# Unit-

1

Introduction

Concept of organizational behavior

#### What is Organization?

• Organization is simply people working together for a common goal. It is a group of people assembling at one place and contributes their efforts to achieve a common goal.

#### What is behavior?

- Behaviour includes anything a person or animal does that can be observed in some way. Behaviour can be observed, recorded and studied.
- In other word, the actions or reactions of a person or animal in response to internal or external stimuli is called behaviour. (from morning to night every thing we do is considered as behaviour)

# Organizational Behavior

- Organizational behavior study about human behavior in organization.
- OB is the study of individual behavior in isolation, when in group and as a part of an organization.
- Organizational behavior is the study of human behavior and interaction within an organization and with other organizations. Organizational behavior is related to individuals, as well as group of people working together in teams.
- The study of individual behavior only, would be incomplete because behavior is affected by the people surrounding us as well as by the organization, in which we work. Studying only individuals or only organizations would be of no use. It is essential to study both simultaneously.
- According to Davis and Newstram, "Organizational behavior is the study and application of knowledge about how people act within organizations."

- So we can say that OB is the study of individuals and their behavior within the context of organization in a workplace setting.
- It is an interdisciplinary field that includes sociology, psychology, social psychology and management

# Importance of OB

- 1. <u>Understand organization and employee in a better way:</u> the study of OB helps us understand organizations and people in a better way. Because friendly and harmonious relations between employees and managers create a proper work environment.
- 2. <u>Motivate employee</u>: OB helps managers to apply appropriate tools and motivational techniques in accordance with the nature of individual employee. Like financial incentive, division of work, job security, good working environment, participation, effective communication etc.
- 3. <u>Improve industrial/labor relations</u>: OB takes human problem humanly. It helps to understand the root cause of the problem, and control its negative consequences. This creates peace and harmony in the organization.

- 4. <u>Prediction and control of human behavior</u>: one of the most important reasons for studying OB is to learn how to predict and control or manage human behavior in organization. It helps to bring effectiveness in organization. (believe, attitude, need, value etc.)
- 5. <u>Effective utilization of human resources</u>: OB helps managers how to manage people effectively in the organization. It enables managers to inspire and motivate employees towards higher productivity and better results.

Levels of OB analysis (Scope of OB)

- Organizational behavior studies human behavior in the organization on three main levels. They are:
  - 1. Individual level,
  - 2. Group/team level, and
  - 3. Organizational level.
- At all these levels OB analyses the behavior of people on how, why, and what

causes their behavior in organizational settings.

#### 1. Individual Level

- This is the first level of OB analysis. At the individual level, organizational behavior studies the behavior of an individual person such as his/her attitudes, motivation, perception, personality, values, ethics, satisfaction, and other personal traits.
- The concept of psychology plays important role in the individual-level analysis. The individuals working in the organization are the very existence of the organization. Each individual's behavior is different from others, as it is natural, and some are affected by social, cultural, and other social variables.

## 2. Group/team Level

- The organization also consists of different groups and teams. The group-level analysis of OB studies the behavior of people at the group level, how groups work, why they interact in group work, collaboration, group decisions, etc. (negotiation, conflict, communication, group and team)
- A group is a people who come together to reach some common goals. They can be small or large and formal or informal. In a group people work together, one's actions affect others, they are dependent on each other, and the goal is achieved through

collective effort.

#### 3. Organizational Level

- At this last level organizational behavior analyses how the organization works. It mainly studies how people interact with organizational structure, how the organization with them, and how the external environment forces interact with the organization.
- Its major variables such as work environment, organizational structure, culture, change, politics, and environment within and outside of the organization. In fact, it is the study of how to manage individuals, groups, or teams effectively in the organization. Sociology, anthropology, and political science are the major disciplines contributing to this level.

For example, if I want to understand my boss's personality, I would be examining the individual level of analysis. If we want to know about how my manager's personality affects my team, I am examining things at the team level. But, if I want to understand how my organization's culture affects my boss's behaviour, I would be interested in the organizational level of analysis.

