

# Organisation Theory and Behaviour

By: Jyoti Malhotra

This reference book can be useful for  
BBA, MBA, B.Com, BMS, M.Com, BCA, MCA  
and many more courses for Various Universities



**NEERAJ**  
**PUBLICATIONS**  
**[www.neerajbooks.com](http://www.neerajbooks.com)**

Published by:



## **NEERAJ PUBLICATIONS**

*(Publishers of Educational Books)*

Sales Office : 1507, 1st Floor,

Nai Sarak, Delhi-110 006

E-mail: info@neerajbooks.com

Website: www.neerajbooks.com

**© Reserved with the Publishers only.**

Typesetting by: Competent Computers

### Terms & Conditions for Buying E-Book

- The User must Read & Accept the Terms and Conditions (T&C) carefully before clicking on the accept option for Buying the Online Soft Copy of E-books. Under this Particular Facility you may buy only the Online Soft Copy of E-books, no Hard Copy or Printed Copy shall be provided under this facility.
- These E-Books are valid for 365 days online reading only (From the Date of Purchase) and no kind of Downloading, Printing, Copying, etc. are allowed in this facility as these products are just for Online Reading in your Mobile / Tablet / Computers.
- All the online soft copy E-books given in this website shall contain a diffused watermark on nearly every page to protect the material from being pirated / copy / misused, etc.
- This is a Chargeable Facility / Provision to Buy the Online Soft Copy of E-books available online through our Website Which a Subscriber / Buyer may Read Online on his or her Mobile / Tablet / Computer. The E-books content and their answer given in these Soft Copy provides you just the approximate pattern of the actual Answer. However, the actual Content / Study Material / Assignments / Question Papers might somewhat vary in its contents, distribution of marks and their level of difficulty.
- These E-Books are prepared by the author for the help, guidance and reference of the student to get an idea of how he/she can study easily in a short time duration. Content matter & Sample answers given in this E-Book may be Seen as the Guide/Reference Material only. Neither the publisher nor the author or seller will be responsible for any damage or loss due to any mistake, error or discrepancy as we do not claim the Accuracy of these solution / Answers. Any Omission or Error is highly regretted though every care has been taken while preparing these E-Books. Any mistake, error or discrepancy noted may be brought to the publishers notice which shall be taken care of in the next edition. Please consult your Teacher/Tutor or refer to the prescribed & recommended study material of the university / board / institute / Govt. of India Publication or notification if you have any doubts or confusions before you appear in the exam or Prepare your Assignments before submitting to the University/Board/Institute.
- Publisher / Study Badshah / shall remain the custodian of the Contents right / Copy Right of the Content of these reference E-books given / being offered at the website [www.studybadshah.com](http://www.studybadshah.com).
- The User agrees Not to reproduce, duplicate, copy, sell, resell or exploit for any commercial purposes, any portion of these Services / Facilities, use of the Service / Facility, or access to the Service / Facility.
- The Price of these E-books may be Revised / Changed without any Prior Notice.
- The time duration of providing this online reading facility of 365 days may be alter or change by [studybadshah.com](http://studybadshah.com) without any Prior Notice.
- The Right to accept the order or reject the order of any E-books made by any customer is reserved with [www.studybadshah.com](http://www.studybadshah.com) only.
- All material prewritten or custom written is intended for the sole purpose of research and exemplary purposes only. We encourage you to use our material as a research and study aid only. Plagiarism is a crime, and we condone such behaviour. Please use our material responsibly.
- In any Dispute What so ever Maximum Anyone can Claim is the Cost of a particular E-book which he had paid to Study Badshah company / website.
- If In case any Reader/Student has paid for any E-Book and is unable to Access the same at our Website for Online Reading Due to any Technical Error/ Web Admin Issue / Server Blockage at our Website [www.studybadshah.com](http://www.studybadshah.com) then He will be send a New Link for that Particular E-Book to Access the same and if Still the Issue is Not Resolved Because of Technical Error/ Web Admin Issue / Server Blockage at our website then His Amount for that Particular Purchase will be refunded by our website via PayTM.
- All the Terms, Matters & Disputes are Subjected to "Delhi" Jurisdiction Only.

