**Module-1**

**Introduction**

Life becomes unlivable without organization. We depend on different organizations for all our fulfilling our requirements. Such organizations are education, Health care, Food, Recreation and Travels etc. Organizations are not physical structures; rather, they are people who work together to achieve a set goals. People who work in organizations have structured patterns of interactions, meaning that they expect each other to compete certain task in organized way. Often an individual or a group of people, who believe that they possess the necessary skill and knowledge, form an organization to produce goods and services. At times, several people form a group to respond to a perceived need by creating an organization.

Why Organizations are important:

1.       Money and other Means of Value Exchange

2.       Relationships

3.       Body

4.       Community

5.       Spirit

**Role of Organization**

Mainly organizations play five different roles.

1. To increase Specialization and Division of Labour: People who work in organizations may become productive and efficient at what they do than people work alone.

2.To use large scale Technology: Organization are able to take advantage of the economics of scale and scope that result from the use of modern equipment .Economics of scale is the cost saving when large productions are produced. And Economics of Scope is the saving when an organization is able to use under- utilized resources more effectively (an automated production can make different types of products simultaneously).

3. To Manage External Environment: Pressures from the environment in which organizations operate necessitate organizing productive resources. Managing complex environment is a task beyond the ability of most individuals.

4. To economize transaction Cost/joint decision: When people cooperate to do a job they face many problems. To sort out these problems they jointly decide what to do, when to do, where to do etc. by exchanging their views. The cost associated with negotiation, monitoring and governing exchange is called transaction cost. Through organization this is materialized economically.

5. To exert power and control: It is important for the people to come to work in a predictable fashion in the interest of the organization. It is achieved through organization by exerting pressure and control by the authority of the organization.

**Definition of OB**

OB is defined as “the behavior of individuals and groups within organizations and interactions between organizational members and their external environment” -By Darrell Mohancy.

From the definition we can understand that Definition has three features:

1. It a study of behavior.
2. It a study of behavior in the organization.
3. Knowledge of the above two useful in improving organizations effectiveness.

To sum up, OB obviously comprises individual behavior, group behavior and organization itself. Understanding is complete when all the three are studied carefully. The study of individual behavior alone is incomplete because the actions of the employee influence and are influenced by the organization where he or she works. Again studying only organizations without learning about the people amount to looking at only is one side of the concept.

**Understanding of OB**

The understanding about the Organizational Behavior is based on eight fundamental concepts. These are,

1. Individual Difference.
2. A Whole Person
3. Caused Behavior.
4. Human Dignity.
5. Social System.
6. Mutuality of interest.
7. Holistic Concept.
8. Need for management.

1. Individual Difference: Each person of the world is different from all other although may be having a few commonness. Each person is unique and individual experiences after the birth makes people even more different. Individual differences are in intelligence, physique, personality, diction or any other traits, one can find striking difference. Only a person can take responsibility and make decisions. Even a group is powerless until individuals therein act. Therefore OB begins with individual.

2. A Whole Person: When an Individual is appointed, his/ her skill alone is not hired; his/her social background, likes and dislikes, prides and prejudices are also hired. A persons family life cannot be separated from his/her work life. Hence he must find workplace a home away home for better performance.

3. Caused Behavior: The behavior of employee is not random it is caused. His behavior in the organization is as per his believes, rightly or wrongly, is in his/her interest. A manager should realize this basic principle and correct this behavior and tackle the issue at its root.

4. Human Dignity: It is expected that people want to be treated with respect and dignity and should treated as such. Every job however simple, entitles the people who do it to proper respect and recognisation of their unique aspirations and abilities. The concept of human dignity rejects the old idea of using employees as economic tools.

5. Organizations are social Systems: It implies that organizational activities are governed by social and psychological laws. There are two types of social system exist side by side in organization. One is formal system and other is the informal system.

6. Mutuality Of interest: Organizations need people and people need organization. Hence organizations are created and maintained for mutuality of interest among the participants.

7. Holistic Concept in terms of isolated event: This concept interprets people -organization relationship in terms of whole person, whole group, whole organization and whole social system. It includes all views of the people to understand and analyze different issues rather than in terms of an isolated event.

