Introduction to Organizational Behaviour

Presented By: Mohan Bhandari

Concept of Organizational Behaviour

- Organizational Behavior (OB) is the study of human behavior in organizational settings, the interface between human behavior and the organization, and the organization itself.

- Origin of Organizational Behaviour can trace its roots back to Max Weber and earlier organizational studies.

- The Industrial Revolution is the period from approximately 1760 when new technologies resulted in the adoption of new manufacturing techniques, including increased mechanization.

- The industrial revolution led to significant social and cultural change, including new forms of organization.

- Analyzing these new organizational forms, sociologist Max Weber described bureaucracy as an ideal type of organization that rested on rational-legal principles and maximized technical efficiency.

Concept of Organizational Behaviour

- In the 1890's; with the arrival of scientific management and Taylorism, Organizational Behavior Studies was forming it as an academic discipline.

- Failure of scientific management gave birth to the human relations movement

- Works of scholars like Elton Mayo, Chester Barnard, Henri Fayol, Mary Parker Follett, Frederick Herzberg, Abraham Mas low, David Mc Cellan and Victor Vroom contributed to the growth of Organizational Behaviour as a discipline.

- Works of scholars like Elton Mayo, Chester Barnard, Henri Fayol, Mary Parker Follett, Frederick Herzberg, Abraham Maslow, David Mc Cellan and Victor Vroom contributed to the growth of Organizational Behaviour as a discipline..

Concept of Organizational Behaviour

- Herbert Simon's Administrative Behavior introduced a number of important concepts to the study of organizational behavior, most notably decision making.

- In the 1960s and 1970s, the field became more quantitative and produced such ideas as the informal organization, and resource dependence. Contingency theory, institutional theory, and organizational ecology also enraged.

- Starting in the 1980s, cultural explanations of organizations and organizational change became areas of study.

- Informed by anthropology, psychology, and sociology, qualitative research became more acceptable in OB..

Concept of Organizational Behaviour

"Organizational behavior is directly concerned with the understanding, prediction, and control of human behavior in organizations."
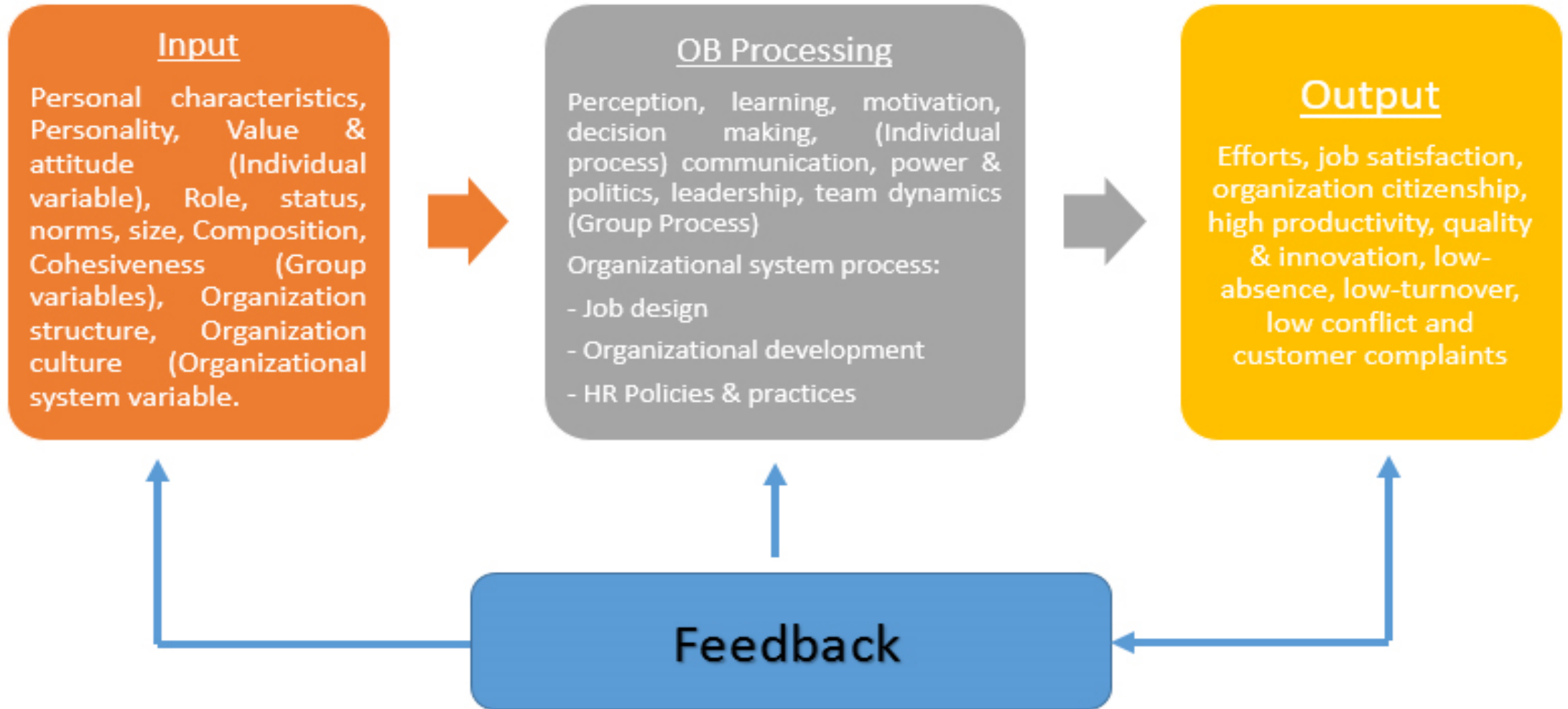
— Fred Luthans.

