

MANAGEMENT AND ORGANISATIONAL BEHAVIOUR

LAURIE J. MULLINS AND GARY REES



 Pearson

THIRTEENTH EDITION

MANAGEMENT AND ORGANISATIONAL BEHAVIOUR



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**From Laurie:
To Pamela and for our families.**

**From Gary:
To Mary, Lydia and George.**

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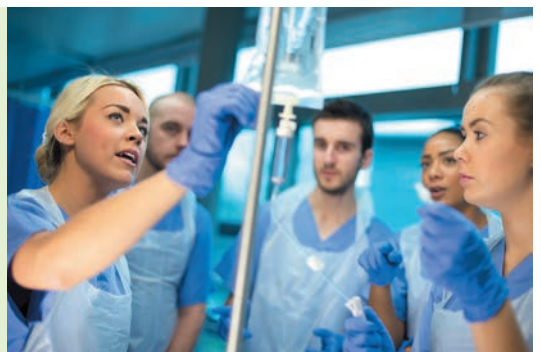
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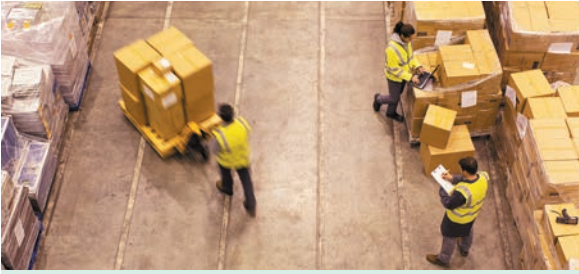
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2. Mustafa Ozturk: Queen Mary University of London
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About the authors



Laurie Mullins has experience of business, local government, university administration and human resource management; an instructor in the Territorial Army; worked with the United Nations Association International Service, Voluntary Service Overseas; and professional and educational bodies including UNISON. Formerly a principal lecturer at Portsmouth Business School Laurie led the behavioural and human resource management group and was senior examiner for a range of university courses and professional organisations. Laurie has undertaken a visiting professorship at University of Wisconsin, USA; visiting fellowship at Royal Melbourne Institute of Technology University, Australia; guest speaker in South Africa; and frequent visiting lecturer in the Netherlands. Laurie is also author of *Essentials of Organisational Behaviour* and *Hospitality Management and Organisational Behaviour* both published by Pearson Education. His books have been translated into Russian, Chinese, Portuguese, Dutch, Greek and Macedonian. There has also been an edition in Braille. Laurie has the rare distinction for an academic author with an edition of *Management and Organisational Behaviour* featuring in both *The Guardian* and *The Times* bestseller lists of all paperbacks, both fiction and non-fiction.

In June 2021 Harvard Business School named University of Portsmouth as the 3rd most influential business school in the world. Laurie's book was the 5th most highly cited text in business, marketing, accounting and economic courses.



Professor Gary Rees has been Head of Organisational Studies and HRM at Portsmouth Business School since 2016. He has written three other leading textbooks, with Paul Smith on *Strategic HRM* (Sage Publications), Ray French on *Strategic People Management and Development* and *Organisational Behaviour* with Rayner, Rumbles and French. In 2021 Gary was awarded Chartered Companionship of the CIPD for his significant contribution to HR Education. He is also a member of the British Psychological Society and a Fellow of the Higher Education Academy.

Chapter 0

Your study of management and organisational behaviour

If you do not know where you are going how will you know if you have arrived?

Learning outcomes

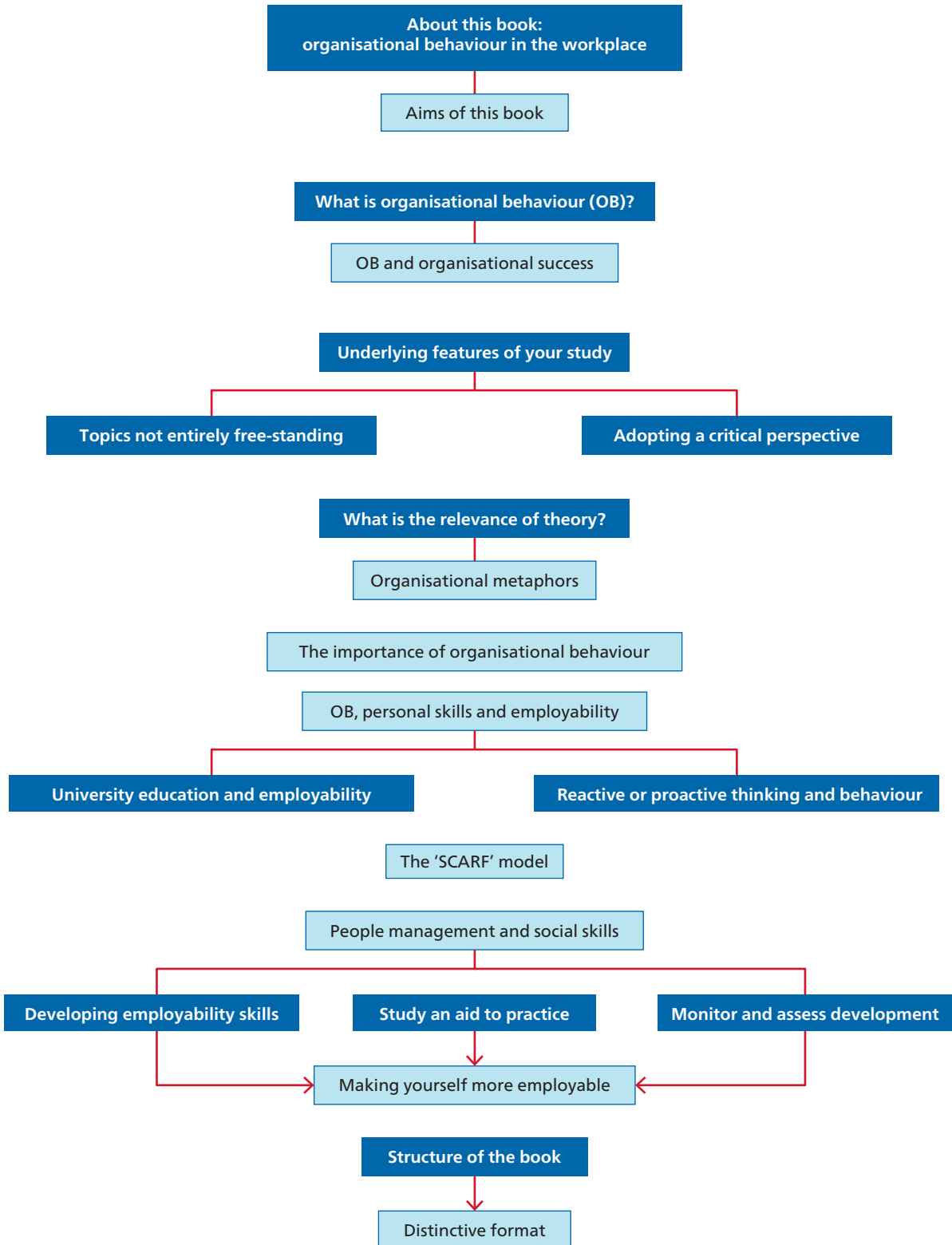
After reading this chapter you should be more aware of:

- the meaning, nature and scope of organisational behaviour;
- the importance of social skills and employability;
- the structure, main features and contents of the book.

Outline chapter contents

- * About this book 3
- * What is organisational behaviour (OB)? 4
- * Underlying features of your study 5
- * Topics in OB are not entirely free-standing 6
- * What is the relevance of theory? 7
- * Organisational metaphors 8
- * The importance of organisational behaviour 10
- * OB, personal skills and employability 10
- * The 'SCARF' model 12
- * People management and social skills 13
- * Making yourself more employable 15
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Overview topic map: Chapter 0 – Your study of organisational behaviour





The hidden depth of an iceberg with up to 90 per cent of total mass below the surface

About this book: Management and organisational behaviour

This is an introductory text for those readers of management and organisational behaviour or related subjects interested in improving organisational performance through the behaviour and actions of people at work.

The activities of an organisation are directed towards the attainment of certain goals and also have social implications. Organisational behaviour is a wide and essentially multidisciplinary field of inquiry and should not be considered in a vacuum but related to the broader organisational context and external environment.

The concepts and ideas presented in this book provide a basis for contrasting perspectives on the structure, operation and management of organisations, and interactions among people who work in them. A multiplicity of interrelated factors influence the decisions and actions of people at work, and scope for the examination of organisational behaviour is therefore very wide. While the responsibilities and actions of managers may be subject to debate, in today's increasingly dynamic, global and competitive environment, understanding human behaviour at work and management of the people resource is essential for organisational survival and success. There is a close relationship between organisational behaviour and management theory and practice. A central theme of the book is the nature of the people–organisation relationship.

Aims of this book

The aims of this book are to:

- indicate ways in which organisational performance may be improved through better understanding of the behaviour and actions of people at work;
- increase awareness of, and sensitivity to, personal skills and employability.

What is organisational behaviour (OB)?

Organisational behaviour (OB) is concerned with the study of human behaviour. It involves the understanding, prediction and control of behaviour of people within an organisational setting. The meaning of the term is not always clear and there are a number of closely related study areas with often similar descriptions such as organisational analysis, work psychology or organisation development, but common definitions of organisational behaviour are generally along the lines of:

the study and understanding of individual and group behaviour and patterns of structure and management in order to help improve organisational performance and effectiveness.

Study of organisational behaviour is usually interpreted more about the people within the work situation, but it is difficult to divorce completely from broader social situations.

Clearly there is a multiplicity of interrelated factors that influence the decisions and actions of people as members of a work organisation. The scope for the examination of organisational behaviour is therefore very wide. There is also debate over the relationship between organisational behaviour, the human resource function, and management theory and practice.

Organisational behaviour is one of the most complex and perhaps least understood academic elements of modern general management, but since it concerns the behaviour of people within organisations it is also one of the most central . . . its concern with individual and group patterns of behaviour makes it an essential element in dealing with the complex behavioural issues thrown up in the modern business world.

Source: Introduction to Module 6, Organisational Behaviour, Financial Times Mastering Management, FT Pitman Publishing (1997), p. 216.

However much of a cliché, it is still an inescapable fact that people are the main resource of any organisation. Without its members, an organisation is nothing; an organisation is only as good as the people who work within it. In today's increasingly dynamic, global and competitive environment, understanding human behaviour at work and effective management of the people resource is even more important for organisational survival and success.

Vecchio (2005) suggests three reasons for studying organisational behaviour:

- **Important practical applications** that follow from an understanding and knowledge of OB and the ability to deal effectively with others in an organisational setting.
- **Personal growth** and the fulfilment gained from understanding our fellow humans. Understanding others may also lead to greater self-knowledge and self-insight.
- **Increased knowledge** about people in work settings, for example identification of major dimensions of leadership leading to the design leadership training programmes in organisations.¹

Watson (2006) reminds us that the biggest challenge and most fascinating aspect that we face when trying to analyse organisations is its essential ambiguity.

Organisations do not actually exist. The organisation in which you work or study is not something you can see, hear, touch, smell, kick, kiss or throw up in the air.²

OB and organisational success

Sooner or later every organisation has to perform successfully if it is to survive. An understanding of organisational behaviour is essential for organisational performance and effectiveness. In order to study the behaviour of people at work it is necessary to understand interrelationships with other variables that together comprise the total organisation.

The study of organisational behaviour embraces therefore an understanding of the interactions among:

- the nature and purpose of the organisation;
- formal structure and role relationships;
- the tasks to be undertaken and technology employed;
- organisational processes and the execution of work;
- the human element, informal organisation and behaviour of people;
- the process of management as an integrating and co-ordinating activity;
- social responsibilities and business ethics;
- the external environment of which the organisation is part; and
- the need for organisation success and survival.



How would YOU attempt to explain the meaning, significance and scope of organisational behaviour to a fellow student studying engineering? Why is the understanding of the links between organisational behaviour and management practices so important?

Underlying features of your study

It is important always to remember that it is people who are being managed and people should be considered in human terms. Unlike physical resources, the people resource is not owned by the organisation. People bring their own perceptions, feelings and attitudes towards the organisation, systems and styles of management, their duties and responsibilities, and the conditions under which they are working. Human behaviour is capricious and scientific methods or principles of behaviour cannot be applied with reliability. It is also widely observed that you cannot study the behaviour of people without changing it.

