Organizational Behavior and Management (MBA 531)
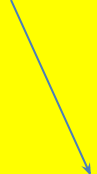
Chapter – One

An overview of Organizational Behavior

Question for Brain Brush

What is manager? What is organization?

What managers do?

Describe the manager's:

functions,

roles, and

skills.

Short Summary for Brain Brush Questions

What Managers Do

managers

Individuals who achieve goals through other people.

Managerial Activities

- Make decisions
- Allocate resources
- Direct activities of others to attain goals
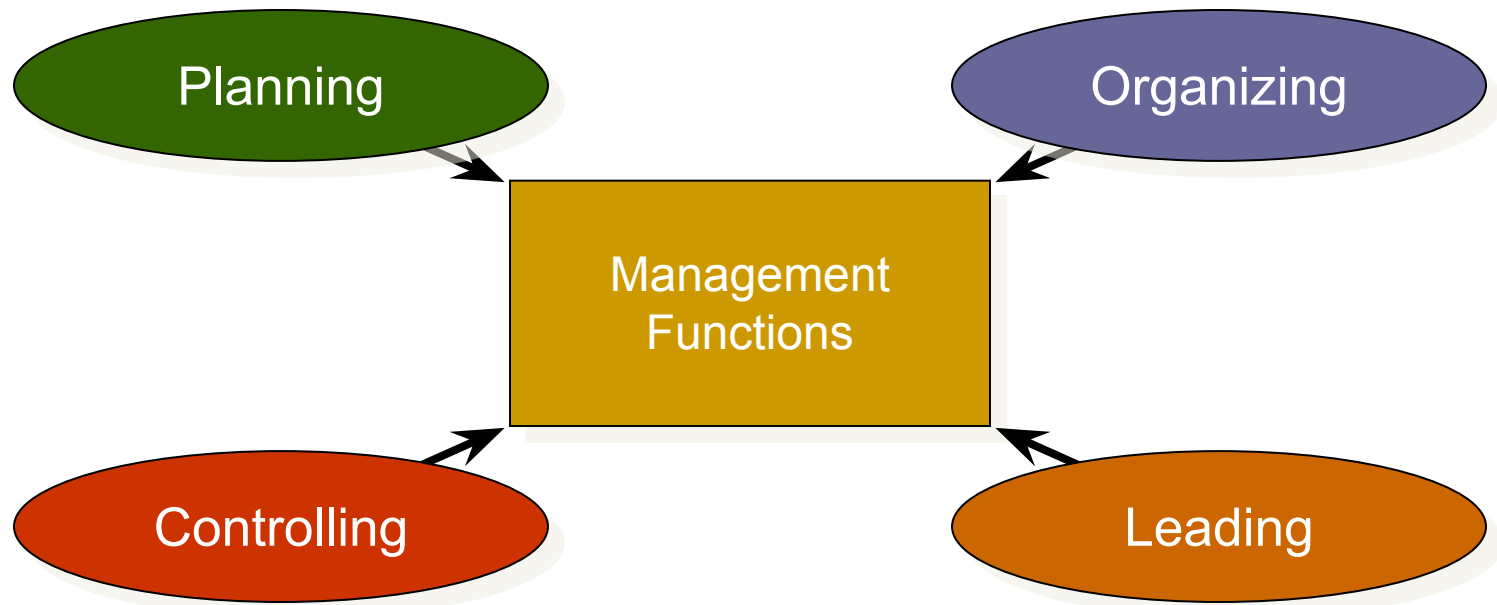
Where Managers Work

organization

A consciously coordinated social unit, composed of two or more people, that functions on a relatively continuous basis to achieve a common goal or set of goals.

An *organization* is defined as a collection of people who work together to achieve a wide variety of goals.