8. Need for Management: While describing the multiple nature of OB above we understand that it is the management who can use it effective and efficient manners by organizing, leading and controlling the people.

**Basic / Key Elements of OB**

Like all other discipline OB is also based on certain key elements. These are People, Environment, Structure and Technology (PEST).

1. People: Organizations run by people. People consist of individuals and groups. Though they have much in common, yet they differ from each other in traits, intelligence and personality.

2. Environment: No organizations exist alone. It operates within a given internal and external environment. It works with other factors like family, government etc. Both these mutually influence each other in a complex way. Environment thus affects people by influencing their attitudes, working conditions etc.

3. Structure: There are two types of social systems that exist side by side in an organization. One is the formal and the other is the informal social system. The formal social system is called Structure.

4. Technology: It provides the resources with which people work and also affects the task that they perform. The great benefit of technology is that it allows people to do more and better. But it also restricts people from doing things in various ways.

**Nature of OB**

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

1. A Separate Field of study and Not a Discipline only: OB has multidisciplinary orientation and is thus based on a specific theoretical background. Therefore, it is better reasonable to call OB as a separate field.

2. An Interdisciplinary approach: OB tries to integrate the relevant knowledge drawn from related discipline like psychology, sociology and anthropology to make them applicable for studying and analyzing organizational behavior.

3. An applied Science: The very nature of OB is applied. It involves both applied research and application in organizational analysis, hence, OB can be called both science as well as arts.

4.A Normative Science: While positive science discuss only cause effect relationship, OB describes how the findings of applied research can be applied to socially accepted organizational goals.

5. A Humanistic and Optimistic Approach: OB 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 actualize those potentials if they are given proper working condition and environment.

6. A Total System Approach: This approach integrates all variables affecting organizational functioning. It analyses human behavior in view of his social-psychological framework. Man’s socio-psychological framework makes him a complex one and the system approach tries to study his/her complexity and find solution to it.

**Scope of OB**

The scope of OB includes the study of individual, groups and organization structure.

Individuals: Organizations are association of individuals. Individuals differ in many respects. The studies of individuals therefore include aspects such as personality, perception, attitude, values, job satisfaction, learning and motivation.

Groups of Individual: Group includes aspects group dynamics, group conflict, communication, leadership, power and politics and the like.

Structure: The study of structure includes aspects such as formation of organizational structure, culture and change and development.

**Objectives of OB**

The study OB benefits us in several ways.

1. This helps greatly in improving our interpersonal relations in the organizations. Friendly and cordial relations between employees and management and also among the employees create a congenial work environment in the organization.

2. The knowledge helps the managers know individual employees better and motivate employees to work for better results. It helps managers apply appropriate motivational techniques in accordance to the nature of individual employees who exhibit glaring differences in many.

3. OB tackles human problems predicts its future course of action and controls evil consequences. Thus treating employees as human being enables the managers to maintain cordial industrial relations which in turn create peace and harmony in the organization.

4. OB helps to help to predict human behavior and then apply it in some useful way to make the organization more effective. Thus it is a pre –requirement for a person. It is the man working in the organization s makes all the difference. Then, it implies that effective utilization of people working in the organization guarantees success of the organization.

5. Here OB helps managers how to effectively manage human resources in the organization. It enables managers to inspire and motivate employees towards higher productivity and better result.

**Relationship between OB and Individual**

Organizational Behavior is an indigenous learning of techniques which deals with the knowledge gained about individuals, groups and the effect of structure on behavior in order to make organizations work more effectively. Through these methods a budding manager can gain several virtues to induce personal growth of self and group related issues. Since managers are individuals who achieve goals through other people, OB makes us aware of the various roles we need to play as managers to encourage the workforce to work with more satisfaction and profitability. As managers we will participate in several roles, mainly:

Interpersonal Roles:

a. Figurehead: All managers are required to perform duties that are ceremonial and symbolic in nature, representing the organization/unit to outsiders.

b.Leader: All managers also have a leadership role. This role includes hiring, training, motivating employees, disciplining employees and unifying efforts.

2. Informational Roles: All managers transfer the information they are supposed to for planned execution.

Monitor: Managers monitor the flow of information. All managers, to some degree, collect information from outside organizations and institutions. And Transmit necessary information to outsiders.