A noticeable feature of organisational behaviour is the invariable difficulty in identifying a definitive solution to a particular situation. The absence of one single, 'right' answer can make study of the subject complex and frustrating and even may bring into question value in studying the subject at all. Consider however the attraction of study for your personal development and confidence; the opportunity to test your thoughts and ideas with fellow students in a non-threatening environment; and to help prepare yourself for the realities of the work situation and progression in your future career.

Topics in OB are not entirely free-standing

The use of separate topic areas is a recognised academic means of aiding study and explanation of the subject. In practice, however, the activities of an organisation cannot be isolated neatly into discrete areas of study. Topics studied in OB should not be regarded, therefore, as entirely free-standing. Any study inevitably covers several aspects and used to a greater or lesser extent to confirm generalisations made about particular topic areas. Reference to the same studies to illustrate different aspects of management and organisational behaviour serves as useful revision and reinforcement and provides a more integrated approach to your study.

The majority of actions are likely to involve a number of simultaneous functions that relate to the total processes within an organisation. In order to study the behaviour of people at work it is necessary to understand interrelationships with other variables that together comprise the total organisation.

Consider, for example:

A manager briefing departmental staff on a major unexpected, important and urgent task. Such a briefing is likely to include consideration of organisational culture, organisation and role structures, management of change, levels of hierarchy and authority, forms of communications, previous experience, delegation and empowerment, teamwork, leadership style, motivation and control systems. The behaviour of the staff will be influenced by a combination of individual, group, organisational and environmental factors.



Explain fully what other possible considerations YOU see as important. What do you see as the priorities for decision or action?

Adopting a critical perspective

You are encouraged to adopt a critical perspective towards your studies. Be prepared to analyse, question and challenge what you read in the text. What do YOU think and believe? Be prepared to change any preconceived beliefs. Consider also whose interests are best served by the preferred 'best' answer: for example senior managers, the general workforce, shareholders, trade unions, community.

At the end of each chapter you will find group discussion activities to help provoke personal responses to what you have just read. You are of course entitled to your own views but be conscious of your own bias or prejudices. The extent to which your point of view persuades other people will be influenced by clear, logical reasoning and supported by academic evidence.

Draw upon the views of your colleagues to share experiences and test not only your assumptions and ideas but also your skills of group interaction and influencing

other people. References to the importance of skills throughout the text, together with the exhibits, case studies and assignments should serve to stimulate your awareness of the importance of underlying personal and employability skills necessary for effective performance.

You are encouraged to complement your reading by drawing upon your own observations and practical experiences. This can, of course, be from your university. You may also have work experience, even part-time or casual employment, in other organisations to draw upon. In addition, you will have contact with a range of other organisations such as supermarkets, local pubs and shops, bank or building societies, fast-food restaurants, service stations, doctors or dentist surgeries. An analytical approach to contemporary examples from your own observations should help further both a critical perspective and your interest in the subject area.

Bear in mind that opportunities to develop personal skills are not always immediately apparent but embedded into your course of study. Adopt an inquisitive and enquiring mind. Search for both good and bad examples of organisational behaviour and people management, and the **manner** in which concepts and ideas presented in this book are applied in practice. Make a point of continually observing and thinking about the interpersonal and work-based skills exhibited. Use this awareness and knowledge to enhance development of your own employability skills and aid career progression.

W1A – A British comedy television series aired on BBC 2 in September 2017

This entertaining programme follows the life of Ian Fletcher, who works at the BBC as the 'Head of values' – a role that requires him to redefine the entire BBC brand, clarifying and defining the core purpose of the BBC across all its activities. The series of half-hour programmes makes fun of ludicrous jargon and political correctness; and is a spoof about such subjects as structure, open-plan, hot-desking, communications, meetings, social interactions, stereotypical behaviour, inclusivity and other aspects of organisational behaviour.

The programmes provide an amusing and stimulating way of thinking about the subject area. Despite the implausibility of the programmes, it is easy to relate to what can actually happen in organisations.

There are a number of references to the programme on the internet and it is available to buy on DVD.

What is the relevance of theory?

You should not be put off by the use of the word 'theory' in your studies. Most rational decisions are based on some form of theory. Theory provides a sound basis for action and contains a message on how people might behave. This may influence attitudes towards actual practice and lead to changes in patterns of behaviour. Theory further provides a conceptual framework and gives a perspective for the practical study of the subject. Together they lead to a better understanding of factors

influencing patterns of behaviour in work organisations and applications of the process of management.³ *McGregor* (1987) maintains that theory and practice are inseparable. Every managerial act rests on assumptions, generalisations and hypotheses – that is to say, on theory. Our assumptions are frequently implicit, sometimes quite unconscious, often conflicting; nevertheless, they determine our predictions that if we do a, b will occur.⁴

Patching suggests that all managers who think about what they do are practical students of organisational theory.

Theory is not something unique to academics, but something we all work with in arriving at our attitudes, beliefs and decisions as managers. It seems obvious to most of us that some theories are better than others. Many managerial discussions which we undertake in meetings focus upon trying to agree upon which theory will be best for a particular decision.⁵

Organisational metaphors

Organisations are complex social systems that can be defined and studied in a number of ways. However one looks at the nature or disciplines of OB it is important to remember as *Morgan* (1989) points out:

the reality of organisational life usually comprises numerous different realities.

Through the use of metaphors, *Morgan* (1989) provides a broad perspective on the nature of organisations and organisational behaviour and identifies eight different ways of viewing organisations – as machines, organisms, brains, cultures, political systems, psychic prisons, flux and transformation, and instruments of domination. These contrasting metaphors aid the understanding of the complex nature of organisational life and the critical evaluation of organisational phenomena.⁶

Metaphors offer an interesting perspective on how to view organisations. They provide a broader view of the dynamics of organisational behaviour and how to manage and design organisations. However, *Morgan* points out that these metaphors are not fixed categories and are not mutually exclusive. An organisation can be a mix of each and predominantly a combination of two or three metaphors. Furthermore, these combinations may change over a period of time.

A number of writers use metaphors to help describe organisations. For example, in discussing the role and logic of viewing the organisation in terms of metaphors, *Drummond* (2000) raises questions such as what an organisation is like and the power of metaphors in shaping our thinking, but also points out that all metaphors are partial and no metaphor can explain fully a particular phenomenon.⁷

The metaphor of an iceberg

A convenient way of perceiving the organisation is an iceberg. For example, *Hellriegel, Slocum* and *Woodman* (1998) suggest: 'One way to recognise why people behave as they do at work is to view an organisation as an iceberg. What sinks ships isn't always what sailors can see, but what they can't see.'⁸

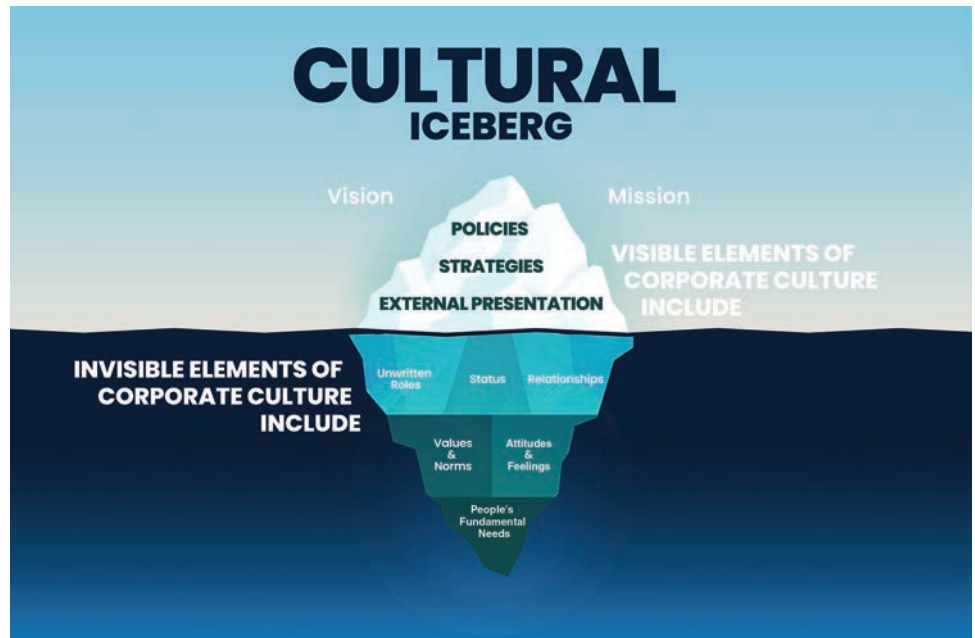


Figure 1 The organisational iceberg
 Source: From Chavapong Prateep Na Thalang / Alamy Stock Vector

The overt, formal aspects focus only on the tip of the iceberg (organisation). It is just as important to focus on what you can't see – the covert, behavioural aspects (see Figure 1).

The shadow side of organisations

Egan (1993) refers to the importance of the shadow side of the organisation: that is, those things not found on organisation charts or in company manuals – the covert, and often undiscussed, activities of people which affect both the productivity and quality of the working life of an organisation.⁹ As *Howes* (2014) points out, the fiercest battles of the workplace may seem trivial, yet they are nothing of the sort. 'Forget disagreements over strategies or policy – many of the bitterest workplace battles are fought over the prosaic matters of air conditioning and in-office music.' Underlying and unresolved disputes can brew animosity and resentment, and halt production.¹⁰



What metaphor would YOU use to help describe your university and/or any other organisation with which you are familiar?

The importance of organisational behaviour

As part of the *Financial Times Mastering Management* series, Wood (1997), in his discussion of the nature of organisational behaviour, suggests that in its concern for the way people behave in an organisational context, organisational behaviour can be regarded as the key to the whole area of management. The study of behaviour in organisations is not just important, it is vital. It is the one area that can bring the collective wisdom of human history into the decision-making calculus of developing managers. The more technical a manager's training, the more important organisational behaviour becomes.¹¹

Opportunities and challenges for managers

Robbins and Judge (2009) remind us there are few, if any, simple and universal principles that explain organisational behaviour, but that understanding organisational behaviour has never been more important for managers than it is today. In short, there are a lot of challenges and opportunities today for managers to use OB concepts. For instance:

- increasing age of typical employees in more developed countries;
- greater number of women in the workplace;
- broader ethnicity of people at work;
- more temporary workers reducing organisational loyalty;
- demands for increased flexibility and coping with rapid change; and
- working with and managing people in uncertain times.¹²

OB, personal skills and employability

An increasingly important feature of OB is the relationship with enhancing personal skills and employability within the workplace. The Confederation for British Industry (CBI) points out that in an increasingly competitive employment market, employers are looking beyond simple academic achievement when considering applicants for a job or internship. Many now expect to see evidence of other skills and achievements that boost someone's attractiveness as a potential employee.

Businesses want graduates who not only add value but who have the skills to help transform their organisation in the face of continuous and rapid economic and technological change. All graduates – whatever their degree discipline – need to be equipped with employability skills.¹³

A summary of factors bearing on the increased importance of interpersonal skills at work is given in Figure 2.