# Organizational behavior system

 Organization behavior is a system composed by various interrelated and interacting components.

- It is open social system influenced by general environment.
- As other system, it also consists of;
- 1. Input,
- 2. Processing
- 3. Output
- 4. Feedback
- 5. Environment
- 1. Input: (independent variable)
- Inputs of OB model consists of individual variables (biological characteristics i.e. diversity, ability, attitudes, emotion, personality and values), group variables (task characteristics, group structure, group size, group roles and team responsibilities) and organization variables (organizational structure, leadership and culture) variables.
- <u>Individual variables</u> are more or less shaped with birth of individual which later on little modified with environment, learning and experience.

- <u>Group variables</u> are formed with the formation of group. Group size, roles, structure, team responsibilities and even the personal characteristics of group members are important variables in group behavior.
- <u>Organization variables</u> in OB model are formed with the development processes of many years and change management to form values and norms.
- 2. Processes: (organism)
- Processes are the actions that individual, group and organization take to transform inputs into outputs.
- These actions are oriented to get predetermined outcomes in the organization.
- <u>Individual level process</u> includes motivation, perception, learning and decision making. These factors are important in shaping individual behavior.
- <u>Group level processes</u> are communication, leadership, power and politics, conflict and negotiation.

• <u>Organization level processes</u> cover whole organization under the scope of study. Organizational process includes design of formal organization, HR policies and practices, interaction with external environment etc.

# 3. Outputs: (dependent variable)

- Outputs of OB model are the desired end results in terms of behavior.
- <u>Productivity</u>: it is an indicator of how much an organization is creating relative to its inputs. It is a measurement of performance that includes efficiency and effectiveness.
- <u>Absenteeism</u>: it is defined as the intentional failure to go to the work. High degree of absenteeism may result poor organizational productivity.
- <u>Turnover</u>: it is something that occurs when people quit their jobs. A high level of employee turnover brings a low level of productivity.
- Organizational Citizenship Behavior (OCB): it refers to the employee 'extra

role' behavior that exceeds the expected responsibilities. It include behaviors that are not part of the job description, they are a result of personal choice. They are not part of the 'reward system' of the organization, but it promote organizational effectiveness.

• <u>Job satisfaction</u>: it is the amount of overall positive feelings that individuals have toward their jobs. It represent an attitude rather than a behavior.

**Feedback:** the feedback system measures outputs of OB process and feed into the system to correct deviation and to achieve the desired behavioral results.

# Basic assumption of OB

Organizational behavior bases on two fundamental assumptions. Nature of people and nature of organization are used foundations of organizational behavior.

#### A. The Assumptions about Nature of People (People related assumption)

- 1. Individual Differences:- Organizational behavior assumes that all the individuals are differences from each other. The difference in individuals can be in several ways like physical characteristics, intelligence, perception, personality, attitudes, aptitudes, emotion, learning capability and communicative ability.
- Managers need to consider these differences because they affect on the job behaviors of employees.

- **2. A Whole Person:-** Organizational behavior assumes that an individual should be considered as a whole person. We cannot separate individual's psychology, beliefs, values, attitude from physical work skills.
- **3. Motivated Behavior:-** Motivation is the willingness to do something to achieve organizational goals and, at the same time, to satisfy individual needs. Every employee expects motivated behavior from manager. Manager need to understand about how employees can be motivated for better performance.
  - **4. Value of the Person:-** Organizational behavior assumes that people are more valuable and different than non-living things. Employees should be treated with respect, dignity and equity by the organizations. Employees should not be treated only economic tools.
  - **5. Desire for Involvement:-** Individuals have desire for involvement in work. They want to show their creativity, skills, and efficiency while doing the work. People have capabilities for task performance, role fulfillment, meaningful contribution and meet challenging situations.
  - **6. Ethical Treatment:-** Ethics involves moral issues and choices. It deals with right or wrong behavior about event, people and things. Ethical

behavior of an individual depends on the moral standard or codes of conduct determined by society. Managerial ethics is the standard of behavior that guides individuals' managers in their work. Organizational should establish rules, code of conduct, working procedures and system.