Management Functions

Managerial Roles

Interpersonal	
Figurehead	Symbolic head; required to perform a number of routine duties of a legal or social nature
Leader	Responsible for the motivation and direction of employees
Liaison	Maintains a network of outside contacts who provide favors and information

Source: Adapted from *The Nature of Managerial Work* by H. Mintzberg. Copyright © 1973 by H. Mintzberg. Reprinted by permission of Pearson Education.

EXHIBIT 1-1a

Cont………..

Informational

Monitor	Receives wide variety of information; serves as nerve center of internal and external information of the organization
Disseminator	Transmits information received from outsiders or from other employees to members of the organization
Spokesperson	Transmits information to outsiders on organization's plans, policies, actions, and results; serves as expert on organization's industry

Source: Adapted from *The Nature of Managerial Work* by H. Mintzberg. Copyright © 1973 by H. Mintzberg. Reprinted by permission of Pearson Education.

EXHIBIT 1-1b

Cont…….

Decisional

Entrepreneur	Searches organization and its environment for opportunities and initiates projects to bring about change
Disturbance handler	Responsible for corrective action when organization faces important, unexpected disturbances
Resource allocator	Makes or approves significant organizational decisions
Negotiator	Responsible for representing the organization at major negotiations

EXHIBIT   1-1 c

Management Skills

technical skills

The ability to apply specialized knowledge or expertise.

human skills

The ability to work with, understand, and motivate other people, both individually and in groups.

conceptual skills

The mental ability to analyze and diagnose complex situations.

Brainstorming Question

What do you know about OB?

"The stellar universe is not so difficult of comprehension as the real actions of other people". —Marcel Proust

Definition and concepts of OB

- **Organizational behaviour (OB)** is a field of study that investigates the impact that individuals, groups, and structure have on behaviour within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness.

- **OB** is the study of human behaviour in organizational settings, how human behaviour interacts with the organization, and the organization itself

Cont.….

- It studies **three determinants of behaviour** in organizations:

individuals, groups, and structure

- In addition, OB applies the knowledge gained about individuals, groups, and the effect of structure on behaviour in order to make organizations work more effectively.

- **Therefore, OB is the study of what people do in an organization and how their behaviour affects the organization's performance.**

- because OB is concerned specifically with employment-related situations, you should not be surprised that it emphasizes behaviour as related to concerns such as jobs, work, absenteeism, employment turnover, productivity, human performance, and management.