3. Disseminator: Managers then act as a conduit to transmit info to organizational members.

Decisional role: Managers initiate and design change. They allocate resources and negotiate on behalf of the organization. Here managers deal with various affairs such as, overseeing new projects, taking corrective measure in an unforeseen event and discuss issues and bargain with other units to gain advantages for their own unit. These roles demand a deep understanding of human behavior in both individual and group forms, and so OB provides us with the means of tackling these issues with confidence. Understanding OB has never been more important for managers than it is today. In today’s world, the people of earth are much closer than before and managers need to deal with a vast array of diversities, such as; Culture, Demography, Religion, Higher demand of customer satisfaction, Coping with rapid changes in technology, Balancing Stress related lifestyle of the worker, Ethical behavior.

**How managers get benefit of O.B**

As a manager, the teachings of OB can significantly increase one’s personal sensibilities and outlook on these attributes in the following ways:

1. Working with people from different cultures:

What might seem motivating to a manager might not appeal to his workforce at all. Or a manager’s style of communication may be straightforward, but the workforce may find it threatening and uncomfortable. As a manager one must learn how to adapt his managerial style to their cultural, geographic and religious disparities.

1. Workforce diversity:

Organizations are increasingly becoming a more heterogeneous mix of people in terms of gender, race, age, ethnicity and sexual orientation. No longer can these disparities and clichés be ignored, these people are in the real world educated and ready to work. So mangers must recognize the fact that they don’t leave their lifestyles, cultural values and perception at home, so we as managers must learn to accommodate this diverse group of people by addressing their different lifestyles, family needs and work styles.

1. Customer Service:

Many an organization has failed because its employees failed to please its customers. Management needs to create a customer-responsive culture. OB can provide considerable guidance in guidance in helping managers create such cultures- cultures in which employees are friendlier and courteous, accessible, knowledgeable and prompt in responding to customer needs, in order to please the patron.

1. Ethics:

Today’s manager needs to create an ethically healthy climate for his employees, where they can work productively and confront a minimal level of uncertainty regarding what constitutes right and wrong behavior. Organizational behavior is the path to understanding how elements of the work place fall into place.

**Evolution of Organizational Behaviour**

Human relationships have existed since the beginning of the time and some concern for human as worker has also been in existence since ages. They work either alone or in small groups that their work relationships were easily handled. However, the actual work conditions were brutal and backbreaking. The workers worked from dawn to dusk and that too under intolerable condition of disease, filth, danger and lack of necessary resources. There was no or little concern for job satisfaction. Although there are traces to the effect that behavioral approaches existed in as early as in BC 1700. KOLASA, a great philosopher opined that there is a cause and effect and these are always hard to separate and indentify. But the behavioral scientists began work from nineteenth century.

**1. Industrial Revolution:**

The industrial Revolution in Europe led to increase in production that eventually gave increased wages followed by increased job satisfaction and decreased work hours. During this time one young Welse Factory owner, Robert Owen, first emphasized the human needs of the employee. He educated the employees about cleanliness and temperance. He laid the foundation for Organizational Behavior. That is why writer Frank Podmore called him the father of Personal Administration.

In 1835, Andrew Ure recognizes the third factor called Human Factor, in addition to Mechanical and commercial part of manufacturing. He provided workers with hot tea, medical treatment, a fan apparatus for ventilation and sickness payment. Taking cue from this development the great Indian Industrialist J.R.D Tata took a special interest in the welfare of workers like installations of pension fund, payment for accident compensation in his own Express Mill.

**2. Scientific Management:**

Frederic W. Taylor introduced the scientific thoughts in management. He advocated the selection of right worker for right jobs, imparting them adequately and remunerating them handsomely. His action improved recognition and productivity for industrial workers. He emphasized the technical efficiency, yet he awaked the management to the importance of human resources which was neglected. He is called the “Father of Scientific Management”. He stressed,

1. The introduction of scientific way to perform jobs.
2. Train and develop workers to perform the jobs.
3. Establish harmonious relation between the management and workers.

Taylor suggested two important managerial practices – piece rate incentive system, Time and Motion study. Like Taylor his co-worker Frank Gilbreth is known as father motion study that explored ways to reduces fatigue.