# CONTENTS

<i>S.No.</i>	<i>Page</i>
1. Introduction to Organisation .....	1
2. Organisation Theory .....	11
3. Organisation Structure and Effectiveness .....	24
4. Overview of Organisational Behaviour .....	33
5. Individual Behaviour and Learning .....	42
6. Perception .....	54
7. Attitudes and Values .....	62
8. Personality and Emotions .....	71
9. Stress Management .....	84
10. Motivation.....	94
11. Job Design and Job Satisfaction .....	108
12. Group Formation and Structure .....	120
13. Communication .....	132
14. Conflict Management .....	140
15. Team Building and Leadership .....	147
16. Power and Politics .....	157
17. Organizational Culture and Climate .....	167
18. Organizational Change .....	174
19. Organizational Development .....	182
20. Emerging Trends in Organizational Development .....	198

# **Sample Preview of The Chapter**

*Published by:*



**NEERAJ  
PUBLICATIONS**

[www.neerajbooks.com](http://www.neerajbooks.com)

# ORGANISATION THEORY AND BEHAVIOUR

**Organisation Theory**



## Introduction to Organisation

### INTRODUCTION

An organisation is a sum total of persons or individuals working together for a common goal and objective. The working is based on various principles to ensure the effective and efficient working of the organisation. It enables to have proper line of authority to enable the co-ordination and effective communication. The manager is expected to perform main functions to accomplish the work they are planning, organising, staffing, directing, communicating, decision-making and controlling. Managers are expected to play interpersonal as well as informational roles in order to maintain proper balance between the various levels of management. Modern organisations have become the innovative structure between old and new technology. These changes have led to the increase in competition, small companies have collaborated with big and Multinational Companies. They are now more quality based than quantity.

### SUMMARY

An organisation is an arrangement and group of people working together to pursue collective goals, by applying certain principles of management to accomplish the work effectively and efficiently. Every organisation appoints a manager to play a dominant role in interacting with the people and to organize the activities among themselves to get the work done within a stipulated time period.

Organisation is considered as a social entity having an identifying boundary to function relatively

continuously to achieve the common goal or set of goals. The features and activities which are describing the organisation as a social entity are the activities which are coordinated and properly managed by the management. Secondly, the identifiable boundaries need to be managed in time to achieve the goals in the stipulated time.

The significance of an organisation is to ensure specialisation in the enterprise. It helps to clear the line of authority and responsibility amongst the employee and employer. It facilitates better coordination and communication. It enables the management to implement and adapt to new technology. It gives better human relations in the enterprise.

The main objective of every organisation is to have economic progress. It can only be possible if the entire process is planned, organised, directed and controlled properly by all levels of management's namely top level, middle level and supervisory level. The organisational structure should be dynamic enough to curtail the needs and objectives of the organisation. General principles and guidelines of management laid down by *Henry Fayol* helps in the smooth and effective performance of every business enterprise.

The main functions performed by managers of an organisation are planning, organising, staffing, directing, communicating, decision-making and controlling. Manager sets the objectives in each and every area. He also makes the objectives effective by communicating them to the people whose performance

2 / NEERAJ : ORGANISATION THEORY AND BEHAVIOUR

is needed to attain them. Each and every department should be planned and organised in such a manner that the group who is appointed to do the work does equal justice to the work assigned to them or else the whole activity will be useless. Manager motivates and communicates the team according to the position and promotion given to them. He establishes the yard stick to measure the performance of the whole organisation and focuses on the work of the individual and help him to do the work. He analyses, appraises and interprets the performance. He develops people by setting objectives, organising, motivating and communicating, measuring and developing people according to the categories.

Besides these principles they perform various roles also in an organisation namely, interpersonal roles which includes leading, liaisoning, and symbol or figure head, informational roles covers monitoring, sharing information and to act as a spokesperson and decisional roles such as taking initiative, handling disagreement, allocating resources and negotiating. All these functions and roles are performed by the managers in order to maintain a balance between all the levels of management. These functions are performed by the senior managers and high rank officers in order to maintain a balance between the work and people. Besides assigning and getting the work done through the subordinates, it becomes the duty to take care of them, by giving them enough space to express themselves and work satisfactorily in the organisation. Thus managers play a very important role in the smooth functioning of an organisation by devoting their time to the staff and giving them enough space to express and solve the issues, be it official or personal. In the modern era, management has developed a lot as compared to the olden days. It used to be only a function in the organisation, to be performed by the manager and no professional skill was required to act as a manager. With the advent of modern technology and knowledge advancements, management has emerged as a profession.