Organizational behavior is the study of both group and individual performance and activity within an organization.

- **Organizational Behavior is;**
- A Separate Field of Study and not a Discipline Only.
- An Interdisciplinary Approach.
- Applied Science.
- Normative Science.
- A Humanistic and Optimistic Approach.
- A Total System Approach.

Concept of Organizational Behaviour

- Organizational behaviour (OB) is defined as *the systematic study and application of knowledge about how individuals and groups act within the organizations where they work.*

OB System

Input

Personal characteristics, Personality, Value & attitude (Individual variable), Role, status, norms, size, Composition, Cohesiveness (Group variables), Organization structure, Organization culture (Organizational system variable.

OB Processing

Perception, learning, motivation, decision making, (Individual process) communication, power & politics, leadership, team dynamics (Group Process)

Organizational system process:

- Job design

- Organizational development

- HR Policies & practices

Output

Efforts, job satisfaction, organization citizenship, high productivity, quality & innovation, low-absence, low-turnover, low conflict and customer complaints

Feedback

OB System

- **Components of OB system:**
- OB system has input-processing-outputs and feedback components.
- **OB Input**
- They are also called independent variables. These characteristics are essentially in place when an individual enters the workforce, and there is little management can do to alter them. There are three types of input variables to the OB system: individual level variables, group level variables, and organizational level variables.
- **Individual level:** Biological characteristics (age, gender, etc), ability, values, attitudes, personality, emotion, etc
- **Group level:** Group composition, Group size, etc
- **Organizational level:** Organization structure, culture, leadership, etc

OB System

- **OB Process**
- The received information from input is processed at three different levels to produce output (dependent variables).
- **Individual level:** Motivation, perception, learning, decision making, etc
- **Group level:** Communication, leadership, power & politics, conflict process, etc
- **Organizational level:** Design of formal organization, HR policies & practices, Interaction with external environment, etc
- **OB Output**
- They are also called dependent variables. These are the key factors that OB wants to explain and predict and are affected by inputs. Some key factors are:
- **Productivity:** It is output to input ratio. An organization is productive when it can produce more outputs relative to the inputs (in monetary terms).
- **Absenteeism:** It is the failure to report to work. Absenteeism results in workflow disruption, delay in important decisions, low productivity

OB System

- **Turnover:** The voluntary and involuntary permanent withdrawal from an organization
- **Organizational Citizenship Behavior (OCB):** It is a discretionary behavior that is not part of an employee formal job requirements, but that nevertheless promotes the effective functioning of the organization. Organizations need employees who will do those things that aren't in any job description.
- **Job Satisfaction:** It is the amount of overall positive effect (or feelings) that an individual holds toward his/her job. Unlike the previous four variables, job satisfaction represents an attitude rather than a behavior. Job satisfaction is negatively related to absenteeism and turnover.
- **Feedback of OB system:**
- This components of OB system provides information to redesign OB inputs and processing to achieve organizational effectiveness.

Basic Assumptions of OB

- **1. The Nature of People**

- With regard to people, there are four basic assumptions: individual differences, a whole person, caused behavior (motivation) and value of the person (human dignity).
  a) Individual Differences

- People have much in common but each person in the world is also individually different. The idea of individual differences comes originally from psychology. From the day of birth, each person is unique and individual experiences after birth make people even more different. So, management can get the subordinates motivated by treating them individually and differently.

