

NATIONAL OPEN UNIVERSITY OF NIGERIA

BUS 831



Organizational Theory &
Behaviour
Module 4

BUS 83I Organisational Theory and Behaviour

Module 4

Course Developer/Writer

Dr. Emmanuel Agwu Arisi-Nwugballa, Ebonyi State University, Abakaliki

Course Editor

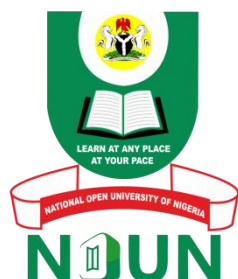
Dr. E.M. Aghedo, Caleb University, Imota, Lagos

Course Coordinator

Dr. (Mrs.) Caroline Aturu-Aghedo, National Open University of Nigeria

Credits of cover-photo: Henry Ude, National Open University of Nigeria

National Open University of Nigeria - 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi, Abuja, Nigeria



www.nou.edu.ng centralinfo@nou.edu.ng
oer.nou.edu.ng oerunit@nou.edu.ng OER repository

Published in 2021 by the National Open University of Nigeria

© National Open University of Nigeria 2021



This publication is made available in Open Access under the [Attribution-ShareAlike4.0 \(CC-BY-SA 4.0\) license](https://creativecommons.org/licenses/by-sa/4.0/). By using the content of this publication, the users accept to be bound by the terms of use of the Open Educational Resources repository oer.nou.edu.ng of the National Open University of Nigeria.

The designations employed and the presentation of material throughout this publication do not imply the expression of any opinion whatsoever on the part of National Open University of Nigeria concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The ideas and opinions expressed in this publication are those of the authors; they are not necessarily those of National Open University of Nigeria and do not commit the organization.

How to re-use and attribute this content

Under this license, any user of this textbook or the textbook contents herein must provide proper attribution as follows: “First produced by the National Open University of Nigeria” and include the NOUN Logo and the cover of the publication. The repository has a version of the course available in ODT-format for re-use.

If you use this course material as a bibliographic reference, then you should cite it as follows: “Course code: Course Title, Module Number, National Open University of Nigeria, [year of publication] at oer.nou.edu.ng

If you redistribute this textbook in a print format, in whole or part, then you must include the information in this section and give on every physical page the following attribution: Downloaded for free as an Open Educational Resource at oer.nou.edu.ng If you electronically redistribute part of this textbook, in whole or part, then you must retain in

3 - downloaded for free as an Open Educational Resource at oer.nou.edu.ng

every digital file (including but not limited to EPUB, PDF, ODT and HTML) the following attribution:

Downloaded for free from the National Open University of Nigeria (NOUN) Open Educational Resources repository at oer.nou.edu.ng

Module 4 Organisation Systems

Unit 1 Organisational Culture

1.0 Introduction

Cultures are defining characteristics of peoples, groups, or organisations. It marks the difference between entities. As it is with national cultures, so it is with organisational culture.

2.0 Objectives

At the end of this unit, you should be able to:

- define organisational culture
- identify the characteristics of organisational culture
- explain the role of culture
- discuss the disadvantages of culture
- explain how culture is created and sustained
- explain how culture is transmitted
- Identify ethical organisational culture.

3.0 Main Contents

3.1 Meaning of Organisational Culture

Organisational culture “refers to the learned and shared values, beliefs and attitudes of the members” of an organisation (Jarnagin & Slocum 2007).

3.2 Characteristics of Organisational Culture

The culture of an organisation can be assessed by evaluating the following variables on a continuum ranging from low to high:

- The extent management and employees are competitive than laid back.
- The extent management are conscious of, and consider the effects of outcomes on employees of the organisation.
- The extent employees are encouraged to take risks and be innovative.
- The extent the activities of the organisation seek to maintain stability than growth.

- The extent employees are encouraged to pay attention to details and be precise.
- The extent the organisation organise work activities around teams than individuals.
- The extent management considers results or outcomes to be more important than the means of achieving them.

Organisations, especially large ones, have dominant and subcultures.

- A dominant culture refers to the core values shared by a majority of members, which confers a distinct personality on the organisation.
- Subcultures are cultures that exist in a particular geographical location or department that capture the unique values arising from the experiences of that particular location or department. Though a subculture can, and do influence members' behaviour, dominant culture exerts a major influence on members behaviours.