Cont………

- Although debate exists about the relative importance of each, OB includes the core topics of motivation, leader behaviour and power, interpersonal communication, group structure and processes, learning, attitude development and perception, change processes, conflict, work design, and work stress.
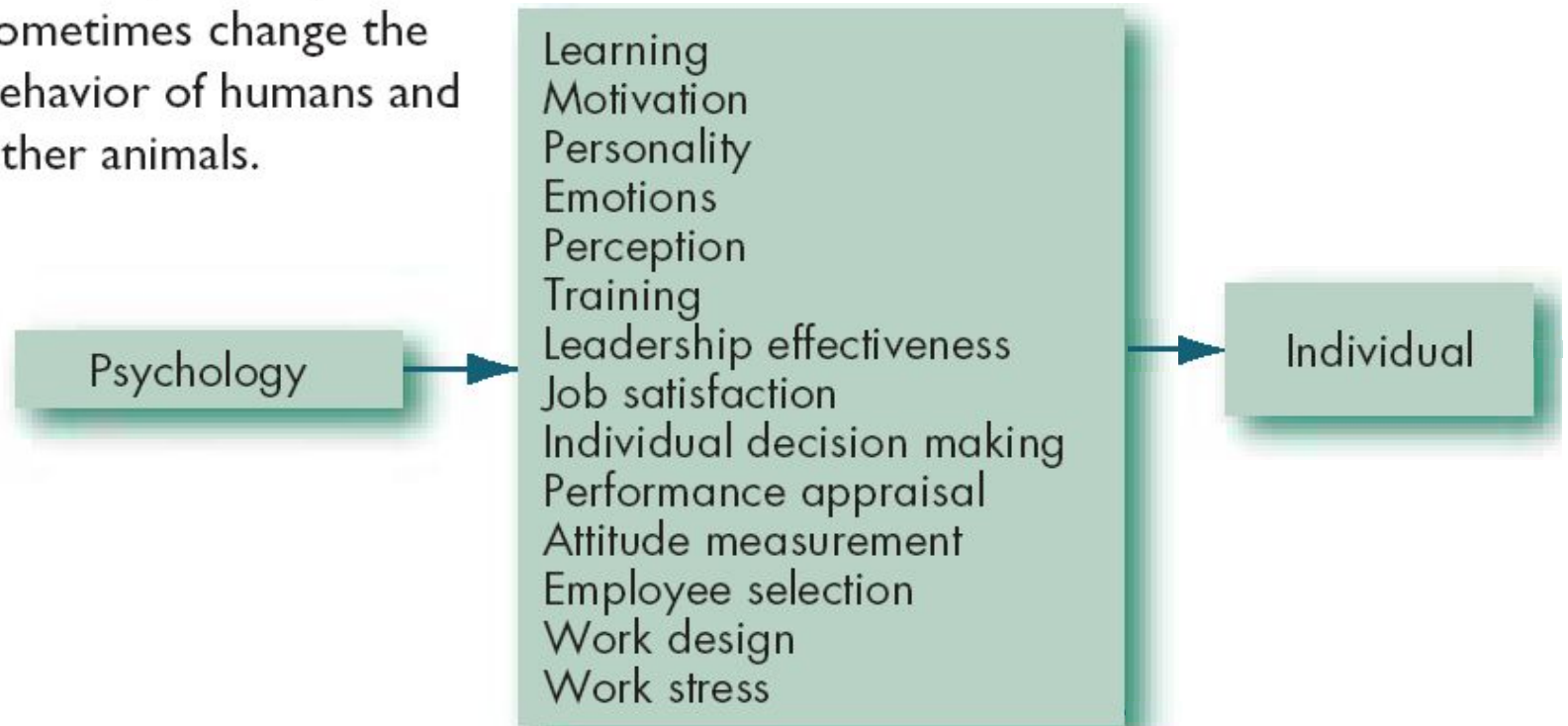
Example

Online shoe retailer Zappos.com understands how organizational behaviour affects an organization's performance. Zappos maintains good employee relationships by providing generous benefits, extensive customer service training, and a positive, fun-loving work environment. Employees are empowered to make decisions that increase customer satisfaction and are encouraged to create fun and a little weirdness." At Zappos, employee loyalty, job satisfaction, and productivity are high, contributing to the company's growth. (Robbins & Judge, 2013)

Contributing Disciplines to the OB Field

psychology

The science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.