Recent years have seen attention given by the government and other employment and professional bodies to the importance of the supply and application of skills attainment for the prosperity of the UK economy. The Chartered Institute of Personnel and Development (CIPD) point out that in today's competitive and

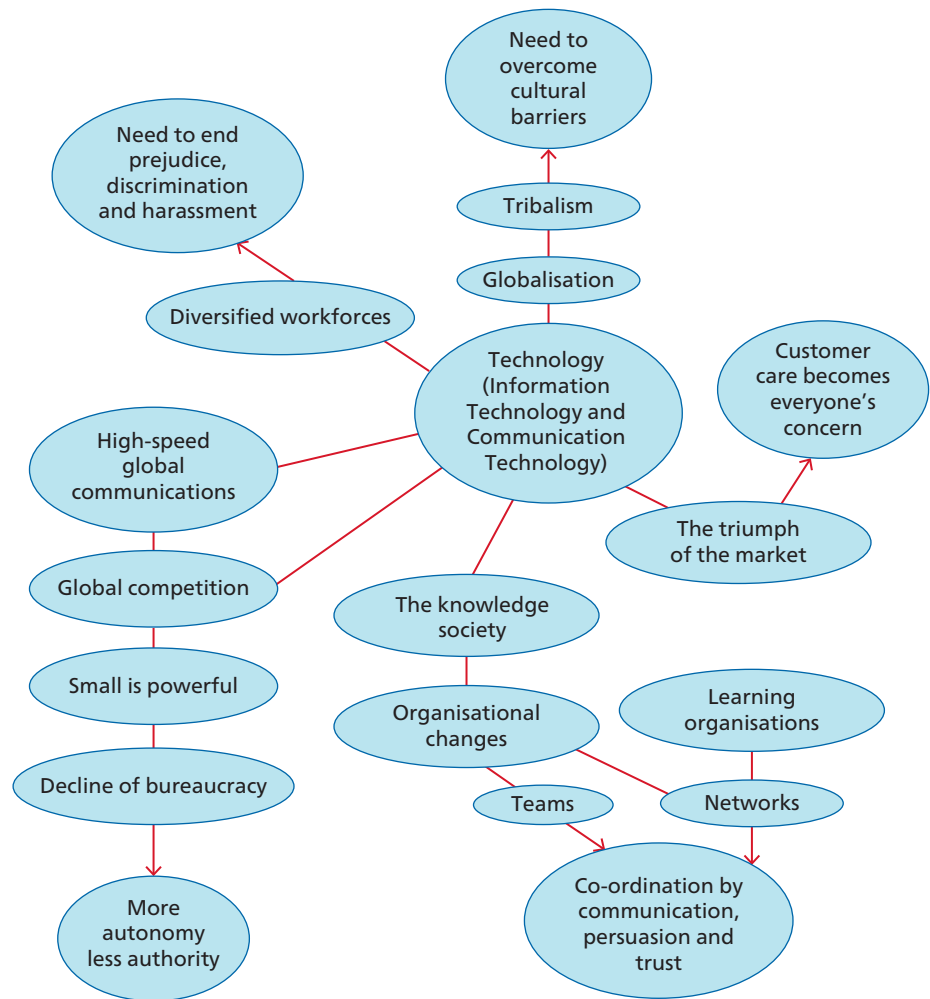


Figure 2 Factors bearing on the increased importance being placed on interpersonal skills at work

Source: Maureen Guirdham, *Interactive Behavior at Work*, 3rd edition, Financial Times Prentice Hall (2002), p. 8. Reprinted and electronically reproduced by permission of Pearson Education, Inc.

fast-changing world, the skills and capabilities of the workforce are vital to economic sustainability and growth. Workplace skills include the ability to:

- communicate with others;
- write and understand reports;
- perform numerical and analytical tasks;
- use computers to help solve problems.

Skills are important for both economic growth and prosperity, and for individuals and organisations. For the individual, skills determine their employment and earning potential. For organisations, skills are vital to meeting both current and future business demands. To be successful and competitive, businesses must ensure their talent and succession planning takes into consideration what skills need to be sourced, nurtured, developed and retained now, in order to create successful and productive workforces of the future.¹⁴

University education and employability

(The former) UKCES reports that higher education is well placed to play its part in helping to overcome the well-documented skills challenge. 'Collaborations between employers and universities have a significant role to play in providing the supply of highly skilled people to meet demand from businesses now and in the future.'¹⁵ GOV.UK (2014) refer to the need for a better connection to bridge the gap between education and work.¹⁶ The Prince's Trust (2014) also point out the human cost of skills shortages that could affect levels of productivity and morale among existing workforces.¹⁷

Reactive or proactive thinking and behaviour

Increasing competition, the pace of change and greater demands upon people at work has arguably led to more reactive thinking and behaviour. Many work situations of course require the ability to provide a quick and spontaneous response. There is however a danger of being caught too much by surprise and moving towards management by crisis. When you need to 'react' then this suggests you have lost the initiative.

By contrast, a proactive approach requires planned thought and anticipation of future events. *Edward de Bono* refers to proactive thinking as 'deliberate thinking' – this is not when we are driving or looking at documents sat at a desk or taking part in a discussion. Deliberate thinking means setting aside some time to do nothing other than thinking about a defined focus.¹⁸ To be proactive you need to see the bigger picture, think about what is likely to happen and react in advance. Developing the ability of proactive thinking takes time and is energy consuming. *Misselhorn* (2017) suggests the difficulty with being proactive is that most of our behaviour from habit, familiarity, established routines and procedures does not require us to be proactive. The quickest and easiest routine works most of the time.¹⁹



Do YOU see yourself as a proactive thinker? How important is it if colleagues are reactive or proactive thinkers so long as they contribute fully to the activities of the team?

The 'SCARF' model

David Rock (2009) suggests that 'more people than ever are being paid to think, instead of just doing routine tasks'. Based on neuroscience studies, Rock has proposed a model of five domains of human social experience. In the same way as the brain reacts to primary threats and rewards, the same happens also to social situations.

The five social concerns that drive human behaviour are, our:

- **status** – relative importance to others
- **certainty** – ability to predict the future
- **autonomy** – sense of control over events
- **relatedness** – sense of safety with others
- **fairness** – perception of fair exchanges between people.²⁰

The aim of the model is interaction with other people in a way that minimises threats and maximises rewards. The five domains have clear relevance to the work situation discussed in later chapters, for example:

- position within the hierarchical structure and role relationships;
- clarity with expectations about your work and avoidance of stress;
- opportunities for autonomy and flexibility;
- interpersonal relationships and group working;
- the psychological contract.

You may find the SCARF model a useful framework of analysis and discussion as you proceed through your studies.

People management and social skills

Unlike technical or practical skills, social skills are more intangible. They are difficult to get a firm hold of, or to define and measure clearly. Social skills are often associated as 'soft skills' and regarded as a natural part of human behaviour. As a result, a common concern with attention to the skills shortage is lack of focus on people management, social skills and interpersonal behaviour. For example, an important aspect of working with other people and leadership skills is an awareness and acceptance of individual differences and diversity.

Developing your employability skills

Increasingly, graduate recruiters are placing greater emphasis on key interpersonal and social skills and attitudes. A first step in working harmoniously and effectively with other people is to know and understand yourself and the skill of self-management. Reflecting honestly on your personal strengths and weaknesses should help develop your level of competence. You cannot expect to influence the behaviour or actions of other people until you can effectively manage yourself. The continual development of employability skills as part of your university education and lifelong learning is important for:

- progressing your personal confidence and self-awareness;
- developing harmonious interpersonal relationships with colleagues and external contacts;
- initial attractiveness for appointment with a potential employer;
- maintaining a competent level of work performance;
- enhancing work motivation and job satisfaction; and
- helping to safeguard your career progression.

Many employers have structured programmes for the continued development of their staff. Your longer-term employment prospects will be enhanced when you are able to demonstrate a genuine and enthusiastic commitment to your own personal development.

Study as an aid to practice

Study is an aid to practice. A theme of this book is to provide an integrated view embracing both theory and practice. The ideas and concepts discussed provide you with opportunities to explore the underlying skills associated with the study of organisational behaviour.

As you progress through your studies, reflect upon what you have read and about the importance of social skills including:

- personal awareness and how you project yourself;
- openness to diversity, equality and inclusion;
- perceiving and understanding other people;
- written, verbal and non-verbal communications;
- social interactions with others and teamworking;
- personal organisation and time management;
- coping with change;
- coaching and mentoring; and
- working in a multicultural society.

Monitor and assess your development

It is recommended strongly that you maintain a portfolio of what you have learned, your personal development and the employability skills you have attained or enhanced during your course of study. This can provide a useful basis of discussion with a potential employer. You may find it useful to assess progression of your personal skills and employability by reviewing your learning and development under the following broad headings in Figure 3.

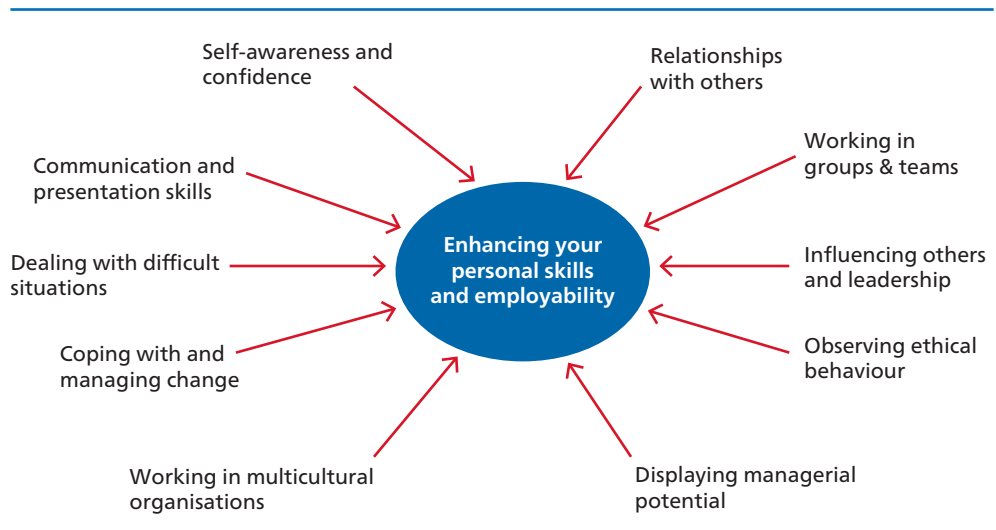


Figure 3 Broad headings for personal skills and employability

Making yourself more employable

Furnham (2016) points out educational qualifications are only one aspect of a person's assets they bring to the work situation and there are a number of other important fundamental issues considering a young person's employability. *Furnham* suggests five virtues employers want in all employees.

- Hardworking and productive, a conscientious work ethic, and to pitch up and pitch in. Honest, reliable and dependable.
- Smart, bright, curious, fast learners and not plodders. Inquisitive, widely read, interesting in understanding.
- Concept of rewardingness, warm and trustworthy, sensitive and well-adjusted, sociable and sufficiently altruistic.
- Signs of being leader-like, able to make decisions for which accountable and with good judgement. Taking initiative and the strain when it counts.
- Have the big picture and globally minded and who look ahead. Anticipate and adapt to the future without being a victim.

Some jobs require more than others and the desirable characteristics are not weighted equally but all five characteristics are important.²¹

Personal skills and employability exercise

Critical self-reflection is a positive activity that can challenge narrow preconceived thought processes, encourage creativity and provide a valuable personal learning and development experience.

At the end of each chapter is a 'Personal Skills and Employability Exercise'. This is designed to encourage you to think about further development of your social and work-based skills.

The appendix at the end of the book provides a review of features within the text that relate to employability skills. You are encouraged to ask yourself the extent to which you have enhanced your personal awareness and knowledge and are better prepared to demonstrate your employability skills and aid your career progression.



How comfortable do YOU feel about the level of your future employability skills? How specifically do you hope to enhance your level of skills through the study of OB?

A summary of personal skills and employability is set out in the concept map, in Figure 4.