Basic Assumptions of OB

- **b) A Whole Person**

- Some managers think that they have employed a person just for his labor, skills or brain. So, they are concerned with his labor of work only but he has to employ a whole person rather than certain separate characteristics. Managers have to do a lot with a person's personality, personal life, knowledge, development and other things.

- **c) Caused Behavior (Motivation)**

- We know that behavior has certain causes. These may related to a person's needs, and/or the consequences that result from acts. In case of needs, all normal human behavior and his/her course of future actions, both are caused by a person's need structure. This fact leaves management with two basic ways to motivate people. It can show them how certain actions will increase their need fulfillment, or it can threaten decreased need fulfillment unless they follow a required course of action.

Basic Assumptions of OB

- **d) Value of the Person (Human Dignity)**

- Value of the person is more an ethical philosophy than a scientific conclusion. It confirms that people are to be treated differently from other factors of production because they are of a higher order in the universe. It recognizes that people are of a higher order, they want to be treated with respect and dignity, and should be treated this way.

- **2. The Nature of the Organization**

- With regard to organizations, the key assumptions are that they are social systems and that they are formed on the basis of mutual interest.

Basic Assumptions of OB

- **a) Mutual Interest**
- Mutual interest is represented by the statement "Organizations need people, and people also need organizations". Organizations have a human purpose. They are formed and maintained on the basis of some mutuality of interest among their participants. People see organizations as a means to help them reach their goals while at the same time, organizations need people to help reach organizational objectives.
- **b) Social Systems**
- Organizations are social systems, consequently activities therein are governed by social laws as well as psychological laws. In other words, each organization is a social group having small number of groups. As people have needs, these organizations also have their needs, status and role. In fact, two types of social systems exist side-by-side in organizations. One is the formal (official) social system, and the other is the informal social system.

Levels of OB Analysis
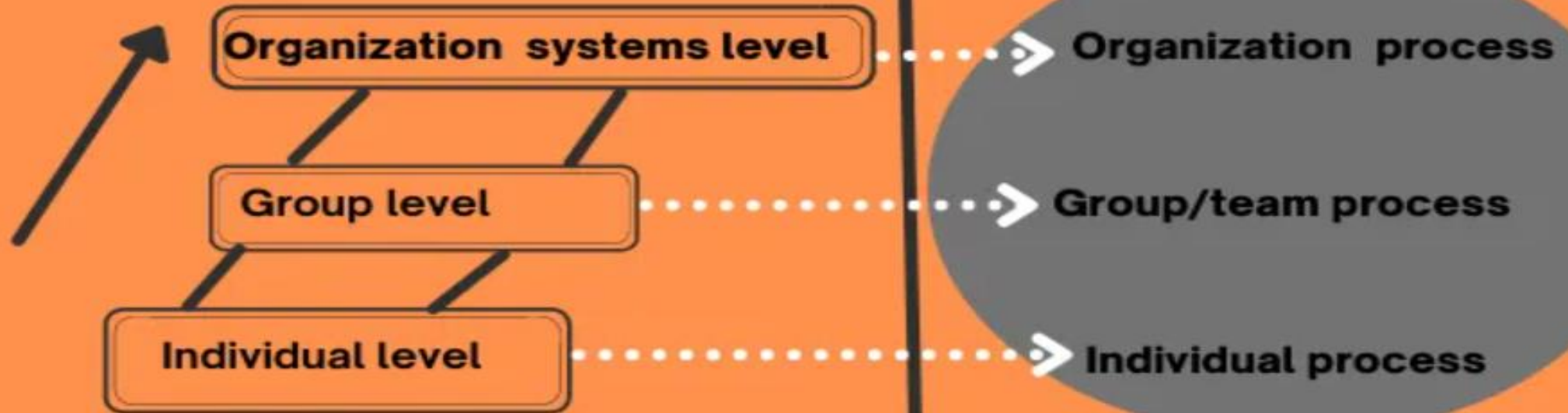
Levels of OB Analysis

Level of OB analysis (Scope of OB):
• *Organization systems level*
• *Group level*
• *Individual-level*

  1. Individual-Level Analysis: It is the first level of analysis. Individuals working in organizations are the building blocks for group formation. They are very different in nature. In reality, organizations are the purposeful association of individuals. The major contributing discipline at this level is psychology. The individual-level analysis includes the characteristics and behaviors of employees as well as the thought processes that are attributed to them, such as motivation, perceptions, personalities. attitudes, and values. This level analyses the individual's performance in the company's output. It is also called the micro-level of study which studies those individuals' variables. This way, OB can find out whether the employee is good for the company or not.

