possess an overall sense of how they feel about their job; therefore, a single well-worded question can effectively capture this holistic evaluation. Research has consistently shown a strong correlation between single-item measures of job satisfaction and more detailed multi-item scale measures.

However, the main limitation lies in its lack of depth. A global rating can indicate whether employees are satisfied or dissatisfied, but it does not explain the underlying reasons. For instance, if satisfaction levels decline following organisational changes, a single-item measure cannot reveal whether the issue stems from pay, workload, leadership, or other factors. Therefore, for diagnostic and analytical purposes, more detailed and multidimensional measures are required.

2. Summation of Job Facets Method

The summation method—also referred to as the summation score—is a more advanced approach. Instead of relying on a single overall judgment, it breaks down a job into its key components and asks employees to rate their level of satisfaction with each aspect separately. These individual ratings are then combined to generate an overall job satisfaction score.

The common facets assessed include the nature of the work, quality of supervision, current pay, opportunities for promotion, and relationships with co-workers. Each of these elements is evaluated using a standardized scale, and the total of these ratings reflects the employee's overall level of job satisfaction. Since each dimension is assessed independently, organisations are better able to identify the specific factors contributing to satisfaction or dissatisfaction and take targeted action.

For instance, if employees express low satisfaction with pay but report high satisfaction with their work relationships

and the nature of their tasks, the organisation can clearly identify where improvements are needed. Instead of making broad changes, it can focus specifically on compensation.

Research comparing the single global rating method and the summation of job facets method has shown that the summation approach demonstrates significant positive relationships between job satisfaction and key factors such as pay, promotion, the work itself, supervision, working conditions, and co-worker relationships, thereby making it a more comprehensive diagnostic tool.

3. Standardised Job Satisfaction Scales

Beyond the single global rating method and the summation of job facets method, several well-established scales are widely used in organisational research and practice:

♦ The Job Descriptive Index (JDI)

The Job Descriptive Index (JDI) was originally developed by Patricia C. Smith, Lorne M. Kendall, and Charles L. Hulin (1969). It uses 72 items to assess five facets of job satisfaction. The five facets are the work itself, pay, promotions, supervision, and co-workers. The ratings of satisfaction with these facets can be combined into a composite measure of job satisfaction.

The JDI was later revised by Michael J. Roznowski in 1989, and a shortened version was developed by Robert A. Gregson in 1990 to improve reliability and enhance practical applicability.

♦ Minnesota Satisfaction Questionnaire (MSQ):

Developed by Weiss, Dawis, England, and Lofquist at the University of Minnesota, the MSQ is available in both a long form (100 items across 20 subscales) and a short form

(20 items). It measures intrinsic satisfaction — satisfaction derived from the work itself, such as achievement, variety, and autonomy — as well as extrinsic satisfaction, which covers external rewards like pay, company policies, and supervision. The MSQ is grounded in work adjustment theory, which posits that satisfaction arises from the match between a person's needs and the reinforcing factors their job provides.

♦ The Job Satisfaction Survey (JSS)

The Job Satisfaction Survey (JSS) was developed by Paul E. Spector. It consists of 36 items that assess nine facets of job satisfaction: pay, promotion, supervision, benefits, contingent rewards, operating procedures, co-workers, nature of work, and communication. Initially designed for use in human service and public-sector organisations, the JSS has since been widely applied across different organisational settings. Similar to the summation approach, it generates both individual facet scores and an overall measure of job satisfaction.

These standardised tools are valued for their reliability, validity, and ability to allow comparisons across individuals, departments, or organisations.

4. Single-Item versus Multi-Item Measures

Job satisfaction can be measured using either single-item scales or multi-item scales.

- **Single-item measures** are simple and time-efficient, making them useful in large surveys or organisational climate assessments.
- **Multi-item measures** provide greater reliability and capture the complexity of job satisfaction more accurately, especially when

detailed analysis is required.

Although single-item measures are sometimes criticised for being simplistic, research suggests that they can still be valid indicators of overall job satisfaction when used appropriately.

5. Qualitative Methods

Personal interviews constitute an important qualitative approach to measuring job satisfaction, allowing for open-ended, in-depth exploration of employee feelings that structured questionnaires cannot capture. They are particularly useful when survey data produces ambiguous results, and managers need to understand the “why” behind the numbers. However, this approach has limitations in terms of **feasibility**, as conducting interviews with a large number of employees is time-consuming, resource-intensive, and the results are often more difficult to quantify and compare.

Some organizations also use **critical incident** techniques, drawn from Herzberg’s two-factor theory of motivation. Here, employees are asked to describe specific moments when they felt particularly satisfied or dissatisfied at work. These incidents are analysed to identify which job aspects are most strongly linked to positive or negative attitudes. This method yields rich, contextual data but requires careful coding and interpretation.

Accurate measurement of job satisfaction is crucial because it helps organisations understand employee attitudes, diagnose workplace problems, and design effective interventions. Reliable assessment also enables researchers to examine the relationship between job satisfaction and important organisational outcomes such as performance, commitment, turnover, absenteeism, and workplace deviance.

2.2.3 Factors Related to Job Satisfaction

Job satisfaction does not arise from a single source but is influenced by a range of interrelated factors associated with the individual, the job, and the organisation. Employees differ in what they value at work, and their level of satisfaction reflects how well the job and work environment meet these expectations and needs. Understanding the factors related to job satisfaction helps organisations identify the conditions that promote positive work attitudes and reduce dissatisfaction. The following discussion examines key factors that shape job satisfaction and explains how they contribute to employees’ emotional and attitudinal responses toward their work and organisation.

2.2.3.1 Job Involvement

Job involvement refers to the degree to which an individual identifies with their job, actively participates in it, and considers their job performance as crucial to their self-worth. It represents a psychological state in which employees are both emotionally and cognitively invested in their work.

High job involvement often results in increased effort, dedication, and a proactive attitude toward work tasks. It is influenced by various factors, including personal interests, job characteristics, and the organizational environment.

When employees are highly involved, they are more likely to align their goals with those of the organization, contributing positively to overall performance and productivity.

Conversely, low job involvement can lead to disengagement, reduced motivation, and lower performance levels, impacting the organization negatively.

◆ Components of Job Involvement

There are three key components

of job involvement: cognitive, emotional, and behavioral.

◆ **Cognitive Involvement**

Cognitive Involvement refers to how employees think about their jobs and the extent to which they intellectually engage with their work. This involves understanding job tasks, setting personal goals aligned with job objectives, and perceiving their role as important within the organization.

◆ **Emotional Involvement**

Emotional Involvement highlights the emotional attachment and passion employees feel toward their job. This connection can stem from job satisfaction, pride in one's work, or a sense of belonging within the organization.

◆ **Behavioral Involvement**

Behavioral Involvement is the outward expression of job involvement, reflected in actions such as putting in extra effort, staying late to complete tasks, or volunteering for additional responsibilities. It shows the commitment and proactive behavior of employees who go beyond the minimum job requirements.

◆ **Factors Influencing Job Involvement**

- ◆ Job involvement is influenced by a combination of personal, job-related, and organizational factors. Personal factors such as an individual's personality, values, work ethic, and career aspirations shape how strongly they identify with their work.

Job characteristics, including the nature of tasks, level of challenge, variety, autonomy, and meaningfulness, determine the extent to which employees feel engaged in their roles. Organizational factors like leadership style, workplace culture, policies, recognition, and support systems further influence involvement by either fostering a sense of value and connection or creating feelings of detachment. Together, these factors play a crucial role in enhancing or diminishing employees' level of job involvement.

Employees who exhibit high job involvement tend to see their work as an integral part of who they are—they deeply care about the nature of the work they perform and derive personal meaning and pride from doing it well.

2.2.3.2 Organisational Commitment

Organisational commitment refers to the strength of an employee's identification with their organisation—its goals, values, and mission—and their desire to remain a member of it. Employees who possess strong organisational commitment feel emotionally attached to the organisation and believe in what it stands for. This emotional bond is often considered the gold standard of employee loyalty.

Committed employees tend to demonstrate greater perseverance and dedication. Even when they experience temporary dissatisfaction, their sense of belonging and loyalty motivates them to continue working hard. Some may remain because they feel a moral obligation or because leaving would be personally or professionally difficult.

In essence, a committed employee does not simply work for the organisation; they work with it, sharing a sense of purpose and identity.

Key Components of Organizational Commitment

Key components of organizational commitment are typically understood through the three-component model proposed by John Meyer and Natalie Allen. These components explain the different ways employees develop attachment to an organization:

1. Affective Component

This refers to the emotional attachment an employee has toward the organization. Employees remain because they genuinely *want to stay*. They identify with organizational values and feel a strong sense of belonging.

2. Continuance Component

This component is based on the perceived costs of leaving the organization. Employees stay because they *need to stay*, often due to financial benefits, job security, or lack of alternatives.

3. Normative Component

This refers to a sense of moral obligation to remain with the organization. Employees stay because they feel they *ought to stay*, often due to loyalty or a feeling of indebtedness.

2.2.3.3 Perceived Organisational Support

Perceived Organisational Support (POS) refers to employees' general belief about the extent to which their organisation values their contributions and genuinely cares about their well-being. The concept was developed by Robert Eisenberger and his colleagues and is rooted in social exchange theory.

In simple terms, POS answers the question: “*Does my organisation support and value me?*”

When employees perceive high organisational support, they feel respected, recognised, and cared for. This creates a sense of obligation to reciprocate through positive attitudes and behaviours such as increased job involvement, stronger organisational commitment, and improved performance. On the other hand, low perceived support can lead to dissatisfaction, reduced motivation, and withdrawal behaviours.

POS is influenced by several factors, including fair treatment, recognition and rewards, supportive leadership, opportunities for growth, and concern for employee well-being. For example, when managers provide constructive feedback, acknowledge achievements, and support work–life balance, employees are more likely to feel valued. Research suggests that POS increases when employees have a voice in decision-making and when supervisors are approachable and supportive.

2.2.4 Impact of Job Satisfaction

Job satisfaction has a significant influence on several important aspects of organisational functioning and individual performance. Research consistently demonstrates that satisfied employees contribute positively to the overall success of an organisation.

2.2.4.1 Job Performance

Extensive research evidence supports the idea that employees who are more satisfied with their jobs tend to perform better. Earlier, some scholars questioned whether a genuine link existed between job satisfaction and performance, but findings from comprehensive reviews involving hundreds of studies confirm a strong and

consistent positive relationship. Simply put, happy workers are more productive workers. Organisations that maintain high levels of employee satisfaction generally exhibit greater efficiency, creativity, and commitment compared to those with lower satisfaction levels.

2.2.4.2 Customer Satisfaction

Customer satisfaction is a crucial outcome for organisations, particularly in the service industry. Research consistently shows a clear and positive connection between employee satisfaction and customer satisfaction. Employees who are content and engaged in their jobs tend to provide better service, display genuine enthusiasm, and build stronger relationships with customers. As a result, they enhance customer loyalty and retention.

Interestingly, recent studies reveal that this relationship is reciprocal—not only do satisfied employees create happier customers, but satisfied customers can, in turn, reinforce employees' sense of fulfilment and pride in their work. In fact, the inward effect of customer satisfaction on employee satisfaction may sometimes be even stronger than the reverse.

2.2.5 The Impact of Job Dissatisfaction

When employees experience dissatisfaction with their jobs, their reactions can vary widely, ranging from constructive efforts to improve the situation to destructive behaviours that harm the organisation. One widely accepted framework for understanding these responses is the Exit–Voice–Loyalty–Neglect (EVLN) model, developed by Albert O. Hirschman.

- This model identifies four primary reactions to job dissatisfaction, classified along two key dimensions:

- Constructive vs. Destructive – whether the employee's response helps or harms the organisation.
- Active vs. Passive – whether the response involves taking direct action or remaining inactive.

The four responses are:

- ◆ Exit (active–destructive), where employees leave the organisation or consider quitting
- ◆ Voice (active–constructive), where employees attempt to improve conditions by expressing concerns or suggesting solutions
- ◆ Loyalty (passive–constructive), where employees remain supportive and patiently wait for improvement
- ◆ Neglect (passive–destructive), where employees reduce effort, show decreased performance, or become disengaged.

The EVLN framework helps managers anticipate and interpret employee behaviours when morale declines. For instance, some dissatisfied employees may actively seek to improve conditions through voice, while others may withdraw through exit or neglect. Understanding these patterns enables organisations to address dissatisfaction early, encourage constructive responses, and maintain a positive and productive workplace climate.

2.2.5.1 Absenteeism

Research consistently reveals a negative relationship between job satisfaction and absenteeism—that is, satisfied employees are less likely to be absent from work. However, this relationship tends to be moderate rather than strong, as other situational factors also influence attendance. When multiple job

alternatives exist, dissatisfied employees are more likely to take frequent absences, perhaps as a step toward leaving the organisation. Conversely, when few job opportunities are available, dissatisfied employees may still maintain low absenteeism levels similar to their more satisfied peers.

Additionally, organisational policies can influence absence behaviour. For instance, when companies provide liberal sick leave or paid time-off benefits, even highly satisfied employees may occasionally take advantage of them—for example, by extending a weekend—without necessarily being disengaged from their work. Thus, while satisfaction plays a role, the broader context also determines attendance behaviour.

2.2.5.2 Turnover

The link between job satisfaction and employee turnover is generally stronger than that between satisfaction and absenteeism. Declining levels of job satisfaction reliably predict an employee's intention to leave the organisation. Moreover, turnover tends to spread through what researchers call a “contagion effect.” When several employees in a department leave due to dissatisfaction, it often influences others in the same environment to consider leaving as well.

Job alternatives play an important moderating role in this relationship. When other employment opportunities are abundant, job dissatisfaction is more likely to result in turnover. In contrast, when opportunities are limited, employees may remain despite their dissatisfaction. Individuals with higher human capital—that is, greater education, skills, or ability—tend to perceive more alternatives and are therefore more likely to leave when unhappy.

On the other hand, job embeddedness—the extent to which employees feel connected to their organisation, colleagues, and

community—can weaken the link between dissatisfaction and turnover. Strong social and professional ties, as well as alignment with cultural values, can make employees less inclined to leave even when dissatisfaction arises.

2.2.5.3 Workplace Deviance

Workplace deviance refers to voluntary behaviour that violates organisational norms and harms the organisation or its members. Research in organisational behaviour indicates that job dissatisfaction is among the strongest predictors of deviant behaviour in the workplace. When employees feel undervalued, unfairly treated, or emotionally drained, they may respond by withdrawing psychologically or acting in ways that express frustration. This can manifest in multiple forms—arriving late intentionally, taking excessive breaks, gossiping, spreading negativity, withholding effort, or resisting cooperation. In more serious cases, dissatisfaction may escalate into production deviance (working slowly, making deliberate errors), property deviance (stealing or damaging equipment), and even interpersonal deviance (bullying, rude behaviour, or hostility toward coworkers). These behaviours are rarely random; they often emerge when employees perceive injustice, lack recognition, or feel disconnected from the organisation. Thus, workplace deviance serves as a crucial warning signal for managers: improving job satisfaction is not just about enhancing well-being—it is essential for preventing destructive behaviours that weaken morale, productivity, and the organisational climate.

2.2.6 Strategies to Enhance Job Satisfaction and Employee Engagement

Organisations today increasingly recognise that employee satisfaction and engagement are vital to productivity, innovation, and

retention. According to Stephen P. Robbins and Timothy A. Judge (18th edition), fostering these attitudes requires a work environment that supports motivation, recognition, and fair rewards. When employees feel valued and see meaning in their work, their commitment to organisational goals deepens, resulting in better performance and reduced turnover. In addition to these foundational aspects, organisations also adopt various strategies such as providing meaningful work, supportive leadership, opportunities for growth, and a positive organisational culture to enhance satisfaction and engagement. Among them, incentive systems and employee recognition programmes are especially significant, as they directly influence motivation and performance. The following sections discuss these two strategies in detail.

2.2.6.1 Incentive Systems

One of the most effective ways to enhance job satisfaction and engagement is through well-structured incentive systems. Incentives are tangible or intangible rewards offered to employees based on performance, contribution, or achievement of goals. Monetary incentives, such as bonuses, profit-sharing, and performance-based pay, create a direct link between effort and reward, motivating employees to excel. Non-monetary incentives—like flexible work schedules, professional development opportunities, and career advancement—help meet psychological needs for growth and autonomy. Robbins and Judge emphasise that incentive

systems are most effective when employees perceive them as fair, transparent, and linked to performance standards that are attainable and clearly communicated.

2.2.6.2 Employee Recognition Programs

Equally important are employee recognition programs, which focus on acknowledging individual and team contributions. Unlike incentives, recognition often carries symbolic value—it fulfils the emotional and social needs of employees for appreciation and belonging. Recognition can take many forms, from formal awards and public acknowledgements to simple expressions of gratitude from supervisors. When used sincerely and consistently, recognition fosters a culture of respect and appreciation, leading to greater enthusiasm and identification with the organisation.

Together, incentive systems and recognition programs form a powerful strategy for enhancing both satisfaction and engagement. Incentives appeal to employees' extrinsic motivation, while recognition strengthens intrinsic motivation by reinforcing a sense of purpose and value. When organisations combine fair rewards with genuine appreciation, employees are more likely to invest their energy, creativity, and commitment in their work—creating a positive cycle of motivation and performance.

Recap

- ◆ Job satisfaction reflects how positively or negatively employees feel about their work.
- ◆ Satisfied employees are more enthusiastic, cooperative, and committed.

- ◆ Dissatisfied employees may show low performance, absenteeism, or turnover intentions.
- ◆ Job satisfaction depends on multiple factors, such as pay, recognition, relationships, growth, and work environment.
- ◆ Many employees with modest pay report high satisfaction if their work is meaningful or autonomous.
- ◆ Job satisfaction is measured using two main methods: Single Global Rating and Summation of Job Facets.
- ◆ The Single Global Rating method asks employees one direct question about overall satisfaction.
- ◆ The Summation of Job Facets method evaluates satisfaction with multiple job components, such as pay, supervision, and coworker relationships.
- ◆ Job involvement is the degree to which employees identify psychologically with their work.
- ◆ High job involvement occurs when employees find meaning, pride, and personal fulfilment in their work.
- ◆ Psychological empowerment increases job involvement by enhancing autonomy, competence, meaningfulness, and impact.
- ◆ Organisational commitment is the emotional attachment and loyalty an employee feels toward their organisation.
- ◆ Committed employees persist in their work even during temporary dissatisfaction.
- ◆ Perceived Organisational Support (POS) is the belief that the organisation values employees and cares for their well-being.
- ◆ POS encourages loyalty, trust, and better performance, but its effect varies across cultures.
- ◆ Job satisfaction positively affects job performance, customer satisfaction, and overall organisational success.
- ◆ Dissatisfied employees may respond through the Exit–Voice–Loyalty–Neglect (EVLN) model or show workplace deviance.
- ◆ Employee engagement is a positive, work-related state of mind characterised

by energy, enthusiasm, and identification with work.

- ◆ Incentive systems (monetary and non-monetary) and employee recognition programs enhance satisfaction and engagement.
- ◆ Combining fair rewards with genuine appreciation fosters intrinsic and extrinsic motivation, boosting performance and retention.

Objective Questions

1. What term describes employees' positive or negative feelings toward their jobs?
2. Name the method that uses one direct question to measure overall job satisfaction.
3. What method evaluates satisfaction across multiple job components?
4. Which concept refers to the degree an employee psychologically identifies with their job?
5. What type of empowerment includes meaningfulness, competence, impact, and self-determination?
6. Name the emotional attachment employees feel toward their organisation.
7. What is the belief that the organisation values employees and cares for their well-being?
8. Which model explains employee reactions to job dissatisfaction (Exit–Voice–Loyalty–Neglect)?
9. Term for employees' positive, work-related state of mind characterised by energy and enthusiasm.
10. Name a non-monetary incentive that enhances job satisfaction.
11. Which strategy acknowledges individual or team contributions to enhance motivation?
12. What is the link between satisfied employees and better customer outcomes?
13. What is the negative outcome associated with low job satisfaction affecting

attendance?

14. Term for employees' strong attachment, leading them to remain in the organisation despite challenges.
15. What is a common result of combining fair rewards with genuine appreciation?

Answers

1. Job satisfaction
2. Single global rating
3. Summation of facets
4. Job involvement
5. Psychological empowerment
6. Organisational commitment
7. Perceived organisational support
8. EVLN model
9. Employee engagement
10. Flexible schedule
11. Recognition programmes
12. Customer satisfaction
13. Absenteeism
14. Loyalty
15. Motivation

Assignments

1. Explain the concept of job satisfaction and discuss its importance in organisational behaviour.
2. Differentiate between the single global rating and the summation of facets methods for measuring job satisfaction.
3. What is job involvement, and how does it affect employee performance?
4. Define organisational commitment and explain its role in employee retention.
5. Explain the EVLN model and how it helps managers understand employee reactions to dissatisfaction.
6. What is employee engagement, and how is it different from job satisfaction?
7. Describe strategies to enhance job satisfaction and employee engagement, including incentive systems and recognition programmes.

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BLOCK

Group Behaviour and Team Dynamics



UNIT

Group Behaviour

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ◆ describe the nature and importance of group behaviour
- ◆ identify different types and functions of groups
- ◆ explain how groups are formed and how roles, status, and norms develop
- ◆ discuss the meaning and importance of group cohesiveness
- ◆ identify factors that affect group performance and effectiveness

Prerequisites

Innovent Solutions, a fast-growing digital marketing firm, was known for its creativity and teamwork. As it expanded, the company moved from individual assignments to cross-functional teams handling multiple client projects.

Aisha, a talented graphic designer, joined during this transition. Used to working independently, she struggled to adapt to team-based tasks. Although skilled, she preferred working alone and often completed her designs without consulting others, leading to mismatched visuals and inconsistent branding. Her team leader, Rahul, noticed that the issue lay not in skill but in poor communication and collaboration.

To improve coordination, the team began daily meetings and peer review sessions. Gradually, Aisha started participating actively, appreciating how shared ideas produced better outcomes. Her designs became more cohesive, and the client praised the improved quality of the campaign.

By the project's end, Aisha had transformed into a strong team player, realising that collaboration not only enhanced the project's success but also her own professional growth.

This case highlights how group behaviour and team dynamics influence performance, demonstrating that success in organisations depends not just on individual talent but on how effectively people work together.

Keywords

Group, Norms, Role, Status, Cohesiveness, Proximity, Task Group, Command Group, Role Differentiation

Discussion

Most of us, at some point, have worked in a group or team—whether in college, at the workplace, or during community projects. Often, such situations elicit mixed feelings. Some may think, “I could finish this task faster if I worked alone!” while others may feel relieved, believing, “Now I won’t have to do everything by myself.” Similar thoughts often arise among managers when they are assigned to committees, task forces, or work teams.

However, the truth is that people are inherently social beings. We naturally form and join groups to fulfil our needs for belonging, support, recognition, and achievement. Within organisations, almost every activity is carried out through groups—departments, project teams, committees, and work units. When group members collaborate effectively, they can accomplish far more than individuals working alone. Group interactions also promote learning, mutual understanding, and quality improvement as members share ideas, experiences, and feedback.

At the same time, not all groups function smoothly. Conflicts, lack of coordination, unclear roles, or weak communication can reduce group effectiveness. Such difficulties often arise when members lack the right

attitudes, knowledge, or teamwork skills.

Therefore, understanding group behaviour is essential for building productive, cohesive, and goal-oriented teams in organisations. This unit explores the nature, types, and functions of groups, the processes of group formation and role differentiation, the development of norms and cohesiveness, and the factors that influence group performance—all of which are vital for effective organisational functioning.

3.1.1 Nature of Groups

Much of our daily life involves interacting with groups—in families, classrooms, workplaces, or communities. Some groups we join voluntarily, while others are assigned to us. In organisations, groups play a vital role in achieving goals and fulfilling both professional and personal needs, such as belonging, recognition, and self-esteem.

A group can be defined as two or more individuals who interact regularly, influence each other, share common goals and values, and see themselves as part of a distinct unit. When members agree on shared objectives and ways to achieve them, the group becomes cohesive, showing cooperation and mutual support to complete tasks effectively while meeting personal needs.

According to Angelo Kinicki, a group can be identified based on four key criteria:

- ◆ Two or more freely interacting individuals
- ◆ Sharing common norms
- ◆ Having common goals
- ◆ Possessing a sense of common identity.

These criteria provide a useful way to understand what distinguishes a group from a mere collection of people.

3.1.2 Types and Functions of Groups

Organisations consist of different kinds of groups, broadly classified into formal and informal groups.

1. Formal Groups

Formal groups are created by management to accomplish specific organisational objectives. They have clearly defined roles and responsibilities and are part of the official structure. At the organisational level, they help complete complex tasks and generate ideas; at the individual level, they meet needs for affiliation and recognition.

Formal groups can be of two main types:

- **Task Groups:** These are temporary groups formed to solve specific issues or complete particular assignments, such as a disciplinary committee or a curriculum revision panel. Once their goal is achieved, these groups are dissolved.
- **Command Groups:** These are permanent groups that exist within the organisational hierarchy. A typical example is a department headed by a

supervisor with subordinates, such as the finance or HR department. Most organisational objectives are achieved through command groups.

2. Informal Groups

Informal groups arise naturally from personal relationships, shared interests, or social needs. They are not officially established by the organisation but play an important role in creating a sense of belonging and communication among employees. Examples include groups that meet over coffee breaks or form clubs. These groups often influence attitudes, promote common values, and enhance members' self-esteem.

Common types of informal groups are:

- **Friendship groups:** Formed among people who share common characteristics like age, hobbies, or educational background. These groups help fulfil members' social and emotional needs and often support workplace harmony.
- **Interest groups:** Formed when individuals come together to pursue a shared goal or cause, such as organising a health drive or campaigning against smoking. These groups may or may not be related to the organisation's formal objectives, but they contribute to shared motivation and cooperation.

3.1.2.1 Functions of Groups

Groups play an important role in helping both individuals and organisations achieve their goals. Whatever the type of group, formal or informal, it needs to perform its designated functions effectively and efficiently. Broadly, groups serve two main functions: task functions and maintenance functions.

1. Task Functions

Task functions focus on completing the group's objectives and supporting organisational performance. The major task functions performed by groups include the following:

- ◆ Handling complex task

Some tasks are too complicated for one person to handle alone. Groups bring together people with different skills and expertise to complete such tasks effectively.

- ◆ Coordinating activities

Groups act as a link between members and other teams, helping coordinate actions and ensure smooth communication.

- ◆ Implementing major decisions

When complex organizational decisions need to be carried out, groups make implementation easier through joint understanding and shared responsibility.

- ◆ Generating creative ideas

Interaction among members encourages brainstorming, leading to innovative and effective solutions.

- ◆ Training and socializing new members

Groups help newcomers learn the norms, culture, and working styles of the organization, making the adjustment smoother.

2. Maintenance Functions

Maintenance functions focus on the emotional and interpersonal needs of members, ensuring group harmony and satisfaction. The major maintenance functions performed by groups include the following:

- ◆ Fulfilling social needs

Groups meet individuals' needs for friendship, belonging, and emotional support.

- ◆ Providing identity and self-esteem

Being part of a respected or successful group enhances a person's confidence and sense of belonging.

- ◆ Offering emotional support

Groups provide comfort and help members deal with personal or work-related problems.

- ◆ Reducing anxiety and uncertainty

By sharing experiences and concerns, members feel more secure and confident in facing challenges.

3.1.3 Group Formation

Group formation refers to the process by which individuals come together, interact, and gradually develop a shared identity as a collective. In every organisation, people naturally cluster into groups to fulfil work-related tasks and personal needs. Understanding how groups form is essential because it influences cooperation, communication patterns, productivity, and overall organisational behaviour.

3.1.3.1 Reasons for Group Formation

- ◆ **Security, belongingness, and support:** Groups are often formed because individuals seek security, a sense of belonging, and emotional support. When individuals enter a new workplace or encounter unfamiliar tasks, they tend to experience reduced anxiety when they are part of a group. This sense of safety fosters

collaboration and encourages mutual reliance among members.