Organisational culture can be weak or strong.

- It is weak if there are wide variations in employee's opinions of the organisation's mission and values.
- It is strong if majority of the employees share the same opinion about the mission and values of the organisation. Strong culture creates greater influence on members' behaviour, commitment, loyalty and cohesiveness, and reduces employee turnover.

3.3 Role of Culture

- It enhances the stability of the social system. It is the social glue that helps to hold the organisation together by providing standards for what employees should say or do.
- It conveys a sense of identity for organisation's members.
- Culture differentiates one organisation from others.
- It is a sense-making and control mechanism that guides and shapes employees' attitude and behaviour.
- It facilitates commitment to something larger than individual self-interest.

3.4 Disadvantages of Culture

In spite of its benefits, culture has its own potential disadvantages.

- Considerations for mergers and acquisitions have gone beyond financial and product advantages to include compatibility in culture between the organisations. Organisations that are not culturally compatible will have difficulties merging and that may result in failure due to clash in culture. So, culture may be a barrier to mergers and acquisitions.

- Cultures become entrenched in institutionalised organisations, so much so that certain attitudes and behaviours that stifle creativity and innovation may be taken for granted as long as it is culture-consistent.
- Culture influence behaviour and is a liability when the behaviour it creates no longer promote organisation's effectiveness. For example, changes in the environment from say a stable to volatile environment will make behaviours that are consistent with a stable environment to become liabilities in volatile environment. In this instance, culture becomes a barrier to change.

3.5 Creation and Sustenance of Culture

Organisation's culture begins with its founder(s). The founders implant their visions in the organisation from its inception, which is easy to do at the early stages because of the relatively small size. They do this by:

- The founders leading by example, which convinces other members of the organisation to emulate them by imbibing their values, beliefs and behaviours.
- Hiring and keeping employees that share their views and feelings.
- Socialising the employees to imbibe the founders' values.

Culture is sustained by selection processes, actions of top management, and socialisation.

- The selection process is aimed at employing people whose abilities knowledge, skills and values are needed by the organisation. The applicants also gather information about the organisation, which will enable them to avoid getting employed in organisations whose culture they do disagree with.
- Top managers, by their words and behaviours, help to create and sustain organisational culture. Their actions will convey acceptable values, and behaviours down the rungs of organisation ladder. For example, top managers' actions will show acceptable dressing, response to risk-taking, competitiveness, rewards, and organisational support, etc.
- Finally, an organisation uses socialisation of new members to sustain its culture. Socialisation can be said to consist of three phases namely; pre-arrival, encounter and metamorphosis.
- New employees usually come in with their own set of attitudes, values, and ideas of what to expect from the organisation. The organisation should give out more information about the organisation to applicants during the selection process, especially in respect of the organisation's requirements/expectations from prospective employees.
- When an applicant is finally employed in the organisation, he commences the encounter phase of the socialisation process. He commences the experience of working in the organisation and is in a position to confirm whether he expectations about the organisation are truly so, or not. If his expectations happen to be different from reality, he may become disillusioned, de-motivated, and less committed.

- The final phase is metamorphosis. It is at this phase that problems identified at the encounter phase are resolved and the new employee imbibes behaviours and values accepted by the organisation. Socialisation may take place through institutional practices or informal individual practices.

Institutional practices refer to formal, collective and sequential socialisation programmes, while individual practices refer to informal, individual, and disjuncted socialisation process.

Studies show that high levels of institutional practices boost organisational commitment and person-organisation fit, etc.; while individual practices boost innovation in individual roles.

3.6 Transmission of Culture

Culture is transmitted to members of an organisation in different forms including stories, language, rituals, and material symbols.

- Every organisation has stories around the behavioural attributes of its founders, narratives about past events such as layoffs, reactions to achievements and mistakes, etc. These stories convey the core values of the organisation to members who listen to these stories. Some employees also create their own narratives around their past experiences in the organisation.
- Organisations use language in form of jargons and acronyms with peculiar meanings to the organisation or department that describe its products, equipment, customers, etc.
- Rituals refer to repetitive set of activities that both express and reinforce the culture of an organisation, e.g. anthems, procedures, ceremonies, etc.
- Material symbols include office spaces and buildings, quality of office furnishings, types of official cars, private jets, executives' attire, etc. These and other symbols tell employees important people in the organisation, what behaviours are appropriate, etc.