- B. Assumption about Nature of Organization (organization related assumption)
  - The nature of organizations is the area of study of organizational behavior. There are following basic assumption about nature of organizations.
- 1. Social System:- Organizations are the part of social system. Organizations are operated by social and psychological laws. Social system coordinates that activities of its members for the achievement of common goals. Organizational behavior assumes that organizations are open social system. These systems affect behavior of individual.
- 2. Mutuality of Interest:- Organizational behavior assumes mutuality of individual and organization interests. Interests flow both ways. Organizations need people and people need organizations. Mutual interest provides a common goal for all the participants, which results in encouragement of the people to solve problems of the organization.

- If goal of organization is satisfied but peoples' goal is not satisfied = people resign from that organization
- If interest of the people is satisfied but organization's interest is not fulfilled = organization kicks out such types of employees.

Individual behavior as an input- output system

- People are considered as the "spinal cord" of every organization. Managers of every organization must be familiar about behavior of people. Understanding an individual behavior is a very difficult task.
- Individual behavior is the result of interaction between personal and environmental characteristics by which behavior occurs. [B=f(P,E)]
- So human behavior is influenced by both internal (personal) and external (environmental) factors.
- There are mainly three view points to see human behavior as a system.
- 1. Traditional viewpoint (model):

- Stimulus-response (S-R)
- Stimulus-organism-response (S-O-R)
- 2. Behavioral viewpoint (S-O-B)
- 3. Alternative viewpoint (Input-Process-Outcomes)

#### 1. Traditional View of Input-Output System

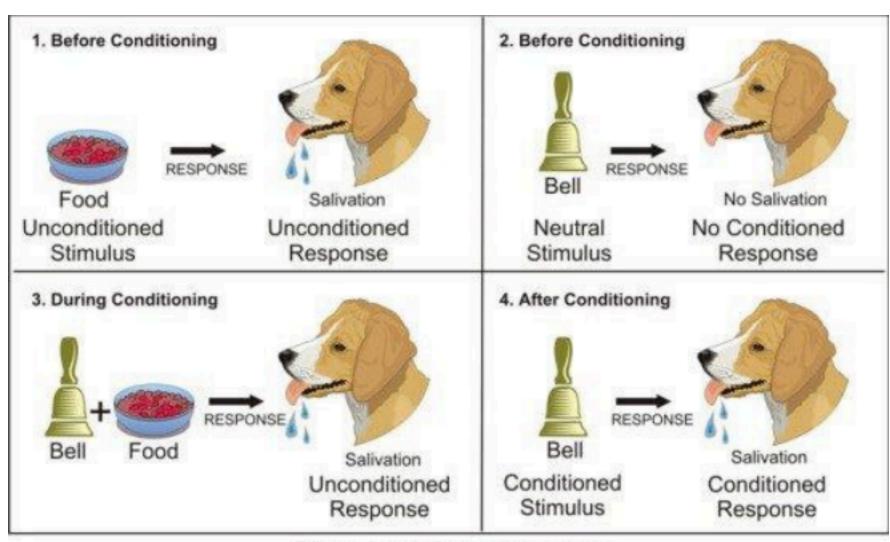
According to this system, if we assume that behavior is caused and this assumption is true, behavior takes place in the form of a process or system. Based on the analysis of behavior processes or systems have been developed.

## a) Stimulus-Response (S – R Model)

- This is the first and oldest model of individual behavior.
- S R process where 'S' stands for stimulus and 'R' stands for response. The process of human behavior may thus be regarded as stimulus-response process.
- S-R model of human behavior suggest that the behavior is caused by certain responses. The reasons may be internal feeling (motivation) and external

environment (stimulus). Without stimulus there will be no response. It means that behavior (R) is determined by the situations (S).

