
UNIT – III:

Introduction to Organizational Behaviour

Organizational Behaviour: Definition; Historical Background; Nature, Scope and Importance; Linkages with other social Sciences; Approaches and Models.

Introduction to Organizational Behaviour

Organizational Behavior (OB) can be defined as the understanding, prediction and management of human behavior both individually or in a group that occur within an organization. Organization behaviour is concerned with the studies of behaviour of people within an organization/setting. It involves the understanding predictor is control of that behaviour. Organization behavior can thus be defined as the study and understanding of individual and group behaviour and patterns of structure in order to help in group organization performance effectively. Organization behaviour applies the knowledge gained about individuals' groups and the effects of structure on behaviour in order to make organization more effective. Its concerned with what people do in an organization and how that behaviour affects performance of the organization it emphasizes behaviour and related to jobs work absenteeism employment turnover productivity human performance and management

Internal and external perspectives are the two theories of how organizational behavior can be viewed from an organization's point of view. In this tutorial, we will be learning in detail about both the theories.

Definition

In words of K Aswathappa, "OB is the study of human behaviour in organisational setting, of the interface between human behaviour and organisation and of the organisation itself."

In words of Stephen P. Robbins, "OB is a field of study that investigates the impact that individuals, groups and structures have on behaviour within organisations for the purpose of applying such knowledge towards improving an organisation's effectiveness."

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

According to Davis and Newstrom, “Organisational behaviour is the study and application of knowledge about how people act within organisations.”

Organizational behavior (often abbreviated as OB) is a field of study that investigates how individuals, groups, and structure affect and is affected by behavior within Organizations. Behavior refers to what people do in the organization, how they perform, and what their attitudes are. Because the organizations studied are often business organizations, OB is frequently applied to address workplace issues such as absenteeism, turnover, productivity, motivation, working in groups, and job satisfaction. Managers often apply the knowledge gained from OB research to help them manage their organizations more effectively.

History of Organizational Behavior:

The study of organizational behavior has its roots in the late 1920s, when the Western Electric Company launched a now-famous series of studies of the behavior of workers at its Hawthorne Works plant in Cicero, Illinois. Researchers there set out to determine whether workers could be made to be more productive if their environment was upgraded with better lighting and other design improvements. To their surprise, the researchers found that the environment was less important than social factors. It was more important, for example, that people got along with their co-workers and felt their bosses appreciated them.

Those initial findings inspired a series of wide-ranging studies between 1924 and 1933. They included the effects on productivity of work breaks, isolation, and lighting, among many other factors.

The Hawthorne Effect—which describes the way test subjects' behavior may change when they know they are being observed—is the best-known study of organizational behavior. Researchers are taught to consider whether or not

(and to what degree) the Hawthorne Effect may skew their findings on human behavior.

Organizational behavior was not fully recognized by the American Psychological Association as a field of academic study until the 1970s. However, the Hawthorne research is credited for validating organizational behavior as a legitimate field of study, and it's the foundation of the human resources (HR) profession as we now know it.

Special Considerations:

The leaders of the Hawthorne study had a couple of radical notions. They thought they could use the techniques of scientific observation to increase an employee's amount and quality of work, and they did not look at workers as interchangeable resources. Workers, they thought, were unique in terms of their psychology and potential fit within a company.

Over the following years, the concept of organizational behavior widened. Beginning with World War II, researchers began focusing on logistics and management science. Studies by the Carnegie School in the 1950s and 1960s solidified these rationalist approaches to decision-making.

Today, those and other studies have evolved into modern theories of business structure and decision-making. The new frontiers of organizational behavior are the cultural components of organizations, such as how race, class, and gender roles affect group building and productivity. These studies take into account how identity and background inform decision-making.

Academic programs focusing on organizational behavior are found in business schools, as well as at schools of social work and psychology. These programs draw from the fields of anthropology, ethnography, and leadership studies, and use quantitative, qualitative, and computer models as methods to explore and test ideas.