3.7 Ethical Organisational Culture

Ethical organisational culture is interested both in achieving the desired outcomes and on the means of achieving the outcomes. The outcome does not justify the means. It tries to balance the interest of organisations stakeholders. Though managers are encouraged to be aggressive, innovative, and risk-takers; ethical culture does not encourage reckless competition and win-at-all-cost mentality, and underhand practices. Production and marketing of harmful products, false advertisements, engaging in activities detrimental to the environment are examples of unethical behaviours arising from unethical organisational cultures.

Managers can create ethical organisational culture by:

- Clearly stating organisation's code of ethics to guide members' conduct.
- Leading by ethical example.

- Paying attention to the achievement of goals and the means of achieving them, reward ethical conducts and penalising unethical conducts.
- Providing safe and rewarding whistle-blowing process to encourage people to report unethical conducts of others, and encourage workers to discuss their own ethical challenges.
- Training employees on the organisations expected ethical standards via workshops, seminars, etc.

4.0 Conclusion

From what we have studied in this unit, we conclude that organisational culture refers to employees' overall perception of the organisation in relation to factors such as attention to details, people and outcome orientations, innovation and risks, among others. Founders of organisations and top management influence, and are influenced by organisational culture. Strong organisational cultures are difficult to change, and do influence employees' performance. It is, therefore, important that organisations employ people whose values agree with their culture so as to encourage performance and reduce employee turnover. Ethical organisations develop ethical cultures, while unethical organisations have unethical cultures.

5.0 Summary

In this unit, we discussed the meaning of organisational culture, characteristics of organisational culture, role of culture, advantages of culture, creation and sustenance of culture, transmission of culture, and ethical organisational culture.

6.0 Self-Assessment Exercise

How are organisational cultures created and sustained?

7.0 References/Further Reading

Gibson, J.L., Ivancevich, J.M., & Donnelly, Jr., J.H. (1994). *Organisations*, (9th ed.). Boston: Irwin/McGraw-Hill.

Hellriegel, D., & Slocum, Jr. J.W. (2011). *Organisational Behaviour* (13th ed.). Mason, OH: South-Western, Cengage Learning.

Jarnagin, C. & Slocum, J. (2007). Creating Corporate Cultures through Mythopoetic leadership. *Organisational Dynamics*, Vol. 36, 288-302.

Kinicki, A. & Fugate, M. (2012). *Organisational Behaviour: Key Concepts, Skills & Best Practices* (5th ed.). Boston: McGraw-Hill Companies, Inc.

Robbins, S.P., Judge, T.A., & Vohra, N. (2013). *Organisational Behaviour* (15th ed.), Delhi: Dorling Kindersley (India) Pvt. Limited.

Unit 2 Organisational Change and Development

1.0 Introduction

Change, they say, is constant. From the systems point of view, organisations and their environments are interrelated and interdependent. Consequently, changes in either of the internal and external environments of organisations are capable of inducing changes in the way they are managed. It, therefore, becomes necessary that management should monitor environmental factors, understand change processes, and know how to predict and manage change.

2.0 Objectives

At the end of this study, you should be able:

- identify forces of organisational change
- identify resistance to change
- explain how to overcome resistance to change
- discuss approaches to managing organisational development
- Describe organisational development techniques.

3.0 Main Content

3.1 Forces of Organisational Change

Change is inextricable from organisations' existence because of frequent changes in its environment - internal and external. Studies show that the forces for change include: nature of the workforce, technology, economic shocks, competition, social trends, and world politics (Robbins *et al.* 2013).

- Competition has significantly increased over the years, and keeps increasing. Aided by globalisation, competitors are no longer limited to local organisations but to organisation in far countries such as China, Singapore, Vietnam, Turkey, etc., who ship better and, sometimes, cheaper products into local markets; changing the way business is conducted.
- Economic uncertainties, such as recession, create a lot of challenges to organisations resulting in downsizing, even outright closure.
- Social trends are a powerful force, buoyed up by the introduction of social media platforms such as Facebook, Whatsapp, Viber, etc., which enable quick exchange of ideas and sharing of information, real time. That has affected the way organisations promote and market their products. Unwholesome policies, practices, and products are easily flagged in the social media.