Some of the characteristics of management to be considered as a profession are:

- (i) Management is the body of knowledge.
- (ii) Formal teaching of management is required to fulfil the criteria to be appointed as a manager.
- (iii) Many representative associations and body of members are there in the field of management.

- (iv) Ethical standards required to be enforced, to make the output professional.
- (v) Provision of suitable remuneration is there to the members in the service of management.

An organisation is a process of management where manager create, direct, maintain and operate the basic functions to meet the requirement of the goals laid down for the economic growth of the business. It varies from an organisation to organisation and according to the types of organisations.

Organisations can be classified according to the need, nature, structure and functions of business enterprise. The organisations which are structure based are termed as formal and informal organisation. Formal organisation is structured, rigid, defined and durable whereas an Informal organisation is loose, flexible, undefined and spontaneous. Then there are certain organisations which are classified according to the emotional involvement of people, they are termed as primary and secondary organisation. Primary organisations are totally emotionally based and secondary are contractual based. There are certain organisations which are based on principal objectives such as service organisations like charity, schools, roads etc., economic organisations such as partnerships, co-operations etc., religious organisations such as temples, trusts, churches, etc., protective organisations such as police, fire department etc., government organisations such as central and state government departments, courts, etc., and social organisations such as clubs, teams etc.

Employees are the functional bodies of an organisation; therefore, the activities performed by them should be excellent in all respects. They should be possessing desirable skills and traits in order to give the best attributes to the organisation.

Some of the expected abilities that an efficient employee should possess are as follows:

- (i) To establish faith and trust with the organisation.
- (ii) To organise the work effectively.
- (iii) To perceive future plans and policies for the work according to the changing trends in the required field.
- (iv) To put adequate effort as per the requirement of the work.
- (v) To be flexible in nature in order to adopt the changes in the organisational structure or functions from time-to-time.

- (vi) To establish effective human relations with the insiders and outsiders.
- (vii) To generate adequate resources for the effective running of an organisation.

Modernisation has led to the increase in the man-machine relationship in the organisation. Operational status of organisations have become more technical than manual. Thus management has become a hybrid of old and new technology. Mathematical approach has given rise to the quality control in the organisation. It has become more informational based than before.

The main features of modern organisations are:

- (i) It has become smaller in size due to less manpower.
- (ii) Organisational structure has become circular due to reduction in the layers of management.
- (iii) It is more of technical based so workers are also technically qualified than before.
- (iv) More emphasis is given to the customer satisfaction and to the share holders of the organisation.
- (v) Time and place of working have become flexible.
- (vi) Quality is the prime objective than quantity.
- (vii) Due to increase in the service organisation communication has become informal and lateral.
- (viii) Participation of middle and junior management is there in decision-making as compared to the top level management, as middle and junior management is more technically qualified than what it used to be.

Therefore, we can say that due to recent and rapid changes in the trends and basic functions of the economic environment has given rise to the modern organisation where the structure and functions have changed to a great extent due to increase in competition, small companies collaborating with big and multinational companies, use of advanced technology, innovative products launched in the market, flexible time, being qualitative than quantitative, growing and developing aspect of working environment and technology, etc have made the modern organisation to run effectively and efficiently.

**CHECK YOUR PROGRESS**

**Q. 1. Why do we need to study about organisations? How are different activities in an organisation coordinated for achieving a common goal?**

**Ans.** We need to study about organisations as it helps in understanding the aspect of business and its economic status. It enables us to accomplish goals and objectives that can be achieved with more efficiency and precision through the concerned actions of individuals. The sequences of activities required to achieve particular objectives are too much for an individual and so they can be completed successfully only with the help of organisation. The role and objective of an organisation is to get the work done through others in order to achieve the goals effectively and efficiently. Modernisation of our life style demands an organised and result oriented inputs. Therefore, the study of organisation helps a lot in keeping the pace of our work according to the desired limits, without it the whole system will collapse as we are fully dependent on the roles and functions of an organisation.