Psychology →
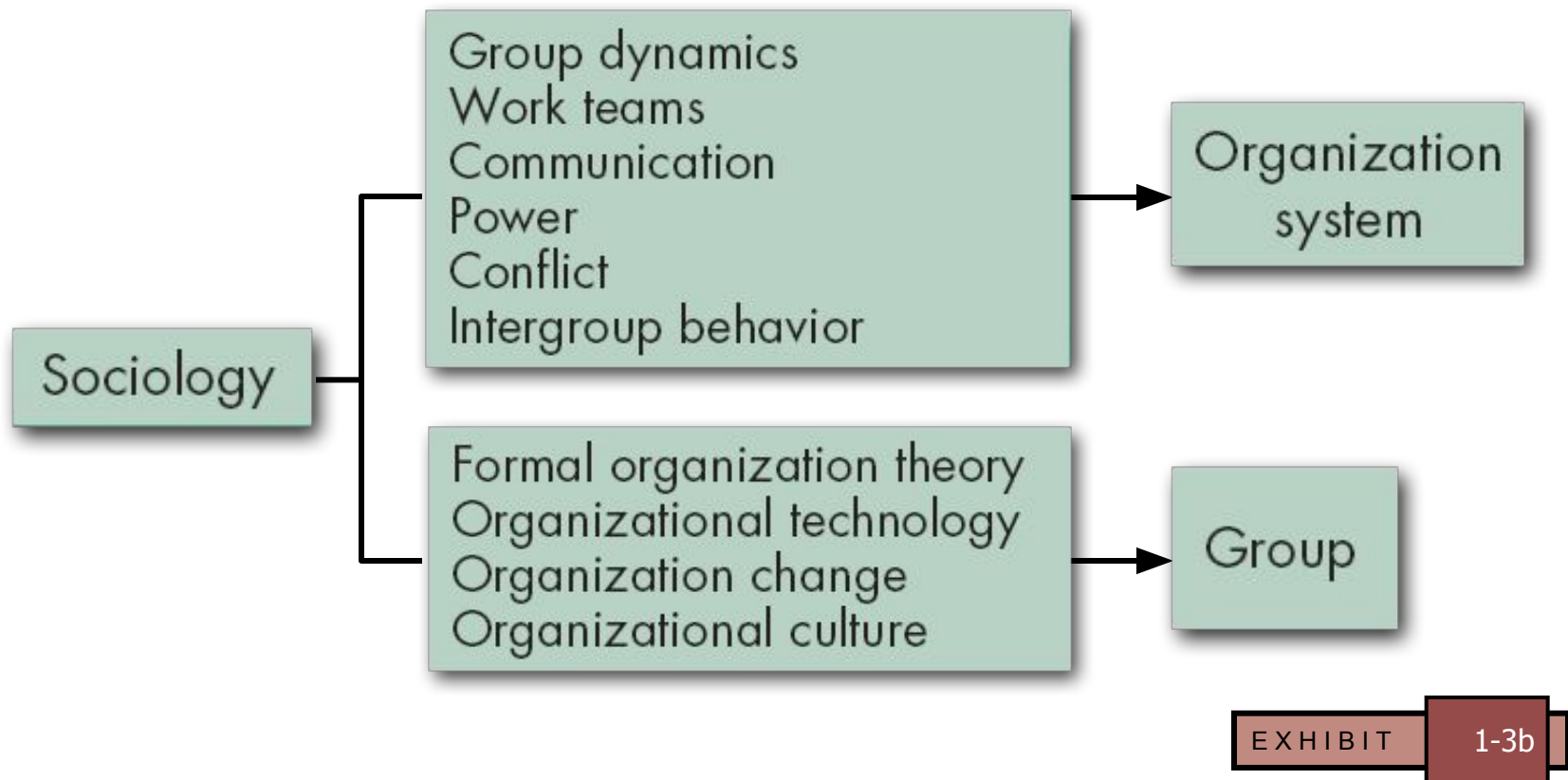
Learning
Motivation
Personality
Emotions
Perception
Training
Leadership effectiveness
Job satisfaction
Individual decision making
Performance appraisal
Attitude measurement
Employee selection
Work design
Work stress

→ Individual

EXHIBIT 1-3a

Cont……….

sociology

The study of people in relation
to their fellow human beings.