- ◆ **Satisfaction of social needs:** Groups play a significant role in fulfilling social needs such as companionship and acceptance. As human beings are inherently social, interaction within groups provides emotional comfort, reduces feelings of isolation, and contributes to the development of a sense of community within the organisation.
- ◆ **Enhancement of self-esteem:** Group membership contributes to the enhancement of self-esteem by providing individuals with a sense of value, importance, and recognition. This, in turn, strengthens self-confidence and motivates members to participate actively in group activities.
- ◆ **Learning and identity formation:** Groups function as important platforms for learning and identity formation. Through shared experiences and interactions, individuals acquire new information, clarify their attitudes, and develop a clearer understanding of their roles within the organisational context.
- ◆ **Achievement of organisational goals:** From an organisational perspective, groups are formed to accomplish tasks that require collective effort. Since complex problems often demand diverse skills and expertise, groups enable the integration of varied talents and resources. This collective approach enhances decision-making and promotes innovative solutions. Over time, continuous

interaction among members leads to the alignment of goals and the development of a shared purpose.

3.1.3.2 Bruce Tuckman's Five Stage Model of Group Formation

First proposed by psychologist Bruce Tuckman in 1965, the five-stage model highlights the common patterns that groups tend to follow as they progress. From the initial stage of forming, where group members come together and get acquainted, to the final stage of adjourning, where the group disbands, each stage offers its own challenges and opportunities. The five-stage group-development model suggests that all groups go through distinct stages in their overall development. These five stages are:

1. The Forming Stage
2. The Storming Stage
3. The Norming Stage
4. The Performing Stage
5. The Adjourning Stage

1. Forming

The forming stage is the initial stage of group development, where members come together and begin to understand the purpose, structure, and objectives of the group. Members are usually polite, cautious, and reserved in their interactions. There is uncertainty about roles, expectations, and acceptable behaviour. Members tend to depend on the leader for guidance and direction, and the primary focus is on orientation and familiarisation.

2. Storming

The storming stage is characterised by conflict and disagreement among members. As members begin to express their opinions, attitudes, and personalities, differences may

arise regarding goals, roles, leadership, and methods of working. Some members may challenge authority or compete for influence. Although this stage may create tension, it is important for clarifying roles, resolving misunderstandings, and strengthening the group structure.

3. Norming

The norming stage is when group cohesion begins to develop. Members gradually resolve their differences and begin to cooperate with one another. Group norms, values, and expectations are established, and members develop mutual trust, respect, and understanding. There is greater acceptance of roles and increased commitment to group goals, which promotes unity and stability.

4. Performing

The performing stage is when the group becomes fully functional and productive. Members work collaboratively, perform their roles efficiently, and focus on achieving group objectives. Communication becomes open and effective, and members show a high level of cooperation, coordination, and problem-solving ability. The group demonstrates maturity and effectiveness in task performance.

5. Adjourning

The adjourning stage is the final stage of group development and occurs mainly in temporary groups such as project teams, committees, and task forces. At this stage, the group completes its assigned tasks and prepares to disband. Members may experience satisfaction from achieving their goals, along with a sense of separation as the group comes to an end.

This model provides a useful framework for understanding how teams evolve over time and why different challenges emerge at different stages.

3.1.3.3 Factors Influencing Group Formation

1. Proximity – Physical closeness promotes interaction and increases the likelihood of group formation.
2. Similarity – Shared interests, attitudes, values, or backgrounds encourage bonding.
3. Complementary Skills – Individuals join groups where their unique abilities fit well or add value.
4. Interpersonal Attraction and Trust – Positive feelings, comfort, and reliability between individuals strengthen group ties.
5. Organisational Culture – A culture that promotes teamwork, communication, and collaboration makes group formation easier.
6. Common Goals – Shared objectives or challenges naturally bring individuals together to work collectively.

In summary, group formation is a natural and essential process in organisational life. It arises from both individual motivations and organisational needs and follows predictable developmental stages. A clear understanding of how groups form helps managers and learners anticipate group dynamics, enhance teamwork, and create more supportive work environments.

3.1.4 Structure of Groups

The structure of a group refers to the organised pattern of relationships, roles, and expectations that develop among its members as the group begins to function.

Once a group is formed, it does not remain a loose collection of individuals; instead, it gradually evolves into a more coordinated system. This internal structure helps the group operate efficiently, reduces uncertainty, and provides members with clarity about how to behave and what is expected of them. Understanding group structure is essential because it shapes communication, influences performance, and determines the stability and effectiveness of the group.

3.1.4.1 Role Differentiation

A key component of group structure is role differentiation. Every member in a group cannot perform the same function, so individuals naturally begin to take up different roles based on their abilities, personality, and the needs of the group. Some members may emerge as leaders, organisers, or coordinators, while others may become supporters, problem-solvers, or record keepers. Role differentiation helps the group avoid confusion by ensuring that tasks are distributed and responsibilities are clear. For instance, in a project team, one member may handle planning, another may manage technical work, while a third may take responsibility for communication. This division of roles enables the group to work more efficiently.

3.1.4.2 Status Differentiation

Another important element of group structure is status differentiation. Status refers to the relative prestige, influence, or importance that a member holds within the group. Not all members have equal impact or decision-making power. Some individuals gain higher status due to their expertise, experience, leadership qualities, or interpersonal skills, while others hold lower-status positions. Status differentiation influences whose opinions are valued, who takes the lead, and how conflicts are resolved.

For example, an experienced employee may naturally command more respect in a team discussion than a newcomer. Although status differences help bring order to group functioning, extreme inequalities can cause tension if members feel undervalued.

3.1.4.3 Norms Formation

The formation of group norms is another central aspect of group structure. Norms are shared rules, expectations, and standards that guide the behaviour of group members. These norms may be explicit—such as scheduled meeting times—or implicit, such as the unwritten expectation that members should respect each other's ideas. Norms help maintain harmony by defining acceptable and unacceptable behaviour. For example, a workgroup may develop a norm of completing assigned tasks before meetings or a norm of giving every member an opportunity to speak. Such norms create predictability and promote cooperation, making the group more cohesive and productive.

In addition to roles, status, and norms, communication patterns and group size also influence group structure. Some groups have centralised communication where one member receives and distributes information, while others function through open, equal communication networks. Group size affects structure as well—smaller groups tend to be more cohesive and interactive, while larger groups often develop more complex role arrangements and subgroups.

In summary, the structure of a group provides the framework within which members interact, contribute, and fulfil both individual and collective goals. Role differentiation brings clarity, status differentiation brings order, and norms bring predictability and cohesion. Together, these elements shape the functioning of the group and determine how effectively it can achieve its objectives. Understanding group

structure is, therefore, essential for analysing group behaviour and improving teamwork in organisational settings.

3.1.5 Group Cohesiveness

Group cohesiveness refers to the degree of attraction, unity, and emotional bonding that members feel toward their group. It indicates how strongly individuals identify with the group and how committed they are to its goals. A cohesive group is marked by trust, cooperation, open communication, and a strong sense of belonging. Members enjoy working together, willingly share responsibilities, and feel motivated to contribute to group success. Cohesiveness develops gradually when groups spend time together, achieve shared goals, overcome challenges, and build positive interpersonal relationships.

High cohesiveness has several advantages for group functioning. Members of cohesive groups tend to participate actively, support each other, and handle conflicts more constructively. Because they feel psychologically safe, they are more open to sharing ideas, giving feedback, and engaging in problem-solving. Cohesive groups also experience higher satisfaction and lower turnover, as members feel valued and emotionally connected. For instance, a work team that celebrates achievements together, communicates frequently, and maintains mutual trust naturally becomes more cohesive over time.

However, cohesiveness is not always positive. When a group becomes “too cohesive,” members may prioritise harmony over critical thinking, leading to conformity and the suppression of dissenting opinions. This may result in poor decision-making or “groupthink.” Therefore, effective leadership is necessary to ensure that cohesiveness supports creativity, constructive debate, and healthy functioning. Balanced

cohesion—where members feel united but still think independently—is ideal for enhancing group performance.

3.1.6 Factors Affecting Group Performance

Group performance refers to the group’s ability to achieve its goals effectively and efficiently. Several factors influence how well a group functions, interacts, and completes tasks. Understanding these factors helps managers and learners anticipate group behaviours and enhance teamwork in organisational settings.

1. Group cohesiveness

Cohesive groups often perform better because members cooperate, communicate openly, and remain committed to goals. However, excessive cohesiveness without critical evaluation may reduce performance, especially in decision-making tasks.

2. Group size

The size of a group significantly affects its performance. Smaller groups tend to be faster, more cohesive, and better at coordination, while larger groups bring diverse skills but may suffer from communication problems, social loafing, or a lack of accountability.

3. Group structure (roles, norms, and status)

Clear roles help avoid confusion, well-established norms guide behaviour, and appropriate status distribution enhances communication. When roles are ambiguous or norms are weak, performance declines due to misunderstandings or conflict.

4. Leadership style

Effective leadership sets direction, motivates members, and ensures that conflicts are handled constructively. A supportive and participative leadership style typically

improves group morale and performance.

5. Member skills and diversity

Groups perform better when members have complementary skills relevant to the task. Diversity in perspectives, experience, and abilities can enhance creativity and problem-solving, although it may initially cause conflict before norms are established.

6. Communication patterns

Open, frequent, and clear communication helps groups coordinate tasks and resolve issues quickly. Poor communication leads to delays, errors, and misunderstandings that reduce performance.

7. Task characteristics

The nature of the task affects performance. Tasks requiring cooperation benefit from cohesive groups, while tasks requiring independence may suffer from too much cohesion. Complex tasks require skilled leadership, good communication, and clear role allocation.

8. External pressure and environmental factors

Time constraints, organisational support, competing demands, and external threats influence performance. Moderate external pressure can motivate groups, but excessive pressure may cause stress and reduce effectiveness.

9. Interpersonal relationships

Positive interpersonal relationships encourage trust, reduce conflict, and improve collaboration. Persistent interpersonal conflict distracts the group from its goals and reduces performance.

In summary, group cohesiveness shapes the emotional climate of the group, while various structural, interpersonal, and organisational factors determine how effectively a group performs. By understanding these influences, organisations can create conditions that support strong teamwork, balanced cohesion, and high-quality performance.

Recap

- ◆ A group is formed when people come together to interact and work towards shared goals.
- ◆ Groups help people meet both work-related and personal needs.
- ◆ Formal groups are officially created by the organisation to perform specific tasks.
- ◆ Task groups are temporary formal groups formed to complete a particular assignment.
- ◆ Command groups are permanent formal groups that exist within the organisational hierarchy.
- ◆ Informal groups develop naturally through personal connections and shared interests.

- ◆ Friendship groups arise when people bond over common hobbies or backgrounds.
- ◆ Interest groups form when individuals unite around a common activity or cause.
- ◆ Groups help complete complex tasks more effectively by pooling skills.
- ◆ Groups support members emotionally and help reduce stress and uncertainty.
- ◆ People join groups to feel secure and less anxious in new or unfamiliar situations.
- ◆ Groups help individuals build confidence and feel valued in the organisation.
- ◆ Tuckman's model describes how groups develop through five predictable stages.
- ◆ Group structure forms as members take on roles and organise their interactions.
- ◆ Role differentiation ensures that responsibilities are shared clearly among members.
- ◆ Status differences determine whose ideas and opinions carry more weight in the group.
- ◆ Group norms guide how members behave and interact with one another.
- ◆ Group cohesiveness reflects how strongly members feel connected to the group.
- ◆ Very high cohesiveness may sometimes lead to conformity and poor decisions.
- ◆ Group performance depends on factors such as cohesion, size, leadership, communication, and task type.

Objective Questions

1. What is the stage in Tuckman's model where conflicts arise?
2. Which type of group is created naturally through personal relationships?

3. What do we call the shared rules that guide group behaviour?
4. Which formal group is permanent in an organisation?
5. What term refers to the emotional bonding within a group?
6. What is the final stage of Tuckman's model?
7. Which factor refers to physical closeness leading to group formation?
8. What is the process of members taking on different responsibilities called?
9. Which groups are temporary and formed for specific tasks?
10. What term means the relative prestige or influence of members?
11. Which type of informal group forms around a shared hobby?
12. What function of groups focuses on completing tasks?
13. What function of groups deals with emotional needs?
14. Which factor of group formation refers to shared interests or values?
15. What is the organised pattern of roles and relationships in a group called?

Answers

1. Storming
2. Informal
3. Norms
4. Command
5. Cohesiveness
6. Adjourning
7. Proximity
8. Role differentiation (or Roles)

9. Task
10. Status
11. Friendship
12. Task
13. Maintenance
14. Similarity
15. Structure

Assignments

1. Explain how formal and informal groups interact within an organisation. Analyse how this interaction can support or hinder organisational effectiveness.
2. Tuckman's stages of group development describe the evolution of group behaviour. Apply this model to a real or hypothetical workplace team and illustrate how each stage appears in practice.
3. Discuss how role differentiation and status differentiation shape group dynamics. How can unclear roles or status inequalities affect group performance?
4. Analyse how similarity, proximity, and complementary skills influence the formation of groups. Which factor do you think is most powerful in organisational settings, and why?
5. Examine the various tasks and maintenance functions of groups. How can a balance between these two be achieved to maximise group productivity and member satisfaction?
6. Describe how organisational culture affects group formation and functioning. Provide examples of how a supportive culture enhances teamwork and how a restrictive culture can create conflicts.
7. Identify and analyse the key factors that influence group performance. Choose any two factors and discuss how managers can practically improve them to enhance team effectiveness.

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UNIT

Team Building and Performance

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ◆ discuss the characteristics of effective teams.
- ◆ explain the process and importance of team building.
- ◆ identify common challenges in team dynamics.
- ◆ discuss basic methods for resolving conflicts and improving team communication.
- ◆ explain how teams make decisions and maintain effective performance.

Prerequisites

A software development company formed a group of six employees to design a new learning app. All members were skilled and experienced, but the project moved slowly. Meetings lacked structure, communication was unclear, and team members often repeated each other's work. After two weeks, the team leader introduced a short team-building session, clarified roles, and encouraged open discussion. Within a few days, coordination improved. Tasks were completed faster, misunderstandings were reduced, and the final product was delivered successfully.

This example shows that team performance depends not only on individual abilities but also on how well people work together. When teams have clear goals, trust, and cooperation, they achieve better results. When these elements are missing, even capable groups face difficulties.

In most workplaces, teams are formed to handle tasks that require shared responsibility and collective decision-making. The effectiveness of a team depends on many factors, such as the clarity of roles, the quality of relationships, and the ability

to communicate openly. As teams learn to coordinate their strengths, they become better equipped to handle challenges and complete tasks efficiently.

Understanding how teams develop, what makes them successful, and how they overcome obstacles is essential in any organisational setting. This unit explores these ideas and explains how team-building practices strengthen cooperation, improve performance, and create a healthier work environment.

Keywords

Cohesion, Social Loafing, Functional Conflict, Conflict, Delphi Technique, Team Building

Discussion

The example of the software company described above highlights the growing importance of teams in modern organisations. In today's dynamic and competitive work environment, teams have become the cornerstone of organisational success. From hospitals and schools to multinational corporations and government agencies, teamwork is now viewed as the key to achieving goals that individuals alone cannot accomplish. A well-functioning team brings together diverse skills, perspectives, and energies, allowing members to collaborate, share responsibility, and produce results that exceed the sum of their individual contributions.

Organizations increasingly rely on teams because they are flexible, adaptive, and responsive to change. Unlike traditional departmental structures, teams can quickly form to address new challenges, shift their focus as situations evolve, and dissolve when objectives are met. They also promote a sense of shared ownership, encouraging participation and commitment among employees.

However, while teamwork offers many advantages, it also brings challenges. Not all teams are automatically effective. Differences in personality, communication styles, and expectations can create tension, misunderstanding, or even conflict. The success of a team depends on how well its members coordinate, communicate, and manage these challenges. Understanding what makes a team effective—and how to build and sustain such teams—is therefore essential for both managers and employees.

This unit explores:

- ◆ The characteristics of effective teams
- ◆ The process of team building and its importance
- ◆ Practical approaches for overcoming challenges in team dynamics
- ◆ Conflict resolution, negotiation, decision-making, and communication management

Before exploring these aspects in detail,

it is important to clarify how teams differ from groups and why this distinction matters for understanding team performance.

Groups and Teams

Groups and teams are often discussed together, but they are not identical.

◆ Group

A group refers to two or more individuals who interact and depend on one another while working toward certain objectives. In many organisational settings, a work group functions mainly to share information, offer suggestions, make decisions, and support each member in carrying out tasks within their own area of responsibility. The performance of a work group is simply the combined output of individual members. Since there is no coordinated joint effort, the group does not generate added value beyond what each person contributes independently.

◆ Team

A team functions differently. It is built on coordinated effort and mutual support, allowing members to create positive synergy. Through collaboration, communication, and shared responsibility, a team can produce results that exceed the sum of individual contributions. This distinction highlights the unique strength of teams in generating higher performance through the integration of skills and collective problem-solving.

Despite these differences, both work groups and work teams share certain features. Members in both settings usually operate within expected patterns of behaviour, follow group norms, engage in interpersonal processes, and participate in some degree of decision-making. They may also exchange ideas, combine resources, or coordinate work schedules. In work groups, such interactions typically focus on gathering information or facilitating decisions made by others. In work teams, these processes are central to achieving shared goals.

It is useful to view work teams as a specialised form of work groups, designed with a stronger emphasis on purposeful collaboration. Although the terms are sometimes used interchangeably in everyday organisational contexts, maintaining the distinction helps in understanding how team-based structures contribute differently to performance.

3.2.1 Characteristics of Effective Teams

Effective teams play a vital role in ensuring organizational success by enhancing coordination, improving productivity, and fostering innovation. They are not formed merely by bringing individuals together; rather, they develop through shared understanding, clear structure, and positive interpersonal relationships. Effective teams demonstrate a combination of task-oriented and relationship-oriented qualities that enable members to work collaboratively toward common goals while also maintaining individual satisfaction and growth. These characteristics collectively contribute to both high performance and the long-term sustainability of the team.

1. Clear Goals and Shared Purpose

An effective team operates with a clearly defined purpose and well-articulated goals. All members understand the objectives and are committed to achieving them. Shared goals create direction, reduce ambiguity, and align individual efforts toward collective outcomes.

2. Defined Roles and Responsibilities

Clarity in roles ensures that each team member understands their specific duties and contributions. This minimizes role conflict and duplication of effort, thereby enhancing efficiency and accountability within the team.

3. Open and Effective Communication

Effective teams maintain open channels of communication where information flows freely. Members feel comfortable expressing ideas, providing feedback, and discussing concerns. This promotes transparency, trust, and better decision-making.

4. Mutual Trust and Respect

Trust is a foundational element of effective teams. Members respect each other's competencies, perspectives, and contributions. A climate of trust encourages cooperation, reduces interpersonal conflict, and fosters psychological safety.

5. Supportive Leadership and Facilitation

Effective teams often have leaders who provide direction, support, and coordination. Rather than exercising rigid control, such leaders facilitate participation, resolve conflicts, and empower members to contribute actively.

6. Cohesion and Team Spirit

Team cohesion refers to the sense of unity and belonging among members. High cohesion enhances motivation, commitment, and collaboration, enabling the team to function as an integrated unit.

7. Constructive Conflict Management

Conflict is inevitable in teams; however, effective teams manage conflict constructively. Differences in opinions are addressed through discussion and problem-solving rather than avoidance or hostility, leading to improved outcomes.

8. Accountability and Performance Orientation

Members of effective teams take responsibility for both individual and collective performance. There is a strong emphasis on achieving high standards of work and continuous improvement.

9. Adaptability and Flexibility

Effective teams are adaptable to changing situations and demands. They are open to new ideas, willing to adjust strategies, and capable of responding to challenges dynamically.

10. Support for Individual Growth and Satisfaction

Effective teams ensure that members experience personal growth, learning, and satisfaction. This enhances motivation and long-term engagement within the team.

The above characteristics describe the essential features that enable teams to function effectively in organizational settings. However, understanding these features alone is not sufficient; it is equally important to examine how team effectiveness is defined and evaluated.

3.2.2 Defining Team Effectiveness

Team effectiveness refers to the extent to which a team achieves its stated objectives, maintains positive interpersonal relationships among members, and supports the individual well-being and development of its members.

Contemporary organizational behavior literature recognizes that effective teams do not emerge spontaneously. Rather, they are characterized by a set of identifiable features that distinguish them from ineffective teams. These characteristics span three broad domains: contextual conditions that enable

team functioning, compositional features of team membership, and internal processes through which members coordinate their efforts.

1. Contextual Characteristics

Contextual characteristics refer to the environmental and structural conditions within which a team operates. Research has identified four contextual factors that consistently differentiate effective from ineffective teams.

- ◆ **Adequate resources.** Teams require information, equipment, staffing, administrative support, and encouragement to accomplish their tasks. When resources are insufficient, even highly capable teams struggle to perform. The availability of resources directly influences a team's ability to set ambitious goals, execute coordinated actions, and recover from setbacks .
- ◆ **Effective leadership and structure.** Teams require clarity regarding roles, responsibilities, and the coordination of individual efforts. Whether leadership is provided by a formal manager or emerges from within the team, members need direction on how their tasks fit together. Effective team leadership involves facilitating rather than directing, removing obstacles rather than assigning blame, and enabling collective problem-solving rather than imposing solutions.
- ◆ **A climate of trust.** Trust is the psychological state in which individuals accept vulnerability based on positive expectations of others' intentions and behaviors (Mayer et al., 1995). In effective teams, trust

enables members to share information openly, admit mistakes without fear of punishment, and rely on others to fulfill commitments. When trust is absent, members withhold information, engage in self-protective behaviors, and expend energy monitoring rather than performing.

- ◆ **Performance evaluation and reward systems.** When appraisal systems focus exclusively on individual accomplishments, members may prioritize personal outcomes over collective goals. Effective teams operate within performance management systems that integrate both individual and group components. Group-based incentives, team rewards, and shared performance recognition strengthen team identity and reduce competition among members.

2. Compositional Characteristics

Compositional characteristics refer to the attributes of individuals who constitute the team. These include abilities, personalities, role assignment, diversity, team size, and member preferences for teamwork.

- ◆ **Ability and skill.** The performance of a team depends on the knowledge, skills, and competencies that individual members bring. Effective teams possess a complementary distribution of abilities, such that members' strengths offset one another's limitations. Research indicates that both the average ability level and the heterogeneity of abilities predict team performance, depending on task demands.
- ◆ **Personality traits.** Meta-analytic research has identified several

personality characteristics associated with team effectiveness. Conscientiousness—the tendency to be organized, dependable, and hardworking—consistently predicts team performance because conscientious members contribute reliably and support team coordination. Openness to experience enhances creativity and adaptability. Emotional stability enables members to manage conflict constructively without escalating interpersonal tension. Agreeableness fosters cooperation and smooth coordination, particularly in teams requiring high interdependence.

- ◆ **Role clarity and assignment.** Teams function more effectively when roles are assigned based on members' strengths and when individuals understand both their own responsibilities and those of others. Role ambiguity—uncertainty about one's duties, authority, or accountability—is associated with reduced satisfaction, increased stress, and poorer team performance.
- ◆ **Team size.** Research suggests that teams of approximately five to nine members tend to function most effectively. Smaller teams (three to four members) may lack sufficient diversity of perspectives and skills. Larger teams (ten or more members) experience coordination difficulties, social loafing, and reduced opportunities for meaningful participation by all members.
- ◆ **Member preferences for teamwork.** Individuals vary in their preference for collaborative versus independent work. Teams composed of members who enjoy

teamwork and value collective accomplishment demonstrate higher morale, smoother interaction, and greater persistence in the face of difficulties.

3. Process Characteristics

Process characteristics refer to the internal activities through which team members work together to achieve their objectives. These processes distinguish effective teams from merely well-staffed groups.

- ◆ **Shared purpose and clear goals.** Effective teams begin with a common understanding of why the team exists and what it aims to accomplish. This shared purpose must be translated into specific, challenging, and achievable goals that guide member effort and provide criteria for evaluating progress. Goal clarity reduces ambiguity, focuses attention, and sustains motivation.
- ◆ **Team efficacy.** Team efficacy refers to the collective belief that the team can successfully perform its tasks. Teams with high efficacy set more ambitious goals, expend greater effort, persist longer in the face of difficulty, and demonstrate resilience after setbacks. Efficacy develops through mastery experiences (early successes), vicarious learning (observing similar teams succeed), verbal persuasion, and management of emotional arousal.
- ◆ **Team identity and cohesion.** Team identity is the extent to which members feel psychologically attached to the team and define themselves in terms of team membership. Cohesion refers to the emotional bonds that connect

members to one another and to the team as a whole. Both identity and cohesion enhance commitment, reduce turnover, and increase members' willingness to exert effort on behalf of collective goals.

- ◆ **Shared mental models.** Shared mental models are organized knowledge structures that team members hold in common regarding tasks, equipment, roles, and team processes. When members share accurate mental models, they can anticipate each other's needs, coordinate without explicit communication, and adapt to changing circumstances efficiently. Shared mental models are particularly important in teams performing under time pressure or in dynamic environments.
- ◆ **Constructive conflict management.** Conflict within teams can be either functional or dysfunctional. Task conflict—disagreement about the content of work, ideas, or decisions—can enhance team effectiveness when managed constructively by encouraging thorough evaluation of alternatives. Relationship conflict—personal incompatibility, tension, or animosity—consistently impairs team functioning. Effective teams distinguish between these forms of conflict and establish norms that encourage task conflict while minimizing relationship conflict.
- ◆ **Minimization of social loafing.** Social loafing is the tendency for individuals to exert less effort when working collectively than when working individually. Effective teams counter social loafing by making individual contributions visible, establishing clear accountability, providing regular

performance feedback, and creating tasks that are intrinsically meaningful to members.

3.2.3 Team Building Activities and Their Importance

Team building refers to a structured, participative process designed to improve team functioning by enhancing members' awareness of their own and others' roles, communication patterns, problem-solving approaches, and interpersonal relationships. It is a deliberate organizational intervention rather than an informal or spontaneous process.

Within organizational behavior literature, team building is conceptualized as a set of experiential learning activities that aim to diagnose and correct dysfunctional team processes while reinforcing effective ones. According to McShane and Von Glinow (2024), team building encompasses any formal intervention intended to increase team effectiveness through improved goal clarity, role definition, communication, or interpersonal trust.

Team building differs from routine team management in three fundamental ways. First, it is experiential—members learn by doing and reflecting rather than by receiving instruction. Second, it is diagnostic—activities are typically preceded by an assessment of team needs rather than applied uniformly. Third, it is facilitated—an external or internal facilitator guides the process without assuming direct authority over team decisions (Robbins & Judge, 2023).

3.2.3.1 The Need for Team Building

Not every team requires team building. Empirical research suggests that team-building interventions produce the greatest benefits when specific indicators of

dysfunction are present. These diagnostic indicators include:

- ◆ **Interpersonal indicators:** Persistent interpersonal conflicts, withdrawal from team discussions, formation of cliques, blame-oriented language
- ◆ **Role-related indicators:** Confusion about responsibilities, task duplication or omission, complaints about unclear authority
- ◆ **Motivational indicators:** Declining morale, reduced participation in meetings, social loafing, missed deadlines
- ◆ **Cognitive indicators:** Disagreement about team purpose, inconsistent priorities, poor decision quality
- ◆ **Structural indicators:** Recent team composition changes, new leadership, reorganization

The presence of multiple indicators across categories suggests that a team-building intervention may be warranted. However, researchers caution against applying team building as a universal solution; when teams are already functioning effectively, structured interventions may disrupt rather than enhance performance.

3.2.3.2 Team Building Activities

Team building activities are the specific exercises, structured experiences, or facilitated interactions through which team building objectives are achieved. An activity, in this context, refers to any bounded, time-limited, facilitator-guided process in which team members participate collectively with the explicit purpose of improving some aspect of team functioning.

Team building is an essential aspect

of fostering a productive, cohesive, and motivated workforce. It encompasses a range of activities designed to improve interpersonal relationships, enhance communication, and align team members with organisational goals.

1. Communication-Focused Team Building

Effective communication is fundamental to successful teamwork, as it enables the smooth exchange of information, coordination of tasks, and development of mutual understanding among team members. In team settings, communication helps prevent misunderstandings, reduces conflict, and ensures that all members are aligned with shared goals. Without effective communication, even highly skilled teams may struggle with inefficiency, confusion, and poor collaboration.