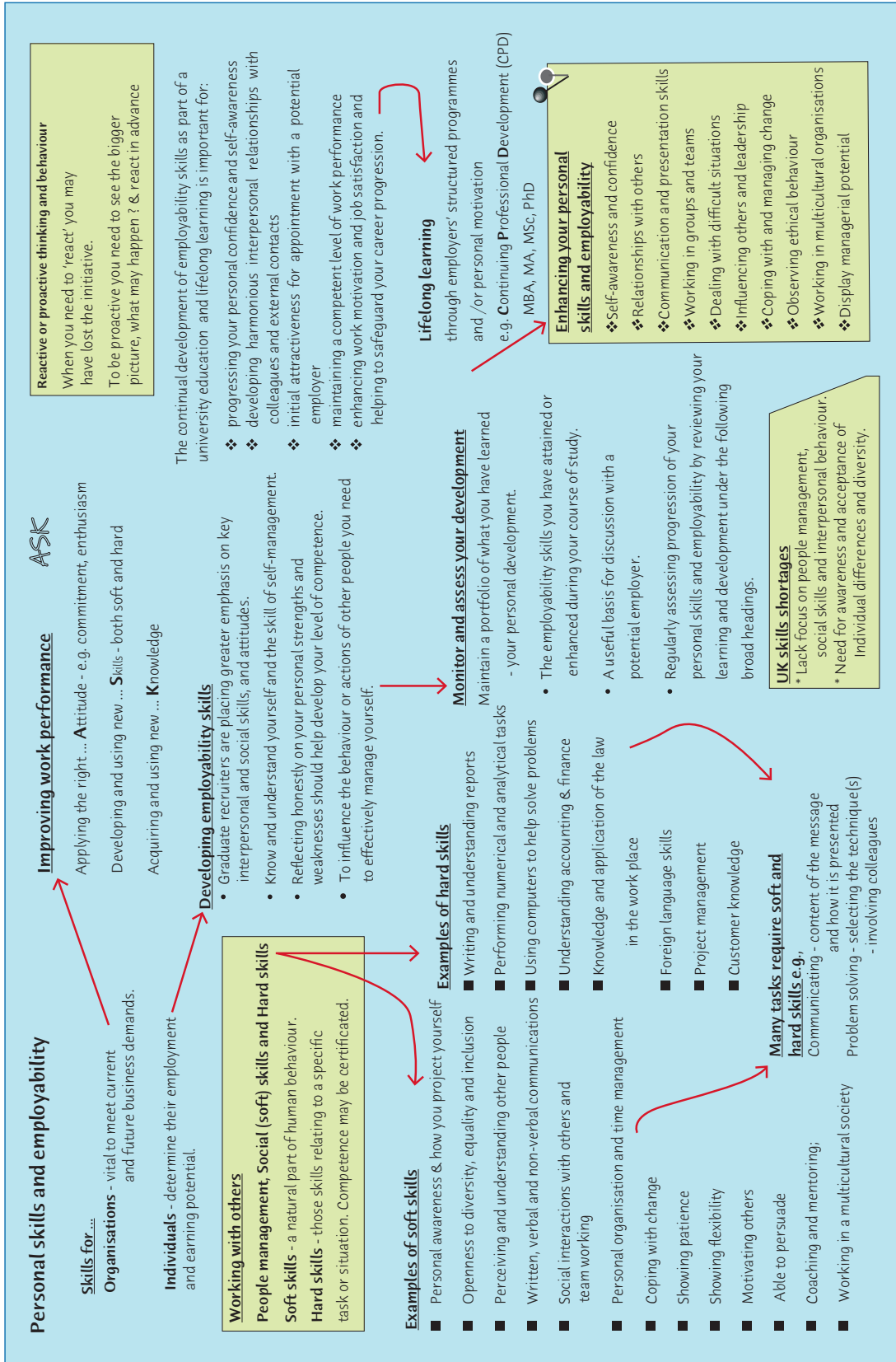


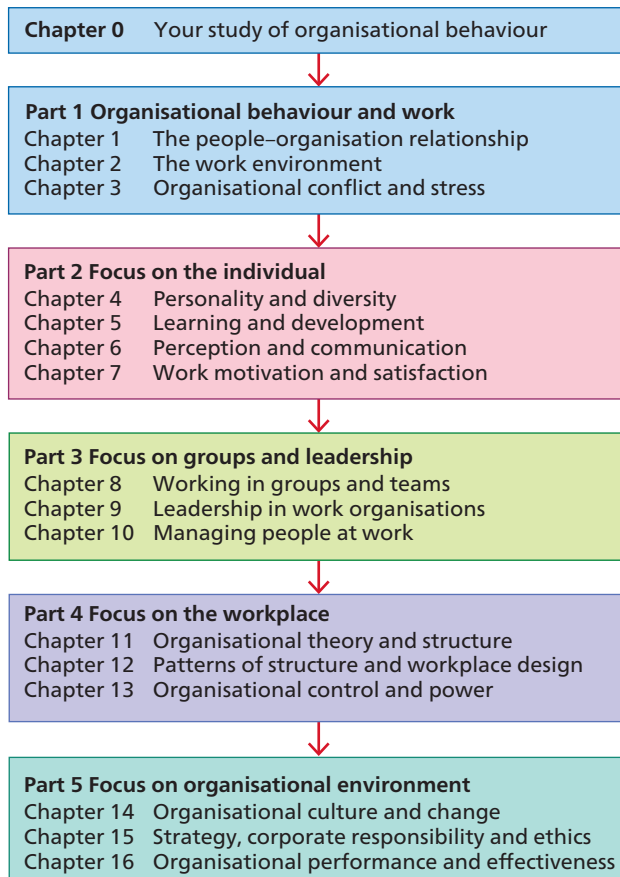
Figure 4 Personal skills and employability
Source: Copyright © 2011 The Virtual Learning Materials Workshop. Reproduced with permission.

Structure of the book

For those familiar with previous editions of *Management and Organisational Behaviour* the revised structure of this edition entails attention to re-ordering throughout the text. Focus is on the overall plan of the book and sequence of contents between and within chapters.

In response to reviewer feedback this edition provides a clearer focus on undergraduate students of organisational behaviour. Efforts have been made to provide a text of manageable size and enhanced readability.

There is a logical flow to the sequencing of topic areas which follow the accepted broad pattern of individual, group, organisation and environment. In addition to this chapter, the book is structured in five sections with sixteen chapters all within a broadly similar word count.



Distinctive format

Each chapter of the book is self-contained **with appropriate cross-referencing to other chapters**. This provides a flexible approach. Selection and ordering of chapters can be varied to suit the demands of particular courses of study or individual interests.

The book is written with a minimum of technical terminology and the format is clearly structured. Each chapter is supported with illustrations and practical examples and contains:

- Learning outcomes and outline chapter contents at the start of the chapter to help you see what you will be reading and monitor progress through the book.
- An overview topic map providing a visual representation of flow of main contents and links with other chapters. Each map is pre-perforated for easy detachment. The collection of maps may be helpful for study and revision purposes.
- ‘You’ critical review questions throughout the text encourage your own critical thinking and reflection of what you have just read.
- Pictorial concept maps provide a ‘mind map’ of an important topic featured in the chapter (you may find a similar idea helpful for your studies and revision).
- A summary of key points as a reminder of the chapter contents and an aid to revision.
- Group discussion activities to encourage critical review and feedback, and experience of small group discussions in an open and non-threatening environment.
- Organisational behaviour in action case studies giving valuable insights into a practical real-world situation, with tasks to encourage further thoughts.
- Personal skills and employability exercises with clear objectives to encourage you to think about the personal skills you will need in your future career.
- Detailed notes and references enable you to pursue further any issues of particular interest.

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Part 1

Organisational behaviour and work

- 1 The people–organisation relationship 22
- 2 The work environment 56
- 3 Organisational conflict and stress 90



Chapter 1

The people–organisation relationship

In an increasingly competitive business environment it is important to understand the nature of the people–organisation relationship and its main influences on behaviour in the workplace.

Learning outcomes

After completing your study of this chapter you should have enhanced your ability to:

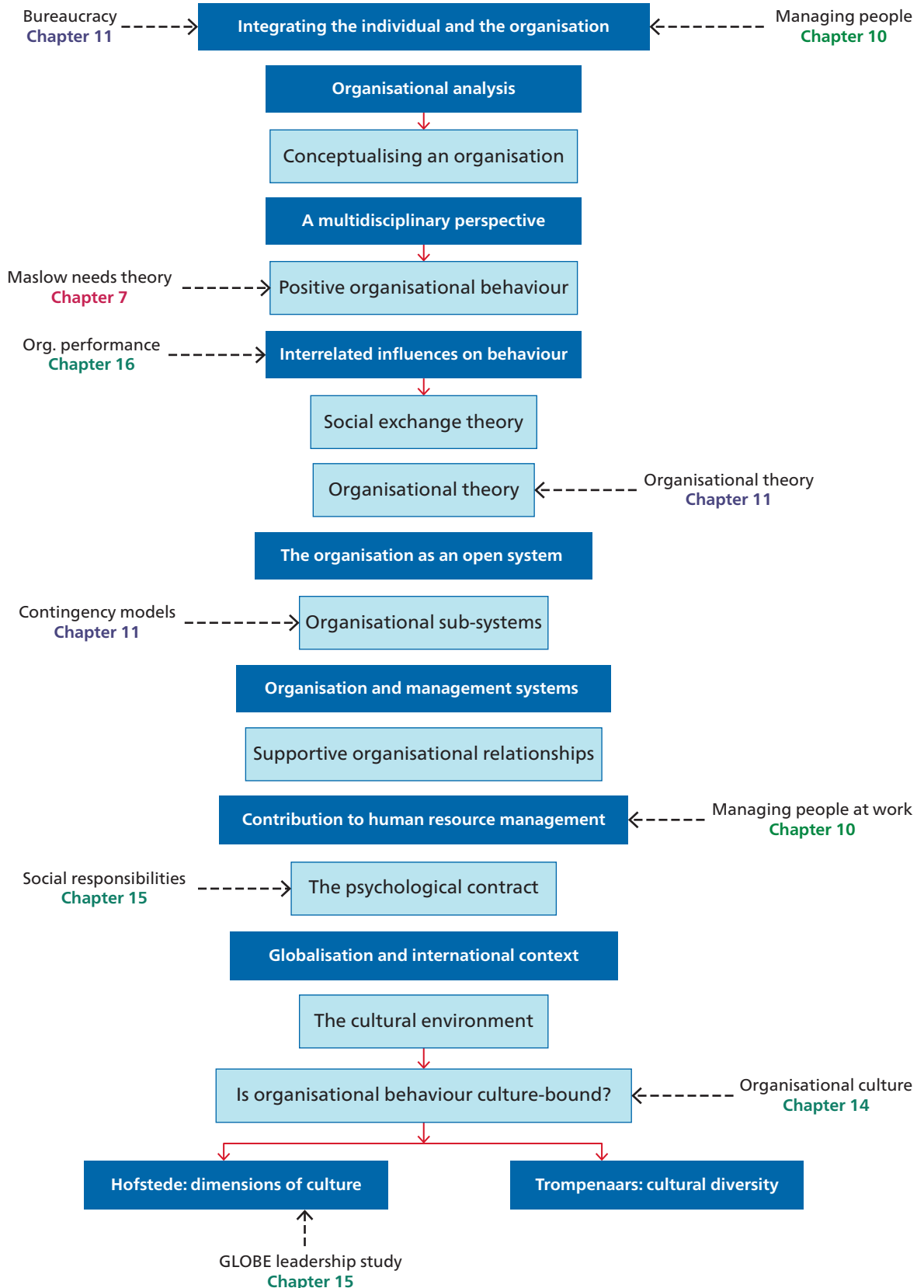
- explain the significance of the people–organisation relationship;
- detail a multidisciplinary perspective and interrelated influences on behaviour;
- explain analysis of the organisation as an open system;
- outline the contribution of Human Resource Management;
- evaluate the nature and importance of the psychological contract;
- detail systems of organisation and management;
- assess the impact of globalisation, and the international and cultural context.

Outline chapter contents

- * Integrating the individual and the organisation 24
- * Organisational analysis 26
- * A multidisciplinary perspective 28
- * Positive organisational behaviour (POB) 29
- * Interrelated influences on behaviour 30
- * A framework of study 31
- * Social exchange theory 32
- * Organisational theory 33
- * The organisation as an open system 35
- * Organisation and management systems 37
- * Contribution of Human Resource Management (HRM) 39
- * The psychological contract 41
- * Nature and extent of expectations 41
- * Globalisation and the international context 43
- * The cultural environment 44
- * Is organisational behaviour culture-bound? 47



Overview topic map: Chapter 1 – The people–organisation relationship





People and organisation!



Before commencing to read this chapter, what do YOU understand by the nature of the people–organisation relationship?

Integrating the individual and the organisation

In Chapter 0 we referred to organisational behaviour in terms of individual and group behaviour, patterns of structure and management and organisational performance. It is worth recalling this definition as the underlying basis for organisational behaviour as a whole is **the nature of the people–organisation relationship**.

