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BBA | Semester I | UK1MDCMGT101

Organisational Behaviour

Course Code: UK1MDCMGT101 • Module 1 Notes

Module 1: Introduction to Organisational Behaviour and Behavioural Science

1. Conceptual Foundations and Nature of Organisational Behaviour

Organisational Behaviour represents an applied behavioural science dedicated to investigating how individuals, formal and informal groups, and organizational structures interact to influence human conduct within work enterprises. The core mission of this discipline is to replace unsubstantiated workplace folklore, personal hunches, and intuitive guesswork with evidence-based behavioral science. By examining patterns of employee action, motivation, collaboration, and alienation, researchers and practitioners identify actionable principles to enhance productivity, elevate job satisfaction, and reduce costly turnover.

The academic boundaries of this discipline are defined by systematic inquiry. Rather than viewing an enterprise solely as a mechanical arrangement of capital, production lines, and formal reporting hierarchies, behavioural scientists conceptualize the firm as a dynamic, living social system. In this environment, human perceptions, subconscious emotional responses, cultural backgrounds, and group loyalties continuously interact with technological tools and formal policies, generating complex workplace outcomes.

Interdisciplinary Architecture of Behavioural Science

Organisational behaviour does not exist as an isolated academic silo; it represents a multidisciplinary synthesis drawing theoretical frameworks, empirical methodologies, and diagnostic tools from several core social and behavioural sciences:

- **Psychology:** Serves as the primary foundation for individual-level behavioral analysis. Psychology contributes validated scientific insights regarding cognitive learning, memory retention, motivation dynamics, personality development, perception biases, emotional intelligence, stress physiology, and workplace satisfaction measurement.
- **Sociology:** Focuses on human social systems and collective group behaviour. Sociologists investigate organizational communication structures, formal and informal group dynamics, social stratification, status hierarchies, bureaucratic authority patterns, inter-departmental conflicts, and systemic power struggles.
- **Social Psychology:** Bridges psychology and sociology by studying interpersonal interactions and mutual psychological influence. It provides vital theoretical models for understanding behavioral change management, attitude formation and measurement, non-verbal communication, social consensus building, and the reduction of cognitive dissonance.
- **Anthropology:** Investigates human societies, cultural evolution, and comparative social rituals. In corporate contexts, anthropological concepts illuminate how national culture shapes employee values, how shared organizational subcultures develop, and how symbols, myths, and corporate ceremonies reinforce organizational cohesion.

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- **Political Science:** Analyzes the dynamics of power allocation, coalition formation, negotiation tactics, and resource bargaining within institutional settings. It explains how individuals and interest groups compete for scarce resources and influence strategic governance.

2. Levels of Analysis within the Behavioural Framework

Systematic study requires structuring behavioral phenomena across distinct, interconnected analytical horizons. Contemporary scholarship disaggregates organizational dynamics into three sequential tiers:

1. Individual (Micro-Level) Analysis

At the micro-level, analysis examines the discrete human actor within the workplace. Researchers investigate how biographical characteristics (age, tenure, education), underlying cognitive abilities, biological emotional baselines, and individual personality profiles affect work performance. Core topics include how individuals process sensory data (perception), what rewards energize human effort (motivation), how values guide professional ethics, and how job design impacts employee mental fatigue and creative output.

2. Group (Meso-Level) Analysis

Human beings rarely work in isolation; their behavior changes markedly when operating within collective settings. The meso-level investigates the dynamics of dyads, formal project teams, and informal peer networks. Scholars analyze how social norms develop, how role expectations and role conflicts emerge, how team size influences social loafing, how collective cohesion impacts operational output, and how interpersonal communication channels function under high operational stress.

3. Organizational System (Macro-Level) Analysis

At the macro-level, the focus shifts to the holistic institutional architecture. This tier examines how formal organizational structures (mechanistic versus organic designs), corporate cultures, physical work layouts, human resource policies, and technology platforms collectively mold workforce norms. Macro-level analysis explores organizational change governance, cross-border merger integrations, and the maintenance of enterprise agility in turbulent market environments.