- Stimulus (input)----- Response (output)
- Thus, individual behavior is not a self-induced phenomenon, but is affected by a larger system e.g., group, family and the society within which one functions.



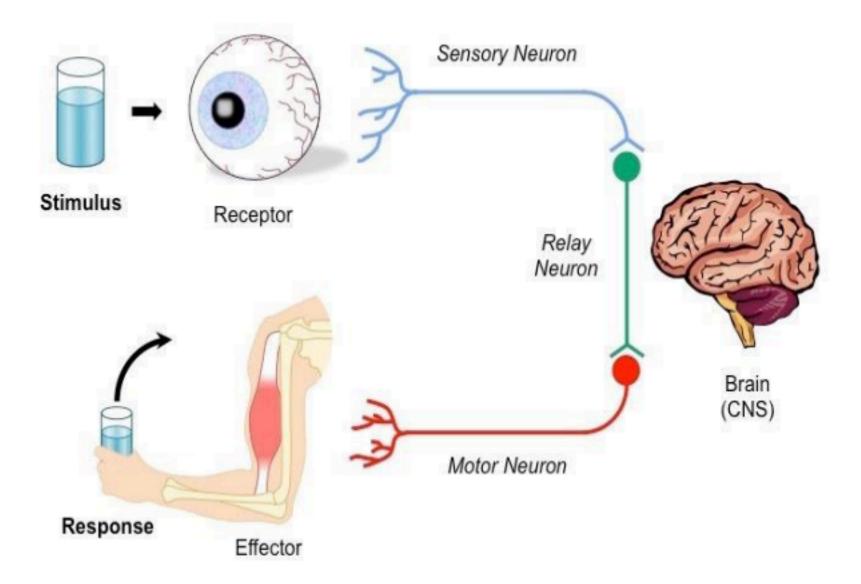
Classical Conditioning

# b) Stimulus-Organism-Response (S - O - R Model)

- S O R model of human behavior is achieved by inserting O (organism) in the classical S R model.
- The S-O-R model is based upon the stimulus processed by the organism and followed by behavior. This O is not passive and immobile as assumed in S-R model.
- Rather the O is not viewed as a mediating, maintenance, and adjective function between S and R as a mediating function, the O is constantly active, scanning its surroundings, monitoring its own actions, seeking certain conditions and avoiding others.
- As a maintenance function, organs of O are responsible for its health and growth. There are three categories of maintenance organs-receptors (sense organs-skin), connectors (nervous organs-brain), and effectors (muscles and glands-hand). (If you touch heat)
- The adjustment function of the O monitors the person's activities so that

he can overcome obstacles and satisfy his needs.

• It still remains a relatively mechanistic and simplistic approach and does not explain the complexity of human behavior.



2. Behavior View of Input-Output System (S – O – B Model)

- It is also popularly known as S O B model. S O B incorporates a more complex mechanism of human behavior which modifies and extends S O R models.
- In this model, 'S' stands for the situation which is more comprehensive than stimuli of S O R model and incorporates all aspects of the environment immediate stimulus, physical, socio-cultural and technological environment. 'O' is the organism but does not only represent the physiological being as in the S O R model, but also the psychological being which is more complex. 'B' stands for pattern of behavior, both overt and covert. (exposed and hidden)
- This model of behavior has significant departure from earlier models for behavior which have consider only overt aspects.
- S O B model tries to explain the process of human behavior. The understanding, predicting, and directing human behavior in organizations may be increased when we identify and analyze the different variables which go in shaping the behavior.
- Various factors affecting the human behavior may lie within the individual

himself or lie in the situations with which he interacts.