Henry Laurence Gantt also worked as a close associate of Taylor at Midvale and subsequently at Bethlehem Steel. He contributed the concepts of Task and Bonus System and a chart commonly known as Gantt chart, which is used in production planning and to compare the planned and actual performances.

Taylor was criticized as being anti-social, anti-democratic and psychologically unfair. He was much criticized for his belief in rationalizing and assuming human behavior based on rabble hypothesis of 1911.

**3. Administrative Theory**.

This theory focuses on identifying basic principles to coordinate the internal activities of an organization. Henri Fayol, a French Industrialist explained that satisfactory results could be achieved scientific forecasting and proper methods of management. He devised the 14 principle of management.

1. Division of labour

2. Authority.

3. Discipline.

4. Unity of command.

5. Unity of Direction.

6. Subordination of individual interest to the common goal.

7. Remuneration.

8. Centralization

9. The hierarchy

10. Order

11. Equity

12. Stability to Staff.

13. Initiative.

14. Esprit de corp. (team spirit)

**4. Human Relation Movement:**

The Human Relations Movement in Organizational Behavior (OB) emerged in the 1930s, emphasizing the significance of social and psychological factors in the workplace. It emphasized improved communication, collaboration, and understanding between management and employees to enhance productivity and job satisfaction. This movement shifted focus from the purely mechanistic approach of classical management theories to recognizing the importance of human needs and relationships for organizational success. Notable contributors include Elton Mayo and the Hawthorne Studies, which highlighted the impact of social dynamics on worker motivation and productivity. The Human Relations Movement laid the foundation for a more people-centric approach to organizational management.

With the failure of scientific management, people found more emphasis on workers co-operation and morale. The worker’s feelings, sentiments and ambitions are duly recognized. In other words, under the human relations approach, workers are distinguished form non human factors such as capital, machine, building etc. In Addition to this three factors such as Great Depression (1929), Labour movement and the Hawthorne Study contributed to growth of Human Relation Movement.

Hawthorne Studies: Prominent Professors of Harward Business School Elton Mayo (Psychologist), Roethlisberger and Whitehead (Sociologist) and William Dickson (company Representatives) conducted four separate experimental and behavioral studies over a seven year period. These are

1. Illumination experiment:

This experiment began in 1924, consists of a series of studies of test groups in which the level of illumination varied but the conditions were held constant. It was discovered that output decreases as much same rate of illumination.

1. Relay Assembly Test Room Experiments

Here workers were segregated on the basis of a finite range of working conditions variables, such as work room temperature and humidity, work schedule, rest breaks and their food consumption. Five women were chosen in the 40 part assembly test room and kept careful records of the prediction variable as well as output. The amount of time each woman taken were measured.

1. Experiments in Interviewing Workers

Around 20000 workers were interviewed over a period of two years. Unlike previous experiments, in which interviewer had a set of preconception, the interviewer set out to skillfully listen what the workers was saying all about himself/herself and job. Through this experiment they discovered rich and unlawful activities previously remained undiscovered.

1. Bank Wiring Room Experiment

Through this experiment, the worker found that the behavioral norms set by the work group had a powerful influence over the productivity and vice versa. This experiment well confirmed the effect of peer group power and importance of group influence on worker’s behavior and productivity.

**Theoretical Framework in O.B**

## Cognitive Framework

This framework was introduced by Edward Tolman. Cognition means the mental action or process of acquiring knowledge and understanding thought, experience, and the senses. Behavior is purposive(Direct towards a purpose or goal). Learning consists of the expectancy that a particular event will lead to a particular consequence.

Cognitive approach emphasizes the positive and freewill aspects of human behavior and uses concepts such as expectancy, demand, and intention.  Cognition can be simply defined as the act of knowing an item of information.  In cognitive framework, cognitions precede behavior and constitute input into the person’s thinking, perception, problem solving, and information processing.

The work of Edward Tolman can be used to represent the cognitive theoretical approach. According to Tolman, learning consists of the expectancy that a particular event will lead to a particular consequence. This cognitive concept of expectancy implies that organism is thinking about, or is conscious or aware of the goal and result of a behavior exhibited by it. It means that a person desires a goal and also knows the behavior that will lead to achievement of the goals. In the subject of organizational behavior, cognitive approach dominates the units of analysis such as perception, personality and attitudes, motivation, behavioral decision making and goal setting.