Analytical Horizon	Primary Unit of Observation	Foundational Disciplines	Core Investigative Variables
Micro Level (Individual)	The individual employee	Psychology, Cognitive Science	Personality, perception, motivation, attitudes, stress
Meso Level (Group)	Work teams and peer networks	Sociology, Social Psychology	Team dynamics, leadership, conflict, communication, norms
Macro Level (System)	The entire enterprise organization	Sociology, Anthropology, Political Science	Organizational culture, structural design, change governance

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3. Evolutionary Approaches to Organisation and Management

Modern organizational behavior reflects an extensive theoretical evolution spanning classical administrative frameworks, human relations discoveries, open systems models, and situational contingency paradigms.

The Classical Management Perspective

Developing alongside the industrial revolution of the late nineteenth and early twentieth centuries, classical administrative theory focused on operational efficiency, task specialization, and formal hierarchical authority.

1. Frederick Winslow Taylor and Scientific Management: Taylor sought to eliminate systematic soldiering (deliberate restriction of output by workers) by applying empirical scientific methods to job design. Taylor formulated four foundational principles: developing a true science for each element of work to replace rule-of-thumb traditions; scientifically selecting, training, and developing each workman; hearty cooperation between managers and workers to ensure work conforms to scientific guidelines; and an equitable division of work and responsibility between management and operatives.

2. Henri Fayol's Administrative Management: Fayol identified fourteen universal principles of administrative management that remain influential in modern organizational structuring: Division of Work (specialization boosts output), Authority and Responsibility (authority must equal accountability), Discipline (respecting formal agreements), Unity of Command (an employee receives orders from one superior only), Unity of Direction (one head and one plan for operations sharing the same objective), Subordination of Individual Interest to General Interest, Remuneration (equitable compensation rewarding effort), Centralization (balancing central command with subordinate initiative), Scalar Chain (formal vertical line of authority, with a lateral Gangplank for urgent communication), Order (a place for everything and everything in its place), Equity (fairness and kindliness toward personnel), Stability of Tenure of Personnel (preventing costly turnover), Initiative (encouraging employee creative zeal), and Esprit de Corps (promoting team harmony and unity).

3. Max Weber's Theory of Bureaucracy: German sociologist Max Weber conceptualized the Ideal Bureaucracy as a rational-legal administrative architecture designed to eliminate nepotism, subjective favoritism, and operational chaos. Weber's structural pillars include: clear jurisdictional competence governed by laws; a firmly ordered hierarchy of supervisory authority; management based upon written documentation (files); thorough and expert operational training; full working capacity devoted to official duties; and management following exhaustive, stable, and learnable rules. While bureaucracy provides predictability, precision, and continuity, its dysfunctions include red tape, trained incapacity (rigid adherence to rules when circumstances demand change), and goal displacement (rules becoming ends in themselves rather than means to organizational goals).

The Human Relations Movement and the Hawthorne Studies

A profound paradigm shift occurred between 1924 and 1932 during the celebrated Hawthorne Studies conducted at Western Electric's Hawthorne Works near Chicago, led by Elton Mayo, Fritz Roethlisberger, and William J. Dickson. Beginning as a conventional scientific management inquiry

into the effects of shop-floor illumination levels on factory output, the experiments revealed startling behavioral anomalies:

- **The Illumination Experiments:** Worker productivity increased whether lighting was intensified, held steady, or reduced to moonlight levels. Researchers deduced that worker productivity was driven not by physical illumination, but by the psychological awareness of being observed and singled out for special attention (the Hawthorne Effect).
- **The Relay Assembly Test Room:** Introducing rest breaks, shorter workdays, and free lunches yielded sustained productivity gains. However, when all physical privileges were withdrawn, output remained at record highs. The researchers recognized that the women had formed a cohesive, supportive social team that derived intrinsic satisfaction from mutual collaboration.
- **The Bank Wiring Observation Room:** Observing male wiring workers demonstrated the immense power of informal group norms. The group established an informal production norm (a fair day's work), penalizing over-producers as rate busters, under-producers as chisellers, and supervisors' confidants as squealers. Social belonging and peer acceptance proved far more potent motivators than financial wage incentives.