- Technology has permeated many organisations and has redefined work. Information communication technology such as computers, ipads, smartphone's, etc., make information easily accessible, and workers are more flexible with when, where and how they do their work.
- The nature of the workforce has considerably changed over some decades now; more women are now in paid-employment, casual work arrangements have significantly increased, etc.
- World politics also engender changes globally. The emergence of China as a world power and the power struggle between the world powers result in alignment and re-alignments between countries of the world. For example, current efforts by North Korea to become a world nuclear power has continued to attract the ire of the United State of American (USA), which is threatening military action that is expected to provoke third world war. Many sanctions have been put in place by USA and the United Nations, which affects both North Korea and countries that do business with her. Furthermore, instability in an oil producing country can generate shocks in oil supply, prices, and revenues in different parts of the globe.

3.2 Resistance to Change

Resistance to change is refusal or reluctance to accept change (planned or unplanned). Planned change is intentional and goal-oriented; unplanned change is accidental or spontaneous. Resistance can be overt or implicit, immediate or deferred. Overt and immediate resistance can be in the form of complaints, work-to-rule or strike action and therefore easier to recognise and handled. On the other hand, implicit and deferred resistance is not easy to recognise as resistance to change and, therefore, more difficult to handle. It can be in the form of increased tardiness, absenteeism, errors at work, and reduced motivation, commitment, etc.

Sources of resistance to change can be classified into two namely; individual and organisational sources.

Individual Sources of Resistance to Change

Individual sources of resistance include fear of the unknown, etc. The whole effects of organisational change are, at the onset, difficult to determine. Sometimes, certain unexpected effects may occur, and the magnitude of projected effects may exceed initial expectations. Change may bring unpleasant outcomes for individual employees and the fear of uncertainties may cause them to resist change.

- Change that potentially affects the economic status of employees, e.g. demotion or job loss, etc., threatens the security of such employees and invokes resistance to such changes.
- Economic considerations may engender resistance to change. Employees invest in their work in order to enhance their status and incomes. And having risen over time, they are bound to resist any change that will undermine the progress they have made mastering their work routines, or threaten their incomes.

- Individual personality may make them inclined to resist change. For example, individuals who score low on self-esteem have the tendency to see the negative aspects of change than its benefits and would, therefore, tend to resist change than those that score high on self-esteem.
- Habit is a coping mechanism and is difficult to break after it has been formed. It can become a source of resistance if the proposed change is against existing habits or if the individual perceives that the change may hurt his or her interests.
- Individuals are unable to process all the pieces of information that come their way, so they engage in selective perception, in line with their already established interests. People conveniently tend not to listen to or read what they do not agree with, and misunderstand or forget any piece of information that does not fit into their preferred attitudes, values and habits. This can be a source of resistance to change if the proposed change does not fit their perspective.
- Some employees resist change because they view the change as a threat to their power or influence. Change that will erode an individual's control of information or resources (sources of organisational power and influence) would be resisted by those affected.

Organisational Sources of Resistance to Change

There are several sources of resistance to change in the organisation itself:

- Organisations, as social systems, have interrelated and interdependent parts. Changes introduced in a sub-system cannot be effective without affecting other parts of the system. In other words, even if a unit of the organisation (system) was to change, it tends to be nullified by the rest of the organisation.
- Organisations do go into contractual obligations with their employees and labour unions, other organisations, government, etc. These obligations legally restrict them from pursuing contrary lines of action within the duration of such obligations. This can be a source of resistance to change.
- Organisational cultures are like habits that are difficult to change. Strong, inflexible organisational cultures do not have enough flexibility to respond to the need for organisational change. This is especially the case because the culture has taken root, which makes it difficult to change.
- Organisations have structure. Some are mechanistic while others are organic in nature. Mechanistic structures offer well defined lines of authority, stability, continuity, and effective functioning; but its rigidity can also be a source of resistance to change by resisting new ideas in favour of preserving the status quo. Organic structures are more adaptable to organisational change.
- Some organisations are desirous of change but lack the resources required to implement the desired change. Some changes require large amounts of financial, human and temporal resources to implement. And though an organisation has identified needed changes, it may not be able to effect the changes if it cannot afford the resources needed to push the change.