# 3. Alternative Viewpoint Model (Individual Behavior as Input-Output System

- ) Similar to behavioral model, presented by Kolasa.
- In this model he has described human behavior in the form of inputs, process and output
- 1. Input: it incorporates environmental stimuli plus the internal stimulus of the person acquired through sensation. Internal stimuli can be in the form of feeling, hearing, seeing, smelling and testing
- 2. Process (organism): the inputs received in the above forms are processed through organism. Process can be in the form of selecting, organizing and interpreting information received through inputs.
- 3. Outcomes(behavior): in this step an individual tries to derive the outcomes and tries to behave accordingly. The outcomes (behavior) can be in the form of: a) covert or hidden like attitudes, motivation and feelings, or b) overt or expressed like conduct, and behavior.

Contributing disciplines to the field of OB

There are some important disciplines in the organizational behavior field which developed it extensively. Due to an increase in organizational complexity, various types of knowledge are required and help in many ways.

- 1. Psychology
- 2. Social psychology
- 3. Sociology
- 4. Anthropology

## 1. Psychology

- Psychology has perhaps the first influence on the field of organizational behavior because <u>it is a science of behavior</u>. A psychologist studies almost all aspects of behavior.
- Psychology is the scientific study of the mind and behavior.
  Psychologists are actively involved in studying and understanding mental processes, brain functions, and behavior.

- Psychology deals with studying human behavior that seeks to explain and sometimes change the behavior of human.
- Domain of OB inherited from psychology are: learning, motivation, perception, personality, attitude, performance appraisal, job satisfaction, work stress, leadership, employee selection, work design etc.

#### 2. Social Psychology (combination of sociology and psychology)

- Social Psychology is the study of the ways in which interaction, interdependence and influence among persons affect their behavior.
- It has been defined as the scientific investigation of how the thoughts, feelings, and behavior of individuals are influenced by the actual, imagined the presence of others.
- It studies the influence of people on one another. It is more oriented towards group behavior.
- The unit of analysis is the individual within the group.
- Domain of OB inherited from social psychology are: group decision making,

communication, behavior change, attitude change, group processes etc.

#### 3. Sociology

- Sociology is the study of social life, social change, and the social causes and consequences of human behavior.
- The major focus of sociologists is on studying the social systems in which individuals fill their roles. The focus is on group dynamics.
- It studies people in relation to social environment and culture.
- Domain of OB inherited from sociology are: organizational culture, organizational structure, power, organizational communication, conflict etc.

#### 4. Anthropology

- It is a science of human kind. It is a science that studies, measures and explain evolution of human beings.
- The main aim of anthropology is to acquire a better understanding of the relationship between the human being and the environment.
- It examines all the behavior of person which have been learned.
- It include all the social, technical and family behaviors which are a part of the

broad concept of culture.

 Domain of OB inherited from anthropology are: cross cultural analysis, organizational culture, comparative values, comparative attitudes, organizational environment etc.

## Mental processes

#### **Concept of mental (Cognition) processes:**

- It refers to the process through which information coming from the sense is transformed, reduced, elaborated, recovered and used.
- Cognitive process are, thus, the mental process involved in knowing about the world.
- Mental process cover all the things that human mind can do naturally.
  Common mental processes include memory, emotion, perception, imagination, thinking and reasoning.
- Mental process involve;
- 1. Selection of information
- 2. Making change in the selection information

- 3. Association of items of information with each other
- 4. Elaboration of information in thought.
- 5. Storage of information in memory, when needed.
- 6. Recovery of stored information

# Variables in Mental Process

#### 1. Belief:

- Belief is something that is accepted, considered to be true. Belief is psychological foundation of people. Belief is cognition about the characteristics of objective.
- A person's beliefs are influenced by a wide variety of factors like: self esteem, past experience, actual situation, personality, communication from others

#### Features of beliefs:

- An internal feeling: something is true even though that belief may be unproven

- Involuntary responses (like digestion, heartbeat, eye blinking, choking

breathing problem) voluntary-ride a bike, going to college - Determines action and purpose: the strengths of different belief and purposes determine our actions in order to achieve our purposes - It is an attitude: about the world which can be either true or false - It is stronger than other elements: it is very difficult to change beliefs as compared to attitudes, values and needs.