Levels of OB Analysis

2. Group (Team) Level Analysis:
Most of the individuals work in a group/team. A group is defined as two or more individuals interacting and interdependent, who have come together to achieve particular objectives. Groups can be either formal or informal. It is a macro-level of study.

Major contributing disciplines at this level are sociology, social psychology, and anthropology. The group-level analysis focuses on the way people interact. This level includes group dynamics, decisions, power, organizational politics, conflict leadership, communication, and the like.

Levels of OB Analysis

3. Organization System-Level Analysis:
When groups are combined together, they constitute (create) an organization. Major contributing disciplines at this level are sociology, anthropology, and political science. The focus of analysis at this level is on how people structure their working relationships as well as on how organizations interact with their external environmental forces. Major variables for analysis are organizational structure, culture, power and politics, and change and development, etc.

Contributing disciplines to the field of OB

- Organizational behavior (OB) is characterized by being a multidisciplinary discipline in nature as so OB is contributed by various disciplines.
- *The disciplines are as follows:*
- Psychology
- Sociology
- Social Psychology
- Anthropology
- Political Science
- Economics
- Medicine

Contributing disciplines to the field of OB

Psychology

Psychology is the behavioral science that studies human behavior (+animals) and mental processes. It is the science of humans. It is the best tool to understand why people think, what they think, and how they think. Psychology helps to know why people think and behave the way they do. Its major seven perspectives – cognitive, behavioral, psychodynamic, humanistic, biological, socio-cultural, and evolutionary. Psychology has contributed many important concepts to OB, such as:

•*Motivation, Learning, Perception, Personality, Emotion, Training, Employee Selection, Attitude, Work Design, Job Stress, etc.*

Contributing disciplines to the field of OB

Sociology

Sociology is the study of human behavior in a social setting consisting of human interaction, social ties, growth of society, structure, and regulations.

Sociology believes humans are social beings, they are in groups. Sociologists study humans in group behavior. After psychology, sociology is one of the most important contributing disciplines to the field of organizational behavior.

The major contributions areas of sociology are group dynamics, status, culture, status, power, communication, socialization, organizational change, and technology.

Contributing disciplines to the field of OB

Social Psychology

Social psychology is the combination of both psychology and sociology. It studies the social behavior and thought of people plus how people think, feel, process, and act. It explains the interaction, interdependence, and influence of people among one another. It studies the behavior of people at the group level. One of the main contributions of social psychology to the OB is how to predict, manage, and change the behavior of humans in organizational settings.

Contributing disciplines to the field of OB

Anthropology
Anthropology is the science of humans. It studies the evolution or development stages of human beings consisting of human nature, different societies, and how different cultures are developed.
It also studies how humans interacted with their environment, how they are now, and how in the future and how humans are civilized.
It helps to understand the society of humans and their activities. Its major contributions include comparative values, attitude, analysis, and norms and it helps to understand cultural factors in organizational settings such as organizational culture, environment, power, and so on.

Contributing disciplines to the field of OB

Political Science

Political science deals with politics and its practices in different scenarios. It mainly concerns the allocation of power, conflict resolution, group coalition, and how to manipulate power for individual self-interest.

Its concerns in OB mainly deal with the allocation of power to the employees, manipulation, and controlling of conflicts in the organization. Today, organizations are also regarded as a political system. Thus, a manager should understand the structure of politics and how it works.

Contributing disciplines to the field of OB

Medicine

Medicine is the branch of health science that deals with the identification and treatment of diseases to improve the health of people. It treats both physical and psychological diseases of people.

While treating people it observes their behavior of people and tries to find out the causes. Some causes are related to the body and some are mental. In organizational settings, employees also suffer from psychological diseases, and applications of medical science help managers organize different wellness programs so that employees' health will be improved and they are ready again to work.

Contributing disciplines to the field of OB

Economics

The science of economics is related to the cost. It is the study of how to minimize cost, how to best use scarce resources, and achieve more from less.

To run the daily operations of the organization there is a need for money. The study of economics helps managers to best use the organization's limited resources. And, economic factors such as labor market dynamics, wages, demand-supply, cost of production, etc. also influence organizational behavior.