One of the strongest critics of the formal organisation is *Argyris* (1964) who claims this restricts individual growth and self-fulfilment in a psychologically healthy person and causes a feeling of failure, frustration and conflict. Argyris calls for closer integration of the individual and the organisation in a more 'authentic' relationship for its members.¹ **See also criticisms of bureaucracy in Chapter 11.**

In an atmosphere of constant change and uncertainty, organisational survival and success is dependent upon satisfying the needs and expectations of people at work in order to achieve or exceed the goals of the organisation. **This demands creating an organisational climate in which people work both willingly and effectively.**

Perception of treatment by the organisation

People generally respond in the manner in which they are treated. It could be argued that the majority of people come to work with the original attitude of being eager to do a good job and desirous of performing well to the best of their abilities. Where

actual performance fails to match the ideal is largely a result of how people perceive they are treated by the organisation. Many problems in the people–organisation relationship arise from the manner in which decisions and actions of the organisation are actually carried out. Often, it is not so much the intent but the manner of implementation that is the root cause of staff unrest and dissatisfaction. For example, staff may agree (even if reluctantly) on the need for the organisation to introduce new technology to retain its competitive efficiency but feel resentment about the lack of prior consultation, effective retraining programmes, participation in agreeing new working practices and wage rates.

A heavy responsibility therefore is placed on managers – on the processes, activities and styles of management. Attention must be given to the work environment and appropriate systems of motivation, job satisfaction and rewards. It is important to remember that improvement in organisational performance will come about only through people. **See the discussion on managing with and through people in Chapter 10.**

Management of human capital

Over the years a number of writers have suggested organisations do not fully recognise people as a vital asset or how best to invest in them.² Attention to a more strategic approach to the management of people at work has given rise to the concept of **human capital** (HC) and acceptance of the belief that the way organisations manage people affects their performance. Although there is no generally agreed definition, the term is widely used to denote a strategic approach to people management that focuses on issues critical to the success of an organisation. A popular definition is that by *Thomas et al.* (2013) who define HC as ‘the people, their performance and their potential in the organisation’³. A fuller definition is given by *Bontis et al.* (1999) as:

the human factor in the organisation; the combined intelligence, skills and expertise that gives the organisation its distinctive character. The human elements of the organisation are those that are capable of learning, changing, innovating and providing the creative thrust which if properly motivated can ensure the long-term survival of the organisation.⁴

Gratton (2004) refers to three interrelated elements of human capital – intellectual, emotional and social – which have implications for both individuals and organisations.

- **Intellectual capital** is at the heart of individual development and creation of knowledge and personal value. This enables the exercise of choice.
- **Emotional capital** enables continual growth and fulfilment of ambition. It is maintained through self-awareness and insight.
- **Social capital** arises from forging of relationships. Traditional hierarchical roles and responsibilities are being replaced by integrated structures and relationships of trust and reciprocity.⁵

According to the *CIPD* (2017) many modern-day organisations have come to realise the organisation’s intangible assets such as knowledge and skills of employees are fundamental to creating value and attaining competitive advantage. A growing body of evidence demonstrates a positive link between the development of HC and performance and underlines the vital role social capital plays at both the individual

and organisational level in terms of creating value and stimulating new knowledge and innovation. At the individual level, HC theory suggests that investment in education and training increases skill level and productivity thus justifying higher earnings. At the organisational level HC can help in the creation of competitive advantage and facilitate strategic outcomes.⁶



How would YOU describe the essential characteristics that make for a meaningful and successful people–organisation relationship?

Organisational analysis

In order to study the behaviour of people within organisations it is necessary to have some understanding of the operations and functioning of organisations as a whole. Accordingly, although the main focus of this book is on the more micro level of organisational behaviour (OB), there is inevitably a close interrelationship with a broader approach that might be termed organisational analysis (OA). In terms of study of the subject area there is little clear distinction between the two approaches, both of which are concerned with the people–organisation relationship. This is a recurring theme and integral feature of the contents of this book.

For example, the examination of people as individuals, their motivations, behaviour in group situations, relationships with colleagues and responses to styles of leadership styles cannot be divorced from a wider study of different ideas and approaches to the structure and management of organisations as a whole and to applications of organisational theory, discussed in **Chapter 11**. See **Figure 1.1**.

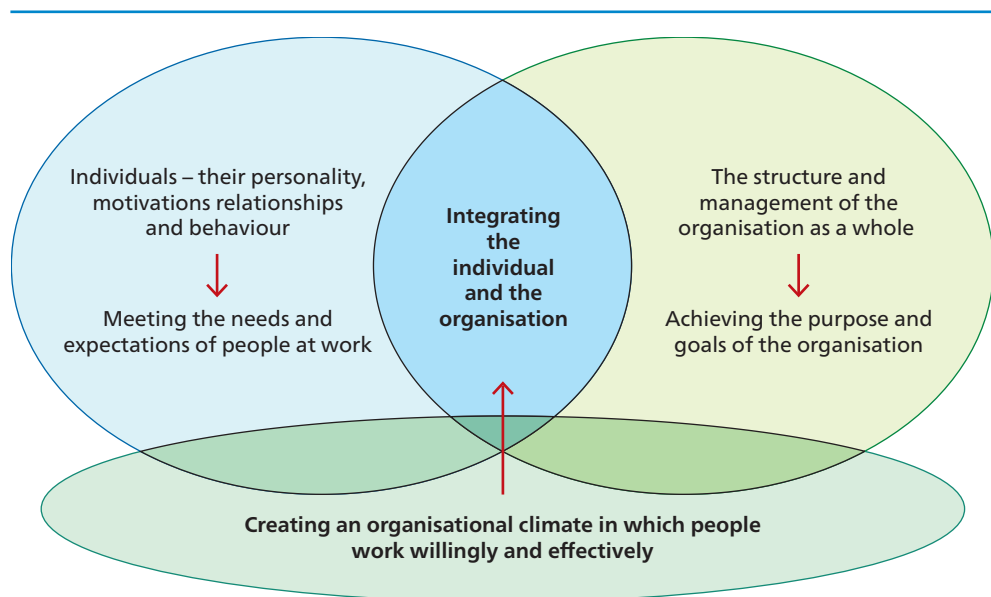


Figure 1.1 Integrating the individual and the organisation

Conceptualising an organisation

Rollinson (2008) identifies a number of ways in which to conceptualise an organisation.

- **As artefacts** – organisations do not exist in nature but are brought into existence by humans.
- **Goal directed** – created to serve some purpose, although not everyone necessarily has the same common goal or is aware of the goals pursued by the organisation.
- **Social entities** – although a one-person business can be conceived, organisations usually consist of more than one person and normally this is how the term is meant.
- **Structured activity** – human activity is deliberately structured and co-ordinated into identifiable parts or services in order to achieve a purpose or the goals of the organisation.
- **Nominal boundaries** – it is usually possible to identify nominal boundaries that provide some consensus about who or what is part of the organisation or belong elsewhere.

On this basis, *Rollinson* provides a basic definition of an organisation as:

Social entities brought into existence and sustained in an ongoing way by humans to serve some purpose, from which it follows that human activities in the entity are normally structured and coordinated towards achieving some purpose or goals.⁷

Strictly, organisations have no goals, only people do. Success of the organisation is measured by the progress of people satisfying goals set by people. This gives rise to the questions:

- To what extent does an organisation have one common set of goals or is there diversity among the various goals of different departments or sections of the organisation?
- To what extent do individual members obtain satisfaction of their own goals (needs and expectations) through the attainment of organisational goals?

If organisational goals and personal goals are pulling in different directions, disharmony and conflict will arise and performance is likely to suffer. Ideally people may realise their own personal goals by helping the organisation to satisfy its goals. Only when organisational goals are shared by members of the organisation will complete integration be achieved. In practice this is unlikely and as *McGregor* (1987) for example points out:

Perfect integration of organizational requirements and individual goals and needs is, of course, not a realistic objective. In adopting this principle, we seek that degree of integration in which individuals can achieve their goals by directing efforts towards the success of the organization.⁸

Organisational goals, objective and policy are discussed in Chapter 15.



Following the global pandemic and effects of Covid 19, organisations were forced to consider alternative forms of work patterns and delivery, including working from home. To what extent can the goals of an organisation still be met with a workforce working from home?

A multidisciplinary perspective

Whatever the approach, the study of organisational behaviour and the people–organisation relationship cannot be undertaken entirely in terms of a single discipline. It is necessary to recognise the influences of a multidisciplinary, behavioural science perspective. Although there are areas of overlap among the various social sciences and related disciplines such as economics and political science, the study of human behaviour can be viewed in terms of three main disciplines – **psychology**, **sociology** and **anthropology**. All three disciplines have made an important contribution to the field of organisational behaviour (see Figure 1.2).

A **psychological** approach has the main emphasis on the individuals of which the organisation is comprised. The main focus of attention is on the individual as a whole person, or what can be termed the ‘personality system’, including, for example, perception, attitudes and motives. Psychological aspects are important but by themselves provide too narrow an approach for the understanding of organisational behaviour. Our main concern is not with the complex detail of individual differences and attributes *per se* but with the behaviour and management of people within an organisational setting.

A **sociological** approach is concerned with a broader emphasis on human behaviour in society. Sociological aspects can be important. The main focus of attention is on the analysis of social structures and positions in those structures, for example, the relationship between the behaviour of leaders and followers. A number of sociology writers seem set on the purpose of criticising traditional views of organisation and management. Many of the criticisms and limitations are justified and help promote healthy academic debate. However, much of the argument tends to be presented in the abstract and is lacking in constructive ideas on how, in practical terms, action can be taken to improve organisational performance.

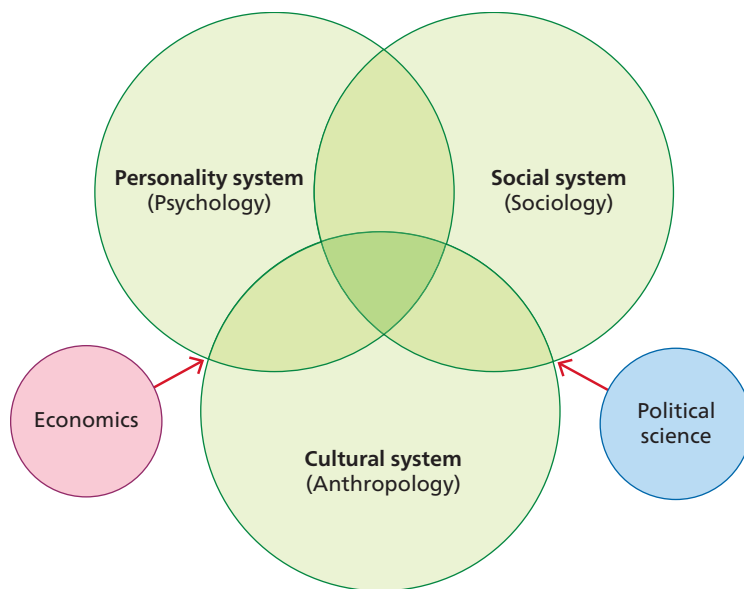


Figure 1.2 Organisational behaviour: a multidisciplinary approach

Anthropologists are more concerned with the science of humankind and the study of human behaviour as a whole. As far as organisational behaviour is concerned the main focus of attention is on the cultural system, the beliefs, customs, ideas and values within a group or society, and the comparison of behaviour among different cultures – for example, the importance to Muslim women of wearing trousers to work. People learn to depend on their culture to give them security and stability and they can suffer adverse reactions to unfamiliar environments.

The contribution of relevant aspects of psychology, sociology and anthropology underpins the field of organisational behaviour. We need also to consider the relevance and applications of philosophy, ethics and the law.

Positive organisational behaviour (POB)

A different approach to OB is that of positive organisational behaviour (POB) which takes a functionalist or positivist approach. In recent years increasing attention has been given to **positive psychology** which is defined broadly as: ‘the scientific study of what makes life most worth living’. Although arguably originated by *Maslow* in his hierarchy of needs theory in 1954 (see Chapter 7), positive psychology is associated with the work of *Martin Seligman* in 2000.⁹ Rather than focus on finding out what was wrong with people – the ‘disease’ model – positive psychology complements traditional psychology by focusing on determining how things go right and how to enhance people’s satisfaction and well-being.