The Hawthorne findings dismantled the mechanistic view of labor, establishing that enterprises are complex social organisms where emotional relationships, informal group standards, and human dignity govern operational output.

Pioneers of the Neo-Classical Synthesis

Following the Hawthorne experiments, several visionary theorists expanded the human relations paradigm into a broader behavioural science:

- **Mary Parker Follett:** Often hailed as the prophet of modern management, Follett emphasized the concept of the Law of the Situation—arguing that orders should not flow down hierarchically from one person to another, but should arise naturally from the requirements of the situation. She championed Constructive Conflict, demonstrating that conflict should be resolved not through domination (coercion) or compromise (where both sides lose something), but through Integration, where both parties discover innovative solutions satisfying all underlying desires. She also advocated Power-With rather than Power-Over.
- **Chester Barnard:** In his 1938 classic *The Functions of the Executive*, Barnard conceptualized the formal organization as a system of consciously coordinated personal activities or forces. Barnard formulated the Acceptance Theory of Authority, asserting that authority does not flow downward automatically from executive titles; rather, true authority exists only when the subordinate understands the order, believes it is consistent with organizational purpose and their personal interest, and possesses the physical and mental capacity to comply. He defined the Zone of Indifference as the range of orders an employee will accept unquestioningly without conscious judgment.
- **Kurt Lewin:** Pioneered modern social psychology, field theory, group dynamics, and action research. Lewin demonstrated that group discussions and democratic participation achieve far greater, longer-lasting behavioral transformation than authoritarian managerial lectures.

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The Systems Perspective in Organizational Analysis

Emerging in the mid-twentieth century, the Systems Perspective views the organization as an open, adaptive socio-technical system composed of interdependent subsystems (technological, structural, managerial, and psycho-social) operating within an uncertain external environment. As an open system, an enterprise continuously imports energy, capital, materials, and information from its external environment, converts these inputs through internal workflows, and exports finished products, services, and waste back into the societal market.

Key systems concepts include:

- **Subsystem Interdependence:** A change in any single organizational component (such as implementing automated software) reverberates across all other subsystems, altering employee roles, power balances, and communication networks.
- **Equifinality:** The principle that an open system can reach a desired final state through multiple distinct operational pathways and diverse initial conditions, rejecting the notion of a single universal best way.
- **Negative Entropy:** Living organizations must continuously import more energy and information from their environment than they expend in output, thereby staving off systemic decay, organizational obsolescence, and bankruptcy.

The Contingency Approach: Situational Administrative Science

The Contingency (or Situational) Approach represents the dominant contemporary paradigm in organizational analysis. It directly challenges the universalist assumptions of classical theorists who claimed that certain principles of management apply universally in all circumstances. Instead, the contingency approach asserts that there is no single universally superior way to structure an enterprise, lead a team, or motivate employees.

Rather, optimal managerial action is contingent upon the specific situational variables at play. For example, in stable, predictable market environments with standardized technologies, a formal, centralized mechanistic structure (with narrow spans of control and clear rules) delivers peak efficiency. Conversely, in highly volatile, fast-evolving technological markets, an organic, decentralized structure (with broad spans of control, open communication, and high employee autonomy) is essential for survival. The manager's task is to diagnose situational contingencies and select appropriate behavioral strategies.

4. The Five Classical Models of Organisational Behaviour

Organizational scholar Keith Davis conceptualized organizational behavior along an evolutionary continuum of managerial philosophy, articulating five distinct institutional models:

Model Dimension	Autocratic Model	Custodial Model	Supportive Model	Collegial Model	System Model
Managerial Basis	Formal Power & Authority	Economic Resources & Capital	Executive Leadership & Vision	Partnership & Collaboration	Trust, Community & Meaning
Employee Orientation	Strict Obedience to Rules	Security & Economic Benefits	Job Performance & Participation	Responsible Team Behaviour	Psychological Ownership & Purpose
Employee Psychological Result	Dependence on Boss	Dependence on Organisation	Participation & Involvement	Self-Discipline & Mutual Trust	Self-Motivation & Holistic Alignment
Employee Needs Met	Subsistence / Physical Needs	Security & Maintenance Needs	Status & Recognition Needs	Self-Actualization Needs	Transcendence & Shared Growth
Performance Outcome	Minimum Required Effort	Passive Cooperation	Awakened Drives & Initiative	Moderate Enthusiasm	Passionate Commitment & Innovation