Communication-focused team-building activities are designed to enhance the ability of team members to express ideas clearly, listen actively, and provide constructive feedback. These activities aim to promote openness and trust and break down communication barriers within the team. The primary focus is on strengthening interaction patterns so that members can collaborate more effectively and work cohesively toward common objectives.

Communication-focused team-building activities can take various forms that encourage interaction and improve communication skills among members. For instance, icebreakers and introduction activities help initiate conversations and build rapport, particularly in newly formed teams. Similarly, active listening exercises such as listening circles enable participants to develop attentiveness, empathy, and the ability to respond thoughtfully. In addition, group discussions and debates provide structured opportunities for members to express their ideas, exchange perspectives,

and engage in collaborative thinking, thereby enhancing clarity of expression and overall communication effectiveness.

2. Trust-Building Activities

Trust is a fundamental element of effective teamwork, as it enables members to rely on one another, share ideas openly, and collaborate without fear or hesitation. In team settings, trust promotes psychological safety, reduces interpersonal conflicts, and encourages individuals to take initiative and contribute actively. Without trust, communication may become restricted, cooperation may decline, and overall team performance may be negatively affected. Trust-building activities are therefore essential in creating a supportive and secure environment where members feel confident in interacting with one another.

Trust-building activities are designed to strengthen interpersonal relationships and foster mutual confidence among team members. These activities often involve situations that require individuals to depend on others, thereby reinforcing reliability and cooperation. For example, exercises such as trust falls encourage members to rely on their teammates for physical support, while blindfolded obstacle courses require individuals to depend on others for guidance, enhancing both trust and communication. Similarly, team-building retreats conducted outside the formal work environment provide opportunities for informal interaction and bonding, helping members build stronger relationships and develop trust in a relaxed and collaborative setting.

3. Problem-Solving Activities

Problem-solving is a critical skill in team functioning, as it enables members to address challenges effectively and work toward shared goals. In organizational

settings, teams often encounter complex tasks and unexpected obstacles that require careful analysis, creativity, and collaboration. The ability to solve problems collectively enhances team efficiency, encourages innovation, and improves decision-making. It also helps teams adapt to changing situations and maintain performance under pressure.

Problem-solving team-building activities are designed to develop these competencies by engaging members in tasks that require cooperation and critical thinking. Such activities encourage participants to analyze situations, generate alternative solutions, and work together to achieve a common objective. For instance, activities like scavenger hunts and bridge-building challenges promote coordination and creative thinking, while brainstorming sessions help teams generate and evaluate multiple ideas collaboratively. Through such exercises, teams learn to approach problems systematically, utilize diverse perspectives, and strengthen their ability to arrive at effective solutions.

4. Decision-Making Activities

Effective decision-making is a crucial component of successful teamwork, as it enables members to choose appropriate courses of action in complex and dynamic situations. Teams that are capable of making informed and timely decisions collaboratively are better equipped to achieve their objectives, respond to changing circumstances, and maintain a competitive advantage. Strong decision-making skills also enhance accountability, reduce uncertainty, and improve overall team performance.

Decision-making team-building activities are designed to strengthen the ability of team members to evaluate alternatives, consider diverse perspectives, and arrive at well-informed conclusions collectively. These activities provide structured opportunities

for teams to practice analytical thinking and collaborative judgment. For instance, simulation games expose teams to realistic scenarios that require quick and strategic decisions, while case studies encourage analysis of situations and formulation of appropriate solutions. Similarly, role-playing exercises allow members to explore different viewpoints and improve their ability to make decisions in interpersonal and organizational contexts. Through such activities, teams develop the competence to make effective decisions that support both immediate tasks and long-term goals.

5. Skill-based Team Building Activities

Skill-based team building, on the other hand, focuses on developing specific competencies that are directly relevant to job performance. In this approach, team members participate in workshops and training sessions aimed at enhancing essential skills such as communication, leadership, negotiation, and feedback. Unlike activity-based techniques, skill-based approaches are closely aligned with workplace requirements and provide immediate practical benefits. By improving both individual capabilities and collective efficiency, these activities help teams perform more effectively and adapt to organizational demands, thereby contributing to overall productivity and success.

3.2.3.3 Importance of Team Building

Team building is recognized as a significant organizational strategy for strengthening relationships among employees, creating a positive work culture, and enhancing overall performance. The importance of team building derives from its capacity to address multiple dimensions of organizational functioning simultaneously. Meta-analytic evidence confirms that team-building interventions

produce moderate improvements in both objective performance measures and subjective team process ratings.

1. Enhanced Communication

One of the primary contributions of team building is the improvement of communication among team members. When team members participate in structured activities together, they develop shared vocabulary, learn each other's communication styles, and practice giving and receiving feedback in a safe environment. Improved communication reduces misunderstandings, prevents conflicts, and ensures that information flows efficiently to those who need it.

2. Increased Employee Satisfaction and Engagement

Team building contributes significantly to employee satisfaction by fostering social connections, reducing feelings of isolation, and creating a sense of belonging. Satisfied employees demonstrate higher engagement, lower absenteeism, and reduced turnover intentions. Research indicates that social support from teammates is one of the strongest predictors of job satisfaction and psychological well-being at work (Robbins & Judge, 2023).

3. Improved Organizational Alignment

Team-building activities help align individual and group efforts with organizational goals. Through shared experiences, team members develop a clearer understanding of how their work contributes to larger objectives. This alignment encourages unity of purpose and ensures that team efforts are directed toward outcomes valued by the organization. When employees see the connection between their tasks and the organization's mission, they work more cohesively and efficiently.

4. Enhanced Productivity and Performance

Team building enhances collaboration, which in turn strengthens productivity. When team members communicate freely and share responsibilities, tasks are completed more efficiently. Members with available capacity can assist those facing difficulties, enabling the team to meet deadlines more reliably. Meta-analytic evidence confirms that team-building interventions produce moderate improvements in objective performance measures.

5. Strengthened Trust and Psychological Safety

Team building creates opportunities for members to demonstrate reliability, competence, and good intentions — the three dimensions of trust identified by Mayer and colleagues (1995). As trust develops, psychological safety increases: members feel safe to take interpersonal risks, such as admitting mistakes, asking for help, or proposing novel ideas without fear of punishment or humiliation. Psychological safety has been identified as a critical predictor of team learning and innovation.

6. Improved Conflict Resolution Capacity

While conflict in teams is inevitable, team building equips members with skills and norms for managing conflict constructively. Activities that practice perspective-taking, active listening, and separating issues from personalities transfer to workplace disagreements. Teams that have undergone effective team building demonstrate reduced incidence of relationship conflict and more productive task conflict.

7. Enhanced Adaptability and Resilience

Teams that participate in team-building activities develop greater capacity to adapt

to changing circumstances. The experiential learning cycle practiced during activities — experience, reflect, conceptualize, apply — becomes a routine approach to novel challenges. Teams with strong team-building backgrounds show greater resilience in the face of setbacks and more rapid recovery from disruptions.

8. Increased Inclusivity and Appreciation of Diversity

Organizations with diverse workforces benefit greatly from team building. Activities that encourage members to interact with colleagues from different backgrounds promote mutual understanding and respect. When team members appreciate diversity, they are more willing to share ideas freely and listen to differing viewpoints. This environment supports creativity, innovation, and problem-solving. Team building thus plays an important role in establishing an inclusive culture where all members can contribute meaningfully.

Conversely, team building shows limited effectiveness or may even be counter-productive when: (a) applied to already high-performing teams; (b) conducted without adequate diagnosis; (c) facilitated by the team's own leader without external support; or (d) used as a one-time event without follow-up.

3.2.4 Overcoming Challenges in Team Dynamics

Teams frequently encounter a wide range of challenges as they work toward shared goals, and these difficulties often arise from the complex nature of interpersonal interactions, role relationships, communication patterns, and group processes. Overcoming such challenges requires deliberate effort, structured interventions, and the development of healthy team norms. Organisational behaviour literature emphasises that effective teams do not emerge automatically; they must

address the obstacles that limit collaboration, weaken morale, or hinder task performance.

3.2.5 Conflict Resolution and Negotiation

Teams consist of individuals with diverse backgrounds, abilities, expectations, and working styles, which naturally creates opportunities for disagreement. Empirical studies show that employees often spend several hours each week dealing with conflict-related issues, indicating that conflict consumes both time and mental energy. Beyond these measurable costs, conflict may lead to unproductive outcomes such as reduced motivation, absenteeism, withdrawal from team activities, and, in some cases, resignation or disciplinary action. Despite these negative consequences, workplace conflicts are often underreported because individuals fear blame or prefer to avoid confrontation. Since conflict can occur within team members, between teams, and across organisational levels, understanding and managing it effectively is essential for healthy team functioning and overall organisational effectiveness.

Conflict is generally defined as a situation in which one party perceives that its interests are being opposed or negatively affected by another.. A conflict may arise from real issues, such as disagreement over task procedures, or from imagined concerns based on misinterpretation or incomplete information. Perceived unfairness, whether objective or subjective, frequently acts as a strong trigger for conflict. As teams rely heavily on cooperation, clarity, and mutual support, any disruption in these expectations can easily lead to tension.

3.2.5.1 Functional and Dysfunctional Conflict in Teams

Within team environments, not all conflicts are detrimental. Functional

conflict, often described as constructive or cooperative conflict, contributes positively to team performance. It involves respectful discussions focused on task-related issues rather than personal criticism. In teams where functional conflict is encouraged, members are more willing to express differing viewpoints, question assumptions, and propose creative alternatives. This type of conflict strengthens analytical thinking, quality decision-making, and promotes team learning.

In contrast, dysfunctional conflict undermines team cohesion and performance. This form of conflict is characterised by personal attacks, emotional tension, mistrust, and an emphasis on winning rather than solving problems. When conflict becomes dysfunctional, communication deteriorates, cooperation declines, and members may withdraw from participation. Task progress slows, and the team's collective goals become secondary to individual grievances. As a result, the same disagreement may be either productive or damaging, depending on how it is handled. Effective team leadership and appropriate conflict management strategies are therefore essential to ensure that conflict contributes to, rather than detracts from, team effectiveness.

3.2.5.2 Causes of Conflict in Teams

Incompatible personalities or value systems :

Conflict within teams can emerge from several interconnected sources. One major cause is incompatible personalities or value systems, which can create interpersonal tension when individuals interpret working styles, priorities, or behaviours differently. This is especially prominent in diverse teams where members bring varied cultural backgrounds and personal beliefs.

Unclear or overlapping role boundaries:

Another common cause is unclear or overlapping role boundaries. When team members are uncertain about their responsibilities or when tasks lack clear ownership, confusion and frustration emerge. This ambiguity may lead individuals to feel that others are infringing on their roles, thus intensifying conflict.

Competition for limited resources:

Competition for limited resources, such as time, budgets, space, or recognition, also contributes significantly to conflict. In teams functioning under scarcity, cooperation can diminish as individuals or subgroups prioritise their own needs.

Unclear or unreasonable policies and standards:

Conflict is further amplified when policies, rules, or performance standards are unclear or perceived as unreasonable.

Organisational complexity and Independence:

Organisational complexity, particularly in larger teams with multiple layers of coordination, increases the chances of miscommunication and conflicting expectations. When tasks are interdependent, delays or inefficiencies by one member directly affect others, leading to frustration and blame.

Communication issues:

Communication issues are another major source of conflict in teams. Inadequate or distorted communication creates misunderstandings about goals, procedures, or progress.

Intergroup competition:

In addition, competition between departments or groups may spill over into

team interactions, especially when teams are pursuing different or conflicting objectives.

Time pressure or unrealistic deadlines:

Excessive time pressure or unrealistic deadlines heightens team stress and reduces tolerance for mistakes, which can further escalate disagreements.

Group decision-making challenges:

Group decision-making processes can also generate conflict; consensus-based decisions may create dissatisfaction among individuals who feel forced into agreement, and larger groups tend to experience more disagreement simply because more viewpoints are represented.

Unmet expectations:

Finally, unmet expectations regarding roles, rewards, or career progression often lead to disappointment and resentment, making conflict more likely within the team.

3.2.5.3 Conflict-Management Techniques in Teams

Several techniques are available to teams and managers for addressing conflict and restoring constructive interaction.

Problem-solving: Several techniques are available to teams and managers for addressing conflict and restoring constructive interaction. One of the most widely used approaches is problem-solving, where the conflicting parties engage in open, face-to-face discussion to identify the underlying issue and work collaboratively towards a mutually acceptable solution. This method encourages honest communication and supports long-term team cohesion.

Subordinate goals: Another effective strategy is the establishment of superordinate goals—shared objectives that require the cooperation of all parties. When team members recognise that their success depends

on joint effort, conflicts often diminish and collective focus increases.

Expansion of resources: Conflict may also be reduced through the expansion of resources. For example, increasing access to information, providing additional support, or reallocating workloads can alleviate the scarcity that originally triggered the disagreement.

Avoidance: In some cases, teams may use avoidance as a short-term strategy, choosing to withdraw temporarily from the conflict until emotions settle.

Smoothing: Smoothing attempts to emphasise areas of agreement and reduce the significance of differences to maintain interpersonal harmony.

Compromise: Compromise requires each party to give up something of value, resulting in a middle-ground solution. Although compromise may not fully satisfy everyone, it often restores movement when teams reach a standstill.

Authoritative command: Authoritative command occurs when leaders use formal authority to impose a resolution, typically in urgent situations where immediate action is necessary.

Modification of the human variable: Beyond these approaches, teams may address conflict by modifying the human variable. This involves using training programmes to improve communication skills, emotional regulation, teamwork, and attitudes that contribute to conflict.

Structural changes: Structural changes can also be effective, such as adjusting reporting lines, redesigning tasks, modifying workflows, or reorganising teams to reduce friction.

Stimulation of conflict: In some contexts, stimulating a moderate level of

conflict can be beneficial, particularly when teams have become overly complacent or resistant to change. This may involve bringing in new members with different perspectives, restructuring tasks, increasing interdependence, or appointing a devil's advocate to challenge dominant views. Such techniques aim to increase creativity, critical thinking, and healthy debate within the team.

3.2.5.4 Negotiation in Team Dynamics

Negotiation forms an integral part of interactions within teams and organisations. Negotiation can be defined as a process in which two or more parties determine how scarce resources will be allocated. Although negotiations often appear economic in nature, as in deciding the price of a product, they also shape the ongoing relationship between parties.

Two broad approaches to negotiation are typically discussed: distributive bargaining and integrative bargaining. These strategies differ in terms of goals, motivations, the scope of interests considered, how much information is shared, and the importance placed on future relationships.

3.2.5.5 Distributive bargaining and Integrative bargaining

Distributive bargaining occurs under zero-sum conditions, meaning that one party's gain comes at the expense of the other. When individuals believe that the total available resources are limited, they tend to adopt a distributive strategy. While distributive bargaining may be appropriate in one-time economic exchanges, it often leads to feelings of resentment or competition when the same parties must continue working together.

In contrast, integrative bargaining is based on the assumption that negotiation can produce outcomes that benefit all

parties. Instead of viewing resources as fixed, integrative bargaining seeks solutions that expand the available benefits or align interests so that both sides can achieve their objectives. This win-win approach requires trust, open communication, and a willingness to explore creative alternatives. Integrative bargaining is especially valuable within teams and organisational settings because it strengthens long-term relationships, fosters cooperation, and leaves both parties feeling satisfied with the outcome.

Conflict resolution and negotiation play a crucial role in sustaining healthy team dynamics. They help teams transform disagreements into opportunities for improvement, enhance problem-solving capabilities, and strengthen interpersonal relationships. When teams develop skills in resolving conflict and negotiating effectively, they experience greater cohesion, improved communication, and more consistent task performance. These processes also contribute to a supportive and psychologically safe environment where members feel respected, heard, and valued.

Overall, conflict resolution and negotiation ensure that differences within the team do not hinder productivity but instead contribute to continuous learning, adaptability, and collective growth.

3.2.6 Decision Making

Decision making refers to the process of selecting one option from among several alternatives. Within teams, effective decision making is essential for achieving collective goals. Team decisions typically involve defining the problem, gathering relevant information, discussing and evaluating possible alternatives, and collaboratively determining the most appropriate course of action.

Group decision making offers several advantages. Because it draws on the knowledge, perspectives, and experiences of multiple individuals, it has the potential to generate more creative ideas and lead to higher-quality decisions. Additionally, decisions reached collectively tend to be easier to implement because group members feel a greater sense of ownership and commitment. Diversity within the group can further enhance decision quality, as members bring varied viewpoints shaped by their backgrounds and experiences.

3.2.6.1 Problems in Group Decision Making

Group decision making is often valued in organisations because it brings together diverse knowledge, skills, and perspectives. However, research in organisational behaviour shows that group decisions are not always superior to individual decisions. Several behavioural and structural problems can reduce the quality, efficiency, and effectiveness of group decision making.

1. Group Think

One major problem is groupthink, a situation in which the desire for harmony and consensus overrides critical evaluation of alternatives. In groupthink, members may suppress dissenting opinions, ignore potential risks, and fail to consider alternative viewpoints. This often occurs in highly cohesive groups or when strong leaders dominate discussions. As a result, decisions may appear unanimous but are poorly reasoned and prone to failure. Techniques such as devil's advocacy are often used to counter groupthink by encouraging critical evaluation and constructive dissent within the group.

2. Group Polarization

Another common issue is group polarization, where discussion among group members leads to decisions that are more extreme than the initial positions held by individuals. Rather than balancing viewpoints, group interaction can intensify risk-taking or excessive caution, depending on the group's dominant tendency. This can lead to decisions that are either unnecessarily risky or overly conservative, both of which may harm organisational outcomes.

3. Social Loafing

Social loafing also affects group decision-making. When responsibility is shared, some members may reduce their effort, assuming others will contribute. This diffusion of responsibility lowers individual accountability and can result in poor analysis and limited idea generation. Social loafing is particularly likely in large groups where individual contributions are less visible.

4. Unequal participation and conforming Pressure

Unequal participation is another significant problem. In many groups, a few vocal or high-status members dominate discussions, while others remain passive. Valuable insights from quieter members may be ignored, leading to biased decisions. Pressure to conform can further discourage members from expressing unpopular or innovative ideas, especially in hierarchical organisational settings.

Finally, group decision-making can be time-consuming and inefficient. Coordinating schedules, managing conflicts, and reaching consensus often require more time than individual decision-making. Delays may reduce responsiveness in dynamic work environments where quick decisions are necessary.

In summary, although group decision-making has potential advantages, it is susceptible to behavioural problems such as groupthink, polarization, social loafing, conformity pressure, and inefficiency. Understanding these challenges allows managers to adopt structured decision-making techniques—such as encouraging dissent, assigning clear roles, and using formal evaluation methods—to improve decision quality in organisational settings.

3.2.6.2 Tools and Techniques for Making Better Decisions

Teams often rely on structured tools and techniques to improve the quality and effectiveness of group decisions. These methods help organise discussion, encourage participation, reduce bias, and ensure that decisions are accepted and implemented smoothly.

♦ Majority Rule

Majority rule is a simple and widely used decision-making method in which each group member casts one vote, and the option receiving the highest number of votes is selected. Its popularity stems from its speed, efficiency and perceived fairness in representing group preferences.

♦ Consensus

Consensus is another decision-making approach used when gaining broad support for a plan or idea is essential. The process involves discussing the issue, generating a proposal, seeking consensus and addressing remaining concerns. If objections persist, the proposal is modified and reconsidered. These steps are repeated until group members reach agreement. Although time-consuming, consensus promotes inclusivity, participation and cooperation.

◆ **Nominal Group Technique**

The Nominal Group Technique (NGT) is designed to enhance group decision-making by ensuring full participation from all members. It is particularly useful for structured problem-solving and idea generation, rather than for routine meetings. The technique follows four systematic steps. First, each member silently writes down ideas independently. Second, the group shares these ideas in a round-robin format until all contributions are recorded. Third, the group discusses each idea for clarification and evaluation. Finally, members vote on their preferred ideas through ranking or rating procedures. This structured approach minimises common group decision-making issues, including groupthink.

◆ **Delphi Technique**

The Delphi Technique is a unique group method that relies on written responses to multiple rounds of questionnaires rather than face-to-face interaction. The first questionnaire typically asks participants to define the problem, outline objectives, or propose solutions. Subsequent questionnaires build on the information gathered earlier, gradually narrowing the group's views. The process continues until consensus is achieved. Responses may be kept anonymous, and the method is frequently used to gather expert opinions and identify best practices.

◆ **Devil's Advocacy**

Devil's advocacy is a decision-making technique in which one individual or subgroup is deliberately assigned the role of questioning assumptions, challenging dominant viewpoints, and pointing out potential weaknesses in proposed solutions. The purpose of this role is not to oppose for its own sake, but to stimulate critical thinking and prevent premature consensus. By encouraging constructive dissent, devil's

advocacy reduces the risk of groupthink and improves the quality of decisions, particularly in cohesive teams or high-stakes situations.

◆ **Group Decision Support Systems**

Group Decision Support Systems (GDSS) are interactive, computer-based tools that integrate communication and decision-making technologies to enhance the quality of group decisions. Research indicates that GDSS can improve collaborative outcomes by increasing information sharing and facilitating more systematic evaluation.

◆ **Decision Trees**

Decision trees are visual diagrams in which responses to sequential yes-or-no questions guide the decision-maker toward a specific course of action. They help ensure consistency by directing decision-makers to the same alternative whenever the same conditions arise. Decision trees are particularly useful for avoiding errors such as framing bias and for promoting structured, logical thinking in complex situations.

Effective group decision-making depends on the use of appropriate techniques that structure discussion, encourage participation, and promote critical evaluation of alternatives. By applying these techniques thoughtfully, organisations can improve decision quality, enhance acceptance of outcomes, and ensure that group decisions are both rational and inclusive.

Alongside appropriate decision-making tools, effective communication is essential for ensuring that decisions are properly understood, accepted, and implemented.

3.2.7 Managing Communication

Managing communication is a crucial aspect of overcoming challenges in

team dynamics, as effective information exchange supports coordination, reduces misunderstandings, and strengthens collaboration. Communication is the transfer of information and understanding from one person to another. It is a process through which ideas, facts, thoughts, feelings, and values are transmitted with the goal that the receiver understands the message as intended. Effective communication provides a bridge of meaning between individuals, allowing them to share what they know and feel, and safely cross the “river of misunderstanding” that can separate people. Communication always involves at least two parties—a sender and a receiver. The mere transmission of a message does not constitute communication; it is only when the message is received, read, and understood that true communication occurs. In organisations, managers may send hundreds of memos, but communication only happens when each message is effectively understood by its intended recipient.

Communication in organisations occurs in several forms. Formal communication follows official channels such as reports, memos, meetings, and emails, ensuring that policies and instructions are clearly transmitted. Informal communication occurs outside formal channels and includes casual interactions and social networks; a notable form of this is grapevine communication, which spreads information, news, or rumours rapidly among employees. Communication can also be classified by direction: vertical communication flows up or down the organisational hierarchy, horizontal communication occurs between peers or departments at the same level, and diagonal communication crosses levels and functions, involving interactions between members from different areas. Together, these types ensure that information flows effectively to support decision-making, coordination, and social interaction within teams.

Within organisations, communication serves several key functions. These functions enable teams to operate smoothly, manage behaviour, and maintain a supportive work environment.

- ◆ **Management:** Communication helps guide and regulate member behaviour by conveying expectations, instructions, and organisational policies. Both formal channels, such as job descriptions and company rules, and informal social feedback influence how employees perform their tasks and adhere to workplace norms.
- ◆ **Feedback:** Communication provides mechanisms for feedback, helping employees understand how well they are performing and identifying areas for improvement. Feedback supports goal-setting, motivates members, and fosters continual learning.
- ◆ **Emotional sharing:** Communication allows team members to express feelings, share experiences, and build interpersonal relationships. By fulfilling social needs, emotional sharing strengthens cohesion and promotes a supportive team climate.
- ◆ **Persuasion:** Communication is essential in persuading team members to adopt organisational goals, follow strategies, or engage in collective effort. Persuasion can positively influence motivation and cooperation when aligned with ethical practices and organisational objectives.
- ◆ **Information exchange:** Communication facilitates the transfer of data and knowledge necessary for effective

decision-making. It ensures that individuals and groups have the information required to evaluate options, solve problems, and implement decisions collaboratively.

Despite its importance, communication often encounters barriers that hinder understanding. These barriers can distort messages, prevent effective transmission, and weaken team functioning.

- ◆ **Personal barriers:** Emotions, attitudes, values, and differences in education, culture, or experience may interfere with understanding. Psychological distance, assumptions, or emotionally filtered perceptions can distort the intended message.
- ◆ **Physical barriers:** Environmental factors such as noise, distance, structural separation, or technical interference can prevent messages from being transmitted clearly.
- ◆ **Semantic barriers:** Misinterpretation can arise from symbols, words, or jargon that have multiple meanings or are unfamiliar to the receiver. Cultural differences, specialized language,

and ambiguous terms increase the likelihood of misunderstanding.

3.2.7.1 Overcoming Barriers to Effective Communication

The impact of communication barriers can be significant, causing misunderstandings, conflict, reduced productivity, and weakened team cohesion. To overcome these obstacles, organisations and teams can adopt several strategies. Ensuring that messages are complete, clear, and tailored to the audience while providing opportunities for feedback enhances understanding. Encouraging active listening, clarifying doubts, and engaging in structured discussions reduces miscommunication. Promoting a culture of trust, empathy, and psychological safety enables team members to share ideas without fear of judgment. Training in communication skills, including verbal and nonverbal cues, emotional awareness, and message decoding, equips employees to handle complex interactions effectively. Regular updates and transparent dialogue further help teams convert communication into a bridge for collaboration rather than a barrier.

Recap

- ◆ Team-building activities help improve how members work together.
- ◆ Good communication in a team reduces misunderstandings.
- ◆ Problem-solving activities strengthen cooperation among team members.
- ◆ Trust-building exercises create openness and reduce tensions.
- ◆ Role clarification activities help members understand their responsibilities.

- ◆ Team building increases cohesion and commitment to goals.
- ◆ Teams face challenges such as poor communication and conflicts.
- ◆ Role ambiguity and uneven participation weaken team performance.
- ◆ Trust deficits can disrupt collaboration in teams.
- ◆ Teams overcome challenges by improving communication and clarifying roles.
- ◆ Conflict is common in teams and must be handled constructively.
- ◆ Conflict resolution helps reduce tension and restore cooperation.
- ◆ Integrating the interests of all parties leads to healthier solutions.
- ◆ Negotiation is used to reach agreements during disagreements.
- ◆ Integrative negotiation supports long-term cooperation.
- ◆ Decision-making in teams requires systematic thinking and open discussion.
- ◆ Participative decision-making increases commitment to outcomes.
- ◆ Structured methods like brainstorming help teams generate ideas.
- ◆ Effective communication ensures accurate information flow and coordination.
- ◆ When teams communicate well and make decisions carefully, overall performance improves.

Objective Questions

1. What term refers to activities designed to improve teamwork?
2. Which single word describes a clear and open exchange of information in teams?
3. What is the key element that reduces fear and promotes openness among team members?
4. What do we call the absence of clarity in duties and responsibilities?

5. Which term refers to disagreements that arise between team members?
6. What type of conflict leads to improved decisions and learning?
7. What is the process through which team members generate ideas together?
8. What essential skill prevents miscommunication in teams?
9. What is the process of reaching a mutual agreement called?
10. What is the term for the process in which individuals or groups communicate to resolve differences and arrive at a shared agreement?
11. Which term describes negotiation based on dividing limited resources?
12. What is the central goal of team role clarification?
13. What is the first stage in team decision-making?
14. What term refers to communication without words?
15. What word describes behaviour that supports teamwork and cooperation?
16. What concept refers to timely information given to improve performance?
17. What is the major outcome expected from effective team communication?
18. Which term refers to the collective effort of members to achieve team goals?
19. Which type of conflict improves team decision-making?
20. Which negotiation style seeks a win-win outcome?

Answers

1. Team-building
2. Communication
3. Trust
4. Role ambiguity

5. Conflict
6. Constructive
7. Brainstorming
8. Listening
9. Mediation
10. Negotiation
11. Distributive
12. Clarity
13. Identification
14. Nonverbal
15. Cooperation
16. Feedback
17. Understanding
18. Collaboration
19. Functional
20. Integrative

Assignments

1. Explain the role of team-building activities in strengthening team effectiveness. Illustrate with suitable examples.
2. Discuss the major challenges teams face in maintaining healthy dynamics. How can these challenges be effectively managed?
3. Describe different approaches to conflict resolution in teams. Which approach do you think is most constructive, and why?