Depending on the program, one can study specific topics within organizational behavior or broader fields within it. Specific topics covered include cognition, decision-making, learning, motivation, negotiation, impressions, group process, stereotyping, and power and influence. The broader study areas include social systems, the dynamics of change, markets,

relationships between organizations and their environments, how social movements influence markets, and the power of social networks.

Nature of OB:

Organizational behaviour has emerged as a separate field of study. The nature it has acquired is identified as follows:

A Separate Field of Study and not a Discipline Only

By definition, a discipline is an accepted science that is based on a theoretical foundation. But, O.B. has a multi-interdisciplinary orientation and is, thus, not based on a specific theoretical background. Therefore, it is better reasonable to call O.B. a separate field of study rather than a discipline only.

An Interdisciplinary Approach

Organizational behaviour is essentially an interdisciplinary approach to study human behaviour at work. It tries to integrate the relevant knowledge drawn from related disciplines like psychology, sociology and anthropology to make them applicable for studying and analyzing organizational behavior.

An Applied Science

The very nature of O.B. is applied. What O.B. basically does is the application of various researches to solve the organizational problems related to human behaviour. The basic line of difference between pure science and O.B. is that while the former concentrates on fundamental researches, the latter concentrates on applied researches. OB involves both applied research and its application in organizational analysis. Hence, OB can be called both science as well as art.

A Normative Science

Organizational Behaviour is a normative science also. While the positive science discusses only cause effect relationship, O.B. prescribes how the findings of applied researches can be applied to socially accept organizational goals. Thus, O.B. deals with what is accepted by individuals and society engaged in an organization. Yes, it is not that O.B. is not normative at all. In fact, O.B. is normative as well that is well underscored by the proliferation of management theories.

A Humanistic and Optimistic Approach

Organizational Behaviour applies humanistic approach towards people working in the organization. It, deals with the thinking and feeling of human beings. O.B. is based on the belief that people have an innate desire to be independent, creative and productive. It also realizes that people working in the organization can and will actualize these potentials if they are given proper conditions and environment. Environment affects performance of workers working in an organization.

A Total System Approach

The system approach is one that integrates all the variables, affecting organizational functioning. The systems approach has been developed by the behavioural scientists to analyze human behaviour in view of his/her socio-psychological framework. Man's socio-psychological framework makes man a complex one and the systems approach tries to study his/her complexity and find solution to it.