- 2. Attitudes: (my attitude is based on how you treat me) Attitude can be defined as the way in which a person views and evaluates something or someone, a tendency to respond positively or negatively toward a certain idea, object, person, or situation Attitudes are stable and take long time to change. It affect individual's behavior.
- It is also cognitive element, it always remains inside a person. Parents, friends, society, media strongly influence attitude formation Features of attitudes:
- Attitude contains an object: it can be a thing, person, idea or a situation.

It expressed in the form of like/dislike, favored/disfavored and negative or positive

- Attitude are learnt: it is not an in born phenomenon, they are learned through social interactions
- Relatively stable in nature: attitude is relatively stable and take long time to change.
- It influence behavior: a positive attitude towards an object will influence our behavior favorably and vice versa.

## Components of attitude:

- An emotional components (feeling, sentiments, moods and emotion about some person, idea, event or object)
- A cognitive component (beliefs, opinions, knowledge or information held by the individual)
- A behavioral component: (the tendency to act on a favorable or unfavorable evaluation of something).
  - 3. Values:

- Values are evaluative standards that help us define what is wrong or right/good or bad.
- Everyone of us has a varieties of value system which guides our action and behavior.
- Values generally identify a person's ethical/moral structure on which the concept of good or bad and right or wrong is based.
- Eg- some people value money, some people say morals are important
- Where did value come?- parents, friends, teachers, national culture and environmental influences.
- The basic value (genetically) remain relatively stable and longer lasting but the remaining values change easily and quickly.
- Types of value: Milton Rokeach, identified two basic types of values.
- 1. Terminal Values: it represent the desirable end-state of

- existence, the goals an individual would like to achieve during his/her life time. Like happiness, self respect, equality, inner peace, freedom, prosperity etc. pg 24
- 2. Instrumental values: it reflect the way to achieving goals. (desired way of behaving) like being cheerful or help full.

#### 4. Needs:

- Need produce a certain behavior and influence individual motivation in organization.
- Unsatisfied needs give rise to tension and on individual engages in behavior to satisfy needs for tension reduction.
- The actual process of motivation starts with the identification of needs. The stronger the needs we have, the more we are motivated to fulfill these needs.

Features of needs:

- Human wants are unlimited
- A particular need is satisfiable (not always)
- They are complementary: felt together like ink and pen
- They are competitive: different needs compete among themselves Types of needs:
- Primary need: basic need include food, shelter, water, sleep Secondary need: are social and psychological needs, like self esteem, belongingness and affection, power, autonomy etc.

#### 5. Motives:

- Needs or desires that energize your behavior
- A motive is a person's reason for choosing one behavior from among several choices. Like if need for water (thirsty) choice may be water, juice, cold drinks,
- Motives are unsatisfied needs.
- Motives are derived from needs.

Motives are internal drives in an individual.

# Types of motives

- Primary motive (biological motive): hunger, pain, thirst, sleep
- Secondary motive (social motive): achievement, freedom, security, status etc.

#### 6. Behavior:

- Behavior is result of motivation. They differ from individual to individual and also change over time.
- Human behavior can be observed and studied.
- It is output variable. It have many input variable such as goals, belief, attitude, value, emotions, needs etc.
- If employees' needs, feelings and expectation are not satisfied, they may show problematic behavior towards organization.
- Types of behavior:
- Overt (exposed) behavior: walking, reading, speaking, crying, laughing Covert

(hidden) behavior: feeling, thinking, dreaming, hunger, digestion etc. - Genetically inherited behavior: transformed through genetically process as a gift

like, over or under intelligence, aggressiveness or excitedness etc. - Socially acquired behavior: mode of dress-up, choice of food, the way we eat and some unwanted habits.