4. Compare distributive and integrative negotiation. How does each influence long-term team relationships?
5. Analyse the importance of effective communication in team decision-making. Discuss how communication barriers affect the quality of decisions.

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BLOCK

Leadership and Management



UNIT

Leadership Theories and Styles

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ◆ describe the meaning and scope of leadership.
- ◆ discuss the main features of leadership.
- ◆ explain the trait and behavioural theories of leadership.
- ◆ discuss contingency theories of leadership, including Fiedler's model and situational leadership.
- ◆ describe the path-goal theory of leadership.

Prerequisites

Why do some people naturally inspire confidence while others struggle to influence even a small group? Why do certain leaders succeed brilliantly in one situation but fail in another? And why do teams sometimes perform well under a strict, task-focused leader, while in other moments they flourish under someone warm, supportive, and encouraging? These questions lie at the heart of understanding leadership. Across organisations, classrooms, hospitals, sports teams, and even families, people constantly observe, follow, and respond to leadership—yet the qualities that make a leader effective are complex and often difficult to define. Leadership is not a single skill or personality trait; it is a dynamic process shaped by who the leader is, what they do, and the specific challenges they face.

To make sense of this complexity, psychologists have developed several theories that explain *how* leaders emerge and *why* they succeed. Some theories suggest that great leaders are “born” with unique traits; others argue that leadership depends

on behaviours that can be learned and practised. Still others propose that no single style works everywhere—that leadership effectiveness depends on matching the right approach to the right situation. These ideas have shaped modern management, guided training programs worldwide, and helped organisations select leaders who can bring out the best in their teams.

As you begin this unit, you will explore the major theories that explain leadership—from trait theories, which focus on inherent qualities of leaders, to behavioural theories, which examine what leaders actually do, and contingency theories, which highlight how situations determine leadership success. Understanding these perspectives will not only help you analyse leaders more effectively but also help you see how leadership develops in everyday life, including within yourself. This journey into leadership theories invites you to think, question, observe, and discover what truly makes a leader effective.

Keywords

Trait Theory, Behavioural Theory, Ohio State Studies, Michigan studies, Fiedler Contingency model, Situational Leadership Theory, Path–Goal Theory, Leadership styles, Leader behaviour, Contingency approach.

Discussion

Leadership is a universal phenomenon that can be observed in almost every sphere of human interaction—from formal organisations to informal social groups. Consider a classroom where one student naturally coordinates group activities, or a workplace where a manager motivates employees to achieve targets efficiently. In both cases, leadership is not merely about holding a position of authority; rather, it is about influencing, guiding, and inspiring others toward a shared goal.

To gain a deeper understanding of this complex process, it is essential to examine the concept of leadership more closely. In this unit, we will explore the meaning of leadership in detail and analyse the major theories that explain how leadership develops and operates in different contexts.

4.1.1 Definition

Leadership can be defined as the ability to influence a group toward achieving a vision or a set of goals. Leadership involves more than issuing directions or exercising authority; it is a dynamic interpersonal process through which individuals mobilise others toward shared objectives. It includes shaping a collective vision, aligning group efforts, and fostering members' commitment to pursuing organisational goals. Effective leadership, therefore, combines direction with influence, enabling individuals to coordinate actions, respond to challenges, and sustain performance over time.

Leadership also operates across both formal and informal contexts within organisations. It may emerge through officially designated

roles, such as supervisors or managers, or through individuals who gain influence through expertise, credibility, or interpersonal effectiveness. In this sense, leadership is not confined to position but reflects a process of social influence that facilitates cooperation, guides decision-making, and supports the achievement of common goals.

It is important to note that not all leaders are managers, and not all managers are leaders. Simply having formal authority in an organisation does not guarantee effective leadership. Leadership can emerge from within a group, even without an official position. This kind of informal or non-sanctioned leadership can sometimes be as important as, or even more important than, formal leadership.

For organisations to function effectively, both strong leadership and strong management are required. Leadership helps challenge existing practices, create a future vision, and motivate people to work toward it. Management, on the other hand, involves planning, designing efficient structures, and supervising day-to-day activities. Both roles complement each other and are essential for organisational success.

4.1.2 Theories of Leadership

Leadership is a complex phenomenon that cannot be fully understood through a single perspective. Over time, scholars have developed various leadership theories to explain how leaders emerge, how they influence others, and why some leaders are more effective than others. These theories provide structured ways of understanding leadership by examining personal characteristics, observable behaviours, situational demands, and relational processes. Together, they help explain leadership as both an individual capacity and a dynamic social process shaped by context.

Classical Leadership Theories

Classical leadership theories represent the earliest systematic attempts to understand leadership. These approaches primarily focused on identifying the personal traits and behaviours that distinguish leaders from non-leaders. By examining inherent characteristics and observable actions, classical theories laid the foundation for later leadership research and provided initial insights into what makes leadership possible and effective.

4.1.2.1 Trait Theory of Leadership

Trait theory of leadership is one of the earliest approaches to the study of leadership. This theory assumes that effective leaders possess certain inherent personal qualities or traits that distinguish them from non-leaders. Early trait theorists believed that leaders are born, not made, and that leadership ability is largely determined by individual characteristics.

According to the trait theory, leadership effectiveness is linked to a combination of physical, psychological, and personality traits. Researchers attempted to identify a universal set of traits that could predict successful leadership across different situations.

Commonly identified leadership traits include;

- ◆ Intelligence
- ◆ Self-confidence
- ◆ Emotional stability
- ◆ Initiative
- ◆ Integrity
- ◆ Sociability
- ◆ Decisiveness

Leaders are also often described as having a strong need for achievement, high energy levels, and good communication skills. These traits were believed to enable leaders to influence, motivate, and guide followers effectively.

Research based on the big five factors of personality model shows that extraversion is one of the strongest predictors of leadership. However, extraversion seems more closely related to how leaders emerge than to their effectiveness. People who are sociable and assertive tend to speak up and take charge in groups, which makes them more likely to be seen as leaders. But being too dominant does not make a leader effective. For example, studies show that very high levels of assertiveness may reduce leadership effectiveness, whereas moderate assertiveness is more useful. Extraverted leaders also tend to perform better with passive employees than with proactive ones. Overall, extraversion can predict leadership, but its effect depends on specific traits and the situation.

Among the Big Five traits, conscientiousness and openness to experience also appear to predict leadership, especially leader effectiveness. Evidence from large organisations shows that conscientiousness, including achievement striving and dependability, is related to both leader emergence and effective management. In short, individuals who enjoy working with people, who can assert themselves, and who are reliable and disciplined seem to have an advantage in leadership roles.

Limitations of the Trait Theory

1. Lacks consideration of situational and contextual factors. Trait theory places less emphasis on the role of situation and context in determining leadership success.
2. Does not account for learned

skills or experience. It mainly focuses on innate traits and does not adequately recognise that leadership can be developed through training and experience.

3. Trait lists can be extensive and inconsistent. The traits identified by different researchers are often varied, making it difficult to develop a universal list of leadership traits.

As a result of these limitations, leadership research gradually shifted towards behavioural and contingency approaches. Despite its limitations, trait theory remains important in leadership studies and continues to influence leadership selection, assessment, and development practices in organisations.

4.1.2.2 Behavioural Theories

The behavioural approach to leadership focuses on the actions and behaviours displayed by individuals in leadership roles, rather than on their personal traits or innate qualities. It examines what leaders *do*—how they communicate, guide, support, and direct their team members. The central idea is that effective leadership can be learned because it is grounded in identifiable, observable behaviours. This perspective marked an important shift from earlier trait-based views by suggesting that leaders are made, not just born. The most influential behavioural theories came from the Ohio State Studies, which aimed to identify major dimensions of leader behaviour.

a. The Ohio State Leadership Studies

The Ohio State leadership studies were among the earliest systematic efforts to examine leadership behaviour. Conducted in the late 1940s at Ohio State University, these studies focused on identifying

specific behaviours that leaders display in organisational settings. These studies made a significant contribution to leadership theory by highlighting the importance of specific leadership behaviours rather than focusing solely on leaders' traits and characteristics.

Through extensive surveys and observations, the researchers identified two major and independent dimensions of leadership behaviour: initiating structure and consideration. These dimensions were found to describe most leadership behaviours across different situations and organisations.

- ◆ Initiating structure

Initiating structure refers to task-oriented behaviour displayed by leaders. It includes defining roles and responsibilities, setting clear goals, planning work activities, establishing procedures, and directing subordinates to achieve organisational objectives. Leaders high in initiating structure focus on efficiency, productivity, and task completion.

- ◆ Consideration

Consideration refers to relationship-oriented behaviour shown by leaders. It involves showing concern for subordinates, maintaining mutual trust, respecting employees' ideas, and fostering warm, supportive interpersonal relationships. Leaders high in consideration are sensitive to followers' needs and promote a positive work climate.

A key contribution of the Ohio State studies was the finding that initiating structure and consideration are independent dimensions. This means that a leader can be high or low on either behaviour. Effective leadership does not require choosing one behaviour over the other; instead, leaders may display varying combinations of both depending on the context.

The Ohio state studies made a significant contribution to leadership research by shifting the focus from who leaders are to how they behave. These behavioural dimensions became the foundation for later leadership theories, including the University of Michigan studies and modern contingency approaches. The emphasis on task and relationship behaviours continues to influence contemporary leadership research and practice.

b. The University of Michigan Studies

The University of Michigan Studies, conducted in the 1950s under the guidance of renowned organizational psychologist Rensis Likert, represent a pivotal exploration of leadership behaviour and its impact on group performance and employee satisfaction. Unlike the Ohio State studies, which primarily examined individual leader behaviours, the Michigan researchers focused on the interaction between leaders and work groups to understand how leadership influenced group dynamics, overall effectiveness, and the well-being of employees.

Key Types of Leadership Behaviour Identified by the Michigan Studies

Similar to the Ohio State findings, the Michigan studies identified two key types of leadership behaviour:

- ◆ Production-oriented behaviour

Production-oriented behaviour (also called job or task oriented) refers to actions leaders take to organise work activities, define roles, set goals, and ensure task completion. This concept closely resembles the idea of initiating structure proposed in the Ohio State model.

- ◆ Employee-oriented behaviour

Employee-oriented behaviour (also

called relations or people oriented) involves showing concern for subordinates, building trust, maintaining positive interpersonal relationships, and supporting employee well-being. This behaviour is comparable to the concept of consideration identified in the Ohio State studies.

A significant contribution of the Michigan studies was the introduction of participative behaviour as a crucial factor in effective leadership. Participative behaviour encourages subordinate involvement in decision-making, promotes two-way communication, and allows employees to share ideas and opinions. The researchers argued that leadership effectiveness does not depend solely on one-to-one leader–follower interactions. Instead, effective leaders actively engage with the work group as a whole and foster a collaborative environment. This emphasis on participation marked an important advancement in leadership research.

The concepts of production-oriented and employee-oriented leadership behaviours have remained highly influential in leadership theory. These dimensions are central to many contemporary leadership models and have consistently been linked to positive workplace outcomes. Employee-oriented behaviour is closely associated with follower satisfaction, motivation, and favourable perceptions of leader effectiveness. Production-oriented behaviour, on the other hand, is more strongly connected with individual, group, and organisational performance.

Production-oriented leadership behaviours are most effective when preceded by employee-oriented behaviours. Leaders who first establish trust and positive relationships are more successful when directing tasks and setting performance expectations.

Up to this point, leadership theories have largely focused on leader traits and behaviours, with minimal attention to

situational or environmental factors. The limitations of this approach led to the development of contingency and situational theories of leadership, which emphasise that leadership effectiveness depends on the interaction between the leader, followers, and the situation. These theories are discussed in the following section.

4.1.2.3 Contingency Theories

Contingency leadership theories emerged from the understanding that no single leadership style is universally effective. These theories suggest that the success of a particular leadership style depends on the specific situation. As circumstances shift, different styles may be more suitable. However, putting contingency theories into practice is often more complex than it initially seems. Two major contingency perspectives are discussed here: Fiedler’s contingency model and House’s path–goal theory.

1. Fiedler’s Contingency Model

Fred Fiedler proposed one of the earliest and most influential contingency-based explanations of leadership. He called it a contingency model because it rests on the idea that a leader’s effectiveness depends on how well the leader’s style fits the demands of a particular situation. To understand this fit, Fiedler identified two key leadership styles and three situational factors that together determine what he termed situational control.

According to Fiedler, each leader has a dominant, relatively stable leadership style—either task- or relationship-motivated. Task-motivated leaders focus primarily on achieving goals and completing tasks, whereas relationship-motivated leaders prioritize building positive interpersonal relationships with followers.

To identify a person’s style, Fiedler developed the Least Preferred Coworker (LPC) questionnaire. Using this scale,

individuals rate the coworker they least enjoy working with on 16 pairs of opposite traits (such as friendly/unfriendly or tense/relaxed). Higher LPC scores indicate a relationship-motivated orientation, while lower scores indicate a task-motivated orientation.

Three Dimensions of Situational Control

Situational control refers to the degree of power and influence a leader has in the immediate work setting. After identifying the leader's style, the next step is to examine the situation.

Fiedler identified three components:

- ◆ **Leader–member relations** describe the level of trust, support, and loyalty followers have toward the leader. This is considered the most important element of situational control. Positive leader–member relations increase the likelihood that followers will align with the leader's goals.
- ◆ **Task structure** refers to how clearly tasks are defined and structured. Highly structured tasks—such as those with clear procedures or guidelines—give the leader greater control. This is the second most important component.
- ◆ **Position power** reflects the leader's formal authority to reward, punish, or direct employees. Leaders with strong positional power have a greater ability to ensure compliance and influence work outcomes.

A situation becomes more favourable when tasks are well structured, leader–member relations are good, and the leader has strong positional power.

The model predicts that task-oriented leaders perform better in very favourable

or very unfavourable conditions, while relationship-oriented leaders perform better in moderately favourable conditions.

Although early research supported the model, it has been used less in recent years. It still offers important ideas, but applying them strictly in real organizations can be difficult.

2. Situational Leadership Theory

Situational leadership theory was developed by Paul Hersey and Kenneth Blanchard in the late 1960s. The theory proposes that effective leadership depends on the situation, particularly the readiness or maturity level of followers. Unlike trait or behavioural theories, situational leadership theory emphasises that there is no single best leadership style suitable for all situations.

The core assumption of the theory is that leaders must adjust their leadership behaviour according to the competence and commitment of subordinates. Follower readiness is defined by two factors: ability, which refers to the skills and knowledge required to perform a task, and willingness, which encompasses motivation, confidence, and commitment.

Hersey and Blanchard identified four leadership styles based on the degree of task behaviour and relationship behaviour displayed by the leader.

◆ The Directing Style

The directing style involves high task behaviour and low relationship behaviour. In this style, leaders provide clear instructions, closely supervise tasks, and make decisions independently. It is most appropriate when followers have low competence but high commitment.

◆ The Coaching Style

The coaching style is characterised by

high task and relationship behaviours. Leaders continue to provide direction while also offering support, encouragement, and feedback. This style is effective when followers have some competence but low confidence or commitment.

◆ The Supporting Style

The supporting style involves low task behaviour and high relationship behaviour. Leaders focus on facilitating and supporting followers rather than directing tasks. Decision-making is shared, and this style is suitable when followers are competent but lack confidence or motivation.

◆ The Delegating Style

The delegating style is characterised by low task and relationship behaviours. Leaders provide minimal guidance and allow followers to take responsibility for decision-making and task execution. This style is most effective when followers have high competence and high commitment.

Situational leadership theory contributes significantly to leadership studies by highlighting the importance of flexibility and follower-centred leadership. It emphasises that leadership effectiveness depends on the leader's ability to diagnose the situation accurately and adopt the appropriate leadership style. The theory has been widely applied in organisational management, education, and training contexts.

3. Path-Goal Theory

The Path-Goal Theory of leadership was proposed by Robert J. House in 1971 and later refined in 1996. The theory draws on Vroom's expectancy theory of motivation and focuses on the relationships among leader behaviour, subordinate motivation, and goal attainment. According to this theory, leadership effectiveness depends on the extent

to which a leader clarifies the path to desired goals and enhances follower satisfaction and performance by removing obstacles.

The central assumption of the path-goal Theory is that leaders are responsible for guiding subordinates toward goal achievement. This is achieved by clearly defining tasks, setting performance expectations, providing necessary support, and aligning rewards with goal accomplishment. Leaders are expected to adapt their behaviour to meet the needs of followers and the demands of the work environment.

House's formulation of the theory identifies four primary leadership styles:

1. **Directive leadership** – This style resembles an authoritarian approach. The leader provides clear expectations, specific instructions, and strict guidelines. Employees are not involved in decision-making.
2. **Supportive leadership** – The leader shows concern for employees' well-being, is friendly, approachable, and creates a supportive work climate.
3. **Participative leadership** – The leader encourages employee input, seeks suggestions, and considers these contributions before making decisions.
4. **Achievement-oriented leadership** – The leader sets challenging goals, demonstrates high confidence in employees, and expects strong performance.

A key difference between the path-goal theory and Fiedler's contingency model is that path-goal theory assumes leaders can use different styles depending on the demands of the situation.

Two types of situational factors are especially important-

- ◆ Personal characteristics of employees, such as their abilities, needs, and preferences
- ◆ Environmental factors, such as task structure, work-group dynamics, and role clarity

According to the theory, leader behaviour is acceptable to employees when they see it as a direct source of satisfaction or as a means to achieve future rewards. Furthermore, leader behaviour enhances motivation when it links rewards to effective performance and provides the guidance, support, and resources needed to perform well—especially when these are lacking in the work environment.

To influence employees effectively, the leader must adjust their style to the situation and help them navigate the path to their goals. This involves:

- Identifying or activating employees' needs that the leader can influence

- Increasing the rewards employees receive when they achieve work-related goals
- Making the path to rewards clearer through coaching and guidance
- Helping employees understand how their efforts relate to outcomes
- Removing obstacles or frustrations that hinder performance
- Enhancing opportunities for personal satisfaction based on successful performance

In essence, the leader's role is to make the path toward employees' goals as smooth and motivating as possible. The appropriate leadership style is selected based on the specific situational demands and employee characteristics.

Overall, the path-goal theory, along with the other traditional leadership frameworks discussed in this section, offers a valuable theoretical and empirical base for deepening our understanding of how leadership works.

Recap

- ◆ Trait theories of leadership propose that leadership is determined by enduring personal characteristics of individuals.
- ◆ Research evidence indicates that extraversion is a strong predictor of leadership emergence.
- ◆ Although extraverted individuals are more likely to emerge as leaders, they are not necessarily effective in all leadership contexts.
- ◆ Personality traits such as conscientiousness and openness to experience are positively associated with leadership effectiveness.

- ◆ Certain dark personality traits, when present at moderate levels, may facilitate leadership emergence; however, extreme levels negatively affect leadership effectiveness.
- ◆ Emotional intelligence plays a significant role in promoting effective leadership behaviour.
- ◆ Trait theories are more successful in predicting who becomes a leader than in predicting leadership effectiveness.
- ◆ Behavioural theories of leadership emphasise observable actions and behaviours of leaders rather than their personal traits.
- ◆ These theories suggest that leadership behaviours can be acquired and developed through training and experience.
- ◆ The Ohio State leadership studies identified two fundamental dimensions of leader behaviour: consideration and initiating structure.
- ◆ Consideration refers to the degree to which a leader demonstrates concern, support, and respect for subordinates.
- ◆ Initiating structure involves defining roles, organising tasks, and establishing clear goals and procedures.
- ◆ Behavioural theories, therefore, focus on what leaders do rather than on who leaders are.
- ◆ Contingency theories of leadership assert that no single leadership style is universally effective across all situations.
- ◆ Fiedler's contingency model argues that leadership effectiveness depends on the appropriate match between a leader's style and the situational context.
- ◆ According to this model, leaders are generally classified as either task-oriented or relationship-oriented.
- ◆ Situational favourableness is determined by leader–member relations, task structure, and the leader's position power.
- ◆ Task-oriented leaders tend to be most effective in highly favourable situations.
- ◆ They are also effective in highly unfavourable situations.
- ◆ Relationship-oriented leaders are most effective in moderately favourable

situations.

- ◆ Situational Leadership Theory emphasises the readiness or maturity level of followers.
- ◆ Leaders are expected to adjust their directive and supportive behaviours in response to followers' readiness.
- ◆ Path–Goal Theory proposes that leaders enhance follower performance by clarifying paths to goals and removing obstacles.
- ◆ This theory identifies four leadership styles: directive, supportive, participative, and achievement-oriented.
- ◆ The effectiveness of a leadership style depends on follower characteristics and the nature of the work environment.

Objective Questions

1. Which leadership theory focuses on the personal qualities of leaders?
2. Which Big Five trait strongly predicts leader emergence?
3. Which personality trait, along with openness, predicts effective leadership?
4. Which emotional ability supports leadership effectiveness?
5. Which theory studies leader behaviour rather than traits?
6. Which Ohio State behaviour involves warmth and support?
7. Which Ohio State behaviour involves organising tasks and setting goals?
8. Which category of theories says leadership actions can be learned?
9. Which theory says leadership effectiveness depends on the situation?
10. Who proposed the Contingency Model of leadership?
11. What scale is used in Fiedler's model to measure leader style?
12. Which style fits very favourable situations in Fiedler's model?

13. Which style fits moderately favourable situations?
14. Which theory focuses on follower readiness?
15. What is the directive style in SLT called?
16. Which SLT style gives low direction and high support?
17. Which theory says leaders clear obstacles to help followers reach goals?
18. Which path–goal style involves shared decision-making?
19. Which path–goal style stresses encouragement and care?
20. Which path–goal style pushes followers toward high performance?

Answers

1. Trait
2. Extraversion
3. Conscientiousness
4. Empathy
5. Behavioural
6. Consideration
7. Structure
8. Behavioural
9. Contingency
10. Fiedler
11. LPC
12. Task
13. Relationship

14. SLT
15. Telling
16. Participating
17. Path-goal
18. Participative
19. Supportive
20. Achievement

Assignments

1. Analyse how trait theory explains leader emergence but not always leader effectiveness. Use workplace examples to support your answer.
2. Compare the two key dimensions of the Ohio State behavioural studies. Discuss how each dimension influences employee motivation and performance.
3. Evaluate the strengths and limitations of Fiedler's Contingency Model in predicting leadership effectiveness across different organisational situations.
4. Using a real or hypothetical organisational scenario, explain how Situational Leadership Theory adjusts leadership style based on follower readiness.
5. Analyse how the four leadership styles in Path–Goal Theory influence employee motivation in different task and work-environment conditions.
6. Compare behavioural theories with contingency theories. Discuss which perspective is more useful for today's dynamic workplaces and justify your answer with examples.

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UNIT

Leadership in Practice

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ◆ describe the essential qualities of an effective leader.
- ◆ explain different types of leaders seen in organizations.
- ◆ discuss major themes and patterns in leadership practice.
- ◆ differentiate between leader emergence and leader effectiveness.
- ◆ explain the basics of leadership development and succession planning.

Prerequisites

In 2014, Microsoft was facing a period of decline. Once the dominant technology giant, the company had become known for internal silos, slow innovation, and a rigid organisational culture. Many analysts believed that Microsoft had lost its creative edge and was struggling to remain competitive in a rapidly changing digital world. It was at this critical point that Satya Nadella took over as CEO. Under his leadership, Microsoft underwent a remarkable transformation. Nadella shifted the company from a culture of competition to one of collaboration, encouraged a “growth mindset,” and repositioned Microsoft’s focus toward cloud computing and inclusive innovation. Within a few years, Microsoft regained its global relevance, strengthened its brand identity, and became one of the world’s most valuable companies.

Microsoft’s turnaround is often cited as a powerful example of how leadership can reshape not only organisational strategies but also employee behaviour, work culture, and long-term performance. Nadella’s leadership illustrates that effective leaders do more than make decisions—they set a vision, motivate people, adapt to challenges, and create conditions where innovation can thrive.

Leaders like Satya Nadella possess qualities that set them apart. However, their style is only one form of effective leadership. In this unit, we will explore different types of leaders and understand what separates leaders from non-leaders.

Keywords

Leadership Qualities, Leadership Styles, Leader Emergence, Leader Effectiveness, Leadership Development, Succession Planning, Transformational Leadership, Ethical Leadership, Situational Leadership, Leadership Competencies.

Discussion

Leadership is often described as the art of influencing people toward achieving shared goals. This influence is shaped by a set of personal and interpersonal qualities that shape how leaders think, behave, and relate to others. These qualities form the foundation of effective leadership across different contexts—whether in organisations, communities, or educational settings. While some individuals naturally display strong leadership traits, many of these qualities can also be developed through experience, reflection, and continuous learning.

In today's rapidly changing work environment, leadership is no longer limited to authority or position. Instead, it is defined by the ability to communicate clearly, inspire confidence, handle challenges, and create a positive climate for collaborative work. Modern leaders are expected to be adaptable, emotionally intelligent, ethically grounded, and able to guide diverse teams. They must also demonstrate competence in decision-making, problem-solving, and managing relationships.

Understanding leadership qualities is essential because it helps learners recognise the personal attributes that contribute to

leadership effectiveness. It also enables future professionals to assess their own strengths and limitations, and to work intentionally toward becoming better leaders. In this section, we explore the key qualities that support strong leadership, provide examples from real workplace situations, and show how these qualities influence team performance and organisational success.

4.2.1 Leadership Qualities

Leadership effectiveness largely depends on a leader's personal and interpersonal qualities. Leadership qualities are enduring characteristics, abilities, and values that enable an individual to influence, guide, and motivate others toward the achievement of common goals. These qualities do not function in isolation; rather, they interact with situational demands and follower characteristics. Understanding leadership qualities helps learners recognise what makes leadership effective across different contexts.

1. Vision

Vision is a leader's ability to perceive future possibilities and set a clear direction for the group or organisation. A leader with vision provides a sense of purpose and long-term

direction. Vision helps followers understand not only what needs to be done but also why it is important. Leaders with a strong vision inspire commitment and align individual efforts with collective goals.

2. Integrity

Integrity refers to honesty, ethical behaviour, and consistency between words and actions. Leaders with integrity gain trust and credibility among followers. Such leaders adhere to moral principles and demonstrate fairness in decision-making. Integrity is considered a foundational leadership quality, as trust underpins effective leadership.

3. Self-confidence

Self-confidence is the belief in one's abilities, judgments, and decisions. Confident leaders are more likely to take initiative, make decisions, and handle challenges effectively. Self-confidence enables leaders to influence others and instil confidence among followers, especially during uncertain or challenging situations.

4. Communication Skills

Effective leadership requires clear and purposeful communication. Communication skills involve conveying ideas, expectations, and feedback clearly and concisely. Good leaders are also active listeners who value the opinions and concerns of others. Effective communication strengthens relationships and promotes coordination within groups.

5. Emotional Intelligence

Emotional intelligence refers to the ability to recognise, understand, and manage one's own emotions as well as the emotions of others. Leaders with high emotional intelligence show empathy, self-regulation, and social awareness. This quality helps leaders manage interpersonal relationships effectively and respond appropriately to emotional situations.

6. Decision-Making Ability

Decision-making ability refers to a leader's capacity to analyse situations, evaluate alternatives, and choose appropriate courses of action. Effective leaders make timely, well-informed decisions while considering potential consequences. Sound decision-making enhances organisational effectiveness and follower confidence.

7. Empathy

Empathy is the ability to understand and share others' feelings. Leaders who demonstrate empathy are sensitive to their followers' needs, concerns, and perspectives. Empathy fosters trust, cooperation, and a supportive environment, which contributes to higher morale and job satisfaction.

8. Responsibility and Accountability

Responsible leaders take ownership of their actions and decisions. Accountability involves accepting the outcomes of leadership decisions, whether positive or negative. Leaders who demonstrate responsibility set an example for followers and encourage a culture of accountability within the group or organisation.

9. Adaptability

Adaptability refers to the ability to adjust leadership behaviour in response to changing situations and challenges. Effective leaders are flexible and open to change. Adaptability enables leaders to remain effective in dynamic and uncertain environments.