Peterson (2008) suggests that the topic of morale can also be placed under the positive psychology umbrella. Morale is used as a cognitive, emotional and motivational stance toward the goals and tasks of a group. In the same way that life satisfaction is an indicator of individual well-being, morale is an indicator of group well-being.¹⁰

Applications to the work situation

To what extent can positive psychology be applied to the work organisation? *Wong and Davey* (2007) maintain that each day in every organisation huge amounts of valuable resources are wasted because of human problems, wrong policies or poor training. The focus of leadership needs to be shifted from process and outcome to people and the development of social/emotional/spiritual capital. However, although positive psychology can be introduced into the workplace, they question the ability of managers to apply this to employees in a meaningful way.¹¹

Donaldson and Ko (2010) maintain that the primary emphasis of POB is in the workplace and the accomplishment of work-related outcomes and performance improvement. Studies of POB have been conducted at the micro- and meso-levels of analysis using survey research and tend to develop from individual to group to organisational levels of analysis. There appears to be potential to invigorate research and applications in the traditional fields of industrial psychology and organisational behaviour.¹²

POB has been subject to much critique and there still exists some measure of confusion regarding just what constitutes the realm of ‘positive’ behaviour, and what distinguishes the positive organisational agenda from organisational behaviour in general. However, despite the sceptics and critics, *Wright and Quick* (2009) believe

that the role of positive organisational movement will continue to grow and prosper and gain significant attention in the applied sciences.¹³



Which of the social science disciplines do YOU believe makes the greatest contribution to an understanding of organisational behaviour and why?

Interrelated influences on behaviour

A multidisciplinary perspective provides contrasting but related approaches to the understanding of human behaviour in work organisations and presents a number of alternative pathways and levels of analysis. For our purposes a number of broad interrelated dimensions can be identified – the individual, the group, the organisation and the environment – which collectively influence behaviour in the workplace.

- **The individual.** Organisations are made up of their individual members. The individual is a central feature of organisational behaviour, whether acting in isolation or as part of a group, in response to expectations of the organisation or as a result of the influences of the external environment. Where the needs of the individual and the demands of the organisation are incompatible, this can result in frustration and conflict.
- **The group.** Groups exist in all organisations and are essential to their working and performance. The organisation comprises groups of people and almost everyone in an organisation will be a member of one or more groups. Informal groups arise from the social needs of people within the organisation. People in groups influence each other in many ways and groups may develop their own hierarchies and leaders. Group pressures can have a major influence over the behaviour and performance of individual members. An understanding of group structure and behaviour complements knowledge of individual behaviour and adds a further dimension to the study of organisational behaviour.
- **The organisation.** Individuals and groups interact within the structure of the formal organisation. Structure is created to establish role relationships between individuals and groups, to provide order and systems and to direct the efforts of the organisation into goal-seeking activities. It is through the formal structure that people carry out their organisational activities to achieve aims and objectives. Behaviour is influenced by patterns of structure, technology, styles of leadership and systems of management through which organisational processes are planned, directed and monitored.
- **The environment.** Applications of organisational behaviour and effective human resource management take place in the context of the wider environmental setting, including the changing patterns of organisations and work. The broader external environment affects the organisation through, for example, internationalisation, technological and scientific development, economic activity, social and cultural influences, governmental actions and corporate responsibility and ethical behaviour. The increasing rate of change in environmental factors has highlighted the need to study the total organisation and the processes by which the organisation attempts to adapt to the external demands placed upon it.

A framework of study

Chapter 0 pointed out that the study of organisational behaviour embraces an understanding of a wide range of interactions. In order to study the behaviour of people at work it is necessary to understand interrelationships with other variables that together comprise the total organisation. The bottom line is that sooner or later every organisation has to perform successfully if it is to survive. **Organisational performance and effectiveness is discussed in Chapter 16.**

This provides a convenient framework of study, see Figure 1.3.

A spirituality perspective on organisational behaviour

Another interesting approach to organisational behaviour is that of spirituality. *Daniel Pink* (2006), a bestseller in business books, advocates we take spirituality seriously and maintains that human beings have a natural desire to find meaning in their lives beyond the material.¹⁴ For example, clinical research for evidence of a spontaneous miracle in the life of Mother Teresa of Calcutta before she could be made a saint in the Catholic Church is an instance of avoiding the risk of assumption and wishful thinking.

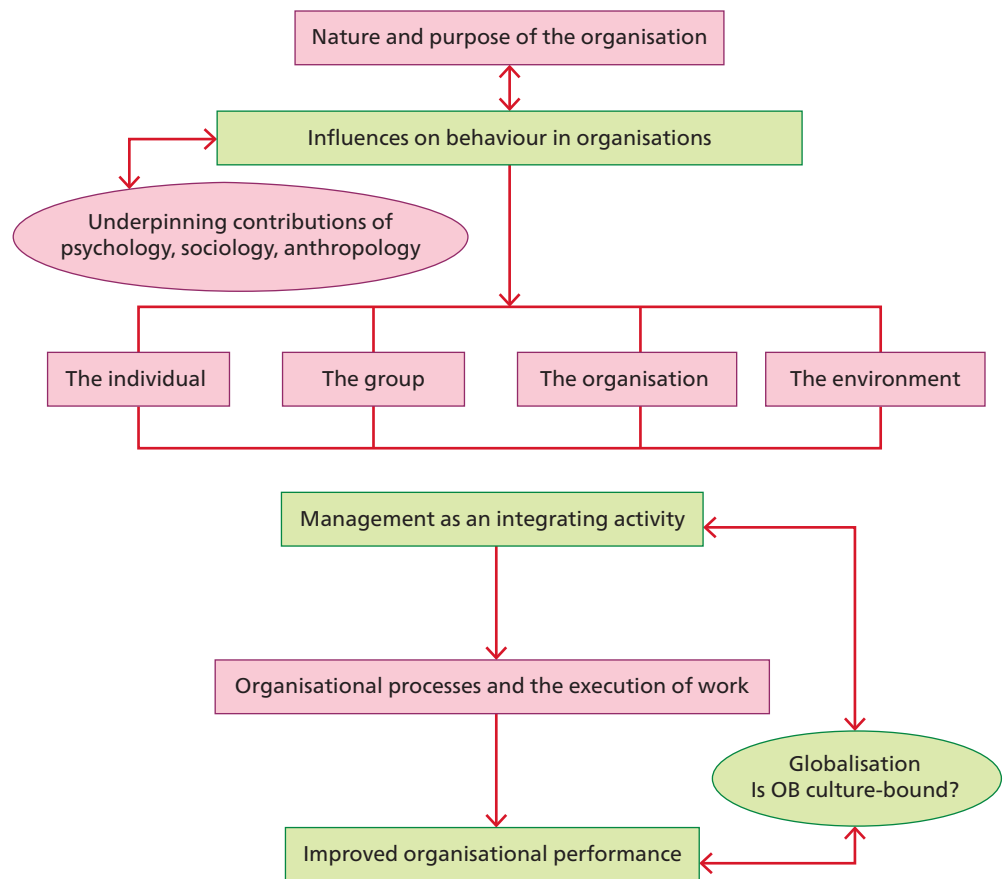


Figure 1.3 Organisational behaviour (OB): a basic framework of study

Hugo Misselhorn (2016), a renowned South African registered occupational psychologist, draws attention to a growing interest in the spiritual dimension in the workplace and exploration of passages in the Christian Bible that point to meaning or purpose in our lives beyond what we can see, touch, smell, hear and taste – or work out rationally. Misselhorn (2016) offers for consideration a spiritual perspective on organisational behaviour. There is more to human behaviour in the workplace than a clinical and 'scientific' application of the behavioural sciences devoid of a reference to God or a spiritual dimension in our lives.¹⁵



What do YOU think about the meaning of spirituality in the workplace? Is it just 'pie in the sky' or a means of avoiding reality?



Left: House of The Virgin Mary, Ephesus, Turkey. Right: Prayer ribbons

Social exchange theory

An important feature that underlies the behaviour and interrelationships of people in organisations is that of **social exchange theory**. Rooted in cultural anthropology and economics, the central premise of social exchange theory is that a fundamental feature of human interaction is the exchange of social and material resources.¹⁶ Social behaviour is determined by an exchange process. When people enter into a relationship with some other person there is the expectation of obtaining some kind of reward or benefit in exchange for giving something to the other person in return. Individuals seek to achieve a positive balance for themselves by maximising benefits and minimising costs of such exchanges. Social exchanges are influenced by a complex web of power relationships and as a result are not always equal but have an uneven balance of outcomes.¹⁷

Different relations and different expectations

The viability of social exchange theory relies on the assumption that individuals will engage in reciprocity and recognise the needs and wishes of other people. This draws attention to the importance of organisational climate. In different organisational

relationships there will be different expectations of the content and balance of the exchange, for example between a senior manager and subordinate or between fellow team members. The level of satisfaction from the exchange will depend not just upon the actual outcomes but the individual's expectation of likely outcomes.

The perceived outcomes of a present relationship may also be viewed in consideration of both past relationships and potential future relationships. The nature of social exchanges impacts upon many other features of the people–organisation relationship discussed later, including the psychological contract, patterns of communications, equity theory of motivation, group behaviour, leadership and management, control and power and organisational culture.

Quoting the work of *Koster et al.* (2011),¹⁸ a *CIPD* (2017) report comments that social exchange theory suggests employees may perceive investment in general skills as an investment in their development and thus may reciprocate by staying with the incumbent firm.¹⁹

Organisational theory

No single approach to organisational behaviour can provide all the answers. A central part of the study is the development of different thinking on and approaches to the structure, management and functioning of organisations and their relationship with the external environment. This might be termed organisation theory. Managers reading the work of leading writers on the subject might see in their thoughts, ideas and conclusions a message about how they should behave. This will influence their attitudes towards actual practice and bring about change in behaviour.

Writing on organisational behaviour and management in some form or another can be traced back thousands of years. *Shafritz* (1992) makes an interesting observation about the contribution of *William Shakespeare* (1564–1616):

While William Shakespeare's contribution to literature and the development of the English language have long been acknowledged and thoroughly documented, his contribution to the theory of management and administration have been all but ignored. This is a surprising oversight when you consider that many of his plays deal with issues of personnel management and organisational behavior.²⁰

Importance of organisational theory

The study of organisation theory is important for the following reasons:

- It helps to view the interrelationships between the development of theory, behaviour in organisations and management practice.
- Theories are interpretive and evolve in line with changes in the organisational environment.
- Many of the earlier ideas are of continuing importance and later ideas tend to incorporate at least part of earlier ideas and conclusions.

However, if action is to be effective, the theory must be adequate and appropriate to the task and to improve organisational performance. It must be a 'good' theory. To

be of any help to the practising manager, theory has to be appropriate. For example, Lee (1990) refers to the danger of adopting theories because they are teachable, rather than because they are effective.²¹

Charles Handy (1993) refers to analysis as an important prerequisite of action and the usefulness of conceptual frameworks to the interpretation of organisational phenomena. Concepts of organisation theory, properly used and understood, should:

- help one to explain the Past, which in turn;
- helps one to understand the Present and thus;
- to predict the Future which leads to;
- more influence over future events; and
- less disturbance from the Unexpected.²²

Gareth Jones (2013) suggests that knowledge about organisational design and change enables people to analyse the structure and culture of the organisation, diagnose problems and make adjustments that help the organisation achieve its goals.²³ **Figure 1.4** provides an outline of the relationship among organisation theory, structure, culture, design and change. **Organisational theory is discussed in more detail in Chapter 11.**