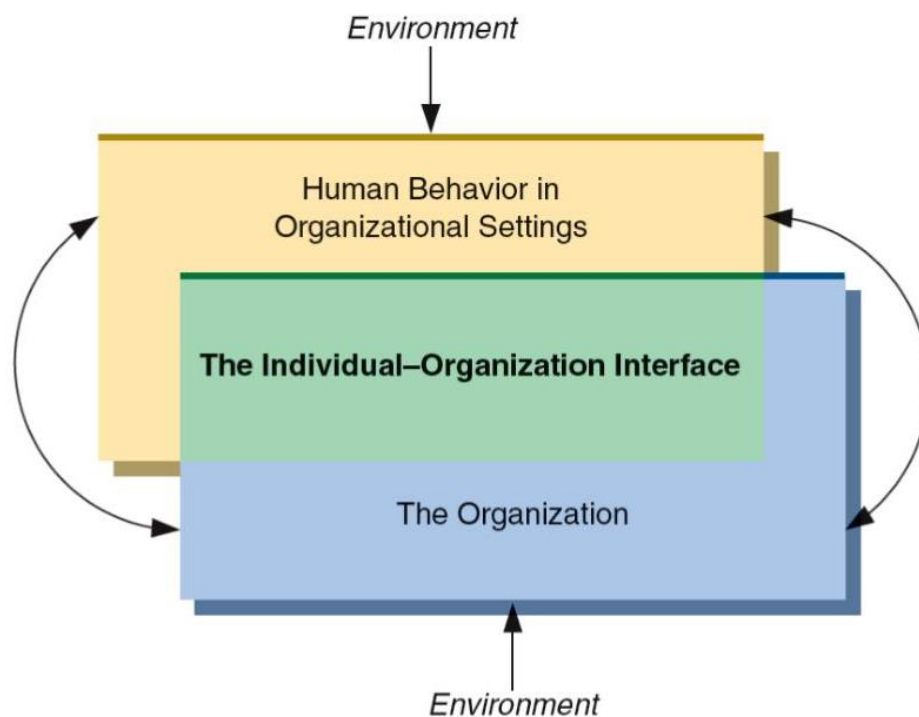


Fig: Nature of OB

Scope of OB:

The scope of the organizational behavior is as under:

- ✓ Impact of personality on performance
- ✓ Employee motivation
- ✓ Leadership
- ✓ How to create effective teams and groups
- ✓ Study of different organizational structures
- ✓ Individual behavior, attitude and learning
- ✓ Perception
- ✓ Design and development of effective organization
- ✓ Job design
- ✓ Impact of culture on organizational behavior
- ✓ Management of change
- ✓ Management of conflict and stress
- ✓ Organizational development
- ✓ Organizational culture
- ✓ Transactional analysis
- ✓ Group behavior, power and politics
- ✓ Job design
- ✓ Study of emotions

The field of the organizational behavior does not depend upon deductions based on gut feelings but attempts to gather information regarding an issue in a scientific manner under controlled conditions. It uses information and interprets the findings so that the behavior of an individual and group can be canalized as desired.

Large number of psychologists, social scientists and academicians has carried out research on various issues related to organization behavior. Employee performance and job satisfaction are determinants of accomplishment of individual and organizational goals.

Organizations have been set up to fulfill needs of the people. In today's competitive world, the organizations have to be growth-oriented. This is possible when productivity is ensured with respect to quantity of product to

be produced with zero error quality. Employee absenteeism and turnover has a negative impact on productivity.

Employee who absents frequently cannot contribute towards productivity and growth of the organization. In the same manner, employee turnover causes increased cost of production. Job satisfaction is a major factor to analyze performance of an individual towards his work. Satisfied workers are productive workers who contribute towards building an appropriate work culture in an organization.

Organizations are composed of number of individuals working independently or collectively in teams, and number of such teams makes a department and number of such departments makes an organization. It is a formal structure and all departments have to function in a coordinated manner to achieve the organizational objective.

It is therefore important for all employees to possess a positive attitude towards work. They need to function in congenial atmosphere and accomplish assigned goals. It is also important for managers to develop an appropriate work culture. Use of authority, delegation of certain powers to subordinates, division of labor, efficient communication.

Benchmarking, re-engineering, job re-design and empowerment are some of the important factors so that an organization can function as well-oiled machine. This is not only applicable to manufacturing organizations but also to service and social organizations.

Importance of Organisational Behaviour

The need and importance of organisational behaviour are as under:

1. Skill Improvement:

- Study of Organisational Behaviour helps to improve skills.
- This includes the ability of employees and use of knowledge to become more efficient.
- It also improves managers, as well as other employees, work skill.

2. Understanding Consumer Buying Behaviour:

It also an important part to improve the marketing process by understanding consumer (buying) behaviour.

3. Employee Motivation:

OB helps to understand the basis of Motivation and different ways to motivate employees properly.

4. Nature of Employees:

- Understanding of personnel and employee nature is important to manage them properly.
- With the help of OB, we can understand whether employees or people are Introvert, Extrovert, Motivated, Dominating etc.

5. Anticipating Organisational events:

- The scientific study of behaviour helps to understand and predict organisational events.
- For example Annual Business Planning, Demand Management, Product line management, Production Planning, Resources Scheduling, Logistics etc.