10. Motivation and Inspirational Ability

Leaders must be able to motivate and inspire others to perform at their best. This quality involves encouraging effort, recognising achievements, and fostering

enthusiasm and commitment. Motivational leaders energise followers and sustain collective effort towards shared goals.

Leadership qualities play a crucial role in determining leadership effectiveness. While some qualities may come naturally, many can be developed through experience, learning, and self-reflection. An effective leader demonstrates a balanced combination of personal qualities, ethical values, and interpersonal skills. Understanding leadership qualities enables learners to critically evaluate leadership behaviour and develop their own leadership potential.

4.2.2 Types of Leaders

Leadership is a complex and multidimensional phenomenon. Leaders differ in their styles, decision-making approaches, and ways of influencing followers. As a result, leadership cannot be understood through a single model or pattern. Psychologists and organisational theorists have classified leaders into different types based on how they exercise authority, interact with followers, and achieve group goals. Studying the types of leaders helps learners understand leadership effectiveness in different situations and contexts. These types range from control-based to value-driven leadership approaches.

4.2.2.1 Autocratic Leader

An autocratic leader centralises authority and decision-making power. Such leaders make decisions independently, without seeking suggestions or participation from group members. Communication is typically one-way, flowing from the leader to the followers. The primary focus of this leadership style is on control, discipline, and obedience.

Autocratic leadership can be effective in situations that require quick decision-making, strict supervision, or crisis management.

However, overreliance on this style may lead to reduced morale, lack of creativity, and dissatisfaction among followers, as their opinions and ideas are often ignored.

4.2.2.2 Democratic Leader

A democratic leader encourages active participation of group members in decision-making. Followers are given opportunities to express their views, share ideas, and contribute to discussions. While the leader retains final authority, decisions are usually made after considering the group's opinions.

This type of leadership promotes cooperation, mutual respect, and shared responsibility. Democratic leadership is often associated with higher motivation, creativity, and follower satisfaction. It is particularly effective in educational institutions, social organisations, and workplaces where teamwork and innovation are valued.

4.2.2.3 Laissez-faire Leader

A laissez-faire leader adopts a non-interfering or hands-off approach to leadership. Group members are given considerable freedom to plan, organise, and execute tasks independently. The leader provides minimal guidance and intervenes only when necessary.

This leadership style can be effective when followers are highly skilled, experienced, and self-motivated. However, in groups that require structure and direction, laissez-faire leadership may lead to confusion, poor coordination, and poor performance.

4.2.2.4 Transactional Leader

Transactional leadership is based on a system of exchange between the leader and followers. The leader sets clear goals, defines roles, and establishes performance standards. Followers are rewarded for meeting expectations and may face corrective

actions or penalties for failing to do so.

This style of leadership is commonly observed in formal organisations where rules, procedures, and performance outcomes are clearly defined. While transactional leadership ensures order and efficiency, it may not encourage creativity, innovation, or long-term commitment among followers.

4.2.2.5 Transformational Leader

A transformational leader seeks to inspire and motivate followers to achieve higher levels of performance and personal development. Such leaders create a compelling vision, encourage innovation, and foster enthusiasm and commitment among group members.

Transformational leadership focuses on change, growth, and empowerment. Leaders not only work towards organisational goals but also help followers realise their potential. This style is especially effective during periods of organisational change or reform.

4.2.2.6 Charismatic Leader

A charismatic leader possesses strong personal qualities that attract and influence followers. Through confidence, communication skills, and emotional appeal, such leaders inspire admiration, trust, and loyalty.

Charismatic leadership can be highly motivating and can unite followers around a shared vision. However, excessive dependence on the leader's personality may limit independent thinking and may create challenges if the leader is absent or removed.

4.2.2.7 Servant Leader

A servant leader places the needs, growth, and well-being of followers above personal authority or power. The primary focus of this leadership style is service, empathy, and ethical responsibility.

Servant leadership encourages trust, cooperation, and a supportive organisational climate. By prioritising the development of followers, servant leaders promote long-term effectiveness and moral leadership, making this style particularly relevant in community-oriented and value-based settings.

4.2.2.8 Authentic Leader

An authentic leader is characterised by self-awareness, transparency, and consistency between values and actions. Such leaders lead with honesty and integrity, building trust through genuine relationships with followers.

Authentic leadership emphasises ethical decision-making and personal accountability. Followers are more likely to trust and respect leaders who demonstrate authenticity, which contributes to sustainable leadership effectiveness.

The different types of leaders highlight that leadership is situational and context-dependent. No single leadership style is universally effective in all circumstances. Understanding the various types of leaders enables learners to analyse leadership behaviour critically and apply appropriate leadership approaches in different social and organisational contexts.

Beyond individual styles, leadership research also highlights recurring patterns that shape how leadership functions within groups and institutions. We will now look into these patterns in detail.

4.2.3 Themes in Leadership

Leadership is a complex and multifaceted phenomenon that cannot be fully understood through any single theoretical lens. Over time, scholars have identified several recurring themes in leadership studies that explain how leadership operates, why leaders are effective, and how leadership

influences individuals and groups. These themes represent broad areas of focus that cut across different leadership theories and practices. Understanding the major themes of leadership enables learners to develop a comprehensive, integrated understanding of leadership as both a personal and a social process.

1. Leadership as Influence

One of the central themes in leadership is influence. Leadership is fundamentally concerned with influencing the attitudes, behaviours, and actions of others toward the achievement of shared goals. Unlike authority, which is based on formal position, influence may arise from personal qualities, expertise, or interpersonal skills. This theme highlights that leadership can exist at all levels of an organisation and is not limited to those in formal leadership roles.

2. Leadership and Power

Power is closely related to leadership and forms another important theme. Leaders use different sources of power, such as legitimate power, reward power, coercive power, expert power, and referent power, to guide and direct followers. This theme emphasises how leaders use power responsibly and ethically to achieve organisational objectives. Effective leadership involves balancing power with accountability and ethical considerations.

3. Leadership as a Relationship

Leadership is increasingly understood as a relational process rather than a set of traits or behaviours possessed by an individual. This theme focuses on the interaction between leaders and followers, highlighting mutual influence, trust, respect, and communication. Leadership effectiveness depends on the quality of leader–follower relationships and on leaders' ability to understand and respond to followers' needs.

4. Leadership and Vision

Vision is a recurring theme in leadership studies. Leaders play a key role in articulating a clear and compelling vision that provides direction and meaning. Visionary leadership helps align individual efforts with collective goals and inspires followers' commitment. This theme underscores the importance of long-term thinking and goal orientation in leadership.

5. Leadership and Ethics

Ethical leadership has emerged as a significant theme, particularly in response to organisational failures and misuse of power. This theme emphasises moral values, integrity, fairness, and social responsibility in leadership practice. Ethical leaders serve as role models and promote ethical behaviour among followers. Leadership effectiveness is increasingly evaluated not only by outcomes but also by the means used to achieve goals.

6. Leadership and Motivation

Another important theme in leadership is motivation. Leaders influence follower motivation by recognising needs, providing encouragement, and creating supportive environments. This theme draws attention to how leaders energise and sustain followers' effort. Motivational leadership enhances performance, commitment, and job satisfaction.

7. Leadership and Change

Leadership is closely linked to change and adaptation. Leaders are often required to guide individuals and organisations through periods of transition and uncertainty. This theme focuses on the leader's role in initiating, managing, and sustaining change. Effective leadership involves flexibility, innovation, and the ability to respond to dynamic environments.

8. Leadership in Social and Cultural Contexts

Leadership does not occur in isolation but is shaped by social and cultural factors. This theme highlights how cultural values, social norms, and contextual factors influence leadership styles and practices. Leaders must adapt their behaviour to suit diverse social and cultural settings. Understanding this theme is essential in an increasingly globalised world.

The major themes in leadership reflect the evolving understanding of leadership as a dynamic, relational, and context-dependent process. Rather than focusing on a single aspect, contemporary leadership studies integrate multiple themes, including influence, ethics, relationships, motivation, and change. By examining these themes, learners gain a holistic perspective on leadership and are better equipped to analyse leadership behaviour in real-world situations.

A further distinction in leadership studies concerns not only who becomes a leader but also how effectively leadership is exercised, which is the focus of the following section.

4.2.4 Leader Emergence and Leader Effectiveness

In leadership studies, an important distinction is made between leader emergence and leader effectiveness. While both concepts relate to leadership roles and outcomes, they address different aspects of leadership. Leader emergence focuses on how individuals come to be recognised as leaders, whereas leader effectiveness concerns how well leaders perform their leadership roles. Understanding this distinction helps learners analyse leadership beyond position and authority and appreciate both the process and outcomes of leadership.

4.2.4.1 Leader Emergence

Leader emergence refers to the process through which an individual becomes recognised as a leader within a group, whether formally or informally. It addresses the question of *who becomes a leader* and *why certain individuals are accepted as leaders by others*. Leader emergence often occurs even in the absence of officially assigned leadership roles.

Research suggests that several factors contribute to leader emergence. Personality traits such as extraversion, confidence, assertiveness, and social skills increase the likelihood that an individual will emerge as a leader. Communication ability plays a significant role, as individuals who speak more, express ideas clearly, and participate actively in group discussions are more likely to be perceived as leaders. Physical presence, dominance behaviour, and early participation in group tasks also influence leader emergence—additionally, social and cultural expectations shape who is viewed as leadership material within a group.

Leader emergence is therefore closely linked to perceptions, group dynamics, and situational factors. However, emerging as a leader does not necessarily guarantee that the individual will be effective in leading the group.

4.2.4.2 Leader Effectiveness

Leader effectiveness refers to the extent to which a leader successfully influences followers and achieves desired goals. It focuses on *how well a leader performs* in guiding individuals or groups toward task accomplishment, satisfaction, and overall success. Leader effectiveness is typically evaluated based on outcomes such as group performance, follower satisfaction, goal achievement, and organisational success.

Effective leadership involves a range of competencies, including decision-making, emotional intelligence, ethical conduct, adaptability, and the ability to motivate followers. Leader effectiveness is also influenced by situational factors such as task structure, organisational culture, follower readiness, and environmental demands. A leader who is effective in one context may not necessarily be effective in another.

Unlike leader emergence, which is often influenced by observable traits and social perceptions, leader effectiveness depends more on behaviour, skills, and the ability to respond appropriately to situational demands.

Relationship Between Leader Emergence and Leader Effectiveness

Although leader emergence and leader effectiveness are related, they are not identical. An individual may emerge as a leader due to confidence or social dominance, but may lack the skills required to lead effectively. Conversely, some individuals may not initially emerge as leaders but may demonstrate high effectiveness once placed in leadership roles.

Leadership research emphasises that organisations should not rely solely on leader emergence when selecting leaders. Instead, leadership development and evaluation should focus on enhancing leader effectiveness through training, feedback, and experience.

4.2.5 Leadership Development and Succession Planning

Leadership development and succession planning are critical processes in ensuring the long-term effectiveness and continuity of organisations. While leadership development focuses on enhancing the skills, abilities, and potential of individuals to perform leadership roles, succession planning

ensures that organisations are prepared to fill key leadership positions when vacancies arise. Together, these processes contribute to organisational stability, growth, and sustainability.

4.2.5.1 Leadership Development

Leadership development is a systematic, continuous process aimed at improving the leadership capabilities of individuals at all levels within an organisation. It involves identifying leadership potential, nurturing relevant skills, and providing opportunities for learning and growth. Leadership development is not limited to individuals in formal leadership roles; it also prepares future leaders by fostering leadership qualities among employees.

Leadership development programmes typically focus on enhancing competencies such as communication, decision-making, emotional intelligence, ethical judgment, adaptability, and strategic thinking. These programmes may include training workshops, mentoring, coaching, job rotation, experiential learning, and feedback mechanisms. Through leadership development, individuals gain self-awareness, improve interpersonal skills, and learn to respond effectively to complex organisational challenges.

An important objective of leadership development is to align individual growth with organisational goals. By investing in leadership development, organisations create a pool of capable leaders who can guide teams effectively, manage change, and maintain organisational performance in dynamic environments.

4.2.5.2 Succession Planning

Succession planning is a strategic process through which organisations identify and prepare individuals to assume key leadership positions in the future. It addresses leadership

continuity by ensuring critical roles can be filled smoothly when leaders retire, resign, or are promoted. Succession planning reduces disruptions and helps maintain organisational effectiveness.

The process of succession planning involves identifying critical leadership positions, assessing potential successors, and providing targeted development opportunities to prepare them for future roles. Effective succession planning is proactive rather than reactive and is closely linked to leadership development initiatives.

Succession planning also promotes fairness and transparency in leadership selection by relying on systematic evaluation rather than informal or subjective decisions. It supports talent retention by demonstrating clear career pathways and opportunities for advancement within the organisation.

◆ **Relationship Between Leadership Development and Succession Planning**

Leadership development and succession planning are closely interconnected processes. Leadership development builds

the skills and competencies required for leadership roles, while succession planning ensures that developed leaders are positioned appropriately within the organisational structure. Without leadership development, succession planning becomes ineffective, as potential successors may lack the required competencies. Conversely, leadership development without succession planning may result in underutilisation of trained leaders.

Together, these processes help organisations build a strong leadership pipeline. They ensure continuity, reduce leadership gaps, and support long-term organisational success.

◆ **Importance of Leadership Development and Succession Planning**

Leadership development and succession planning contribute to organisational resilience and adaptability. They help organisations respond effectively to change, manage transitions smoothly, and maintain strategic direction. These processes also enhance employee motivation and commitment by providing opportunities for growth and advancement.

Recap

- ◆ Leadership refers to the process through which an individual influences others to work together toward shared goals.
- ◆ Effective leadership plays an important role in ensuring group success, coordination, and overall performance.
- ◆ Leadership qualities are the personal and interpersonal characteristics that help a leader guide and influence others.
- ◆ Common leadership qualities include vision, honesty, confidence, good communication, empathy, and flexibility.

- ◆ Leadership qualities do not work independently but interact with situations and follower expectations.
- ◆ Leaders may adopt different leadership styles or types based on organisational needs and situations.
- ◆ Types of leaders include autocratic, democratic, laissez-faire, transformational, transactional, and servant leaders.
- ◆ No single type of leadership is suitable for all situations or organisational settings.
- ◆ Leadership can emerge naturally within a group even without a formal leadership position.
- ◆ Leader emergence explains how certain individuals come to be recognised as leaders by group members.
- ◆ Factors such as confidence, communication skills, and active participation contribute to leader emergence.
- ◆ Leader effectiveness refers to how successfully a leader achieves goals and supports followers.
- ◆ A person who emerges as a leader may not always be effective in leading others.
- ◆ Similarly, some individuals may become effective leaders without initially emerging as group leaders.
- ◆ Leadership studies identify several themes such as influence, power, relationships, ethics, motivation, and change.
- ◆ Leadership is increasingly viewed as a social and relational process involving leaders and followers.
- ◆ Ethical leadership highlights the importance of integrity, fairness, and responsibility in leadership behaviour.
- ◆ Leadership plays a key role in guiding individuals and organisations through change and uncertainty.
- ◆ Leadership development focuses on improving leadership skills, abilities, and potential through learning and experience.
- ◆ Succession planning ensures leadership continuity by preparing capable

individuals for future leadership roles.

- ◆ Leadership effectiveness depends on the interaction between leader qualities, follower expectations, and situational demands.

Objective Questions

1. What term refers to the process of influencing others toward shared goals?
2. Which quality enables a leader to provide long-term direction and purpose?
3. Which leadership quality is associated with honesty and moral consistency?
4. What ability allows a leader to convey ideas and expectations clearly?
5. Which emotional capacity helps leaders understand others' feelings?
6. What leadership style involves centralized decision-making and strict control?
7. Which leadership type encourages group participation and shared decision-making?
8. What leadership style allows maximum freedom to followers?
9. Which leadership approach focuses on inspiring change and higher performance?
10. What type of leadership is based on rewards and punishments?
11. Which leadership style prioritises serving the needs of followers?
12. What term describes the natural recognition of a leader within a group?
13. Which concept refers to how well a leader achieves goals and satisfies followers?
14. What leadership theme emphasises guiding behaviour through social interaction?
15. Which leadership theme focuses on moral values and fairness?
16. What term refers to a leader's ability to motivate followers?

17. Which leadership theme is closely associated with managing organisational transitions?
18. What process focuses on improving leadership skills and potential?
19. What planning process ensures continuity in key leadership positions?
20. Which theme emphasises leadership as a relational process?

Answers

1. Leadership
2. Vision
3. Integrity
4. Communication
5. Empathy
6. Autocratic
7. Democratic
8. Laissez-faire
9. Transformational
10. Transactional
11. Servant
12. Emergence
13. Effectiveness
14. Influence
15. Ethics
16. Motivation
17. Change
18. Development
19. Succession
20. Relationship

Assignments

1. Analyse how leadership qualities influence organisational culture and employee behaviour, using appropriate examples.
2. Examine the distinction between leader emergence and leadership effectiveness, and discuss why individuals who emerge as leaders may not necessarily be effective leaders.
3. Analyse the role of personality characteristics in leader emergence, with reference to research on traits such as extraversion and self-monitoring.
4. Discuss the significance of leadership development in strengthening leader–follower relationships and enhancing organisational effectiveness.
5. Analyse the importance of succession planning in ensuring leadership continuity and long-term organisational stability.

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BLOCK

Organisational Culture



UNIT

Understanding Organisational Culture

Learning Outcomes

Upon Completion of the unit, the learner will be able to:

- ◆ define organisational culture and explain its importance.
- ◆ identify the main components of organisational culture.
- ◆ describe the different types of organisational culture.
- ◆ explain the functions of organisational culture in organisations.
- ◆ understand how organisational culture affects performance.

Prerequisites

Organisations do not function only through formal structures, rules, or strategies. They are also shaped by shared values, beliefs, assumptions, and ways of working that influence how people think, feel, and behave at work. These shared patterns collectively form what is known as organisational culture. Rather than being something that develops accidentally, organisational culture can be consciously shaped, nurtured, and managed to support organisational goals and long-term success.

Organisational culture plays a critical role in shaping how employees relate to their work, interact with one another, and respond to challenges such as growth, competition, and change. A strong, well-aligned culture can foster a sense of purpose, ownership, and commitment among employees, encouraging collaboration, accountability, and innovation. At the same time, culture influences how decisions are made, how conflicts are handled, and how effectively an organisation adapts to a dynamic environment.

Just as organisational structure can be compared to the skeleton of an organisation, organisational culture can be understood as its personality. It gives meaning to rules and procedures and explains why people in one organisation behave differently from those in another, even when performing similar tasks. Understanding organisational culture, therefore, helps managers and employees make sense of “how things are done” within an organisation and why certain practices persist over time.

For managers, understanding and managing organisational culture is a crucial responsibility. Culture affects employee motivation, performance, satisfaction, and overall organisational effectiveness. By recognising the elements of culture and learning how to shape it, leaders can create work environments that support organisational objectives while also enhancing employee well-being. This unit examines the concept of organisational culture, its characteristics, types, and functions, and explores how culture can be managed to improve organisational performance.

Keywords

Organisational Culture, Values, Beliefs, Norms, Assumptions, Behaviour, Types of Culture, Functions, Performance, Work Environment.

Discussion

Organisational culture plays a significant role in shaping employee behaviour and overall organisational performance. The concept of organisational culture gained widespread recognition during the 1980s following the publication of *In Search of Excellence* by Peters and Waterman. This influential work argued that the success of many high-performing companies could be attributed to organisational cultures that emphasised decisiveness, customer orientation, employee empowerment, and a people-centred approach.

Since that time, organisational culture has attracted considerable attention from scholars and practitioners alike, leading to a substantial body of research, books, and academic articles. Despite this growing interest, organisational culture remains

a relatively recent area of study. Unlike leadership, which has been examined for several centuries, organisational culture is a comparatively young but rapidly expanding field within organisational behaviour.

Organisational culture is largely invisible to individuals. Although it strongly influences employees' thoughts, behaviours, and patterns of interaction, people often become consciously aware of their organisation's culture only when they can compare it with another organisation's culture. Those who have worked in more than one organisation, for example, are often better able to recognise these cultural differences through their own experience.

Organizational culture is essential to organizational performance. It not only

influences employees' decisions and behaviours but also helps explain what is happening within an organisation and why. Just as organizational structure can be compared to an organization's skeleton, organizational culture may be seen as its personality, as it shapes the way employees think and behave. Therefore, understanding and managing organizational culture is an important managerial responsibility that can enhance both individual and organizational performance. A clear understanding of organizational culture also helps managers guide behaviour, improve effectiveness, and create a more productive work environment.

5.1.1 Definition

Different authors have defined organisational culture in slightly different ways. Still, all of them emphasise that it consists of shared values, beliefs, assumptions, and behavioural expectations that shape how employees think and act within an organisation.

According to Talia Bauer, Organizational culture refers to a system of shared assumptions, values, and beliefs that show employees what appropriate and inappropriate behaviour is.

Another important definition is provided by Schein, who defines organisational culture as “the set of shared, taken-for-granted implicit assumptions that a group holds and that determines how it perceives, thinks about, and reacts to its various environments.” This definition highlights four important characteristics of organizational culture:

- ◆ **Shared concept:** It comprises beliefs, values, and assumptions that are collectively held by members of a group rather than by individuals in isolation.

- ◆ **Learned over time:** It is transmitted to new employees through processes such as socialisation, mentoring, and everyday organisational practices.
- ◆ **Influences behaviour at work:** Its powerful impact on attitudes, decisions, and actions shows that even well-designed strategies may fail when they are not aligned with the prevailing organizational culture.
- ◆ **Affects outcomes at multiple levels:** Organisational culture influences outcomes at the individual, group or team, and organisational levels by shaping attitudes, behaviour, performance, and overall effectiveness.

5.1.2 Elements that Drive Organisational Culture

Organisational culture is driven by several important forces within and outside the organisation. The major factors driving organisational culture include the following:

- The founder's values shape the basic beliefs, priorities, and principles on which the organisation is established.
- The industry and business environment influence organisational culture by creating specific demands, expectations, and ways of operating.
- The national culture affects organisational culture through broader social values, traditions, and behavioural norms.
- The organisation's vision and strategies guide culture by defining its goals, direction, and approach to achieving success.

- The behaviour of leaders influences organisational culture by setting examples for employees through their actions, decisions, and interactions.

5.1.3 Components of Organisational Culture

Organisational culture is composed of multiple interrelated elements that collectively define the environment and behaviour within an organisation. Understanding these components helps learners identify how culture operates and influences individuals and groups. The major components include:

1. Values

Values are the deeply held beliefs about what is important and desirable in an organisation. They guide decision-making, priorities, and behaviour, serving as the foundation for organisational norms and practices. For example, a company may value innovation, customer focus, or integrity.

2. Norms

Norms are the unwritten rules and expectations that guide employee behaviour in day-to-day interactions. They determine what is considered acceptable or unacceptable conduct within the organisation. Norms often develop over time and are reinforced through social approval or disapproval.

3. Beliefs and Assumptions

Beliefs and assumptions are the taken-for-granted ideas about how things work in the organisation. These are often unconscious and influence perceptions, decisions, and behaviour without explicit discussion. For example, a belief that teamwork leads to better results shapes collaborative practices.

4. Symbols

Symbols include logos, dress codes, office layout, rituals, and other visual representations that convey meaning about the organisation's culture. Symbols communicate shared values and identity, both internally and externally.

5. Rituals and Ceremonies

Rituals are regular, repeated activities that reinforce the culture, such as morning briefings, award ceremonies, or annual events. Ceremonies are special events that celebrate achievements and reinforce organisational values.

6. Language and Communication

The specific jargon, slogans, or phrases used within an organisation reflect and reinforce culture. How people communicate, both formally and informally, reveals norms, priorities, and shared meanings.

7. Practices and Behaviours

This includes the observable actions and routines of employees and leaders. Practices demonstrate how values and norms are enacted in daily work and interactions, such as collaborative teamwork, customer service behaviour, or ethical decision-making.

These components work together to create a shared understanding of how the organisation operates and what is valued. Recognising these elements allows members to navigate the organisational environment effectively and contributes to organisational cohesion and identity.

A deeper understanding of how culture operates requires examining its layered structure.

◆ The Three Levels of Organisational Culture

Edgar Schein, a renowned organisational psychologist, explained organisational culture as operating at three interconnected levels. Schein's model provides valuable insight into the different layers of culture and shows that organisational culture is not merely a surface-level phenomenon but exists at every level of an organisation. It helps leaders and managers assess, analyse, and shape organisational culture in line with organisational vision, values, and goals.

According to this model, organisational culture comprises three levels: artefacts and behaviours, espoused values, and underlying assumptions. These levels differ in their visibility and depth, but each is closely related to the others.

Artefacts and behaviours, such as dress codes and office layouts, represent the visible aspects of culture. Espoused values refer to the stated beliefs and values of the organisation. Underlying assumptions are the deeply ingrained beliefs and behaviours that underpin organisational culture.

A detailed understanding of organisational culture requires examining all three levels.

Level 1: Observable Artefacts

The most visible aspects of organisational culture consist of observable artefacts. Artefacts are the tangible, physical, and visible expressions of an organisation's culture. They illustrate how culture manifests in everyday organisational life. Common examples of artefacts include:

- Acronyms and commonly used language
- Dress codes and styles of appearance
- Communication styles

- Publicly displayed statements of values
- Rituals, ceremonies, and formal events
- Allocation of special privileges, such as reserved parking spaces
- Physical environment, such as office layout, photographs, symbols, and wall displays

For example, an organisation that values innovation, openness, and teamwork may have an open office layout, informal seating arrangements, colourful workspaces, and a flexible dress code. In contrast, an organisation that emphasises discipline, hierarchy, and formality may have closed office cabins, a more structured physical environment, limited personalisation of workspace, and a strict formal dress code.

Although artefacts provide visible clues about an organisation's culture, they can be difficult to interpret accurately without understanding the underlying values and assumptions. However, artefacts are generally easier to modify or replace than the deeper and less visible elements of organisational culture.

Level 2: Espoused Values

Values are abstract ideals that guide thinking and behaviour across situations. Within organisational culture, it is important to distinguish between espoused values and enacted values.

Espoused values are the stated beliefs, philosophies, goals, norms, and principles that an organisation publicly communicates as important. They represent the aspirations and ideals that the organisation seeks to uphold and are often expressed through mission statements, vision statements, and corporate

policies. In new or small organisations, these values are often established by the founder, while in larger organisations they are usually defined by top management.

Enacted values are the values that are actually observed in employee behaviour and organisational practices. These emerge from daily interactions and routines, reflecting what employees perceive as truly important in the organisation. Reducing the gap between espoused and enacted values is critical because it influences employee attitudes, engagement, and overall organisational performance.

Level 3: Basic Underlying Assumptions

Basic underlying assumptions are the deep-rooted beliefs, attitudes, and unconscious thoughts that shape an organization's culture. They are often taken for granted and rarely questioned. These assumptions form over time through shared experiences and interactions within the organisation.

Unlike artifacts and espoused values, underlying assumptions are not easily observable or measurable. They are deeply ingrained in the organization's culture and influence how individuals perceive and interpret their work environment.

The Three Levels of Organisational Culture



Fig.5.1: AI Generated Image

5.1.3 Types of Organisational Culture

Organisational cultures can be broadly classified into different types based on their

dominant values, leadership styles, and strategic orientations. Each type reflects how an organisation balances flexibility and control, as well as internal focus and external positioning. Understanding these types helps

in identifying the cultural framework that guides behaviour and performance within an organisation.

5.1.3.1 Clan Culture

A company with a clan culture has an internal focus and values flexibility rather than stability and control. It resembles a family-type organisation that achieves effectiveness by encouraging collaboration, trust, and support among employees. This type of culture is very employee-focused and strives to instil cohesion through consensus and job satisfaction, and commitment through employee involvement and development. Clan organisations devote considerable resources to hiring and developing their employees, and they view customers as partners. Collaborating is this culture's strategy.

5.1.3.2 Adhocracy Culture

An adhocracy culture reflects a management team focused on responding to problems rather than avoiding them. Companies with this culture have an external focus and value flexibility. Their strategy is to create new products and services, which they accomplish by being adaptable, creative, and quick to respond to market changes. Adhocracy cultures do not rely on the centralized power and authority relationships that are part of market and hierarchical cultures. Instead, they encourage and empower employees to take risks, think outside the box, and experiment with new ways of getting things done.