Detailed Examination of the Five Models

- **The Autocratic Model:** Rooted in historical authoritarianism and Douglas McGregor's Theory X assumptions. Managers possess absolute formal authority and use coercive threats of dismissal or wage penalties to enforce obedience. Workers perform the bare minimum required to avoid discipline. While historically common during early industrialization, this model produces deep employee alienation, passive-aggressive sabotage, and high turnover in modern knowledge economies.
- **The Custodial Model:** Gained prominence in the 1930s as progressive employers introduced welfare programs, pension plans, corporate housing, and health insurance. The managerial focus shifts to economic security. Employees become dependent on the enterprise rather than the immediate boss. However, while employees are contented, they remain passively cooperative rather than intrinsically motivated to innovate.
- **The Supportive Model:** Originating from Rensis Likert's research and the Hawthorne studies, this model rests upon executive leadership rather than raw power or money. Managers create a supportive climate that helps employees grow and accomplish their duties. Employees feel valued as whole human beings, unlocking discretionary effort and active participation.
- **The Collegial Model:** Designed for non-programmed work environments, academic faculties, and research laboratories. It operates on a concept of partnership where managers and employees act as collaborative scientific colleagues working toward shared professional goals. Self-discipline replaces managerial supervision.

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- **The System Model:** The most contemporary paradigm, reflecting modern concepts of organizational agility and conscious capitalism. Managers focus on building trust, psychological safety, purpose, and community. The employee experiences a deep alignment between personal values and enterprise mission, resulting in passionate commitment, high creative energy, and organizational citizenship.

5. Research Methodologies and Quantitative Dependent Variables

Organisational behaviour advances by verifying theoretical hypotheses through rigorous empirical research methods:

- **Field Surveys:** Utilizing standardized psychometric questionnaires to measure employee attitudes, job satisfaction, leadership perceptions, and organizational climate across large sample populations. Surveys offer high external validity but require careful statistical controls to establish causality.
- **Laboratory Experiments:** Testing specific behavioral hypotheses in controlled artificial settings where researchers manipulate independent variables while holding extraneous environmental factors constant. Delivers high internal validity and proven causality, but may lack naturalistic realism.
- **Field Experiments:** Implementing real-world organizational interventions (such as introducing job enrichment or hybrid work schedules) in actual corporate environments while comparing outcomes against a matched control group. Provides an exceptional balance of causal rigor and real-world applicability.
- **Meta-Analyses:** Synthesizing the quantitative findings of hundreds of independent empirical studies using advanced statistical techniques to establish overarching, generalizable truths across diverse industries and cultures.

The Core Dependent Variables in Behavioural Modeling

In designing predictive behavioural models, researchers focus on six critical dependent variables that determine enterprise success:

- **Productivity:** A performance metric encompassing both efficiency (ratio of effective output to input consumed) and effectiveness (attaining strategic goals and customer value).
- **Absenteeism:** The failure to report to scheduled work, which imposes immense direct costs (substitute overtime wages) and indirect disruption across collaborative project teams.
- **Turnover:** The voluntary or involuntary permanent withdrawal of employees from an enterprise. High turnover depletes institutional tacit knowledge, incurs heavy replacement costs (recruitment, selection, onboarding), and destabilizes team morale.
- **Deviant Workplace Behaviour (Counterproductive Work Behaviour - CWB):** Voluntary conduct that violates significant organizational norms, threatening the well-being of the firm or its members (e.g., workplace bullying, equipment sabotage, intellectual property theft, cyberloafing).

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- **Organizational Citizenship Behaviour (OCB):** Discretionary, voluntary individual behavior that is not recognized by formal reward systems, yet promotes the effective functioning of the organization (e.g., helping a struggling peer, volunteering for extra tasks, speaking positively about the company, exhibiting civic virtue).
- **Job Satisfaction:** A positive emotional state resulting from the appraisal of one's job experiences and work climate, serving as a primary moral and operational barometer of organizational health.