6. Efficiency & Effectiveness:

Study of organisational behaviour helps to increase efficiency and effectiveness of the organisation

7. Better Environment of Organisation:

OB helps to create a healthy, ethical and smooth environment in an organisation.

8. Optimum or Better Utilization of Resources:

- Study of OB helps to understand employees and their work style and skill better way.
- By understanding this, management can train and motivate employees for optimum utilization of resources.

9. Importance of OB in the Goodwill of organization:

Organisational Behaviour helps to improve Goodwill of organization.

This is all about the significance and importance of organisational behaviour and its impact on overall business activities. Ultimately OB helps to increase

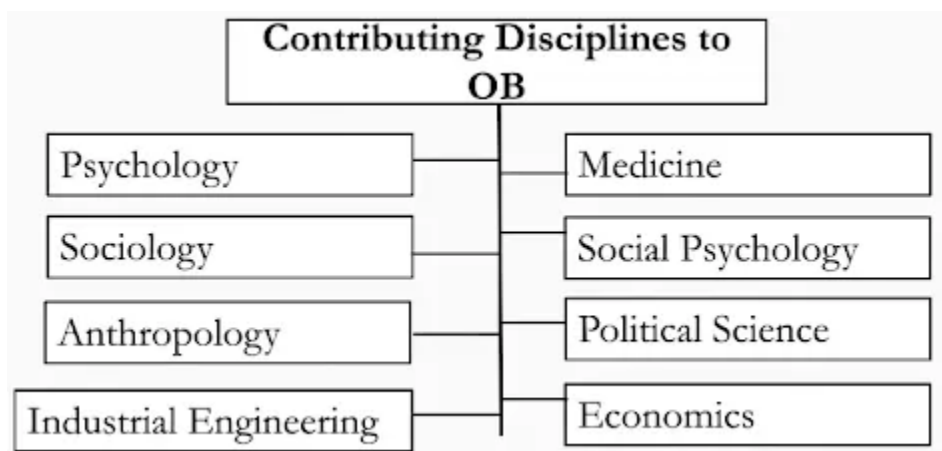
efficiency and productivity. This may lead to an increase in the profit of the organisation.

Linkages with other Social Sciences

Organisational Behaviour is an applied behavioural science based on contributions from numerous behavioural disciplines.

These contributing disciplines to organisational behaviour - OB are described as follows: Disciplines of OB:

- Psychology
- Medicine
- Sociology
- Social psychology
- Anthropology
- Political Science
- Industrial Engineering
- Economics



Disciplines contributing to organisational behaviour are given below:

1) Psychology

Psychology is a behavioral science that studies the behavior of human beings in specific conditions and predicts how the individual will react in such conditions. Psychology with its various studies and theories has brought about an immense difference in human behavior.

Theories related to leadership, motivation, individual decision making, attitude, ego state, learning, personality, performance appraisal, job satisfaction, training and development, work design, job stress, and conflict resolution have been taken from psychology itself. If used efficiently these theories can bring about changes in the attitude of employees and inculcate a positive approach towards the organization.

Several psychological tests are also undertaken on the prospective employees during the hiring process which helps the managers to understand the employee's thought process and attitude in a better manner. Apart from this, certain other aspects of human personality can also be measured with the help of this science.

The major contribution of psychology in the field of Organizational Behavior OB have been concerned are given below:

- ✓ Learning
- ✓ Personality
- ✓ Perception
- ✓ Individual decision-making
- ✓ Job satisfaction
- ✓ Motivation
- ✓ Attitude measurement
- ✓ Performance appraisal
- ✓ Work design
- ✓ Work strain
- ✓ Emotions
- ✓ Employee selection

2) Medicine

Medicine is an application of science that is concerned with the diagnosis and treatment of diseases so that the health of an individual can be improved. It includes healing of both physical as well as psychological diseases of the person. It observes an individual's behaviour and lifestyle patterns while devising a strategy for the treatment of chronic diseases. This has led to the development of wellness programs from the perspective of commercial

medicine and these programs have led to a more intense focus on employee health in the organization.