5.1.3.3 Market Culture

Companies with a market culture have a strong external focus and place a high value on stability and control. Their strategic thrust is competition. These organisations are driven by achieving targets, delivering results, and outperforming rivals. Because of

their emphasis on the external environment, customers, market share, and profits, internal concerns such as employee development and satisfaction take a back seat. Managers in market-oriented companies prioritize improving productivity, profitability, and customer satisfaction.

5.1.3.4 Hierarchy culture

Hierarchy culture emphasizes control as its core strategy. This type of culture has an internal focus, leading to a formalised, structured work environment. It values stability and control over flexibility, which encourages the development of reliable internal processes, extensive measurement systems, and various control mechanisms. Organisational effectiveness in a hierarchical culture is typically evaluated in terms of efficiency, timeliness, quality, safety, and reliability in the production and delivery of products and services.

While these types offer a structural classification of organisational cultures, in practice most organisations exhibit hybrid cultural patterns rather than belonging solely to a single type.

5.1.4 Functions of Organisational Culture

Organisational culture exerts a wide and pervasive influence, extending across individual, group, and organisational levels. It performs several important functions that support an organisation's effective operation. These functions influence how employees perceive the organisation, relate to one another, and respond to internal and external demands. The major functions of organisational culture are discussed below.

1. Establish Organizational Identity

Organizational culture gives members a clear sense of who the organization is and

what it stands for. Shared values, beliefs, and traditions differentiate the organization from others and help employees understand the expectations and priorities of the workplace. By internalising these core values, employees develop a sense of belonging, thereby strengthening unity and coherence within the organisation.

2. Encourage Collective Commitment

Culture fosters collective commitment by promoting shared goals and a common purpose among employees. When individuals identify with the organization's mission and values, they are more likely to feel emotionally invested in its success. This shared commitment encourages teamwork, collaboration, and a willingness to contribute to organisational objectives rather than individual interests.

3. Ensure Social System Stability

Organisational culture provides predictable norms and patterns of behaviour that help maintain workplace stability. These consistent expectations reduce uncertainty in daily activities and guide employee interactions. By reinforcing standards of behaviour and communication, culture minimizes conflict, supports harmonious relationships, and sustains organizational continuity over time.

4. Act as a Sense-Making Device

Culture helps employees interpret organizational events, decisions, and experiences. Shared assumptions and values create a framework through which members understand why things happen the way they do and how to respond appropriately. This sense-making function is particularly important in complex or ambiguous situations, guiding decision-making and problem-solving across the organization.

5. Facilitate Adaptation to the External Environment

An adaptive organizational culture equips employees and the organization as a whole to respond effectively to changes in markets, technology, and customer expectations. By providing guiding principles for innovation, strategic decision-making, and problem-solving, culture enables the organization to remain resilient, competitive, and responsive to external challenges.

5.1.5 Impact of Organisational Culture on Performance

Organisational culture has a significant influence on individual, team, and overall organisational performance. The values, beliefs, norms, and practices embedded in an organisation shape behaviour, decision-making, and motivation, which in turn affect productivity and effectiveness. Understanding this impact helps leaders and managers create an environment conducive to high performance.

1. Influences Employee Behaviour and Attitudes

A strong culture promotes behaviours aligned with organisational goals. Employees understand what is expected of them, reducing role ambiguity and encouraging accountability. Positive cultural values such as teamwork, innovation, and ethical conduct enhance engagement and commitment.

2. Enhances Motivation and Job Satisfaction

A culture that recognises achievements, encourages participation, and supports employee development boosts motivation. Motivated employees are more likely to perform efficiently, take initiative, and contribute to organisational success.

3. Supports Coordination and Collaboration

A culture that emphasises cooperation and

shared goals enhances coordination among departments and teams. This collaboration leads to smoother workflows, faster problem-solving, and improved organisational performance.

4. Facilitates Innovation and Adaptability

Cultures that value creativity, learning, and flexibility encourage employees to generate new ideas and adapt to changes. Organisations with such cultures respond effectively to market dynamics, technological changes, and competitive pressures, improving performance.

5. Reinforces Leadership Effectiveness

Culture shapes the way leaders interact with employees and implement strategies. When leadership style aligns with organisational culture, it strengthens decision-making,

communication, and employee trust, thereby enhancing performance.

6. Promotes Ethical Behaviour and Corporate Reputation

A culture that emphasises ethics, integrity, and social responsibility fosters ethical decision-making. Ethical cultures reduce the risk of misconduct and enhance the organisation's reputation, which indirectly supports performance by building stakeholder trust.

Organisational culture acts as a powerful driver of performance. By shaping behaviour, motivating employees, fostering collaboration, supporting innovation, and reinforcing ethical practices, culture directly and indirectly influences individual, team, and organisational outcomes. Leaders who understand and manage culture effectively can significantly enhance overall organisational performance.

Recap

- ◆ Organisational culture is the shared values, beliefs, and practices that guide behaviour in an organisation.
- ◆ Culture acts as the “social glue” that binds employees together and creates a sense of belonging.
- ◆ It influences how employees think, make decisions, and interact with others.
- ◆ Organisational culture can be observed in rituals, symbols, language, and daily work practices.
- ◆ Culture evolves through the influence of founders, leaders, employees, and the external environment.
- ◆ Edgar Schein defines culture as shared basic assumptions learned by a group to solve problems of adaptation and integration.

- ◆ Deal and Kennedy describe culture as “the way we do things around here.”
- ◆ Robbins and Judge see culture as a system of shared meaning that distinguishes one organisation from another.
- ◆ The main components of culture include values, norms, beliefs, symbols, rituals, language, and practices.
- ◆ Values represent what is important in an organisation and guide behaviour and decision-making.
- ◆ Norms are unwritten rules that guide acceptable behaviour within the organisation.
- ◆ Beliefs and assumptions are taken-for-granted ideas that influence perceptions and actions.
- ◆ Symbols, rituals, and language communicate the organisation’s culture and reinforce shared meanings.
- ◆ Organisational culture can be classified into types such as clan, adhocracy, market, and hierarchy cultures.
- ◆ Clan culture focuses on collaboration and teamwork, while adhocracy culture emphasizes innovation and risk-taking.
- ◆ Market culture prioritises results and competition, and hierarchy culture emphasizes rules, procedures, and stability.
- ◆ Culture provides identity to members, motivates behaviour, and enhances commitment to the organisation.
- ◆ It promotes coordination, cooperation, and effective communication among employees.
- ◆ Culture supports innovation, adaptability, and responsiveness to external changes.
- ◆ A strong, positive culture improves employee motivation, ethical behaviour, and overall organisational performance.

Objective Questions

1. What term describes the shared values, beliefs, and practices in an organisation?
2. Which element of culture acts as the “social glue” for employees?
3. What influences employee thinking, decision-making, and interactions in an organisation?
4. What are the observable aspects of culture, like rituals, symbols, and language, called?
5. Who defines culture as shared basic assumptions learned to solve adaptation and integration problems?
6. Which scholars described culture as “the way we do things around here”?
7. What is the term for unwritten rules guiding acceptable behaviour in an organisation?
8. Which component of culture represents deeply held beliefs about what is important?
9. What are the taken-for-granted ideas that influence perceptions and actions called?
10. Which culture type emphasizes teamwork and collaboration?
11. Which culture type emphasizes innovation and risk-taking?
12. Which culture type prioritizes results and competition?
13. Which culture type emphasizes rules, procedures, and stability?
14. What component includes logos, office layout, dress code, and symbols?
15. What includes regular activities and events that reinforce culture?
16. Which component of culture reflects specific jargon or communication patterns?
17. What is the function of culture that provides employees with a sense of belonging?

18. Which function of culture motivates employees and encourages goal-oriented behaviour?
19. What function of culture helps organisations adapt to external changes?
20. What is the overall outcome of a strong, positive organisational culture on employees and performance

Answers

1. Culture
2. Values
3. Culture
4. Symbols
5. Schein
6. Deal
7. Norms
8. Values
9. Assumptions
10. Clan
11. Adhocracy
12. Market
13. Hierarchy
14. Symbols
15. Rituals
16. Language
17. Identity

18. Motivation
19. Adaptation
20. Performance

Assignments

1. Critically analyse how different leadership qualities influence leader effectiveness in diverse organisational contexts.
2. Compare and contrast leader emergence and leader effectiveness, providing examples from real-world organisational scenarios.
3. Evaluate the impact of various types of leaders on team performance and organisational culture.
4. Discuss the role of leadership development programs in preparing future leaders and ensuring effective succession planning.
5. Examine contemporary themes in leadership and analyse their relevance in addressing challenges in modern organisations.

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UNIT

Managing and Changing Organisational Culture

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ◆ describe what organisational culture is.
- ◆ explain how organisational culture can be assessed.
- ◆ identify key factors that affect cultural change.
- ◆ discuss strategies for changing and sustaining culture.
- ◆ apply basic ideas of culture change to simple situations.

Prerequisites

Organisational culture is a powerful force that shapes how employees think, behave, and interact within an organisation. Understanding the existing culture is essential for managers who wish to influence performance, foster innovation, and achieve strategic goals. In a dynamic environment, organisations must actively manage and sometimes transform their culture to remain effective. This unit focuses on understanding how organisational culture can be assessed, the strategies for changing it, and ways to sustain a positive, effective culture over time. Through this unit, learners will gain insights into practical approaches for aligning organisational culture with organisational objectives and long-term success.

Keywords

Cultural Assessment, Culture Change, Cultural Transformation, Change Management, Cultural Alignment, Leadership Role Modelling, Reward Systems, Employee Involvement, Organisational Adaptation, Cultural Sustainability

Discussion

Before an organization can effectively manage, maintain, or change its culture, it is essential to understand the existing cultural patterns. Organizational culture is a complex and deeply embedded phenomenon that shapes employee behaviour, decision-making, and interactions. Unlike structural, operational, or financial indicators, culture cannot be captured through a single quantitative measure, making its systematic assessment challenging.

Assessing culture is critical because it provides insights into shared values, beliefs, assumptions, and norms that guide employee behaviour. Without a clear understanding of the existing culture, any attempts at change or development may face resistance or fail to achieve desired outcomes. Therefore, researchers and practitioners employ a combination of qualitative and interpretive methods to uncover the underlying dimensions of culture and create a comprehensive cultural profile of the organization.

5.2.1 Assessment of Organizational Culture

Before an organization can manage, sustain, or change its culture, it is essential to assess the existing cultural patterns. Organisational culture is deeply embedded, shaping employee behaviour, decision-making, and interactions. Unlike structural or financial indicators, culture cannot be captured through a single metric. A thorough

assessment provides insights into shared values, beliefs, assumptions, and norms, forming the foundation for effective cultural interventions.

Several approaches have been developed to evaluate organizational culture, each providing a unique perspective. A systematic assessment typically combines multiple methods to capture both visible manifestations and underlying assumptions.

1. Employee Perception Surveys

Employee perception surveys are among the most widely used methods for assessing organisational culture. These surveys gather employees' views on leadership, communication, teamwork, innovation, and fairness. Aggregated responses provide an overall profile of the organisation's culture, enabling comparisons across departments, monitoring cultural change over time, and identifying areas requiring intervention. By combining quantitative results with qualitative insights, this method provides a practical and reliable approach to understanding culture at a broad level.

2. Interviews and Open-Ended Questionnaires

Interviews and open-ended questionnaires allow employees to express their experiences, perceptions, and interpretations of organizational practices, leadership, and communication. Through these methods,

employees reveal the underlying values, beliefs, and assumptions that guide their behavior. Interviews facilitate in-depth discussion, while open-ended questionnaires offer flexibility and capture nuanced cultural meanings. These approaches are especially effective in uncovering aspects of culture that are not immediately visible or articulated in official documents.

3. Analysis of Stories, Symbols, Rituals, and Ceremonies

Analyzing stories, symbols, rituals, and ceremonies focuses on the visible artifacts of culture. Stories often recount significant events or exemplary actions of employees, highlighting behaviours that are admired or discouraged. Symbols, such as office design, logos, and dress codes, convey implicit messages about hierarchy, power, and organisational identity. Rituals and ceremonies, including award functions, annual meetings, and onboarding programs, reinforce shared expectations and values. Examining these artefacts enables a comprehensive understanding of the organisation's culture even when underlying assumptions are not explicitly expressed.

4. Examination of Corporate Philosophy Statements

Corporate philosophy statements, including mission statements, vision statements, and codes of ethics, reflect an organisation's espoused culture. They indicate the values and principles that an organization publicly claims to uphold and convey its intended identity and priorities. While discrepancies may exist between espoused values and actual practices, these statements provide a valuable reference point for understanding the organization's cultural framework and strategic orientation.

5. Participant Observation and Ethnography

Participant observation and ethnographic studies involve immersing the assessor within the organization to experience its routines, practices, and social interactions firsthand. Participant observation allows direct observation of informal norms, daily interactions, and power dynamics. At the same time, ethnography extends this approach over longer periods to capture unwritten rules, subcultures, and social dynamics in depth. Although time-intensive, these methods provide authentic insights into how culture is enacted in day-to-day organizational life.

6. Cultural Audits

Cultural audits are formal, structured evaluations, often conducted by external consultants, that systematically identify cultural strengths, gaps, and misalignments with organizational strategy. These audits typically integrate interviews, surveys, document reviews, and observations to provide a comprehensive picture of the organization's cultural alignment with its goals. Cultural audits are particularly useful for organizations seeking to implement strategic changes or align culture with long-term objectives.

7. Focus Groups

Focus groups consist of small, guided discussions with employees from different levels or departments. They provide an interactive method to explore perceptions, identify emerging cultural issues, and uncover subcultural differences within the organization. Focus groups are particularly valuable for generating rich qualitative insights and for exploring employee sentiment in a collaborative setting.

8. Standardized Culture Assessment Tools

Structured instruments, such as the Organizational Culture Assessment Instrument (OCAI) and the Denison Organizational Culture Survey, provide quantitative frameworks for evaluating culture. These tools measure specific cultural dimensions and can be linked to performance outcomes, enabling benchmarking across departments or organizations. Standardized assessments are widely recognized and often used in large organizations for formal culture diagnosis.

9. Social Network Analysis

Social network analysis examines patterns of communication and relationships within the organization. By mapping informal networks, collaboration hubs, and isolated groups, this method identifies how culture spreads, highlights areas of influence, and reveals potential misalignments. It provides insights into the social structure that underpins organizational behavior and cultural reinforcement.

10. Behavioral Observation and Performance Metrics

Behavioral observation involves examining how employees act and make decisions in practice, linking culture to observable outcomes. Observing collaboration, risk-taking, conflict resolution, and decision-making patterns highlights how cultural values are enacted in daily work. Performance metrics complement these observations by providing data on how cultural alignment impacts organizational effectiveness and outcomes.

11. Extended Document and Artifact Review

An extended document and artifact review goes beyond corporate statements to include

internal memos, newsletters, intranet content, and training manuals. These materials reveal subtle cues about organizational priorities, implicit norms, and informal values. This approach helps uncover aspects of culture that may not be captured by surveys or interviews, adding depth to the overall assessment.

In conclusion, assessing organisational culture requires a combination of multiple complementary methods. No single approach is sufficient to capture the full complexity of culture. A comprehensive assessment that integrates analysis of artefacts, employee perceptions, official statements, and participant observation forms a strong foundation for managing and changing organisational culture. Such a systematic assessment is an essential first step in any culture change initiative.

Fun Workplaces!

Did you know that work can be fun? Just like play in our personal lives, fun at work involves laughter, surprise, creativity, and even friendly competition. A fun workplace is one where supervisors encourage playful activities, celebrate achievements, and make everyday tasks enjoyable.

Fun at work can take many forms: celebrating birthdays or work anniversaries, organizing costume days, holding friendly games or competitions, using humor in emails or newsletters, or simply sharing a joke of the day. There is no fixed formula—creativity and experimentation are key.

Why is it important? Employees enjoy work more when they can laugh, relax, and feel energized. Fun reduces stress, boosts friendships, increases satisfaction, and even has positive effects on health. For the organization, a fun

culture improves employee enthusiasm, creativity, teamwork, and customer satisfaction, while also making it easier to attract and retain talent.

Some managers worry that fun at work might backfire, but research shows the benefits far outweigh the risks. With the right approach, a playful and engaging work culture can make the workplace more vibrant, productive, and enjoyable for everyone

5.2.2 Managing and Changing Organisational Culture

Once established, organisational culture becomes deeply embedded in an organisation's functioning and therefore tends to resist change. From a managerial perspective, culture change becomes necessary when existing values, beliefs, and practices no longer support organisational goals or align with environmental demands. In such situations, managing culture effectively becomes a critical aspect of organisational change.

Culture change initiatives are more likely to succeed when organisations face visible performance challenges such as declining productivity, loss of market competitiveness, or financial instability. These conditions create a sense of urgency among managers and employees, making them more receptive to the need for cultural transformation. Managers can utilize such periods to build commitment and encourage collective participation in change efforts. Conversely, when organisations have enjoyed long-term success and employees perceive no immediate threat, managing culture change becomes significantly more challenging due to resistance and complacency.

External forces also play a major role in driving organisational culture change.

Changes in the economic, technological, or competitive environment may compel organisations to revise existing cultural practices. Mergers and acquisitions, in particular, require deliberate cultural management, as the integration of differing organisational cultures often determines the merger's overall success or failure. In such contexts, organisations may retain core cultural values while modifying other aspects to improve efficiency, accountability, and performance orientation.

Managing and changing organisational culture is therefore a complex and continuous process that requires strategic planning, leadership commitment, and employee involvement. Cultural change is rarely a spontaneous event; rather, it unfolds through deliberate managerial interventions and symbolic actions. Although many organisations struggle to achieve successful culture change, systematic and well-planned interventions can increase the likelihood of aligning culture with organisational strategy and long-term objectives. Studies and organisational case analyses show that following the six well-defined steps improves the success of organisational culture change initiatives, reflecting structured change frameworks discussed in organisational change literature.

Step 1: Creating a Sense of Urgency

For organisational culture change to be effective, employees must clearly understand the need for change. Creating a sense of urgency is therefore a critical initial step in the culture change process. This involves communicating to employees why existing ways of thinking and operating are no longer sufficient and why change is essential for organisational survival and future success.

In successful culture change initiatives, organisational leaders actively communicate the organisation's challenges and emphasise

that cultural transformation is a necessary condition for improved performance. By highlighting internal weaknesses and external threats, leaders help employees recognize the seriousness of the situation and the risks of maintaining the status quo. This shared awareness encourages employee acceptance and commitment to the change effort.

A clearly established sense of urgency reduces resistance, increases readiness for change, and mobilizes employees to support cultural transformation. Without such urgency, culture change initiatives are likely to face apathy and opposition, limiting their effectiveness.

Step 2: Changing Leaders and Other Key Organisational Members

Leadership plays a central role in shaping and reinforcing organisational culture, as leaders influence values, priorities, and patterns of behaviour. Consequently, culture change initiatives often require changes at the top management level to introduce a new vision and direction. A change in leadership can signal a clear departure from existing cultural norms and create momentum for transformation.

In addition to leadership changes, organisations may need to address resistance from key managers or influential employees who hinder the change process. Resistance may arise due to self-interest, political considerations, or long-established habits. When such resistance is strong, retaining these individuals in positions of influence can slow down or undermine culture change efforts.

To manage this challenge, organisations may replace resistant leaders and key personnel with individuals who actively support and model the desired cultural values. Appointing managers who visibly endorse and practice the new culture increases credibility,

reduces resistance, and strengthens employee confidence in the change initiative. This strategic realignment of leadership and key roles enhances the likelihood of successful organisational culture change.

Step 3: Role Modelling

Role modelling is the process by which employees adopt attitudes, values, and behaviours demonstrated by organisational leaders. Leaders play a critical role in shaping organisational culture, as their actions serve as powerful signals of acceptable and expected behaviour within the organisation. As a result, employees often align their conduct with that of those in positions of authority.

In the context of culture change, leaders must consistently demonstrate the values and behaviours they seek to promote. When senior leaders actively practice the desired cultural norms—such as innovation, collaboration, or ethical conduct—these behaviours are likely to cascade throughout the organisation. This process strengthens the credibility of the change initiative and encourages employees at all levels to embrace the new culture.

Conversely, when leaders model inappropriate or unethical behaviour, such actions can negatively influence organisational culture. Undesirable behaviours demonstrated at the top are likely to be replicated by employees, thereby undermining cultural integrity and organisational trust. Therefore, effective role modelling by leaders is essential for reinforcing positive cultural change and ensuring long-term organisational effectiveness.

Step 4: Training

Training plays a crucial role in supporting organisational culture change by helping employees understand and adopt new values, norms, and patterns of behaviour. Well-designed training programs equip employees

with the knowledge and skills to align their attitudes and actions with the organisation's desired cultural direction.

In culture change initiatives, training is often used to reinforce new expectations for teamwork, decision-making, ethical conduct, safety awareness, and customer orientation. By exposing employees to new ways of thinking and working, training programs reduce uncertainty and equip individuals to perform effectively within the changing cultural environment.

Effective training also promotes consistency across the organisation by ensuring that employees at different levels share a common understanding of desired behaviors. When training initiatives align with organisational goals, they strengthen employee commitment, improve performance, and contribute to the successful institutionalisation of the new organisational culture.

Step 5: Changing the Reward System

Reward and performance management systems play a decisive role in shaping and sustaining organisational culture. The behaviours that organisations choose to reward or penalize strongly influence employee priorities and reinforce prevailing cultural values. Consequently, modifying reward systems is a critical mechanism for supporting culture change initiatives.

To embed new cultural values, organisations must ensure that rewards, promotions, and recognition are aligned with the desired behaviours. Employees who demonstrate commitment to the new culture should be acknowledged and rewarded, thereby reinforcing the importance of the change and encouraging others to adopt similar behaviours. When reward systems are

inconsistent with cultural objectives, culture change efforts are likely to be undermined.

For example, organisations seeking to promote collaboration and teamwork must design reward structures that recognize collective performance rather than individual outcomes. Team-based incentives and shared rewards are more effective in fostering a cooperative culture. In contrast, individual-based incentives may discourage collaboration and hinder the development of a team-oriented organisational culture.

Step 6: Creating New Symbols and Stories

The effectiveness of organisational culture change can be enhanced by deliberately creating new symbols, rituals, and organisational stories. Symbols and stories serve as powerful communication tools that help employees understand and internalize the new cultural values. They make abstract changes visible and reinforce the organisation's commitment to transformation.

By introducing new rituals, modifying physical symbols, or redefining organisational narratives, management can signal a clear break from past practices and highlight the direction of change. Such symbolic actions help employees interpret the meaning of cultural change and foster a shared understanding of the new organisational identity.

When consistently reinforced over time, new symbols and stories contribute to the institutionalization of the desired culture. They strengthen employee identification with the organisation, support behavioural alignment with new values, and ensure that cultural change is sustained beyond the initial implementation phase.



5.2.3 Strategies for Changing and Sustaining Organisational Culture

Changing and sustaining organisational culture is a complex yet critical task for leaders who wish to align it with strategic goals, improve performance, or respond to changes in the external environment. Effective culture change requires a clear understanding of the existing culture, a vision of the desired culture, and deliberate strategies to move from the current state to the target state.

5.2.3.1 Leadership as a Driver of Change

Leadership plays a central role in shaping and sustaining culture. Leaders act as role models, demonstrating the values and behaviours they wish to instil in the organisation. By consistently communicating expectations, rewarding desired behaviours, and addressing undesired practices, leaders can influence employees to adopt cultural norms aligned with organisational objectives. Transformational leaders, in particular, inspire employees to embrace change by articulating a compelling vision and fostering a sense of purpose.

5.2.3.2 Communication and Employee Involvement

Open and consistent communication is essential for successful culture change. Employees must understand why change is necessary, what the goals are, and how they are expected to contribute. Engaging employees in the change process, through workshops, focus groups, or feedback sessions, encourages ownership and reduces resistance. When employees feel heard and involved, they are more likely to adopt and sustain new cultural practices.

5.2.3.3 Training and Development

Training programs are an effective strategy to embed new cultural values and behaviours. Workshops, seminars, and coaching can help employees develop the skills and mind-sets required to support the desired culture. For example, if an organisation is moving toward a more collaborative culture, training in teamwork, conflict resolution, and communication skills can reinforce the change. Continuous learning initiatives also ensure that employees remain aligned with evolving cultural expectations.

5.2.3.4 Reinforcement through Policies, Procedures, and Rewards

Organisations can sustain culture by embedding desired values into formal systems, policies, and reward mechanisms. Performance appraisal systems, promotion criteria, and recognition programs should reflect and reinforce the behaviours and values that align with the desired culture. Conversely, behaviours inconsistent with the culture must be addressed through clear policies and consistent consequences. This alignment between formal structures and cultural expectations strengthens adherence and long-term sustainability.

5.2.3.5 Monitoring and Feedback

Sustaining culture requires ongoing monitoring and feedback. Regular cultural assessments, employee surveys, and

performance metrics can identify areas where the culture is deviating from desired norms. Feedback mechanisms enable leaders to proactively address gaps and reinforce positive behaviours. Continuous monitoring ensures that culture remains adaptive to internal changes, market dynamics, and organisational growth, preventing drift or erosion of core values. Sustaining culture, therefore, requires not only structural alignment but also ongoing behavioural reinforcement.

Changing and sustaining organisational culture is not a one-time initiative but an ongoing process that requires commitment, consistent effort, and strategic planning. By leveraging leadership, communication, training, reinforcement mechanisms, and continuous feedback, organisations can successfully navigate cultural transformation and maintain a culture that supports performance, innovation, and employee engagement.

Recap

- ◆ Managing and changing organisational culture is essential for aligning it with strategic goals.
- ◆ Culture influences employee behaviour, motivation, and organisational performance.
- ◆ Leaders play a central role in shaping, managing, and sustaining culture.
- ◆ Transformational leadership is effective in inspiring employees to embrace cultural change.
- ◆ Open communication helps employees understand the need for change and reduces resistance.
- ◆ Employee involvement in the change process encourages ownership and acceptance.
- ◆ Training and development programs are key to embedding new cultural

values and behaviours.

- ◆ Workshops, coaching, and seminars help employees develop skills aligned with the desired culture.
- ◆ Reinforcement through policies, procedures, and reward systems strengthens culture.
- ◆ Performance appraisals and promotion criteria should reflect organisational values.
- ◆ Recognition programs encourage behaviours that support the desired culture.
- ◆ Inconsistent behaviours must be addressed through clear policies and consequences.
- ◆ Cultural change is an ongoing process, not a one-time initiative.
- ◆ Regular assessment of culture helps identify strengths and areas needing improvement.
- ◆ Surveys, interviews, and observations are useful tools for cultural assessment.
- ◆ Monitoring and feedback ensure that culture remains aligned with organisational objectives.
- ◆ Sustaining culture requires continuous reinforcement and adaptation to internal and external changes.
- ◆ Leadership commitment is crucial for the success of culture change initiatives.
- ◆ A well-managed culture improves employee engagement, performance, and collaboration.
- ◆ Successful cultural change leads to a strong, adaptive, and high-performing organisation

Objective Questions

1. What is essential to align culture with organisational goals?
2. What influences employee behaviour, motivation, and performance?
3. Who plays a central role in shaping and sustaining culture?
4. Which type of leadership inspires employees to embrace cultural change?
5. What is necessary to help employees understand the need for change?
6. Involving employees in the change process encourages what?
7. What type of programs embed new cultural values and behaviours?
8. Workshops, coaching, and seminars help employees develop what?
9. What reinforces desired behaviours through policies and procedures?
10. Performance appraisals and promotions should reflect what?
11. What type of programs encourage behaviours that support the desired culture?
12. What must be addressed through clear policies and consequences if they are inconsistent?
13. Cultural change is considered what type of process?
14. Regular assessment of culture identifies what?
15. Surveys, interviews, and observations are tools for what?
16. What ensures culture remains aligned with organisational objectives?
17. Sustaining culture requires continuous what?
18. Whose commitment is crucial for successful culture change initiatives?
19. A well-managed culture improves employee engagement and what?
20. Successful cultural change results in a strong, adaptive, and what organisation?