## Behavioristic Framework

Pioneer behaviorists Ivan Pavlov and Jon B. Watson stressed the importance of studying observable behaviors instead of the elusive mind. They advocated that behavior could be best understood in terms of stimulus and response (S-R). They examined the impact of stimulus and felt that learning occurred when the S-R connection was made. Modern behaviorism, that marks its beginning with B.F. Skinner, advocates that behavior in response to a stimulus is contingent on environmental consequences.  Thus, it is important to note that Behavioristic approach is based on observable behavior and environmental variables (which are also observable).

Clasical conditioning S-R Operant conditioning R-S

## Social Cognitive Framework

Social learning theory takes the position that behavior can best be explained in terms of a continuous reciprocal interaction among cognitive, behavioral, and environmental determinants.

The theory states that when people observe a model performing a behavior and the consequences of that behavior, they remember the sequence of events and use this information to guide subsequent behaviors.The person and the environmental situation do not function as independent units but, in conjunction with behavior itself, reciprocally interact to determine behavior.  It means that cognitive variables and environmental variables are relevant, but the experiences generated by previous behavior also partly determine what a person becomes and can do, which, in turn, affects subsequently behavior. A person’s cognition or understanding changes according to the experience of consequences of past behavior.

Bandura developed social learning theory into the more comprehensive social cognitive theory (SCT).  Stajkovic and Luthans have translated this SCT into the theoretical framework for organizational behavior. Social cognitive theory recognizes the importance of behaviorism’s contingent environmental consequences, but also includes cognitive processes of self regulation. The social part acknowledges the social origins of much of human thought and action (what individual learns from society), whereas the cognitive portion recognizes the influential contribution of thought processes to human motivation, attitudes, and action.  In social cognitive theoretical framework, organizational participants are at the same time both products and producers of their personality, respective environments, and behaviors.  The participants as a group of produce the environment, every individual is a product of the environment and through his behavior changes the environment for others as well as for himself, every individual is a product of his personality, but also influences his personality as consequence of results of his behavior.

Bandura identified five basic human capabilities as a part of SCT.

1.     Symbolizing: People process visual experiences into cognitive models. They help in future action.

2.     Forethought: Employees plan their actions.

3.     Observational: Employees learn by observing the performance of the referent group (peers, supervisors and high performers) and the consequences of their actions.

4.     Self-regulatory: Employees self regulate their actions by setting internal standards (aspired level of performance).

5.     Self-reflective: Employees reflect back on their actions (how did I do?) and perceptually determine how they believe then can successfully accomplish the task in the future given the context (probability of success between 0 to 100% is estimated)

**Limitations of O.B**

1. OB helps an individual to understand human behaviour only at workplace or he she may be a failure at domestic front

2. OB has not contributed to improved interpersonal relations in an organisation.Jealousies, back stabbing; harassments go side by side with rewards, lectures, discussions, smiles etc

3. OB is selfish and exploitive. With emphasis on motivation, efficiency, productivity there exists a kind of competition among workers and they are not able to live in harmony

4. OB will not totally abolish conflict but it can only reduce it.

5. OB has all most become a fad wid manager. Abolishing og physical disparities has not abolished mental barriers.

6. Organizational behaviour cannot abolish conflict and frustration but can only reduce them. It is a way to improve but not an absolute answer to problems.

 7. It is only one of the many systems operating within a large social system.

8.People who lack system understanding may develop a 'behavioral basis', which gives them a narrow view point, i.e., a tunnel vision that emphasizes on satisfying employee experiences while overlooking the broader system of an organization in relation to all its public.

9. The law of diminishing returns also operates in the case of organizational behaviour. It states, that at some point increase of a desirable practice produce declining returns and sometimes, negative returns.

10. The concept implies that for any situation there is an optimum amount of a desirable practice. When that point is exceeded, there is a decline in returns. For example, too much security may lead to less employee initiative and growth. This relationship shows that organizational effectiveness is achieved not by maximizing one human variable but by working all system variables together in a balanced way.

11. A significant concern about organizational behaviour is that its knowledge and techniques could be used to manipulate people without regard for human welfare. People who lack ethical values could use people in unethical.