3.3 Overcoming Resistance to Change

- Employees tend to accept change if they trust the change agents. So, change agents like CEOs, managers, supervisors, etc., should endeavour to develop positive relationships with their subordinates to improve trust and help reduce resistance to change whenever the need arises.
- Involving employees in the change process will increase their ownership of the change and reduce resistance to it.
- Management can use coercion to overcome resistance to change. Coercion tactics include queries, threats of loss of promotion, demotions, transfers, pay cuts, negative performance evaluation, etc.

Organisation's management can use manipulation and co-optation methods to overcome resistance to change. Manipulation refers to methods of unscrupulously or cleverly influencing people through deliberate falsehood, false threats, withholding information, etc. Co-optation can be described as the co-option of key members of the resisters to major roles, not for their contributions but to cleverly influence them to support the change programme.

- Organisations need to educate and share ideas with its members on the rationale of the proposed change. Adequate formal communication with employees will enhance their understanding of the change, prevent or clear misinformation and may help convince the employees on the need for the change, especially if the interests of all the stakeholders are balanced.
- Studies show that organisations can reduce resistance to change by selecting people with the personality, mental ability, and attitudes that are amenable to change. People who have high mental abilities, positive attitudes, openness to experience, willingness to take risks, etc., tend to accept change more than those who do not. Organisation's selecting process should therefore focus on selecting people with these qualities as strategy to reduce resistance to organisational change.

3.4 Approaches to Managing Organisational Change

Lewin's Three-Step Model

Kurt Lewin opined that successful organisational change should have three steps namely: unfreezing the status quo, movement to desired state, and refreezing the change to be permanent.

- Unfreezing the status quo can happen in either of three ways namely:
- Decreasing the restraining forces that restrict movement away from the status quo
- Increasing the driving forces that encourage movement away from the status quo,
- Combining both methods, i.e. decreasing the restraining forces and increasing the driving forces.

- Restraining forces are forces that discourage movement away from the status quo, and can be decreased by individual counselling - to hear and address employees specific fears and challenges.
- Driving forces are the forces that encourage movement away from the status quo and can be increased by providing organisational support such as incentives to stimulate compliance with the desired change(s).

Management can employ both approaches to deal with stiff-resistance to its change programmes.

- After unfreezing the status quo, the next step is to make the movement to the desired state – achieving the actual change desired. Quick implementation of change has been shown to be more effective than a drawn-out one.
- After achieving the desired change, the change must be refrozen by balancing the driving and balancing forces to form a new equilibrium or a new status quo. This can be done via systematic replacement of temporary forces with permanent ones and by reviewing the rules and regulations of the organisation to reflect and support the new status quo or equilibrium.

Kotter's Eight-Step Plan for Implementing Change

John Kotter improved on Lewin's three-step model by creating details of the three steps for better understanding by managers. Steps 1 – 4 provide details of unfreezing, step 5 – 7 provide details of movement, while step 8 is unfreezing.

Kotter's Eight steps are as follows (as presented by Robbins et al. 2013, p.593):

- Establish a sense of urgency by creating a compelling reason why change is needed.
- Form a coalition with enough power to lead the change.
- Create a new vision to direct the change, and strategies for achieving the vision.
- Communicate the vision throughout the organisation.
- Empower others to act on the vision by removing barriers to change and encouraging risk-taking and creative problem-solving.
- Plan for, create and reward short-term “wins” that move the organisation toward the new vision.
- Consolidate improvements, reassess changes, and make necessary adjustments in the new programmes.
- Reinforce the changes by demonstrating the relationship between new behaviours and organisational success.

Action Research

Action research is a process of change that derives from the systematic collection of data and selection of change action(s) that best suit(s) identified problems. It consists of five steps namely: diagnosis, analysis, feedback, action, and evaluation. The change agent is often a consultant hired from outside the organisation.

- **Diagnosis:** The change agent gathers information from members of the organisation regarding their problems, challenges and necessary changes.
- **Analysis:** The consultant then analyses the data (information) collected at stage one; to identify key problems and patterns that exist, which he or she categorises.
- **Feedback:** The change agent shares his or her from steps one and two with members of the organisation.
- **Action:** The members, in conjunction with the change agent, then take action by developing and implementing plans to usher in the expected change.
- **Evaluation:** In this step, the effectiveness of the plans and actions so far taken are evaluated against the data collected during step one.