Answers

1. Management
2. Culture
3. Leaders
4. Transformational
5. Communication
6. Ownership
7. Training
8. Skills
9. Reinforcement
10. Values
11. Recognition
12. Behaviours
13. Ongoing
14. Strengths
15. Assessment
16. Feedback
17. Reinforcement
18. Leadership
19. Performance
20. High-performing

Assignments

1. Analyse how leadership style influences the success of organisational culture change initiatives in modern organisations.
2. Evaluate the role of employee involvement and communication in reducing resistance during a culture change process.
3. Compare and contrast the effectiveness of reinforcement mechanisms (policies, rewards, recognition) in sustaining desired cultural behaviours.
4. Examine the challenges organisations face when attempting to change a deeply entrenched culture and suggest possible solutions.
5. Critically assess the impact of cultural change on employee motivation, engagement, and organisational performance.
6. Discuss how continuous monitoring and feedback contribute to the long-term sustainability of organisational culture.
7. Analyse a real-world case (e.g., a company undergoing digital transformation or merger) to illustrate how strategic culture management can support organisational goals.

Reference

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Suggested Reading

1. Cameron, K. S., & Quinn, R. E. (2011). *Diagnosing and changing organisational culture: Based on the competing values framework* (3rd ed.). Jossey-Bass.
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BLOCK

Organisational Change and Development



UNIT

Organisational Change

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ◆ describe the meaning of organisational change.
- ◆ explain Lewin's change model and Kotter's eight-step change model.
- ◆ identify common reasons for resistance to change.
- ◆ discuss strategies to overcome resistance to change.

Prerequisites

No modern organization operates in a stable or predictable environment. Markets shift rapidly, consumer preferences evolve, and new competitors emerge with surprising speed. The smartphone industry is a clear example of this volatility—within just a few years, leading companies have gained and lost significant ground. Brands once considered dominant, such as Nokia or BlackBerry, have seen dramatic declines, while new players like Oppo and other Chinese manufacturers have quickly risen to prominence. These fluctuations remind us that change is not an occasional event but a continuous force shaping organizational life. For organizations to survive and remain competitive, they must adapt—sometimes gradually, sometimes through radical transformation. Understanding the forces that drive change and how planned change can be effectively managed is therefore essential in the study of Organizational Behaviour.

Keywords

Organizational Change, Planned Change, Change Process, Models of Change, Lewin's Change Model, Kotter's Eight-Step Model, Resistance to Change, Causes of Resistance, Overcoming Resistance, Change Management.

Discussion

In response to environmental shifts, organisations face multiple forms of dramatic change, including increased government regulations, shrinking markets, and growing competition in the global marketplace. Many organizations experience mergers, acquisitions, and even hostile takeovers, while others adopt downsizing programmes to reduce costs and improve efficiency. Such changes often have serious psychological and economic effects on employees. In this context, organisational survival and effectiveness depend not on whether change should occur, but on understanding when it is required and how to manage it successfully.

6.1.1 Organizational Change

Organisational change is the process by which an organisation moves from one state of affairs to another in response to internal or external demands. Such change may take various forms, including modifications in organizational structure, strategy, policies, procedures, technology, or culture. Organisational change may be planned and systematically implemented over a long period, or it may be unplanned and occur in response to environmental pressures. The nature of change may be radical, resulting in significant transformation in how the organisation operates, or incremental, involving gradual, continuous improvement. Regardless of its scope or pace, organisational change requires abandoning established ways of working and adjusting to new methods

and practices. Fundamentally, organizational change is a human process that relies heavily on effective people management. It may involve alterations in structure, processes, technology, or culture.

Organisations that respond effectively to change are more likely to remain competitive and remain viable businesses. In contrast, organizations that fail to adapt to changing conditions risk losing their competitive advantage, declining in performance, or even ceasing to exist. For example, Nokia, once a global leader in the mobile phone industry, was unable to adapt quickly to technological changes and evolving consumer preferences, resulting in a significant loss of market share. Understanding the nature of organisational change also requires examining the forces that drive such transformations.

6.1.1.1 Forces for Change

Organisations are influenced by pressures for change from many sources. Because of the increasing complexity of the business environment and the rapid pace of change, it is difficult to predict which specific pressures will be most significant in the future. Nevertheless, it is both possible and essential to identify the broad categories of forces likely to have a major impact on organisations. Among these, the most powerful pressures for change generally arise from five key areas:

- ◆ People

- ◆ Technology
- ◆ Information processing and communication
- ◆ Competition
- ◆ Market conditions

These forces may originate both within the organisation (such as workforce characteristics or technological adoption) and outside the organisation (such as competition or market conditions), highlighting the complex interaction between internal capabilities and external environmental pressures.

◆ **People (Workforce Demographics as a Force for Change)**

One of the most significant forces driving organisational change is the changing nature of the workforce. Variations in age, education, values, expectations, lifestyles, and work attitudes create ongoing pressure on organisations to adapt. Older employees often prefer different types of benefits, flexible work arrangements, and phased retirement options, requiring organizations to modify their human resource policies and employment practices.

At the same time, organisations employ workers from multiple generations, each shaped by distinct social, economic, and technological experiences. Younger generations entering the workforce often display values and expectations that differ from those of older employees. They tend to be more comfortable with technology, value diversity and teamwork, seek flexibility in work roles, and expect meaningful work along with regular feedback and recognition. These generational differences influence recruitment practices, training methods, performance management systems, leadership styles, and workplace culture.

Changes in workforce demographics also affect consumer behaviour and market demand, influencing product design, service delivery, and marketing strategies. In addition, increasing workforce diversity across gender, culture, ethnicity, and family structures has become a global reality. Organisations must therefore create inclusive work environments and adapt their policies on compensation, promotion, work–life balance, and employee well-being.

Furthermore, the modern work environment is characterised by constant and rapid change. Employees are expected to continuously update their skills, adapt to new technologies, and remain productive amid uncertainty. Organizations that fail to address these people-related changes may experience problems such as resistance to change, loss of experienced employees through early retirement, and difficulties in retaining talent. As a result, effective management of workforce demographics has become a critical requirement for successful organizational change.

◆ **Technology as a Force for Organizational Change**

Technological change is a major driver of organisational change. Technological developments are not only continuous but also increasingly rapid, making it difficult for organizations to rely on stable methods of operation over long periods. Tools and systems that were once central to organizational functioning are frequently replaced by more advanced digital technologies, requiring organizations to modify their structures, processes, and work practices.

Advances in information and communication technologies have significantly altered how organizations perform core activities such as coordination, communication, data management, and decision-making. The widespread use of digital devices, networked

systems, and internet-based platforms has transformed both educational and work environments. Consequently, organisations must invest in training and skill development to ensure employees can operate within technologically advanced systems.

Technological change also necessitates adjustments in organizational strategy and culture. The introduction of new technologies often leads to job redesign, restructuring of work units, and changes in authority and responsibility. In many cases, successful technological adoption requires corresponding cultural changes that promote flexibility, learning, and responsiveness. Enhanced information-processing capabilities enable

organisations to respond more quickly to internal problems and external demands, thereby increasing the overall pace of organisational activity.

Furthermore, technological change tends to be cumulative. As organisations adopt new technologies, they generate larger volumes of information and accelerate the speed at which it circulates. This, in turn, accelerates organizational responses and creates additional pressures for further change. Emerging technological innovations continue to reshape organisational functioning in unpredictable ways, reinforcing the need for continuous adaptation.

How Technology Redefined Banking

A few decades ago, banking was closely associated with physical branches, long queues, and fixed working hours, and the idea of transferring money, paying bills, or applying for services without visiting a bank was almost unimaginable. The introduction of computers, internet banking, and later smartphones fundamentally changed this traditional view. Suddenly, a small handheld device enabled customers to conduct financial transactions from their homes or workplaces at any time. This technological shift forced banks to transform their organizational structures and service models. Routine transactions moved from counters to digital platforms, job roles evolved, and employees had to develop new technological skills. At the same time, customer expectations for speed, convenience, and accessibility increased. This example illustrates how technological advancements can redefine established practices and create continuous pressure for organizational change.

◆ Information Processing and Communication

Advances in information processing and communication represent a major driver of organizational change. Modern technologies have significantly increased the speed and volume of data generation, storage, and transmission, enabling organizations to operate more efficiently and make faster decisions. Portable digital devices now combine computing, communication, and

multimedia functions, enabling employees to work from virtually anywhere. This technological convergence has also enabled the rise of social networking platforms, which have transformed how people connect, collaborate, and share information, both personally and professionally. Organizations leverage these platforms for marketing, recruitment, research, and customer engagement, thereby changing traditional business practices.

The increasing flexibility in work arrangements is another consequence of advances in information processing and communication. Employees no longer require fixed offices or desks to perform their jobs, as virtual communication and collaboration tools allow remote work and flexible scheduling. Organisations are adapting by redesigning office spaces to include shared workstations, communal areas, and unassigned seating, thereby reducing costs and encouraging collaboration. At the same time, the widespread ability to process and transmit data electronically has optimized operations such as order processing, customer service, and supply chain management, replacing slower, manual methods. Overall, advances in information processing and communication are reshaping organisational structures, work practices, and employee interactions, underscoring the critical need for organisations to continually adapt to remain competitive.

◆ Competition

Today, most markets are global, influenced by declining transportation and communication costs, trade agreements, and international organisations such as the World Trade Organisation (WTO). Organizations are no longer competing only with local or national firms; they face competitors from both industrialized and rapidly developing countries, often benefiting from lower labour costs, abundant resources, specialized expertise, and government support. The rapid emergence of new competitors is further accelerated by digital technologies and the Internet, which allow companies to enter markets virtually overnight with innovative, higher-quality, or more cost-effective products.

Technological advancement and consumer expectations have intensified competitive pressures across industries. For example, the smartphone industry illustrates how

competition now involves multiple layers, including hardware manufacturers, software platforms, service providers, and carriers. Organizations must continuously innovate, develop new combinations of products and services, and ensure compatibility and performance across platforms to meet increasingly complex consumer demands. The speed of product development and innovation, coupled with the global nature of markets, requires firms to be highly adaptive and responsive.

Overall, competition in the twenty-first century is multidimensional, involving rapid technological innovation, global market dynamics, and constantly evolving consumer expectations. Organizations that succeed must continuously monitor competitors, anticipate market changes, and implement adaptive strategies to maintain competitiveness and ensure long-term sustainability.

◆ Market Conditions

Changes in market conditions can create significant pressure on organisations to adapt. Fluctuations in demand, shifts in consumer preferences, and cost variations often require companies to adjust their strategies, operations, and service offerings.

Environmental changes, however, do not automatically lead to organisational change. The extent to which an organization adapts depends on the perception and decisions of its managers and leaders. Organizations that monitor their external environment, anticipate trends, and respond proactively are more likely to navigate market fluctuations and maintain their competitive position successfully. Therefore, understanding and responding to changes in market conditions is a critical component of effective organizational strategy and long-term sustainability.

6.1.1.2 Processes of Planned Organizational Change

While external forces can impose change on an organization, the most effective organizations do not merely react to such pressures; instead, they anticipate and proactively prepare for change. Planned change differs from emergent change in that it is deliberate and strategically directed. Planned organisational change refers to deliberate, systematic efforts to incorporate anticipated changes into organisational strategy and day-to-day operations. This process involves a careful assessment of both the internal and external environment, identification of areas requiring modification, and the formulation of appropriate strategies to implement change effectively. Through planned change, organizations aim to improve effectiveness, adaptability, and long-term sustainability rather than responding in an ad hoc or reactive manner. To guide managers in implementing planned change effectively, scholars have proposed several theoretical models that explain how organizational change unfolds.

6.1.2 Models of Organizational Change

Organizational change can be understood and analysed through different theoretical perspectives or models. From a static perspective, change is viewed as a structured, sequential process that unfolds through distinct stages. Models adopting this perspective, such as Lewin's model of change, emphasize clearly defined steps that guide organizations through the change process. In contrast, from a dynamic perspective, change is seen as an ongoing and continuous process in which organizations constantly adapt and evolve in response to internal developments and external environmental pressures. These models highlight flexibility, learning, and continuous adjustment rather than fixed stages.

6.1.2.1 Lewin's Change Model

Most contemporary models of organizational change have their roots in the pioneering work of social psychologist Kurt Lewin (1947), who proposed a structured approach to planned change. His model conceptualizes change as a psychological and behavioural process. Lewin's three-stage model explains how organizations can initiate, manage, and stabilize the change process. The three stages are unfreezing, changing, and refreezing.

Unfreezing is the first stage, focused on motivating change. This stage involves helping employees recognize that existing practices are inadequate or suboptimal. Organizations often use data such as employee or customer satisfaction metrics, market share trends, or competitor performance to demonstrate the need for change. By highlighting gaps or opportunities, leadership can raise awareness and create a sense of urgency that encourages employees to move beyond established routines. For example, such processes have been applied by organizations managing technological or structural transitions.

The changing stage is where the actual transition occurs. This stage involves learning new behaviours, adopting new processes, implementing new technologies, or adjusting existing work methods. Change can target a variety of objectives, including improving organizational performance, resolving specific problems such as low productivity or poor customer service, or supporting growth and development. Managers must carefully identify the desired outcomes and ensure that change initiatives are aligned with these goals. Tools such as the Organizing Framework for Understanding and Applying Organizational Behaviour can help identify specific targets or areas for intervention.

Refreezing is the final stage, aimed at

stabilizing and reinforcing the new behaviours or processes. The goal is to integrate the change into everyday practices so that it becomes part of the organizational culture. Managers can support this stage by allowing employees to practice the new behaviours, providing continuous reinforcement through recognition, feedback, or rewards, and role-modelling the desired changes themselves. Positive reinforcement early in the process helps link new behaviours with tangible outcomes, while consistent leadership behaviour encourages employees to adopt and maintain the change over time.

Overall, Lewin's model emphasizes that successful organizational change requires careful preparation, active participation during the transition, and deliberate reinforcement to ensure that changes are sustained and embedded within the organization.



6.1.2.2. Kotter's Eight-Step Model of Change

Building on Kurt Lewin's three-stage model of change, John P. Kotter (1996) of Harvard Business School proposed a more detailed and practical framework for managing organisational change. Kotter observed that many change initiatives fail not because the change itself is inappropriate, but because managers commit predictable errors during implementation. These errors include failing to create a strong sense of urgency, failing to form a powerful group to lead the change, lacking a clear vision, poor communication, and neglecting to embed changes into the organisational culture. Managers may also overlook obstacles that hinder progress, fail

to generate short-term successes, or prematurely assume that the change effort has been completed.

To address these common shortcomings, Kotter developed an eight-step sequential model designed to guide organisations through successful change implementation.

The Eight Steps of Kotter's Change Model

1. Establish a Sense of Urgency

The change process begins by creating awareness of the need for change. Managers must clearly communicate why change is necessary and highlight potential risks or opportunities to motivate employees to move away from the status quo.

2. Form a Powerful Guiding Coalition

Change requires strong leadership. A group of influential individuals with sufficient authority, expertise, and credibility should be formed to lead and support the change initiative.

3. Create a Vision and Strategy for Change

A clear and compelling vision provides direction and purpose. This vision should outline the desired future state of the organisation and be supported by realistic strategies for achieving it.

4. Communicate the Vision

The vision must be communicated consistently and effectively across all levels of the organisation. Leaders should use multiple channels and lead by example to ensure that employees understand and accept the change.

5. Empower Employees to Act on the Vision

Barriers to change, such as rigid structures, outdated systems, or resistant attitudes, must be removed. Employees should be

encouraged to take initiative, experiment with new ideas, and engage in creative problem-solving.

6. Generate Short-Term Wins

Planning for visible and achievable short-term successes helps build momentum. Recognising and rewarding these wins reinforces commitment and demonstrates that the change effort is producing positive results.

7. Consolidate Gains and Sustain Momentum

After achieving initial successes, organisations should build on them by refining strategies, introducing additional changes, and avoiding complacency. Continuous evaluation ensures that improvements are strengthened rather than reversed.

8. Anchor New Approaches in Organisational Culture

For change to be lasting, new behaviours and practices must be integrated into the

organisational culture. Leaders should clearly link the change outcomes to organisational performance and long-term success.

Relationship with Lewin's Model

Kotter's model can be understood as an extension of Lewin's three-stage framework. The first four steps correspond to Lewin's *unfreezing* stage, where the organisation is prepared for change. Steps five through seven represent the *change* phase, during which new behaviours and processes are implemented. The final step aligns with *refreezing*, ensuring the change becomes a stable, permanent part of the organisation.

Overall, Kotter's key contribution lies in offering managers and change agents a detailed, action-oriented roadmap for effectively planning, implementing, and sustaining organisational change.



6.1.3 Resistance to Change

Resistance to change is a natural human response. People often view change as threatening because it challenges their

comfort zones, routines, and even their sense of competence. Even when employees are presented with evidence that change is necessary, they may selectively focus on information that supports the status quo.

When individuals feel anxious or negative about a proposed change, they may respond by avoiding the issue, taking more sick leave, or even leaving the organization. Such reactions drain valuable energy from the organization—precisely when collective strength is needed.

Resistance does not come only from lower-level employees. Managers, too, may push back against changes suggested by subordinates, especially when their attention is fixed on short-term performance. In contrast, leaders who emphasize learning and exploration are far more open to new ideas and willing to adopt necessary improvements.

Importantly, resistance is not always harmful. Sometimes it encourages healthy discussion, debate, and critical evaluation. Compared to silence or disengagement, open resistance may indicate that employees are involved in the process. This allows change agents to clarify the purpose of the change, address concerns, and adjust strategies based on feedback.

Resistance can take different forms. It may be overt and immediate, such as open complaints, reduced work pace, or the threat of a strike. These forms are easier to identify and address. More challenging are implicit or deferred forms of resistance—such as falling motivation, increased absenteeism, or avoidable errors. These reactions are subtle and can appear long after the change is introduced, making it difficult to connect them directly to the original change effort. Sometimes a minor change becomes the “final straw” because earlier resistance had been suppressed and accumulated over time.

Sources of resistance can be grouped into individual factors—such as personal habits, perceptions, personality traits, and unmet needs—and organisational factors stemming from the organisation’s structural and cultural features.

Finally, it is important to remember that not all change is inherently beneficial. Rapid or transformational change carries significant risks. Acting too quickly may lead to poor decisions, and sometimes those who initiate change may underestimate its true impact or cost. Effective change agents, therefore, need to think strategically, anticipate consequences, and guide the organization through change with balanced judgment.

6.1.3.1 Sources of Resistance to Change

Resistance to organisational change arises from two broad categories: individual and organisational sources. Each category reflects different psychological and structural factors that influence responses to change.

A. Individual Sources of Resistance

1. Habit

Individuals rely on habitual patterns of behaviour to manage daily work efficiently. When change disrupts these established routines, employees may resist because familiar methods feel safer and require less effort.

2. Need for security

Employees with a strong need for stability and job security may perceive change as a threat to their safety. Fear of losing one’s position, role clarity, or status can increase resistance.

3. Economic factors

Changes in job roles, work methods, or performance expectations may raise concerns about reduced income, incentives, or promotions. Resistance is particularly strong when pay and rewards are closely linked to productivity.

4. Fear of the unknown

Change often replaces known situations with uncertainty. Lack of clarity about future roles, expectations, or outcomes can create anxiety, leading employees to resist change.

5. Selective information processing

Individuals tend to interpret information in ways that support their existing beliefs. They may ignore or reject information that challenges their current perceptions, thereby reinforcing resistance to change.



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B. Organizational Sources of Resistance

1. Structural Inertia

Organizations are designed with rules, procedures, and formal structures to maintain stability. These built-in mechanisms can slow down or oppose change efforts.

2. Limited Focus of Change

Organizations consist of interdependent subsystems. When change targets only one part of the organisation, other parts may resist or neutralise it to maintain overall balance.

3. Group Inertia

Even when individuals are willing to change, group norms and collective expectations may discourage new behaviours.

Social pressure within groups can thus resist change.

4. Threat to Expertise

Organizational changes may reduce the value of specialized skills or knowledge held by certain employees or groups. This perceived loss of expertise can lead to resistance.

5. Threat to Established Power Relationships

Changes that alter authority, control over resources, or decision-making roles can threaten existing power structures, resulting in resistance from those who benefit from the current system.

6.1.4. Overcoming Resistance to Change

Change agents can use several strategies to reduce or manage resistance. Eight commonly recommended tactics are outlined below.

1. Communication

Open, honest, and timely communication is crucial during periods of change. When organizations clearly explain the reasons for change and address the concerns of different stakeholders—employees, customers, communities, and shareholders—people are more likely to support the process. Research shows that formal information sessions can reduce employee anxiety, while high-quality, transparent communication increases commitment to the change effort.

2. Participation

People are less likely to resist changes they help create. When employees are involved in planning or decision-making—and have the relevant expertise—their involvement increases ownership, commitment, and the likelihood of developing a sound solution. However, participation can also

be time-consuming and may lead to lower-quality decisions if contributors lack the necessary skills.

3. Building Support and Commitment

Employees with low emotional commitment to change often prefer maintaining the status quo. Strengthening organizational commitment and providing emotional support can reduce such resistance. Training, counselling, or short paid leaves may help employees cope with fear or anxiety triggered by major changes.

4. Developing Positive Relationships

Trust in leadership plays a major role in accepting change. Employees who have positive relationships with their supervisors—and who feel supported and safe in their work environment—respond more constructively to change. Even individuals who usually resist new ideas may show greater acceptance when they trust the change agent and feel encouraged by colleagues.

5. Implementing Change Fairly

Perceptions of fairness strongly shape reactions to change. Employees are more likely to support change when they believe the process is consistent, transparent, and based on clear reasoning. Fair procedures help reduce resistance, even when outcomes are negative. However, some resistance is inevitable, especially when employees feel their autonomy is affected.

6. Manipulation and Co-optation

Manipulation involves covert attempts to influence others, such as selectively presenting information or spreading unfounded

threats. Co-optation combines manipulation with participation by giving key resisters symbolic roles to gain their endorsement. Though inexpensive and sometimes effective, both tactics carry significant risks—if employees realize they are being used, the credibility of the change agent may be lost entirely.

7. Selecting People Who Accept Change

Some individuals naturally adapt to change more easily. People who are emotionally stable, confident, flexible, and willing to take risks tend to adjust better during transitions. High general mental ability also supports learning and adaptation. Similarly, teams with strong learning motivation, high cognitive ability, and collectivistic values demonstrate better adaptability. Selecting such individuals or forming such teams can help organizations implement change more smoothly.

8. Coercion

Coercion involves applying direct pressure or threats to force compliance—such as warnings about transfers, withheld promotions, or negative evaluations. It can be effective in the short term, especially when consequences are visibly enforced. However, like manipulation, coercion can damage trust, morale, and long-term cooperation if overused or perceived as unfair.

Because many organizational changes involve complex human and behavioural dynamics, organizations increasingly rely on systematic approaches such as Organizational Development to manage change more effectively.

Recap

- ◆ Organizational change is the process of moving from the current state to a desired future state to improve effectiveness.
- ◆ Change can be driven by internal factors, such as leadership shifts or innovation initiatives.
- ◆ External factors, like competition, technology, or regulations, also drive organizational change.
- ◆ Change may be planned, with deliberate strategies, or unplanned, arising from unexpected events.
- ◆ Effective change requires clear objectives, leadership support, and employee engagement.
- ◆ Resistance to change is a natural human reaction to perceived threats or disruptions.
- ◆ Employees may resist change because it challenges their routines, comfort zones, or sense of competence.
- ◆ Resistance can appear as active opposition, passive non-compliance, or subtle behaviours like decreased productivity.
- ◆ Managers can also resist change, especially when focusing on short-term performance.
- ◆ Resistance is not always harmful; it can encourage discussion, critical evaluation, and improvement of change strategies.
- ◆ Sources of resistance include individual factors, such as habits, perceptions, personality, and unmet needs.
- ◆ Organizational factors, like structure, culture, and processes, also contribute to resistance.
- ◆ Strategies to overcome resistance include effective communication that explains the rationale and benefits of change.
- ◆ Employee participation in planning and implementing change increases ownership and reduces resistance.

- ◆ Training and development equip employees with the skills needed to adapt to new processes or roles.
- ◆ Support systems, such as coaching, mentoring, and counselling, help employees cope with stress during transitions.
- ◆ Reinforcement through recognition, rewards, and consistent follow-up encourages adoption of new behaviours.
- ◆ Lewin's Three-Step Model emphasizes unfreezing the status quo, moving to the desired state, and refreezing new behaviours.
- ◆ Kotter's Eight-Step Model provides a detailed framework for implementing change, including creating urgency, building coalitions, and anchoring changes in culture.
- ◆ Successful change management balances strategic planning, employee engagement, and continuous monitoring to ensure sustainable adaptation.

Objective Questions

1. What is the process of moving an organization from its current state to a desired future state?
2. Which type of change arises from deliberate strategies?
3. Which type of change arises unexpectedly?
4. What is required from leadership for effective change?
5. What is a natural human reaction to perceived threats during change?
6. In what form can resistance manifest as subtle behaviour apart from active opposition?
7. Which employee perception is often challenged during change?
8. Why is resistance sometimes helpful for encouraging improvement?
9. What individual factor, along with personality, contributes to resistance?
10. What organizational factor, along with structure, contributes to resistance?

11. What is crucial for explaining the rationale and benefits of change?
12. What does involving employees in planning and implementation increase?
13. What do training and development help employees acquire?
14. What do support systems like coaching help employees cope with?
15. What does reinforcement through recognition and rewards encourage?
16. What is the third stage in Lewin's model after unfreezing and movement?
17. What does Kotter's model emphasize forming after creating urgency?
18. Whom does Kotter's model focus on empowering through communicating vision?
19. What does continuous monitoring ensure during organizational change?
20. What does successful change management ensure adaptation by, along with individuals?

Answers

1. Change
2. Planned
3. Unplanned
4. Commitment
5. Resistance
6. Withdrawal
7. Security
8. Improvement
9. Attitudes
10. Culture

11. Communication
12. Acceptance
13. Skills
14. Stress
15. Performance
16. Refreezing
17. Coalition
18. Employees
19. Alignment
20. Organization

Assignments

1. Analyse the role of leadership in successfully implementing organizational change and reducing resistance.
2. Evaluate the impact of individual and organizational factors on employee resistance during change initiatives.
3. Compare and contrast Lewin's Three-Step Model and Kotter's Eight-Step Model in managing organizational change.
4. Discuss the effectiveness of communication and employee participation as strategies to overcome resistance to change.
5. Examine how support systems, such as training and mentoring, help employees adapt to new processes and behaviours.
6. Critically assess the risks and benefits of using manipulation, coercion, or cooptation as strategies to manage resistance.
7. Analyse a real-world example of organizational change, identifying sources of resistance and evaluating how the change was successfully or unsuccessfully managed.

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UNIT

Organisational Development

Learning Outcomes

Upon completion of the unit, the learner will be able to:

- ◆ describe the main features of organisational development
- ◆ explain the objectives of organisational development
- ◆ identify basic organizational development methods like sensitivity training, survey feedback, and process consultation
- ◆ apply simple organizational development ideas to workplace situations

Prerequisites

Contemporary organizations operate in environments marked by constant movement rather than stability. Economic shifts, evolving market expectations, technological innovations, and regulatory changes continually reshape how organizations function. As these forces interact with internal structures and human systems, organisations must modify their goals, processes, and patterns of behaviour. While the intensity of such changes differs across organizations, the need to adjust and respond is universal.

Many organizational changes arise from external pressures, while others emerge from internal demands such as growth, restructuring, or the pursuit of improved performance. The speed and complexity of these changes often challenge traditional managerial approaches, making it essential to adopt more systematic, people-centred methods for managing transformation. In this context, Organisational Development has emerged as an important discipline that draws on behavioural science to support organisations in navigating change effectively. In other words, it emerged to address the human challenges associated with change.

Organizational Development emphasizes planned and continuous improvement by aligning organizational processes with human capabilities. Its focus extends

beyond short-term efficiency to include the long-term development of individuals, groups, and the organization as a whole. By strengthening adaptability, learning, and collaboration, OD enables organizations to respond constructively to changing demands while fostering the growth and well-being of their members.