3) Sociology

Sociology is a social science that examines the influence of culture on groups and helps managers to understand group dynamics, communication, customs, position, authority, group processes, conflict resolution, formal organization theory, and group decision-making.

It is the study of social institutions, society, and social relationships. The main contributions of sociology to the field of organisational behaviour are as follows:

- ✓ Conflict
- ✓ Intergroup behaviour
- ✓ Formal organizational theory
- ✓ Organizational change
- ✓ Organizational culture
- ✓ Organizational technology
- ✓ Group dynamics
- ✓ Power
- ✓ Communication

4) Social Psychology

Organisations are a group of people with designated jobs and play an important role in developing human behavior. Social psychology is a combination of psychology and sociology. It has helped in managing changes, decision-making, communicating, and developing skills to sustain social norms.

The major contributions of social psychology to organisational behaviour OB are as follows:

- ✓ Group process
- ✓ Attitude change
- ✓ Group decision making
- ✓ Communication
- ✓ Behaviour change

5) Anthropology

This field of applied science studies human behavior in several cultures and environments to understand the differences between them. The study gained importance with the rise of globalization and merger and acquisitions of many companies on a global level. At the beginning of 21st century people from different countries and different backgrounds started working together under one roof. It is the manager's responsibility to handle and control people from different ethnicities and guide their efforts in the direction suitable for the growth of the organization.

Organizational behaviour teaches about the attitudes and transactions occurring in various cultures. Environmental studies under anthropology help in understanding human behavior across cultures and mergers and acquisitions become easier.

It is the study of society to learn about human beings and their activities. The major contributions of Anthropology in the field of organisational behaviour are as follows:

- ✓ Comparative values
- ✓ Organization culture
- ✓ Comparative attitudes
- ✓ Organization environment
- ✓ Cross-culture analysis

6) Political Science

A stable government helps businesses to grow internationally. A stable government at the national level promotes international business, financial investments, expansion, and employment. Rules and regulations formed by the government deeply influence the functioning and decision making of organizations.

It is the study of the behaviour of people and groups within a political environment.

The main contribution of political science in the field of organisational behaviour has been concerned with:

- ✓ Conflict

- ✓ Power
- ✓ Intra-organizational policies

7) Industrial Engineering

Engineering deals with the study of energy and matter and helps in understanding job design. In the early years of studying organizational behavior, Fredrick Taylor took basic engineering ideas and applied them to human behavior at work. Since Fredrick was from an engineering background, hence he gave special emphasis to human productivity and efficiency in work behavior. He provided OB with the concept of performance standards i.e., a piece-rate system which was a huge contributor to the growth of organizations.

8) Economics

Organisational climate is affected by the economic environment as well. Economic factors such as labour market dynamics, cost-benefit analysis, marginal utility analysis, human resource planning, forecasting, and decision-making also influence organizational behavior.

Determinants of Organisational Behaviour - OB

Key elements of organisational behaviour are shown in the figure below:

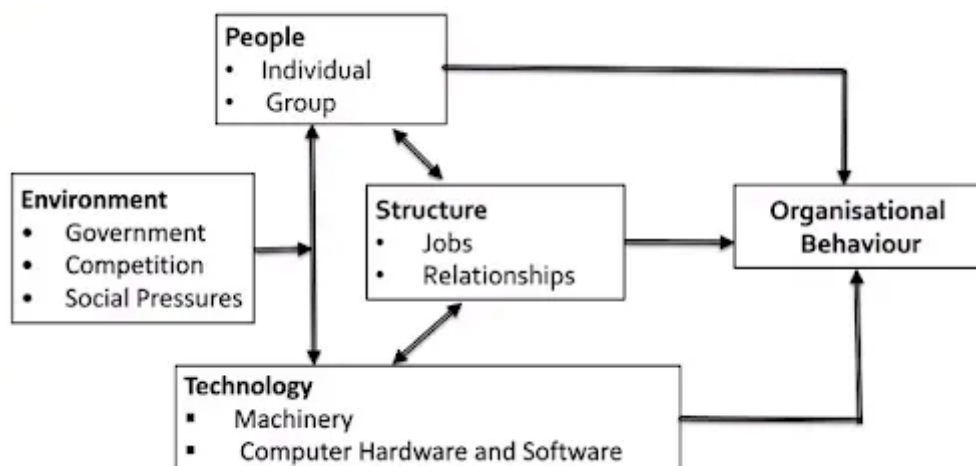


Figure: Determinants of Organizational Behaviour - OB

Determinants of organisational behaviour are as follows:

Organizational behavior determinants are:

People

Structure

Technology

Environment

1) People

The internal social system of an organization is made up of the people who work in it. This comprises individuals, large/small groups, and informal/formal groups. It is the organization that exists to serve its people and not vice versa. Today's organizations have changed and have become more diverse than before. Present-day employees come up with a broad range of talents, educational backgrounds, and perspectives. Hence, managers are required to transform themselves with the workforce to attain maximum efficiency.

2) Structure

Relationships and roles of people in the organization are defined by structure. People working in an organization perform different roles and have different relationships with each other. Division of work is done based on the capabilities and designation of the employees so that organizational goals are met efficiently. These may be managers, supervisors, clerks, etc. working in one direction to achieve the organizational goals in an organized manner. Authority-responsibility relationships are the essence of structure.

3) Technology

Technology plays a vital role in modern organizations. It empowers people for their work and also influences their activities. Since work cannot be done with empty hands i.e., without equipment, hence organizations use technology to build buildings, design machines, develop work processes and collect resources. Technology in turn helps people to perform better. But technology has some side effects like it is costly and limits people in certain ways i.e., it makes them dependent on machines. So, technology has both pros and cons.

4) Environment

Operations of all organizations take place under internal and external environments. An organization is a small part of a large system that contains

elements such as government, family, and other organizations. Changes in the external environment affect individual organizations such as schools or factories. It also affects working conditions and people's behavior and provides struggle for resources and power. Thus, organizations should adopt it while studying human behavior.

Approaches to OB



Organizational Behavior relates to the relationship between employees and the employer in an organization.

There are 4 Approaches to Organizational Behavior studies;

- ❖ Human resources approach.
- ❖ Contingency approach.
- ❖ Productivity approach.
- ❖ Systems approach.

And one more approach to study organizational behavior is **Interdisciplinary Approach.**

Human Resources Approach

This approach recognizes the fact that people are the central resource in any organization and that they should be developed towards higher levels of competency, creativity, and fulfillment. People thus contribute to the success

of the organization. The human resources approach is also called as the supportive approach in the sense that the manager's role changes from control of employee to active support of their growth and performance.

Contingency Approach

The contingency approach (sometimes called the situational approach) is based on the premise that methods or behaviors which work effectively in One situation fail in another.

For example; Organization Development (OD) programs, may work brilliantly in one situation but fail miserably in another situation.

Results differ because situations differ, the manager's task, therefore, is to identify which method will, in a particular situation, under particular circumstances, and at a particular time, best contribute to the attainment of organization's goals.

The strength of the contingency approach lies in the fact it encourages analysis of each situation prior to action while at the same time discourages the habitual practice of universal assumptions about methods and people.

The contingency approach is also more interdisciplinary, more system – oriented and more research-oriented than any other approach.

Productivity Approach

Productivity which is the ratio of output to input is a measure of an organization's effectiveness. It also reveals the manager's efficiency in optimizing resource utilization.

The higher the numerical value of this ratio, the greater the efficiency.