6. Emerging Challenges: Diversity, Globalization, Hybrid Work, and Ethics

The contemporary business landscape presents complex socio-technical challenges that require continuous refinement of behavioural management frameworks:

Navigating Workforce Diversity and Inclusion

Modern workplaces bring together unprecedented demographic diversity across gender identities, ethnic backgrounds, generational cohorts (Baby Boomers, Generation X, Millennials, Generation Z), neurodivergent profiles, and cultural heritage. Effective talent governance moves beyond superficial tokenism toward genuine inclusion—designing equitable workplace policies, eliminating unconscious hiring biases, and fostering an inclusive workplace culture where diverse cognitive perspectives are recognized as a vital competitive advantage.

Managing Globalized and Cross-Cultural Workforces

Multinational operations require managers to lead teams dispersed across diverse continents. Cross-cultural organizational behaviour leverages research frameworks (such as Geert Hofstede's Cultural Dimensions—Power Distance, Individualism vs Collectivism, Masculinity vs Femininity, Uncertainty Avoidance, Long-Term Orientation, Indulgence) to prevent cross-cultural communication blunders, adapt leadership styles to local cultural expectations, and maintain global operational cohesion.

The Remote and Hybrid Work Revolution

The widespread adoption of cloud-based digital infrastructure and remote collaboration tools has fundamentally transformed traditional workplace arrangements. Hybrid work models introduce significant behavioural dilemmas: preserving organizational culture and trust without physical co-presence, combating digital fatigue and boundary blurring between work and personal life, mitigating proximity bias in promotions, and designing intentional in-person touchpoints that maintain collaborative innovation.

Ethical Workplace Governance and Corporate Social Responsibility

Modern societies demand rigorous ethical accountability from business enterprises. Behavioural scientists examine how corporate cultures can inadvertently incentivize unethical conduct—such as setting unrealistic sales quotas that encourage fraud—and how organizations can systematically institutionalize ethical decision-making frameworks, protect whistleblowers, and foster leadership integrity that protects public trust.

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7. Psychological Contracts and Learning Paradigms in Modern Organizations

Beyond formal, written employment contracts, human behavior in organizations is governed deeply by implicit psychological expectations and continuous cognitive learning processes.

The Psychological Contract: Mutual Expectations and Breach Dynamics

Pioneered by organizational scholar Chris Argyris and developed extensively by Denise Rousseau, the Psychological Contract refers to an individual employee's subjective beliefs regarding the reciprocal terms, obligations, and mutual commitments existing between themselves and the employing enterprise. Unlike legally enforceable employment contracts, psychological contracts are perceptual, subjective, and dynamic.

Researchers distinguish between two primary archetypes of psychological contracts:

- **Transactional Contracts:** Short-term, economically focused agreements characterized by well-defined monetary exchanges, narrow job duties, and minimal emotional commitment (e.g., outsourced gig workers, seasonal staff).
- **Relational Contracts:** Long-term, broad socio-emotional agreements characterized by mutual trust, perceived organizational support, shared loyalty, and opportunities for comprehensive career development in exchange for employee loyalty and high discretionary effort.

When an employee perceives that the enterprise has failed to fulfill one or more of its implicit promises (such as providing promised promotional pathways, equitable recognition, or respectful managerial treatment), a Psychological Contract Breach occurs. Breach triggers severe emotional reactions—designated as Contract Violation—manifesting in feelings of betrayal, workplace cynicism, sharp drops in organizational citizenship behaviour (OCB), heightened absenteeism, and escalated turnover intentions.