Keywords

Organizational Development, Planned Change, Sensitivity Training, Survey Feedback, Process Consultation, Team Building, Appreciative Inquiry

Discussion

Organizational development (OD) is a planned initiative, often led by process specialists, designed to help an organization strengthen its diagnostic skills, coping mechanisms, and linkage strategies through both temporary and semi-permanent systems, as well as by nurturing a culture of mutuality. OD focuses on behavioural and relational aspects rather than purely structural modifications.

Definition

Organization development is ‘a system-wide application of behavioural science knowledge to the planned development and reinforcement of organizational strategies, structures, and processes for improving organizational effectiveness’ (Griffin, 2019). Three key points make the concept of organizational development simple to understand and apply.

First, Organizational development involves planned organizational changes, which rules out spontaneous or random initiatives.

Second, the goal of organizational development is to improve organizational effectiveness. This means it does not

include changes that merely copy another organization, are imposed by external pressures, or are done just for the sake of change.

Third, any planned improvement must be grounded in knowledge from the behavioural sciences—such as organisational behaviour, psychology, sociology, and cultural anthropology—rather than on financial or technological factors alone.

For example, replacing manual personnel records with a computerized system would not count as organizational development. Although this change affects behaviour, it is driven by technology rather than behavioural insights. Similarly, modifications in record-keeping to comply with government mandates are also not organizational development, as they are externally imposed rather than intentionally planned for organizational improvement.

◆ The Organization Development Process

Organization development is a comprehensive and ongoing process that requires careful planning and sustained effort. The design and implementation of organisational

development initiatives often span a year or more, and in many cases, the process continues indefinitely as organisations strive for continuous improvement. Organizational Development seeks to move an organization from its current state to a desired future state. This transition involves a systematic diagnosis of existing conditions followed by the implementation of appropriate action interventions. Even after interventions are introduced, the process does not end; continuous evaluation of outcomes and reinforcement of progress are essential to sustain change. This cyclical process is commonly referred to as action research.

Although organization development can be approached in various ways, a complete organizational development program generally includes a series of interrelated steps that together form an integrated process. These Steps involve; diagnosis, data collection, data feedback, action planning, OD interaction, & Evaluation & follow-up. Because these steps are part of a unified framework, organizations must apply them comprehensively to realize the full benefits of organizational development. When only selected steps—such as diagnosis or team building—are implemented in isolation, the results are often limited and may lead to disappointment. In contrast, applying the entire organisational development process systematically can produce substantial and lasting improvements.

6.2.1. Characteristics of Organization Development

Several key characteristics of organization development are implicit in its conceptual framework, particularly its emphasis on a systems orientation. Many of these characteristics are consistent with the major themes of organizational behaviour discussed earlier. While certain aspects of OD differ significantly from traditional approaches to organisational change, it has increasingly

shaped how change programs are designed, implemented, and communicated in modern organisations.

6.2.1.1 Humanistic Values

Organization Development initiatives are grounded in humanistic values, reflecting positive assumptions about employees' capacity and motivation for growth. OD is based on the belief that organizations can become effective and self-renewing only when employees are willing to develop their skills and enhance their contributions. Such growth is most likely to occur in an organizational climate that promotes collaboration, open communication, interpersonal trust, shared power, and constructive confrontation. These values form the foundation of OD efforts and help ensure that organizations remain responsive to human needs while pursuing organizational goals.

6.2.1.2 Use of a Change Agent

Organization development programs typically involve one or more change agents whose responsibility is to initiate, facilitate, and coordinate the change process. Acting as catalysts, change agents stimulate change within the organization while maintaining a degree of independence from the system. Change agents may be internal or external, though they are most often external consultants. External change agents bring advantages such as objectivity, exposure to diverse organizational experiences, and freedom from internal hierarchies and political influences.

To balance their limited familiarity with the organisation, external consultants often work alongside an internal coordinator, typically from the human resources department. Together, they collaborate with line managers, forming a three-way partnership that combines external expertise, internal knowledge, and managerial authority.

In some organisations, particularly large ones, in-house OD specialists who are trained may perform this role, working directly with managers to support continuous improvement initiatives.

6.2.1.3 Emphasis on Problem Solving

A central feature of organisation development is its strong-emphasis on problem-solving. OD trains participants to identify and address real, relevant problems they encounter in their work environments. Because these issues directly affect employees, they tend to generate high levels of involvement and commitment. OD commonly employs a systematic approach in which participants identify organizational problems, collect and analyse data, implement corrective actions, evaluate outcomes, and make necessary adjustments.

This recurring cycle of inquiry and action—referred to as action research or action science—uses research findings to guide interventions while simultaneously generating new data for further improvement. Through participation in action research, employees learn how to learn from their experiences, enabling them to address future problems independently. This learning process exemplifies double-loop learning, in which individuals not only correct errors but also examine and modify underlying assumptions and practices.

6.2.1.4 Interventions at Multiple Levels

The overarching goal of organization development is to build organizations that are capable of continuous learning, adaptation, and improvement. OD achieves this by recognising that organisational problems may arise at multiple levels, including the individual, interpersonal, group, intergroup,

and organisational levels. Accordingly, a comprehensive OD strategy is developed using one or more interventions, which are structured activities designed to enhance individual and group effectiveness.

These interventions may be classified by their primary focus, such as individual-level interventions (e.g., career planning and skill development) or group-level interventions (e.g., team building). Another way to categorize interventions is by distinguishing between those that focus on task-related aspects of work—what people do—and those that address process-related aspects, that is, how people work together and interact.

One OD intervention approach that has gained considerable attention is appreciative inquiry. This method intentionally shifts focus away from problems, deficiencies, mistakes, and blame. Instead, it encourages individuals and groups to explore strengths, successes, and positive experiences by reflecting on questions such as what is already working well, which practices can be strengthened, what values are most important, and what aspirations exist for the organization or work unit. Appreciative inquiry is based on the understanding that people are energized by success and motivated by the recognition and celebration of achievements. By emphasizing positive experiences, this strengths-based approach allows constructive momentum to spread throughout the organization.

6.2.1.5 Contingency Orientation

Organization development is typically described as contingency-oriented. Rather than relying on a single method or a fixed set of techniques, OD practitioners adopt a flexible, pragmatic approach, selecting and adapting interventions to the specific needs of the organisation. Diagnosis plays a crucial role in determining appropriate actions, and alternative strategies are openly considered rather than imposing a single

“best” solution.

6.2.2. Objectives of Organizational Development

Organisational development (OD) aims to achieve planned, systematic change to improve an organisation’s overall functioning. The objectives of OD aim to enhance both organizational effectiveness and employee well-being. The major objectives are as follows:

1. To improve organizational effectiveness
OD seeks to enhance the organisation’s ability to achieve its goals by improving productivity, work quality, adaptability, and long-term performance.
2. To develop a healthy organizational culture
OD aims to create a culture characterized by trust, openness, collaboration, mutual respect, and effective communication among members.
3. To enhance employee well-being and satisfaction
A key objective of OD is to improve the quality of work life by addressing employee needs, motivation, job satisfaction, and personal growth.
4. To facilitate planned change and adaptability
OD helps organizations respond effectively to internal and external changes by developing flexibility, innovation, and readiness for change.
5. To improve interpersonal and group relationships
OD focuses on strengthening teamwork, cooperation, and conflict management, thereby improving relationships at

individual, group, and intergroup levels.

6. To encourage participative management

OD promotes employee involvement in decision-making, problem-solving, and goal-setting, thereby increasing commitment to and ownership of organisational goals.

7. To develop leadership and managerial effectiveness

OD enhances leadership skills such as communication, problem solving, coaching, and facilitation to support effective change and development.

8. To improve problem-solving and decision-making processes

Through techniques such as action research and feedback, OD helps organisations accurately diagnose problems and develop effective solutions.

9. To align individual goals with organizational goals

OD strives to integrate individual aspirations with organisational objectives, enabling both employees and the organisation to grow together.

10. To promote continuous learning and renewal

OD encourages continuous learning, self-renewal, and innovation to ensure long-term organizational sustainability.

6.2.3. Modes of organizational development

Organizational Development uses a variety of structured interventions to improve organizational effectiveness and strengthen interpersonal and group processes. These interventions are typically designed to enhance

communication, collaboration, problem-solving, and adaptability within organizations. This section discusses several widely used people-oriented organizational development interventions, including sensitivity training, survey feedback, process consultation, team building, intergroup development, and appreciative inquiry.

6.2.3.1 Sensitivity Training

Sensitivity training is one of the earliest organizational development interventions aimed at changing individual attitudes, interpersonal behaviour, and group processes. It is known by several names, including laboratory training, encounter groups, and training groups or T-groups. The basic assumption underlying sensitivity training is that individuals often lack awareness of how their behaviour affects others, and that increased self-awareness can lead to more effective interpersonal relationships and improved organizational functioning. Many contemporary organizational interventions, such as diversity training, executive coaching, and team-building programs, are rooted in the principles originally developed through sensitivity training.

In traditional sensitivity training programs, small groups of participants were brought together in an open, informal, and unstructured environment. Unlike conventional training programs that follow a fixed agenda or curriculum, sensitivity training deliberately avoided predetermined content. Instead, participants were encouraged to discuss their feelings, perceptions, attitudes, and reactions as they emerged during group interaction. A trained behavioural scientist or facilitator was present but did not act as a formal leader. The role of the facilitator was to create a psychologically safe environment, encourage open communication, and help participants reflect on their experiences without directing the discussion.

The learning process in sensitivity training is described as process-oriented rather than task-oriented. This means that participants learn by observing their own behaviour and others', by receiving feedback from group members, and by reflecting on group dynamics as they unfold. Through this experiential learning process, individuals become more aware of their communication styles, emotional responses, leadership tendencies, and the impact of their behavior on others. Such insights can lead to improved empathy, better listening skills, greater openness to feedback, and more effective interpersonal relationships in the workplace.

Sensitivity training is particularly useful in helping individuals understand issues related to trust, power, conflict, and group norms. By openly examining these dynamics within the group, participants gain a deeper understanding of how similar processes operate in their actual work environments. This increased awareness can contribute to improved collaboration, reduced interpersonal conflict, and more constructive problem-solving within organizations.

However, sensitivity training also has limitations and risks. Because the groups are highly unstructured, participants may experience discomfort, anxiety, or emotional stress, especially if sensitive personal issues arise. If the facilitator lacks sufficient skill or if the group environment is not adequately supportive, the experience can become confusing, intimidating, or even damaging to work relationships. For this reason, modern organizational development practices emphasize careful planning, ethical considerations, skilled facilitation, and clear boundaries when using sensitivity-based approaches.

Overall, sensitivity training played a foundational role in the development of organizational development as a field. Although it is used less frequently in its original form today, its core principles of

self-awareness, feedback, and experiential learning continue to influence a wide range of contemporary organizational change and development interventions.

6.2.3.2 Survey Feedback

Survey feedback is an organizational development technique that serves as the foundation for a planned change process. In this approach, data are collected from employees, analysed, summarized, and then returned to those who provided the information so that organizational problems can be identified, discussed, and addressed. The process is usually initiated by top management or by a management consultant, who acts as a change agent and coordinates data collection, analysis, and presentation. By revealing employees' beliefs and attitudes, survey feedback helps management diagnose organizational issues and plan appropriate interventions.

Survey feedback in organization development differs from traditional attitude surveys in important ways. In an OD context, survey results are shared with employees at all organizational levels and are used collectively by work groups to identify and solve problems. In contrast, traditional attitude surveys are typically reviewed only by top management, which may or may not take action based on the findings.

The survey feedback process generally follows three stages. During the data-gathering stage, the change agent conducts interviews with selected employees across organisational levels to identify key issues. Based on this information, a questionnaire is developed and distributed to a large sample of employees. The survey may use standardized instruments, organization-specific questions, or a combination of both. The collected data are analysed and summarized by department or work group to maintain respondent anonymity, and the results are

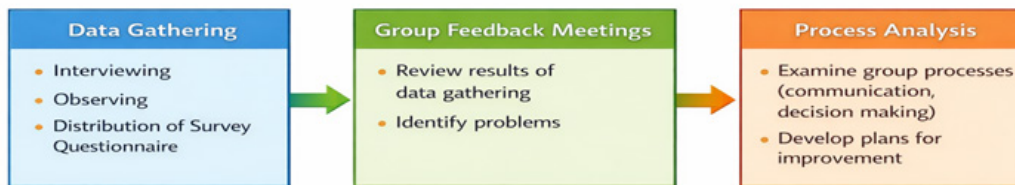
prepared for feedback sessions.

Feedback meetings usually involve two or three hierarchical levels and are conducted sequentially, beginning with top management and moving through the organisation. These sessions are typically led by group managers rather than the consultant to transfer ownership of the data to the work groups. During the sessions, participants review profiles of group attitudes related to work, leadership, communication, and other relevant areas, and discuss the underlying reasons for the survey results.

The final stage, process analysis, focuses on how the group makes decisions, communicates, and accomplishes its work, often with the consultant's guidance. This stage is sometimes neglected as groups focus solely on survey results. However, process analysis is critical because it leads to concrete action plans for improvement. Multiple sessions may be required to fully explore issues, document agreed-upon strategies, and assign responsibility for implementation. Follow-up assessments, including additional surveys conducted months later, help determine whether meaningful improvements have occurred.

Survey feedback is among the most widely used organisational development interventions. Its effectiveness depends on the careful execution of each stage. If any stage is skipped or poorly implemented, the value of the entire process is reduced. Therefore, a key responsibility of the consultant or change agent is to ensure that the method is carried out thoroughly and consistently.

Survey Feedback Process



6.2.3.3 Process Consultation

Process consultation is an organization development technique used when managers sense that their unit's performance can be improved but are unable to clearly identify what needs to be changed or how to make those improvements. The primary purpose of process consultation is to help a client, usually a manager, better understand the ongoing processes within the work unit. This is achieved through a collaborative relationship between the consultant and the client, in which both parties work together to interpret what is happening in the organization and jointly decide on appropriate courses of action. The processes examined may include workflow patterns, informal relationships among employees, and formal communication channels.

Process consultation shares some similarities with sensitivity training, particularly in its focus on interpersonal relationships and active involvement. However, it differs in important ways. Process consultation is more task-oriented and directly linked to improving work performance. Rather than diagnosing problems and prescribing solutions, the consultant acts as a guide or coach, helping the client analyse situations and discover solutions independently. The consultant provides insights and learning but does not take responsibility for solving the organisation's problems.

A key feature of process consultation is skill development. Through joint diagnosis and discussion, the client learns how to observe, interpret, and evaluate group and organizational processes. This enables the manager to continue identifying and addressing issues even after the consultant's involvement has ended. Because the client plays an active role in both diagnosing problems and developing solutions, the client gains a deeper understanding of the issues and the rationale behind the chosen actions. This participative approach also reduces resistance to change, as the action plans are co-created rather than imposed from the outside.

Overall, process consultation enhances organizational effectiveness by building the client's capacity to understand and manage interpersonal and task-related processes, fostering long-term learning and self-reliance within the organization.

6.2.3.4. Team Building

Team building has become increasingly important as modern organisations rely more heavily on teams to accomplish work. Team building is an organizational development intervention that uses high levels of interaction among group members to strengthen trust, openness, and cooperation, improve coordination, and enhance overall team performance. The focus of team building is primarily at the intragroup level, meaning

it concentrates on interactions within organizational families or command groups, as well as within committees, project teams, self-managed teams, and other task-oriented groups.

Team-building efforts typically involve several key activities. These include setting clear and shared team goals, developing positive interpersonal relationships among team members, and analysing roles to clarify individual responsibilities and expectations. In addition, team process analysis is often used to examine how the team communicates, makes decisions, resolves conflicts, and coordinates its work. Depending on the objectives of the development effort and the specific challenges the team faces, certain activities may be emphasised over others.

At its core, team building relies on active participation and meaningful interaction among team members to promote trust and openness. By encouraging honest communication and mutual understanding, team building helps teams' function more effectively and adapt to changing organizational demands. Given the growing reliance on teams in contemporary organisations, team building has become a critical area of organisational development and a key contributor to organisational effectiveness.

6.2.3.5 Intergroup Development

Intergroup development addresses one of the major concerns in organizational development, namely, dysfunctional conflict between groups within an organization. It focuses on improving relationships among groups by changing attitudes, stereotypes, and perceptions. The approach is similar in structure to diversity training; however, instead of concentrating on demographic differences, intergroup development focuses on differences arising from occupational roles, departments, or divisions within the organization. Conflicts between groups

often arise from negative stereotypes and misperceptions. For example, members of one department may view another department as rigid, overly cautious, or unconcerned with organizational goals, while the other group may hold equally distorted views in return. Such stereotypes can seriously hinder cooperation, communication, and coordination among departments, ultimately reducing organizational effectiveness. One widely used method for improving intergroup relations emphasizes structured problem-solving. In this approach, each group initially meets separately to list its perceptions of itself, its perceptions of the other group, and how it believes the other group views it. These lists are then shared in joint sessions, where similarities and differences are openly discussed. Participants examine the underlying causes of these discrepancies by questioning whether group goals conflict, whether perceptions are inaccurate or exaggerated, and whether misunderstandings, differences in language, or unclear intentions have contributed to the problem. After identifying the sources of conflict, the groups move into an integration phase. During this stage, members collaboratively develop strategies and solutions to improve relationships and enhance cooperation. Mixed subgroups composed of members from each group may be formed to conduct further analysis and propose alternative solutions. Through this process, intergroup development helps reduce conflict, improve mutual understanding, and foster more effective collaboration across organizational units.

6.2.3.6 Appreciative Inquiry

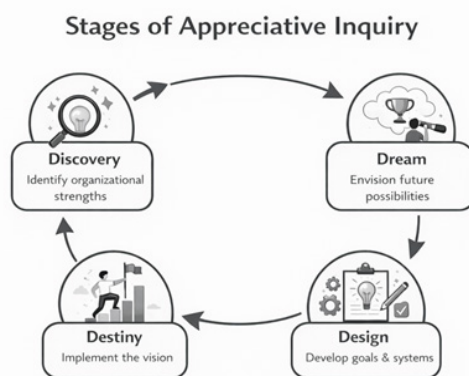
Appreciative Inquiry (AI) represents a distinct approach within organizational development because it shifts attention away from problems and deficiencies and instead focuses on strengths, successes, and possibilities. While most OD interventions begin by identifying problems and attempting to

correct them, Appreciative Inquiry deliberately emphasizes what an organization does well. It seeks to uncover the unique capabilities, positive experiences, and core strengths already within the organisation and uses them as the foundation for improvement and growth. In this sense, appreciative enquiry concentrates on building success rather than fixing failure.

The Appreciative Inquiry process typically unfolds through four interconnected stages: discovery, dreaming, design, and destiny. These stages are often conducted in large-group meetings lasting two to three days and are facilitated by a trained change agent. The discovery stage focuses on identifying organizational strengths by encouraging employees to share experiences when the organization functioned at its best or when they felt most engaged and satisfied with their work. These stories help reveal the values, practices, and conditions that contribute to success. During the dreaming

stage, participants use insights from the discovery phase to imagine the organization's ideal future. Employees are encouraged to think creatively about what the organization could become over the next several years and to envision new possibilities based on its existing strengths. In the design stage, participants work together to develop a shared vision of the organization's future. They identify the structures, systems, and processes that would support this vision and agree on the organization's distinctive qualities. The final stage, destiny, focuses on action and implementation. Participants translate their shared vision into concrete action plans and develop strategies to bring about the desired future. Responsibility for change is distributed across the organization, encouraging ongoing learning and continuous improvement rather than reliance on top-down directives.

Stages of Appreciative Inquiry



AI Generated Image

Each of these organizational development interventions addresses different aspects of organizational functioning, ranging from individual awareness and interpersonal relationships to group dynamics and intergroup collaboration. When applied appropriately and in combination, these approaches help organizations diagnose challenges, strengthen

communication, and foster a culture of learning and continuous improvement. Through such interventions, organizations become better equipped to manage change, enhance cooperation, and improve overall effectiveness.

Recap

- ◆ Organizational development focuses on planned change to improve effectiveness and employee well-being.
- ◆ OD is based on knowledge from behavioural sciences such as psychology and organizational behaviour.
- ◆ Organizational development emphasizes continuous improvement rather than one-time change.
- ◆ OD views organizations as systems with interrelated parts.
- ◆ A healthy organizational culture is a key concern of organizational development.
- ◆ OD encourages participation, collaboration, and open communication among employees.
- ◆ Change agents play an important role in initiating and guiding OD efforts.
- ◆ OD emphasizes problem solving through action research and feedback.
- ◆ Organizational Development interventions can operate at individual, group, and organizational levels.
- ◆ Sensitivity training improves self-awareness and interpersonal relationships.
- ◆ Sensitivity training uses experiential learning through group interaction and feedback.
- ◆ Survey feedback collects employee attitudes and returns the results for discussion and improvement.
- ◆ Survey feedback promotes shared understanding and participative problem solving.
- ◆ Process consultation helps managers understand and improve work processes.
- ◆ In process consultation, consultants guide clients rather than providing direct solutions.
- ◆ Team building strengthens trust, cooperation, and performance within work groups.

- ◆ Team building focuses on goals, roles, relationships, and group processes.
- ◆ Intergroup development reduces conflict between departments or groups.
- ◆ Appreciative Inquiry focuses on organizational strengths rather than problems.
- ◆ Appreciative Inquiry follows the stages of discovery, dreaming, design, and destiny.

Objective Questions

1. What is the short form used for Organizational Development?
2. Which type of change is emphasized in Organizational Development?
3. Organizational Development is based on which science?
4. Who initiates and facilitates Organizational Development interventions?
5. Which training method focuses on self-awareness and interpersonal behaviour?
6. What is another name for sensitivity training groups?
7. Which OD technique collects employee opinions and attitudes?
8. Who mainly participates in survey feedback programs?
9. Which OD technique helps managers understand work processes?
10. What role does the consultant play in process consultation?
11. Which intervention aims to improve trust and cooperation among members?
12. What is the main focus of team building activities?
13. Which OD intervention addresses conflict between departments?
14. What do intergroup development programs attempt to change?
15. Which OD approach focuses on strengths rather than problems?

16. What is the first stage of Appreciative Inquiry?
17. What is the final stage of Appreciative Inquiry?
18. Which management style is encouraged by Organizational Development?
19. What does Organizational Development promote in decision-making?
20. What is continuously encouraged through Organizational Development?

Answers

1. OD
2. Planned
3. Behavioural
4. Change-agent
5. Sensitivity
6. T-groups
7. Survey
8. Employees
9. Process
10. Guide
11. Team building
12. Interaction
13. Intergroup
14. Attitudes
15. Appreciative
16. Discovery

17. Destiny
18. Participative
19. Involvement
20. Learning

Assignments

1. Analyse how the humanistic values of organizational development contribute to improving employee motivation and organizational effectiveness.
2. Evaluate the role of change agents in facilitating organizational development interventions and discuss potential challenges they may face.
3. Compare and contrast the techniques of sensitivity training, survey feedback, and process consultation in achieving planned organizational change.
4. Examine the impact of team building and intergroup development interventions on organizational collaboration and conflict resolution.
5. Critically assess the strengths and limitations of Appreciative Inquiry as an organizational development approach in modern workplaces.

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MODEL QUESTION PAPER SETS



SREENARAYANAGURU OPEN UNIVERSITY
MODEL QUESTION PAPER

QP CODE:.....

SET – A

Reg. No:.....

Name:.....

UNDERGRADUATE (CBCS) DISTANCE MODE EXAMINATIONS

BA PSYCHOLOGY

FOURTH SEMESTER

DISCIPLINE-SPECIFIC ELECTIVE COURSE

ORGANISATIONAL BEHAVIOUR B23PY01DE

CBCS-UG Regulations 2021

2024 Admission Onwards

Time: 3 Hours

Max Marks: 70

SECTION-A

Objective Type Questions

Answer any ten. Each question carries one mark

(10X1=10)

1. What does OB stand for?
2. Which organisational structure is highly formalised?
3. Who proposed the hierarchy of needs theory?
4. Which theory explains fairness in motivation?
5. What is personality?
6. Which group is formally created by an organisation?
7. What is group cohesiveness?
8. Which leadership theory focuses on traits?
9. What is democratic leadership?
10. What is organisational culture?
11. Which model includes unfreezing and refreezing?
12. What is resistance to change?
13. What is a boundaryless organisation?
14. What is job satisfaction?
15. What is negotiation?



SECTION-B

Very Short Answers

Answer any ten. Each question carries two marks.

(10X2=20)

16. Define organisational behaviour.
17. What is the scope of OB?
18. Explain Maslow's theory.
19. What is Herzberg's theory?
20. Define intrinsic motivation.
21. What is organisational commitment?
22. Mention two types of groups.
23. What is role differentiation?
24. Define leadership.
25. What is situational leadership?
26. Mention two components of organisational culture.
27. What is organisational change?
28. Define organisational development.
29. What is job involvement?
30. Mention two ways to improve motivation.

SECTION C

Short Answers

Answer any five. Each question carries four marks.

(5X4=20)

31. Explain the importance of organisational behaviour.
32. Describe organisational structures.
33. Explain expectancy theory.
34. Discuss factors affecting job satisfaction.
35. Describe stages of group development.
36. Explain characteristics of effective teams.
37. Discuss leadership styles.
38. Explain the functions of organisational culture.
39. Describe Lewin's change model.
40. Explain resistance to change.

SECTION-D

Essay / Long Answers

Answer any two. Each question carries ten marks.

(2 × 10 =20)

41. Define organisational behaviour and explain its scope and importance.
42. Explain theories of motivation in organisations.
43. Discuss group behaviour and team dynamics.
44. Explain organisational culture and its impact.



SREENARAYANAGURU OPEN UNIVERSITY
MODEL QUESTION PAPER

QP CODE:.....

SET – 0B

Reg No:.....

Name:.....

UNDERGRADUATE (CBCS) DISTANCE MODE EXAMINATIONS
BA PSYCHOLOGY
FOURTH SEMESTER
DISCIPLINE-SPECIFIC ELECTIVE COURSE
ORGANISATIONAL BEHAVIOUR B23PY01DE
CBCS-UG Regulations 2021
2024 Admission Onwards

Time: 3 Hours

Max Marks: 70

SECTION-A

Objective Type Questions

Answer any ten. Each question carries one mark

(10X1=10)

1. What is organisational behaviour?
2. Which structure combines different departments?
3. Who proposed expectancy theory?
4. Which theory focuses on autonomy and competence?
5. What are individual differences?
6. Which group forms informally?
7. What is a group norm?
8. Which theory focuses on leader behaviour?
9. What is laissez-faire leadership?
10. What is organisational culture?
11. Which model has eight steps?
12. What is organisational development?
13. What is a virtual organisation?
14. What is employee engagement?
15. What is conflict?



SECTION-B

Very Short Answers

Answer any ten. Each question carries two marks.

(10X2=20)

16. Define organisational structure.
17. What is bureaucracy?
18. Explain equity theory.
19. What is self-determination theory?
20. Define performance.
21. What is perceived organisational support?
22. Mention two types of teams.
23. What is group cohesiveness?
24. Define trait theory.
25. What is path-goal theory?
26. Mention two types of organisational culture.
27. What is resistance to change?
28. Define sensitivity training.
29. What is job satisfaction?
30. Mention two factors affecting group performance.

SECTION C

Short Answers

Answer any five. Each question carries four marks.

(5X4=20)

31. Explain challenges in organisational behaviour.
32. Discuss managing individual differences.
33. Explain motivation and performance.
34. Describe job satisfaction and its outcomes.
35. Discuss group performance factors.
36. Explain team-building activities.
37. Describe contingency leadership theories.
38. Explain components of organisational culture.
39. Discuss Kotter's change model.
40. Explain organisational development techniques.

SECTION-D

Essay / Long Answers

Answer any two. Each question carries ten marks.

(2 × 10 =20)

41. Discuss organisational structures and designs.
42. Explain motivation and job satisfaction.
43. Evaluate leadership theories and styles.
44. Explain organisational change and development.

സർവ്വകലാശാലാഗീതം

വിദ്യാൽ സ്വതന്ത്രരാകണം
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**DON'T LET IT
BE TOO LATE**

**SAY
NO
TO
DRUGS**

**LOVE YOURSELF
AND ALWAYS BE
HEALTHY**



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The State University for Education, Training and Research in Blended Format, Kerala

Organisational Behaviour

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