The activities performed by an organisation to achieve a common goal are:

- (i) Division of work among the subordinates according to their specialisation in order to get the work done efficiently.
- (ii) To authorise a person to do the work independently so that he was responsible for the work and accomplish that work with full concentration and efficiency.
- (iii) Proper discipline should be maintained and a fair share of competence in work should be made.
- (iv) Unity of command helps in distributing the work evenly and helps in the stability of work.
- (v) To maintain the decorum of the work ethics by giving top priority to the work than to the people around for the benefit of the organisation.

**Q. 2. Do the term “organisation” and “management” go together? Describe purpose of management in an organisation.**

**Ans.** Yes, organisation and management go together, as without management, an organisation cannot achieve its goals. An organisation needs to be managed according to the various principles of management and without the effective implementation of the same the expected output is not possible.

The purpose of management in an organisation is to get the work done through a group of people in order to achieve the goals related to the economic growth of the business. It is done by coordinating the available

4 / NEERAJ : ORGANISATION THEORY AND BEHAVIOUR

resources through the process of planning, organising, directing and controlling to achieve the main objectives. Management helps in getting the work done effectively and efficiently by the group of people involved in the organisational structure. Proper implementation and coordination enables a management to make the functioning of an organisation more flexible and healthy. It is the lifeline of an organisation, therefore, management should run effectively to get the desired results.

**Q. 3. Do you agree with all the 14 principles of management given by Henri Fayol in context of modern organisation?**

**Ans.** Yes, I agree with all the 14 principles of management given by *Henry Fayol* as they allow flexible implementation of the functions of management in the organisation. The principles laid down by Fayol are general and easy to understand. They are easily acceptable and understood by the people. His most salient and useful features which have given encouraging results at all times is “Union is Strength”.

The main features of modern organisations are:

- (i) It has become smaller in size due to less manpower.
- (ii) Organisational structure has become circular due to reduction in the layers of management.
- (iii) It is more of technical based so workers are also technically qualified than before.
- (iv) More emphasis is given to the customer satisfaction and to the shareholders of the organisation.
- (v) Time and place of working have become flexible.
- (vi) Quality is the prime objective than quantity.
- (vii) Due to increase in the service organisation communication has become informal and lateral.
- (viii) Participation of middle and junior management is there in decision-making as compared to the top level management, as middle and junior management is more technically qualified than what it used to be.

All these features are easily absorbed and flexible enough for implementing the principles of management laid down by Fayol. The changes are easily taken up by these principles in the most convenient and conventional way in order to suit the features of the modern organisation.

**Q. 4. What are various functions and roles of managers?**

**Ans.** Managers play a dominant role in the organisation and its perfect management. They are the life line of an organisation, without them the organisation cannot function efficiently.

The main functions performed by managers of an organisation are planning, organising, staffing, directing, communicating, decision-making and controlling. Each and every department should be planned and organised in such a manner that the group who is appointed to do the work does equal justice to the work assigned to them or else the whole activity will be useless.

Besides these principles they perform various roles also in an organisation namely, interpersonal roles which includes leading, liaisoning, and symbol or figure head, informational roles covers monitoring, sharing information and to act as a spokesperson and decisional roles such as taking initiative, handling disagreement, allocating resources and negotiating. All these functions and roles are performed by the managers in order to maintain a balance between all the levels of management. These functions are performed by the senior managers and high rank officers in order to maintain a balance between the work and people. Besides assigning and getting the work done through the subordinates, it becomes the duty to take care of them, by giving them enough space to express themselves and work satisfactorily in the organisation. Thus managers play a very important role in the smooth functioning of an organisation by devoting his time to the staff and giving them enough space to express and solve the issues, be it official or personal.

**Q. 5. What are various types of organisations?**

**Ans.** An organisation is a process of management where manager create, direct, maintain and operate the basic functions to meet the requirements of the goals laid down for the economic growth of the business. It varies from an organisation to organisation and according to the type of organisation.

Organizations can be classified according to the need, nature, structure and functions of business enterprise. The organisations which are structure based are termed as formal and informal organisation. Formal organisation is structured, rigid, defined and durable whereas an Informal organisation is loose, flexible, undefined and spontaneous. Then, there are certain organisations which are classified according to the