This approach offers the following advantages:

- Determines action plans based on identified problems
- Members participate in the entire process, which promotes their ownership of the change programme and reduces resistance to the change.

Organisational Development

Organisational development (OD) can be defined as “a collection of planned change interventions, built on humanistic-democratic values, that seeks to improve organisational effectiveness and employee well-being.” (Robbins *et al.* 2013, p.595).

OD emphasises on how employees view their environment. The underlying values in majority of organisational development method are: treating people with respect and dignity; providing a climate of trust, openness, and support; removing emphasis on hierarchical authority and control; confronting problems in an open manner; and involving people in the process of change that will affect them.

3.5 Organisation Development Techniques

Process Consultation

In this technique, a consultant is hired from outside to assist a manager to better understand the organisation's process events, such as communication channels, work flow, informal relationships, etc., and to identify and deal with processes that need improvement. The consultant is not there to solve the organisations problems but to guide the manager to solve his or her problems after they have diagnosed the problem together. The manager's

participation in the entire process of process consultation, enable him or her to develop the skills to analyse and understand processes, and to find ways of improving them.

Survey Feedback

This technique involves the use of questionnaires to evaluate the attitude of members of an organisation, identify and resolve discrepancies in members' perceptions. The major participants in this survey are the unit managers and their direct subordinates, who respond to questionnaire items on their attitudes and perceptions on organisational issues such as job satisfaction, communication effectiveness, decision-making practices etc. questionnaire data are tabulated with data relating to each employee's unit and that of the entire organisation. The tabulated data are distributed to employees as the basis for discussion, identifying problems, and solutions to the problems so identified.

Appreciative Inquiry

Appreciate Inquiry is an organisational development approach that seeks to identify an organisation's distinctive qualities and strengths, which can be built on to increase performance. The approach consists of four steps namely; discovery, dreaming, design, and destiny. The appreciative inquiry technique is often conducted within a large group gathering over a few days period.

The first step, discovery, is concerned with finding out from employees what the organisation's strengths are. In step two, dreaming, employees visualise on the organisation's future based on step one. In step three, design, the employees agree on a common vision of the organisation's future and its distinctive qualities. In the final step, destiny, the employees formulate actions plans and implementation strategies on how to achieve its dreams (destiny) for the organisation.

Team Building

This organisational development intervention seeks to resolve dysfunctional conflicts in an organisation by changing groups' attitudes, stereotypes, and perceptions about other groups. A way of solving this problem is for each group to meet and list its perceptions of self, its perceptions of other groups, and how it feels other groups perceive its group. Each group shares its lists to other groups and the groups discuss the lists to ascertain the similarities, differences, and cause(s) of their differences. The groups can form subgroups constituted by the groups in conflict to identify their differences and its causes, and to proffer solutions. The groups integrate to effect improvements in their relationships.

4.0 Conclusion

From our discussion in this unit, we saw that change is imperative, driven by factors such as the nature of the workforce, technology, economic shocks, competition, social trends, and world politics. Some changes are planned, while others are spontaneous or accidental. Generally, employees tend to resist change due to fear of the unknown and other factors, but organisations have strategies to both implement change and overcome resistance, respectively.

5.0 Summary

In this unit, we discussed the meaning of organisational change, forces of organisational change, resistance to change, overcoming resistance to change, approaches to managing organisational development, and organisational development techniques.

6.0 Self-Assessment Exercise

Discuss the four main approaches to managing change.

7.0 References/Further Reading

Gibson, J.L., Ivancevich, J.M., & Donnelly, Jr., J.H. (1994). *Organisations*, (9th ed.). Boston: Irwin/McGraw-Hill.

Hellriegel, D., & Slocum, Jr. J.W. (2011). *Organisational Behaviour* (13th ed.). Mason, OH: South-Western, Cengage Learning.

Kinicki, A. & Fugate, M. (2012). *Organisational Behaviour: Key Concepts, Skills & Best Practices* (5th ed.). Boston: McGraw-Hill Companies, Inc.

Robbins, S.P., Judge, T.A., & Vohra, N. (2013). *Organisational Behaviour* (15th ed.), Delhi: Dorling Kindersley (India) Pvt. Limited.