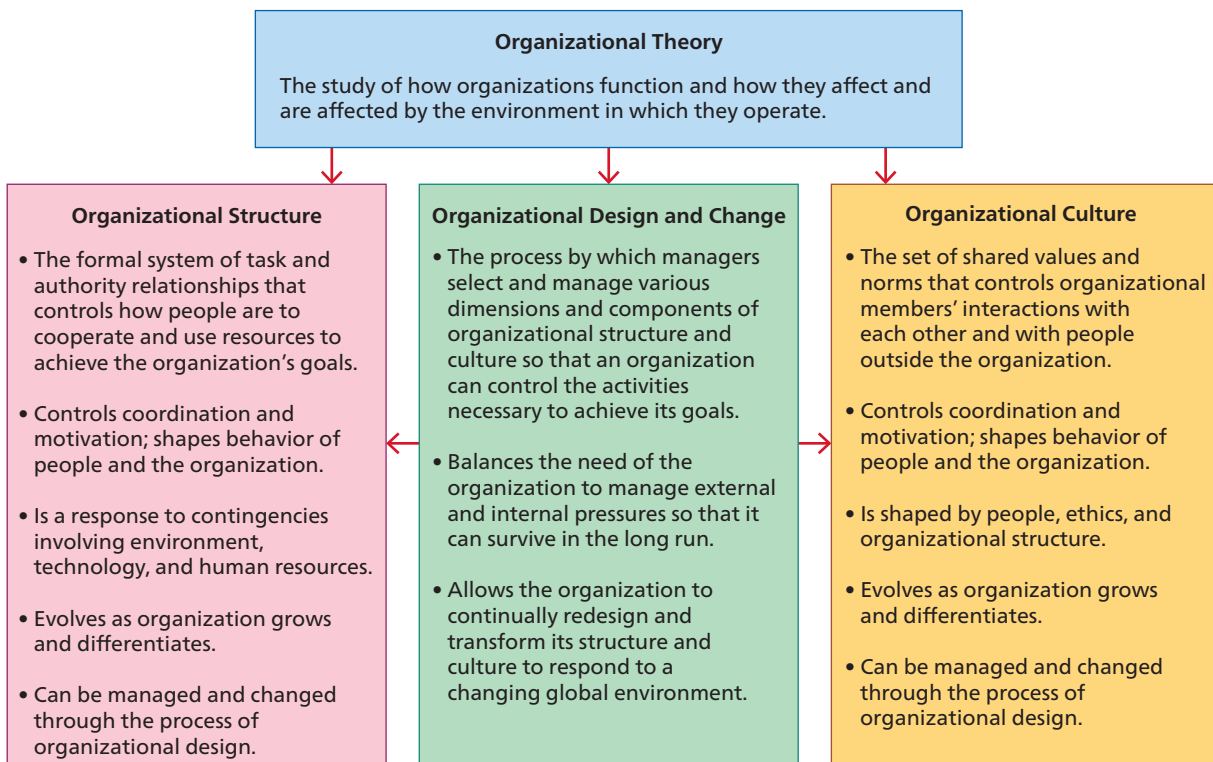


Figure 1.4 Relationship among Organisation Theory and Organisational Structure, Culture and Design and Change

Source: Jones G R *Organizational Theory, Design, and Change*, seventh edition, Pearson Education (2013), p. 30.



To what extent do YOU believe knowledge of organisational theory can help predict the future and results in less organisational disturbance from the unexpected?

The organisation as an open system

Organisations differ in many important respects, but also share common features and can be viewed as open systems which take inputs from the environment (outputs from other systems) and through a series of activities transform or convert these inputs into outputs (inputs to other systems) to achieve some objective. By adopting the systems view of organisations, we can identify principles and prescriptions of structure and management that apply to business organisations in general. Differences in the application and operation of these principles and prescriptions as between one organisation and another are largely a matter only of degree and emphasis.

In terms of the **open systems model** the business organisation, for example, takes in resources such as people, finance, raw materials and information from its environment, transforms or converts these and returns them to the environment in various forms of outputs such as goods produced, services provided, completed processes or procedures in order to achieve certain goals such as profit, market standing, level of sales or consumer satisfaction. **See Figure 1.5.**

All organisations need clear aims and objectives that will determine the nature of inputs, the series of activities to achieve outputs and the realisation of organisational goals. Feedback about the performance of the system, and the effects of its operation on the environment, is measured in terms of achieving aims and objectives. These common features make possible the application of general principles of organisational behaviour and the meaningful study of organisation theory. While general principles and prescriptions apply to all organisations, differences in their type and purpose, goals and objectives and environmental influences highlight the nature of the people–organisation relationship. This aids the analysis of alternative forms of structure and management, methods of

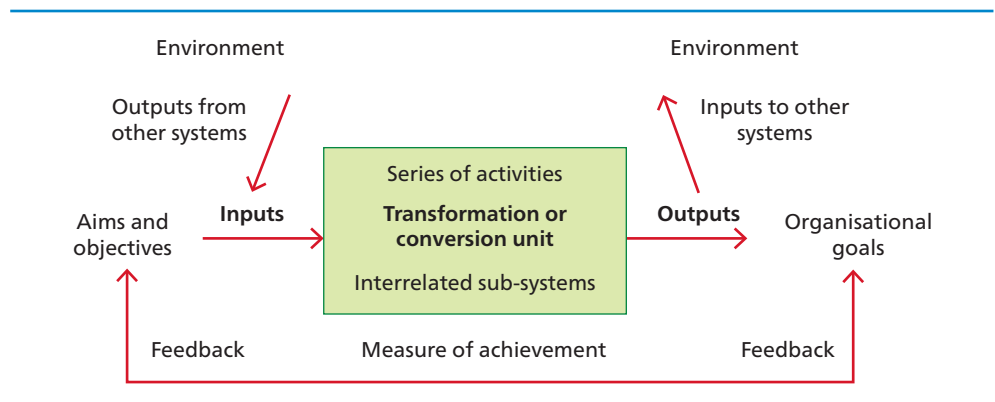


Figure 1.5 The open-systems model of organisations

operation, styles of leadership and the motivations and behaviour of people employed by or working in different organisations.

Organisational sub-systems

Within the organisation (system) as a whole, each of the different transformation or conversion activities may themselves be viewed as separate **organisational sub-systems**. A framework of five main interrelated sub-systems as a basis for the analysis of work organisations can be identified as:

- **Task** – the goals and objectives of the organisation: the nature of inputs and outputs and the work activities to be carried out in the transformation or conversion process.
- **Technology** – the manner in which the tasks of the organisation are carried out and the nature of work performance: the materials, systems and procedures and equipment used in the transformation or conversion process.
- **Structure** – patterns of organisation, lines of authority, formal relationships and channels of communication among members: the division of work and co-ordination of tasks by which the series of activities is carried out.
- **People** – the nature of the members undertaking the series of activities: for example, their attitudes, skills and attributes; needs and expectations; interpersonal relations and patterns of behaviour; group functioning and behaviour; informal organisation and styles of leadership.
- **Management** – co-ordination of task, technology, structure and people and policies and procedures for the execution of work: corporate strategy, direction of the activities of the organisation as a whole and its interactions with the external environment. **See Figure 1.6.**

Attention should be focused on the total work organisation and on interrelationships between the five main sub-systems – task, technology, structure, people and management. This provides a useful basis for the review of organisational performance and effectiveness.

Contingency models of organisation

Irrespective of the identification of sub-systems, the nature and scale of the series of activities involved in converting inputs to outputs will differ from one organisation to another in terms of the interrelationships between technology, structure, methods of operation and the nature of environmental influences. 'Contingency' models of organisation highlight these interrelationships and provide a further possible means of differentiation between alternative forms of organisation and management. The contingency approach takes the view that there is no one best, universal form of organisation. There are a large number of variables, or situational factors, that influence organisational performance. (**Contingency models are examined in Chapter 11.**)



To what extent are YOU able to analyse the effectiveness of your university in terms of the five interrelated organisational sub-systems?

4. interaction–influence processes;
5. decision-making processes;
6. goal-setting or ordering; and
7. control processes.

These management systems are designated by number:

- **System 1 – Exploitive authoritative.** Decisions are imposed on subordinates, motivation is based on threats, there is very little teamwork or communication; responsibility is centred at the top of the organisational hierarchy.
- **System 2 – Benevolent authoritative.** There is a condescending form of leadership, motivation is based on a system of rewards, there is only limited teamwork or communication; there is responsibility at managerial levels but not at lower levels of the organisational hierarchy.
- **System 3 – Consultative.** Leadership involves some trust in subordinates, motivation is based on rewards but also some involvement, there is a fair degree of teamwork, and communication takes place vertically and horizontally; responsibility for achieving the goals of the organisation is spread more widely throughout the hierarchy.
- **System 4 – Participative.** Leadership involves trust and confidence in subordinates, motivation is based on rewards for achievement of agreed goals, there is participation and a high degree of teamwork and communication; responsibility for achieving the goals of the organisation is widespread throughout all levels of the hierarchy.

Supportive organisational relationships

The nearer the behavioural characteristics of an organisation approach System 4, the more likely this will lead to long-term improvement in staff turnover and high productivity, low scrap, low costs and high earnings. Likert sets out three fundamental concepts of System 4 management. These are the use of:

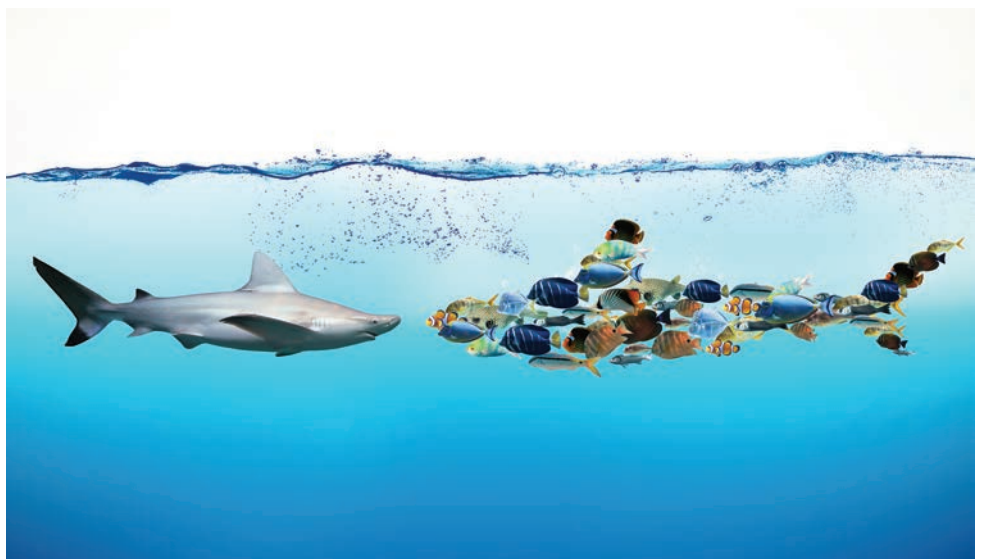
- the principle of supportive relationships among members of the organisation and in particular between superior and subordinate;
- group decision-making and group methods of organisation and supervision; and
- high performance aspirations for all members of the organisation.

Supportive relationships are intended to enhance self-esteem and ego-building, contribute to subordinates' sense of personal worth and importance and maintain their sense of significance and dignity. The superior's behaviour is regarded as supportive when this entails:

- mutual confidence and trust;
- helping to maintain a good income;
- understanding of work problems and help in doing the job;
- genuine interest in personal problems;
- help with training to assist promotion;

- sharing of information;
- seeking opinions about work problems;
- being friendly and approachable; and
- giving credit and recognition where due.

Likert (1961) refers to studies that suggest that employees generally want stable employment and job security, opportunities for promotion and satisfactory compensation. They also want to feel proud of their organisation and its performance and accomplishments. In System 4 management, superiors should therefore have high performance aspirations, but so should every member of the organisation. To be effective, these high performance goals should not be imposed but set by a participative mechanism involving group decision-making and a multiple overlapping group structure. The mechanism should enable employees to be involved in setting high performance goals that help to satisfy their needs.



The ultimate people–organisation relationship?

Contribution of Human Resource Management (HRM)

At the heart of successful management is integrating the individual and the organisation, and this requires an understanding of both human personality and work organisations. People and organisations need each other and Human Resource Management (HRM) is an important part of this relationship. Although often studied as a separate subject area there is a substantial interrelationship between organisational behaviour and HRM as can be seen by the content of **Chapter 10**.