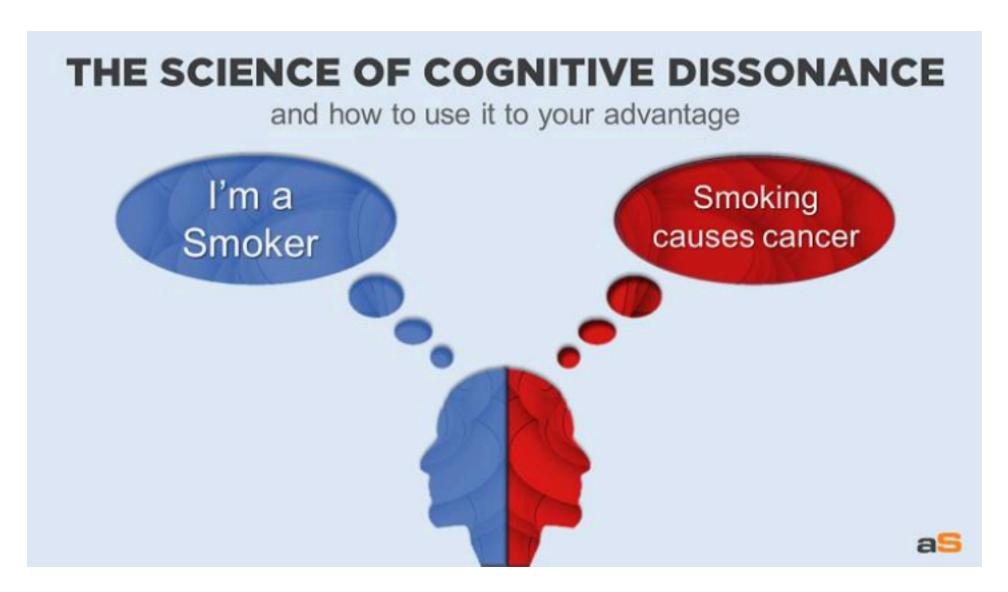
- Formal behavior: behavior is based on certain developed principles are called formal behavior.
- Informal behavior: it does not follow any given rules. They are free in nature like joking with friends, angry with them, fighting, playing

#### 7. Emotion:

- Emotions are reactions to a person (seeing a child studying make feel good) or event (dealing with a rude client may make a sales person feel frustrated)
- Emotion has a psychological origin but it affects or disturbs physiological system.
- Usually emotion and behavior are closely related to bodily changes.

- We show our emotion when we are happy about something, angry at someone, afraid of something.
- Features of emotion:
- Caused by specific events
- Universal in nature
- In differ from individual to individual
- It disturbs the physical and psychological state of individual
- Behavioral expression
- 8. Cognitive dissonance (difference):
- It is an uncomfortable feeling caused by two conflicting or different ideas simultaneously.
- It is the mental stress or discomfort experienced by an individual who holds two or more contradictory beliefs, ideas at the same time.

- For example, when people smoke and they know that smoking causes cancer.
- It is concern with intra-personal conflicts.



New Challenges for Manager in OB

- 1. Globalization
- 2. Workforce diversity
- 3. Managing temporary employees
- 4. Quality and productivity
- 5. Improving people skills (skill deficiencies)
- 6. Empowerment of employees
- 7. Managing organizational change
- 8. Use of technology
- 9. Improving ethical behavior
  - 1. Globalization:
  - Globalization can be defined as a process of rapid

economic, cultural and political integration among countries.

- It ensure free flow of ideas, goods and services all over the world.
- It focus on liberalization and privatization.
- It brings the concept of keen competition among the productivity through proper utilization of resources.
- Opportunities- free flow of capital, increase market and revenue, cheaper labor, free trade
- Challenges environment, culture, political system, economic development
- 2. Workforce diversity:

- Heterogeneous types of employees who represent different age, gender and ethnicity, physical abilities and disabilities.
- Diversity is increasing in org. coz of changing population dimension, to improve workforce, increased globalization, involvement of women, etc.
- It is necessary to develop emergent HR policies and programs to manage diverse workforce both from the individual and organizational approach.
- Opportunities- if diversity managed properly, it can increase creativity and innovation. If not managed, can result in higher turnover, increase interpersonal conflicts, and ineffective communication
- Challenges communication issues, cultural

misunderstanding, discrimination,

- 3. Managing temporary employees:
- Due to increasing competition, technological advancement, outsourcing facilities organizations do not hire all employees in permanent basis.
- To do regular and core jobs manager hire only a few permanent employees. Like production, finance, For rest of the jobs like Seasonal jobs, occasional jobs, less important jobs they use to hire part-time or temporary employees.
- This help them to cut the cost and long term burden. Challenges: less motivated, more frustrated, low moral, they do not get long term benefits like bonus, paid leave, pension, provident fund etc.

- Opportunities: reduce cost, ability to evaluate potential employee before hire,
- 4. Quality and productivity:
- Total quality management (TQM) for products and services.
- Organization is said to be productive if it able to utilize resources in effectively.
- Challenges: due to globalization, there are tough competition in terms of quality and productivity.
   Quality should be improve continuously. For this organization has to motivate employees and to reward them on the basis of contribution to quality.

- Opportunities: if managed properly the challenges of quality and productivity can be converted into opportunities.
- 5. Improving people skills (skill deficiencies):
- Previously, world economy was based on agriculture and then it moved towards industry based.
- Chronic deficient performance often includes time and attendance issues, poor work quality, excessive mistakes, missed deadlines, and low productivity.
- Challenges: increased competition and quality awareness have demanded high level of skills and knowledge. For this managers must train and re

- educate their less skill employees.
- Opportunities: if managed properly the challenges of skill deficiencies –people will get more reward, more motivated and productivity and they will be a greatest weapon to compete in the market
  - 6. Empowerment of employees:
  - Employee empowerment is a management philosophy that emphasizes the importance of allowing employees to make independent decisions and act on them.
  - This is the result of decentralization of authority Top level manager have to delegate authority to subordinates not only to take work related decision but also to maintain full control over the work they perform. Eg. Self managed work team, quality circles, job enrichment,

## MBO etc.

- Challenges: While the handing down of responsibility promises to improve speed, and productivity, a concern is that decisions are now being made by less experienced and less expert personnel. This can increase the number of mistakes made and put reputation at risk
- Opportunities: higher productivity and creativity, more motivated, boost reputation, dead time reduction, readiness for change and greater responsibility.
- 7. Managing Organizational Change:
- Change management is a collective term for all approaches to prepare, support, and help individuals, teams, and organizations in making organizational change

- Change management process begins with the request for change and ends with its implementation, communication and documentation of results to all interested parties.
- Challenge: how to manage the change effectively for organizational benefit (like reorganization of departments, disposal of poor performing units, downsizing, employee outsourcing.
- Opportunities: the study of OB can provide important insights into helping the managers to better understand the continual change. Learn how to overcome resistance to change, how best to create an organizational culture that works on change.
- 8. Use of Technology:

- Technology is the methods or process of converting inputs into outputs.
- It has reduced the effort and requirement of demand for people.
- The innovation of automation, robotic and computerization has brought tremendous change in human behavior.
- Challenges: high demand of training and learning (old skills are becoming outdated), low motivation, becoming lazy.
- Opportunities: it encourage creativity and innovation, reduce employees efforts, better communication, save times

- 9. Improving Ethical Behavior:
- Ethics is an individual's personal beliefs about what is right and what is wrong or good and bad
- It is developed through family, experience, personal values and morals and situational factors.
- Common examples of ethical behaviors include following rules, keeping secrets, remaining loyal, and telling the truth. Challenges: it is being realized throughout the world that the level of ethics is in declining trend. Ethics has become the greatest standing problem to the modern managers Opportunities: by improving ethical behavior organization can provide a competitive advantage in terms of customers, Build Customer Loyalty.
- Enhance a Company's Reputation.

- Avoid Legal Issues.
- Retain Good Staff.