- Sociology
  - Group dynamics
    Work teams
    Communication
    Power
    Conflict
    Intergroup behavior → Organization system
  - Formal organization theory
    Organizational technology
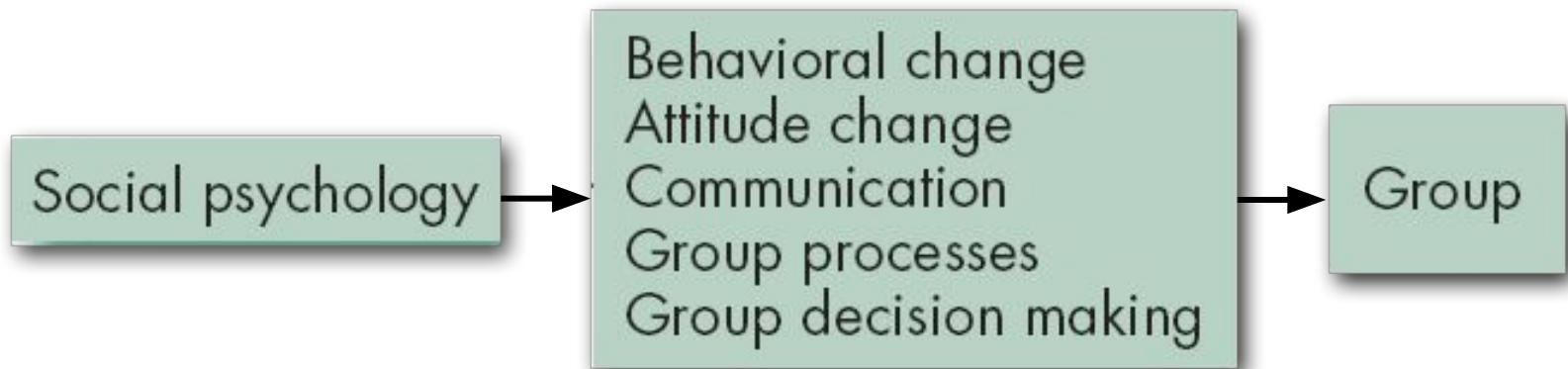   Organization change
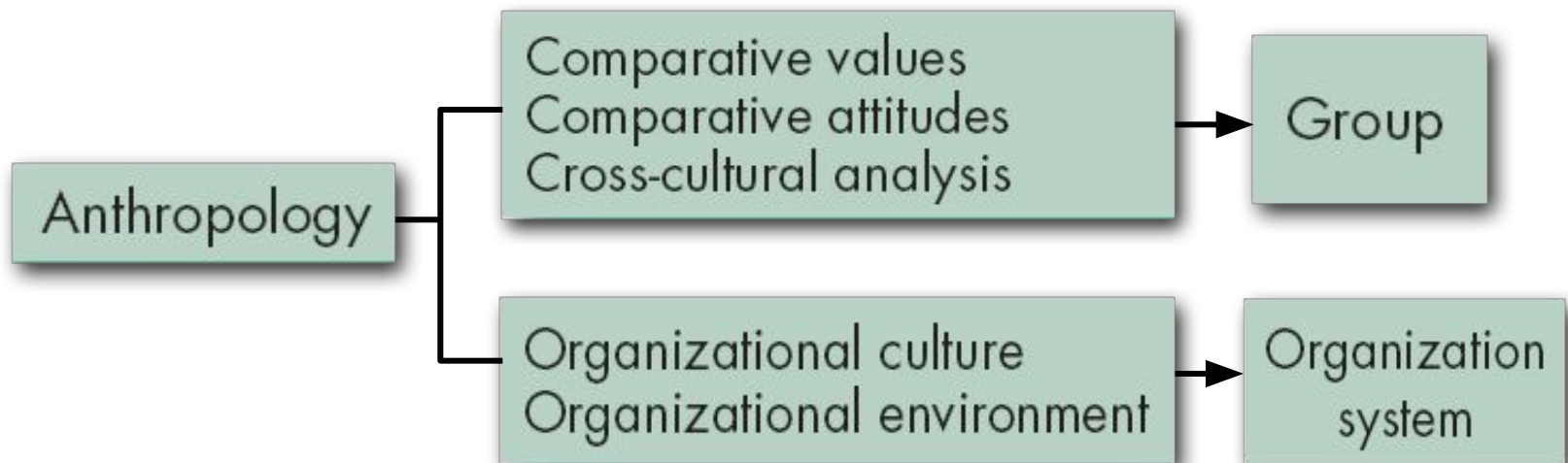   Organizational culture → Group

EXHIBIT 1-3b

Cont…..

social psychology

An area within psychology that blends concepts from psychology and sociology and that focuses on the influence of people on one another.