Behavioral Learning Theories in the Workplace

Learning is defined as any relatively permanent change in knowledge, capability, or behavior resulting from direct or observed experience. Organizational learning architectures draw upon three foundational psychological models:

- **Classical Conditioning:** Formulated by Ivan Pavlov, classical conditioning demonstrates how a neutral stimulus becomes paired with an unconditioned stimulus to elicit a conditioned response. In organizational settings, workplace cues, corporate branding, and emergency alarm sounds trigger conditioned behavioral responses.
- **Operant Conditioning and Reinforcement Theory:** Pioneered by B.F. Skinner, operant conditioning posits that behavior is a function of its consequences. People learn to repeat behaviors accompanied by pleasant consequences and avoid behaviors accompanied by unpleasant outcomes. Skinner articulated four primary operant conditioning mechanisms:
    - **Positive Reinforcement:** Presenting a desirable reward (verbal praise, monetary bonuses, promotion) immediately following a desired behavior, thereby strengthening the probability of its recurrence.

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    - **Negative Reinforcement:** Withdrawing an unpleasant stimulus when a desired behavior occurs, thereby reinforcing the desired action (e.g., stopping micromanagement oversight once an employee demonstrates reliable task competence).
    - **Punishment:** Applying an adverse consequence (written reprimand, suspension, demotion) to weaken and suppress an undesirable behavior. However, behavioral scientists caution that excessive punishment often produces fear, resentment, and deceit rather than positive learning.
    - **Extinction:** Withholding all reinforcement for a behavior that was previously reinforced, causing the behavior to gradually diminish and disappear (e.g., ignoring a disruptive colleague's inappropriate jokes during meetings).

- **Social Learning Theory (Albert Bandura):** Bandura expanded learning theory by demonstrating that human beings learn not merely through direct trial-and-error reinforcement, but through Observational Learning (Modeling). Employees observe the actions of admired leaders and colleagues, notice the consequences of those actions, and mentally encode the behaviors to guide future conduct. Bandura also emphasized Self-Efficacy—an individual's confidence in their ability to perform a specific task successfully—which serves as a primary driver of goal difficulty selection, persistence in the face of setbacks, and personal achievement.
- **Organizational Behaviour Modification (OB Mod):** A structured five-stage behavioral engineering program pioneered by Fred Luthans: identifying critical performance-related behaviors, measuring baseline frequency, conducting functional analysis (the ABC model: Antecedent, Behavior, Consequence), implementing positive reinforcement interventions, and evaluating performance improvement.
- **Schedules of Reinforcement:** Continuous reinforcement (rewarding every occurrence) versus Intermittent reinforcement. Intermittent schedules encompass Fixed-Interval (monthly salary), Variable-Interval (random audits), Fixed-Ratio (piece-rate pay), and Variable-Ratio (sales performance rewards producing highest resistance to behavioral extinction).

8. Psychological Safety and Organizational Resilience

In high-velocity knowledge economies, sustainable performance depends heavily upon organizational psychological health and systemic resilience:

Amy Edmondson's Construct of Psychological Safety

Pioneered by Harvard Business School scholar Amy Edmondson, **Psychological Safety** describes a shared belief held by members of a work team that the team is safe for interpersonal risk-taking. In a psychologically safe environment, employees do not fear being ridiculed, marginalized, or penalized for asking questions, admitting operational errors, seeking constructive feedback, or proposing unconventional ideas. Google's landmark empirical investigation into team effectiveness (Project Aristotle) demonstrated that psychological safety is the single most critical structural prerequisite differentiating high-performing teams from underperforming units. Leaders cultivate psychological safety by acknowledging their own fallibility, framing work as learning problems rather than execution-only mandates, and exhibiting genuine curiosity toward dissenting viewpoints.

Organizational Resilience and Positive Organizational Scholarship

Organizational resilience represents an enterprise's dynamic capability to absorb external environmental shocks, recover swiftly from operational crises, and adaptively reinvent its business processes to thrive under altered competitive conditions. Drawing upon **Positive Organizational Scholarship (POS)**, resilient enterprises cultivate positive psychological capital (PsyCap) across their workforce, characterized by the four HERO dimensions: Hope (persevering toward goals), Efficacy (confidence to succeed), Resilience (bouncing back from adversity), and Optimism (positive attributions regarding future success).

By mastering the scientific principles of individual cognition, group dynamics, and systemic organizational design, contemporary managers transform abstract corporate blueprints into resilient, collaborative, and human-centered institutions capable of sustaining enduring competitive advantage.

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