Challenges for Managers /OB

1. Globalization
2. Changing Profiles of Employees and Customers
3. Increasing Workforce Diversity
4. Social Responsibility and Ethics
5. Quality and Employee's Productivity
6. Organizations Change and Development
7. Information Technology
8. Corporate Re-organization

Challenges for Managers /OB

Globalization

- Globalization is the economic integration of a country's economy at the global level. Globalization assumes all businesses operate in a single place i.e. global village. Globalization has enabled the availability of all types and all countries' products in a single place. Availability of international products in the domestic market and expansion of domestic products at the international level has achieved through globalization.

- Globalization has both challenges and opportunities for organizational behavior. Challenges such as it have negatively impacted the market of local business, difficult for managers to cope with international norms, values, and cultures, ever-growing competition, advancement of technology, etc.

- It also provides opportunities such as a domestic product getting international customers, a place in the international market, extended market, revenue, new investment opportunities, and better career perspectives.

Challenges for Managers /OB

- **Managing Workforce Diversity**

- Workforce diversity means differences in people working in the organization such as in terms of age, race, culture, gender, values, education, geography, income, and so forth. It is obvious that an organization consists of diverse groups of people having different backgrounds.

- The differences in people should be taken into consideration by the managers. The managers should understand the backgrounds of their employees, plan accordingly, and develop teamwork and harmony in the organization. Workforce diversity provides benefits such as group work, mutual understanding among employees, increased creativity, productivity, and proper use of different talents.

Challenges for Managers /OB

Quality and Productivity

- Quality is having a degree of excellence as compared to others and productivity means producing maximum out of minimum input and cost. Due to globalization, the demand of customers is ever-changing, they do not demand only products/services rather they demand quality products/services.

- Thus it is a growing concern for managers to give quality services/prodcuts and motivate employees so that productivity can be achieved from employee's best (100%) contribution. Increasing quality and productivity in an organization helps managers to gain customers who last longer, create a brand, a unique position in the market, and ignoring it organizations lose customers' interest.

Challenges for Managers /OB

Improving Employees Skills

- Today one thing is clear today's business world is not the same as it was. Most businesses have moved to the service and knowledge base sector and uncertainties are ever-increasing. Changes in management practices, increasing competition, teamwork, decentralization, and quality awareness have demanded a high level of skills and knowledge.

- Thus managers are forced to improve their employee's skills. For this, managers must train and re-educate employees, less skilled employees must be trained, and skilled employees also should be trained to be even better and adaptable. Managers should be responsive to employees' skills and make them able to compete with competitors.

Challenges for Managers /OB

Empowerment of Employees

- Today managers are not just managers they are leaders, coaches, and advisors to make employees compete and satisfy them. Giving required decision-making powers and freedom to lower levels make them discharge duties based on their competency.

- Self-managed teamwork, self-appraisal, job enrichment, etc. are effective means a manager can empower employees. It makes managers loose duties and employees get opportunities to apply their knowledge and learn how to take responsibility and make the right decisions based on situations. By doing so managers' workloads are reduced and employees get freedom, feel motivated and discharge duties as they want.

Challenges for Managers /OB

Managing Organizational Change

- Today organizations are forced to change, and the unchanged organization does not seem to have progress. Due to rapid change in environmental variables organization needs to assume change, change in structure, change in culture, re-organization departments, underperforming units, and so on.

- The study of organizational behavior helps to effectively cope with such challenges as it helps to understand the cause and effect of change, how to react and initiate change, how to cope with change, how to reduce resistance to change in the workplace, etc. Moreover, managers and employees should be always prepared to adapt to change and thrive in such environments.

Challenges for Managers /OB

Maintain Ethical Behavior

• Ethics means knowing what is right and what is wrong. A manager should maintain and improve the ethical behavior of employees.

• The manager should ensure that employees are positive about the organization's rules, regulations, and policies. If not, he should find the causes and develops rules that best with employees' ethics and the organization's ethics.

• Since organizational ethics are different in different organizations, a manager must consider making policies acceptable to employees. This increases satisfaction among employees and later improves productivity.

• Managers should organize various workshops, seminars & training programs so that the ethical behavior of employees will be maintained and improved.

Challenges for Managers /OB

The Emergence of Information Technology

• The stake of information technology growing day by day for OB. The evolution of IT has moved OB's practice from manual to automatic, now different information is handled by computers, customers services improved, digitalization is achieved, customers are getting information in real-time, and so on.

• Now the manager's task is to train employees on how to best use information technologies such as computers and get productivity and customer satisfaction.

Any Queries??

Thank You