Social psychology → Behavioral change
Attitude change
Communication
Group processes
Group decision making → Group

EXHIBIT 1-3c

Cont…..

anthropology

The study of societies to learn about human beings and their activities.

Anthropology

Comparative values
Comparative attitudes
Cross-cultural analysis → Group

Organizational culture
Organizational environment → Organization system

EXHIBIT 1-3d

Cont……

political science

The study of the behavior of individuals and groups within a political environment.

Political science → Conflict Intraorganizational politics Power → Organization system

EXHIBIT 1-3f

21

Exhibit 1-3 Toward an OB Discipline

| Behavioral science	Contribution	Unit of analysis	Output
Psychology	Learning Motivation Personality Emotions Perception Training Leadership effectiveness Job satisfaction Individual decision making Performance appraisal Attitude measurement Employee selection Work design Work stress	Individual	Study of organizational behavior
Social psychology	Behavioral change Attitude change Communication Group processes Group decision making	Group	
Sociology	Communication Power Conflict Intergroup behavior	Group	
	Formal organization theory Organizational technology Organizational change Organizational culture	Organization system	
Anthropology	Comparative values Comparative attitudes Cross-cultural analysis		
	Organizational culture Organizational environment Power	Organization system	

Why study OB?

Model of OB

Basic OB Model

model

An abstraction of reality.
A simplified representation
of some real-world
phenomenon.

Organization
systems level

Group level
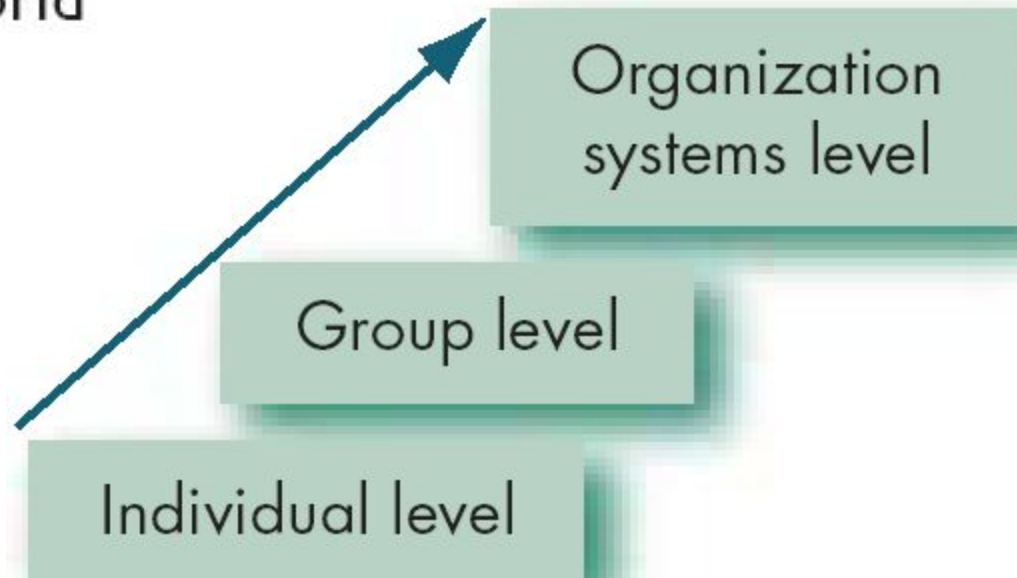
Individual level

Cont….

- A table on the next slide presents, the skeleton on which construct OB model.

- It proposes three types of variables **(inputs, processes, and outcomes)** at three levels unit of analysis (**individual, group, and organizational**).

- The model proceeds from left to right, with inputs leading to processes and processes leading to outcomes.

- Notice that the model also shows that outcomes can influence inputs in the future.