It is important always to remember that it is people who are being managed and people should be considered in human terms. Unlike physical resources, the people resource is not owned by the organisation. People bring their own

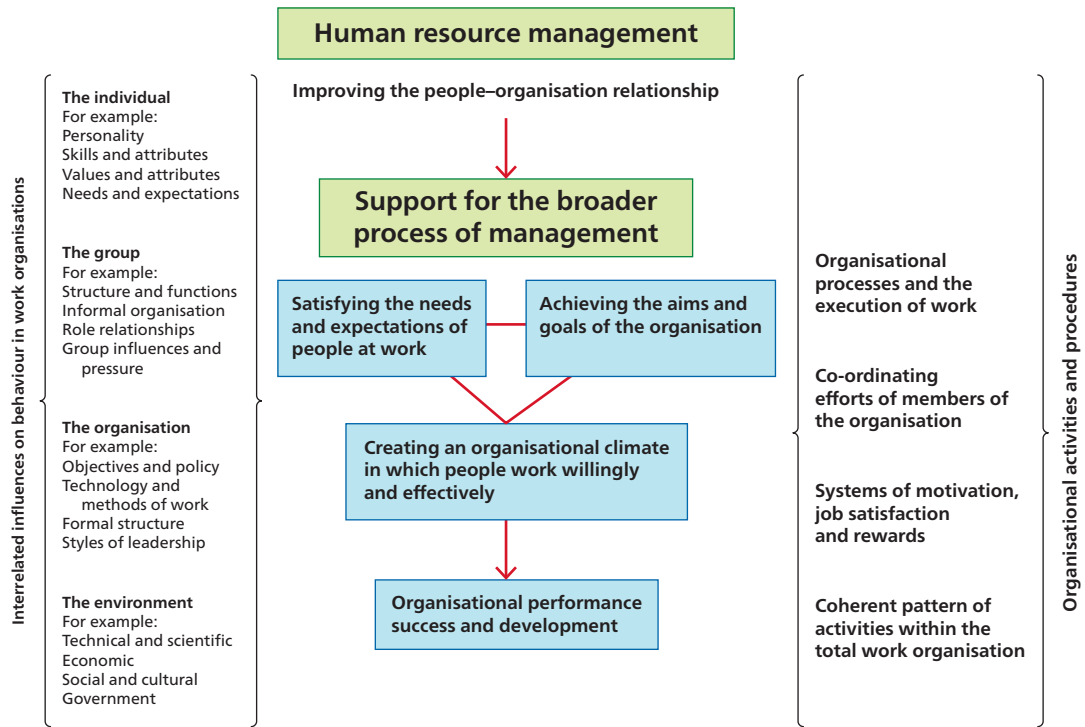


Figure 1.7 Organisational behaviour and human resource management

perceptions, feelings and attitudes towards the organisation, systems and styles of management, their duties and responsibilities, and the conditions under which they are working.

Support for the process of management

Whatever the individual’s orientations to work, the nature of the work organisation or cultural influences, efforts of members of the organisation need to be co-ordinated, directed and guided towards the achievement of its goals. HRM should serve to support the broader process of management and delivering organisational practices and the execution of work. It should help reconcile the needs of people at work with the requirements of the organisation and creation of an organisational climate in which people work willingly and effectively. (See Figure 1.7.)

The style of HRM adopted can be seen as a function of the organisation’s attitudes towards people and assumptions about human nature and behaviour.

According to *Gratton* (2004), for example:

When people are engaged and committed they are more likely to behave in the interests of the company and they have less need to be controlled and measured. In essence, engaged people can be trusted to behave in the interests of the company, in part because they perceived their interests to be the same as, or aligned with, the interests of the company.²⁵



Watch the video of *Dan Ariely* (www.youtube.com/watch?v=5aH2Pppjcho) on what makes us feel good about work. Consider the psychological contract from your own perspective.

The psychological contract

One significant aspect of organisational behaviour and the people–organisation relationship is the concept of the **psychological contract**. This has its roots in social exchange theory and the relationship between the individual and the organisation. This is not a written document or part of a formal agreement but implies a series of mutual expectations and satisfaction of needs arising from the people–organisation relationship. The psychological contract covers a range of expectations of rights and privileges, duties and obligations that have an important influence on people’s behaviour.

The psychological contract is also an important factor in the socialisation of new members of staff to the organisation. Early experiences of the people–organisation relationship have a major effect on an individual’s perception of the organisation as a place to work and the quality of management, and can have a major influence on job satisfaction, attitude and levels of performance.

Nature and extent of expectations

The nature and extent of individuals’ expectations vary widely, as do the ability and willingness of the organisation to meet them. It is difficult to list the range of implicit expectations that individuals have and these expectations also change over time. They are separate from any statutory requirements placed upon the organisation; they relate more to the idea of social responsibility of management (**discussed in Chapter 15**). The organisation will also have implicit expectations of its members. The organisational side of the psychological contract places emphasis on expectations, requirements and constraints that may differ from, and may conflict with, an individual’s expectations. Some possible examples of the individual’s and the organisation’s expectations are given in **Figure 1.8**.

Process of balancing

It is unlikely that all expectations of the individual or of the organisation will be met fully. There is a continual process of balancing and explicit bargaining. The nature of these expectations is not defined formally and although the individual member and the organisation may not be consciously aware of them, they still affect relationships between them and have an influence on behaviour. *Stalker* (2000) suggests that successful companies are those that have the ability to balance the unwritten needs of their employees with the needs of the company. Such

Individual's expectations of the organisation

- Provide safe and hygienic working conditions.
- Make every reasonable effort to provide job security.
- Attempt to provide challenging and satisfying jobs, and reduce alienating aspects of work.
- Adopt equitable human resource management policies and procedures.
- Respect the role of trade union officials and staff representatives.
- Consult fully with staff and allow genuine participation in decisions that affect them.
- Implement best practice in equal opportunity policies and procedures.
- Reward all staff fairly according to their contribution and performance.
- Provide reasonable opportunities for personal development and career progression.
- Treat members of staff with respect.
- Demonstrate an understanding and considerate attitude towards personal problems of staff.

Organisational expectations of the individual

- Uphold the ideology of the organisation and the corporate image.
- Work diligently in pursuit of organisational objectives.
- Adhere to the rules, policies and procedures of the organisation.
- Respect the reasonable authority of senior members of staff.
- Do not take advantage of goodwill shown by management.
- Be responsive to leadership influence.
- Demonstrate loyalty, respect confidentiality and not betray positions of trust.
- Maintain harmonious relationships with work colleagues.
- Do not abuse organisational facilities such as email or internet access.
- Observe reasonable and acceptable standards of dress and appearance.
- Show respect and consolidation to customers and suppliers.

Figure 1.8 The psychological contract: possible examples of individual and organisational expectations

companies use a simple formula of Caring, Communicating, Listening, Knowing and Rewarding.

- **Caring** – demonstrating genuine concern for individuals working in the organisation;
- **Communicating** – really talking about what the company is hoping to achieve;
- **Listening** – hearing not only the words but also what lies behind the words;
- **Knowing** – the individuals who work for you, their families, personal wishes, desires and ambitions;

- **Rewarding** – money is not always necessary; a genuine thank-you or public recognition can raise morale.²⁶

Moral contract with people

The changing nature of organisations and individuals at work has placed increasing pressures on the awareness and importance of new psychological contracts. *Ghoshal et al.* (2000) suggest the new management philosophy needs to be grounded in a very different moral contract with people. Rather than being seen as a corporate asset from which value can be appropriated, people are seen as a responsibility and a resource to be added to. The new moral contract also demands much from employees, who need to abandon the stability of lifetime employment and embrace the concept of continuous learning and personal development.²⁷



What examples can YOU give of the psychological contract between yourself and fellow students; and your university (or faculty/department)?

Globalisation and the international context

Many commentators have identified the increasingly international or global arena in which business organisations operate. This international environment and resultant cultural implications have a challenging impact upon the nature of the people–organisation relationship.

Globalisation may be viewed in different ways but in broad terms, refers to organisations integrating, operating and competing in a worldwide economy. The organisations' activities and methods of production are linked in locations across the world rather than confined nationally. The following factors are frequently cited as potential explanatory factors underlying this trend:

- Improvements in international information and communication facilities leading to an increased consciousness of differences in workplace attitudes and behaviour in other societies.
- International competitive pressure, for example the emergence of newly industrialised and/or free-market nations, including the Far East region and former communist bloc countries.
- Increased mobility of labour.
- International business activity, for example, overseas franchising or licensing agreements, outsourcing of business units to other countries (call centres provide a topical example), direct foreign investment and the activities of multinational corporations which, by definition, operate outside national boundaries.
- Greater cross-cultural awareness and acceptance of the advantages of diversity.

A significant feature of globalisation for Western economies is the economic growth and development of countries known as BRIC: Brazil, Russia, India and China (Korea is sometimes included). Other commentators however question the extent to which the trend towards globalisation will continue. It is not spreading evenly and not all societies are in a position to trade on a global scale. Some chose to reject, or to even demonstrate against, the increasing movement towards globalisation.

The future of globalisation

Globalisation has been subjected to much criticism, in part due to lack of clarity as to its exact meaning and to the confusion about organisations that are very large-scale (such as Walmart in the USA) but have only a small proportion of their operations on a global basis. Globalisation has also become the subject of demonstrations and has been blamed for escalating inequalities in the developing world and endangering regional cultures. There appears to be a return to strong nationalistic tendencies in countries such as America and France.

By contrast, *McLean* (2006) maintains that globalisation is here to stay – it won't go away and if anything will get worse. 'We must face the realism that the world, and indeed organisations and the way they are managed, will never be the same. We must encompass these changes and harness the opportunities they present.'²⁸ *French* (2010), however, reminds us that social trends are by their very nature, fluctuating. For example it is quite possible that the trend for global flows of workers may decrease in importance or even be reversed in the future.²⁹

The cultural environment

Whatever the extent of globalisation, there are clear implications for organisational behaviour in accommodating international dimensions of management and cultural differences. There are also concerns about the loss of national or regional cultural identities. As organisations, and especially large business organisations, adopt a more global perspective this will have a significant effect on the broader context of organisational behaviour including diversity and inclusion, styles of leadership, systems of communication and human resource management. Globalisation will also impact on the nature of social responsibilities and business ethics with fears of increased inequalities at work.

The importance of people in business understanding cultural differences is illustrated by IBM, which publishes for members of staff a comprehensive guide to the main dimensions of culture and business, and an introduction to concepts, tips, resources and tools for building cross-cultural competencies across national, organisational, team and interpersonal barriers.

Variations in workplace attitudes and behaviour

Another advantage of adopting a cross-cultural approach to the study of organisational behaviour, and to the management of people more generally, lies in the recognition of variations in workplace attitudes and behaviour between

individuals and groups in different cultural contexts. As an example, Japanese corporate culture is permeated by unquestioning obedience and loyalty. This at least in part was said to be a reason for the Toshiba accounting scandal in 2015. In India people often have to work against an environment of chaos, corruption and lacking water or power in their homes.

In America, there is a strong commitment to the organisation (the corporation) and work and career are taken very seriously (as LJM has experienced for himself). Hard work is accepted as part of the American way of life and good timekeeping is important. It is a long-hours culture and generally there is little concern for the work/life balance. There is a strong emphasis on political correctness and little banter or humour at work (again as LJM found out to his cost), especially not in formal meetings. Americans do not like self-deprecation and find it strange that the British are prepared to laugh at themselves.

In China there is an enormous bureaucracy and hierarchy is an important indication of authority. In the business world you may need to deal with several ascending levels of management before reaching the senior manager. There can be an apparent lack of courtesy – and rather than being taken as given, respect and trust have to be earned. There is a strong superior–subordinate relationship, with staff often undertaking menial tasks for their boss.³⁰ In Japan and Korea, where society tends to be male-dominated, in the business world men are more likely to be taking the main role in setting agendas, communications and decision-making.

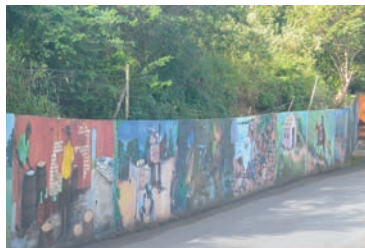
According to *Hare* (2012) we need to embrace the opportunities international management brings. All countries have their issues but whatever the customs, differences and similarities most cultures recognise the need to get something done. Successful international management boils down to five simple principles:

1. Listen well so you understand the rationale, motivations and outcomes desired by the other party.
2. Take time to do your research and homework.
3. Be courteous and polite and mindful of local manners and customs.
4. Develop good working relationships through trust and respect.
5. Embrace the opportunities from international management.³¹

A summary of organisational culture is set out in the concept map Figure 1.9.



What do YOU see as the most significant impact of globalisation? What experiences do you have of different workplace attitudes and behaviours?



Examples of cultural environment