Productivity is generally measured in terms of economic inputs and outputs, but human and social inputs and outputs also are important.

For example, if better organizational behavior can improve job satisfaction, a human output or benefit occurs.

Systems Approach

The Systems Approach to OB views the organization as a united, purposeful system composed of interrelated parts.

This approach gives managers a way of looking at the organization as a whole, whole, person, whole group, and the whole social system.

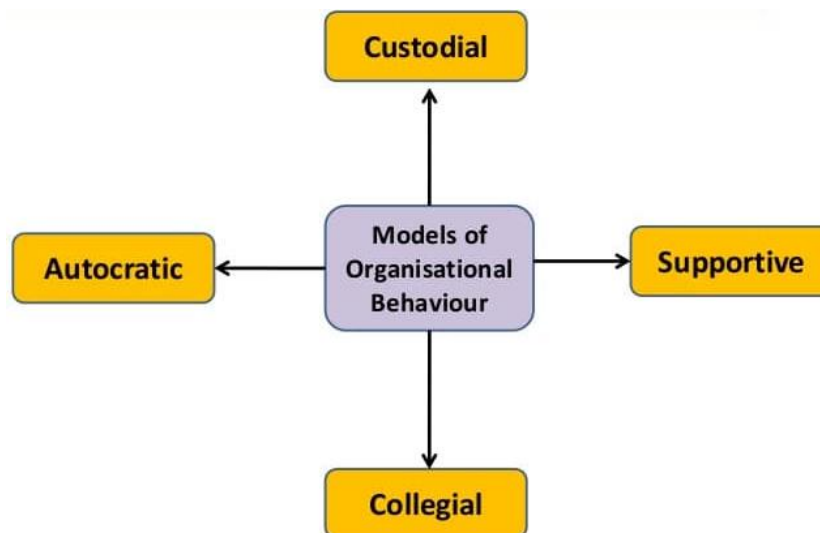
In so doing, the systems approach tells us that the activity of any segment of an organization affects, in varying degrees the activity of every other segment. A systems view should be the concern of every person in an organization.

Inter-Disciplinary Approach

Organizational behavior is an integration of all other social sciences and disciplines such as psychology, sociology, organizational theories etc.

They all are interdependent and influence each other. The man is studied as a whole and therefore, all disciplines concerning man are integrated.

Models of Organizational Behaviour



There are four different types of models in OB. We will throw some light on each of these four models.

Autocratic Model:

The root level of this model is power with a managerial orientation of authority. The employees in this model are oriented towards obedience and discipline. They are dependent on their boss. The employee requirement that is met is subsistence. The performance result is less. The major drawbacks of this model are people are easily frustrated, insecurity, dependency on the superiors, minimum performance because of minimum wage.

Custodial Model:

The root level of this model is economic resources with a managerial orientation of money. The employees in this model are oriented towards security and benefits provided to them. They are dependent on the

organization. The employee requirement that is met is security. This model is adapted by firms having high resources as the name suggest. It is dependent on economic resources. This approach directs to depend on firm rather than on manager or boss. They give passive cooperation as they are satisfied but not strongly encouraged.

Supportive Model:

The root level of this model is leadership with a managerial orientation of support. The employees in this model are oriented towards their job performance and participation. The employee requirement that is met is status and recognition. The performance result is awakened drives. This model is dependent on leadership strive. It gives a climate to help employees grow and accomplish the job in the interest of the organization. Management job is to assist the employee's job performance. Employees feel a sense of participation.

Collegial Model:

The root level of this model is partnership with a managerial orientation of teamwork. The employees in this model are oriented towards responsible behavior and self-discipline. The employee requirement that is met is self-actualization. The performance result is moderate zeal. This is an extension of supportive model. The team work approach is adapted for this model. Self-discipline is maintained. Workers feel an obligation to uphold quality standard for the better image of the company. A sense of "accept" and "respect" is seen.