Inputs

Individual Level
- **Diversity**
- **Personality**
- **Values**

Group Level
- **Group structure**
- **Group roles**
- **Team responsibilities**

Organizational Level
- **Structure**
- **Culture**

Processes

Individual Level
- **Emotions and moods**
- **Motivation**
- **Perception**
- **Decision making**

Group Level
- **Communication**
- **Leadership**
- **Power and politics**
- **Conflict and negotiation**

Organizational Level
- **Human resource management**
- **Change practices**

Outcomes

Individual Level
- **Attitudes and stress**
- **Task performance**
- **Citizenship behaviour**
- **Withdrawal behaviour**

Group Level
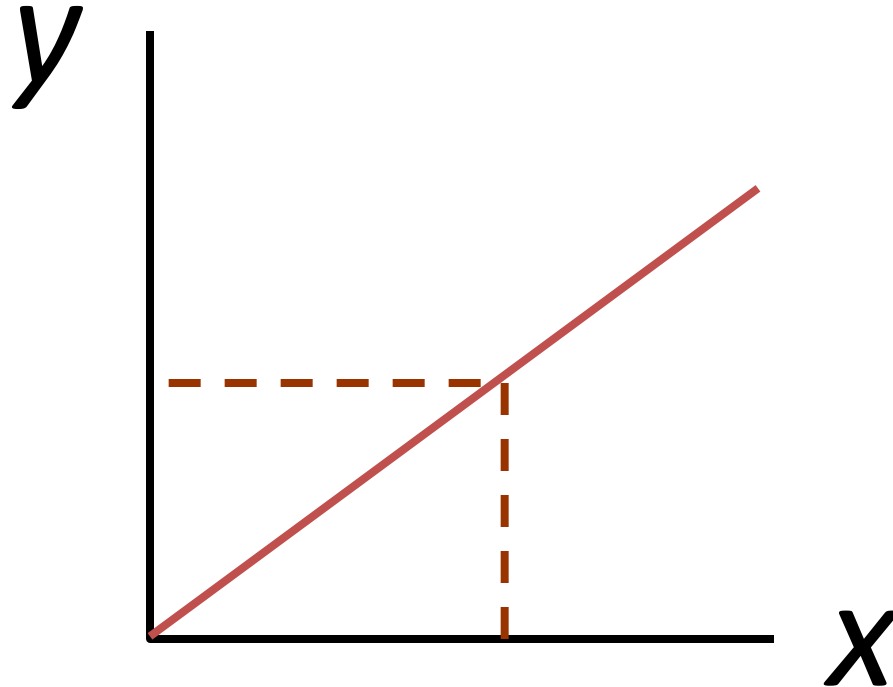- **Group cohesion**
- **Group functioning**

Organizational Level
- **Productivity**
- **Survival**

The Dependent Variables

dependent variable

A response that is affected
by an independent variable.

Cont….

productivity

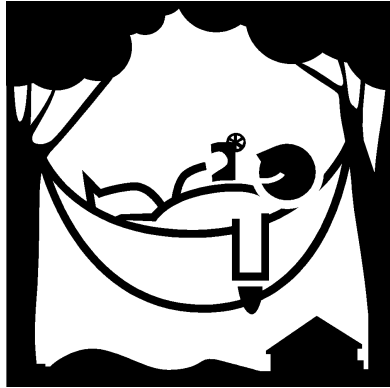A performance measure that includes effectiveness and efficiency.

effectiveness

Achievement of goals.

efficiency

The ratio of effective output to the input required to achieve it.

Cont……

absenteeism

The failure to report to work.

turnover

The voluntary and involuntary permanent withdrawal from an organization.

Cont……

organizational citizenship behavior (OCB)

Discretionary behavior that is not part of an employee's formal job requirements, but that nevertheless promotes the effective functioning of the organization.

Cont…..

job satisfaction

A general attitude toward one's job; the difference between the amount of reward workers receive and the amount they believe they should receive.

The Independent Variables

independent variable

The presumed cause of some change in the dependent variable.

Independent Variables

Individual-Level Variables

Group-Level Variables

Organization System-Level Variables
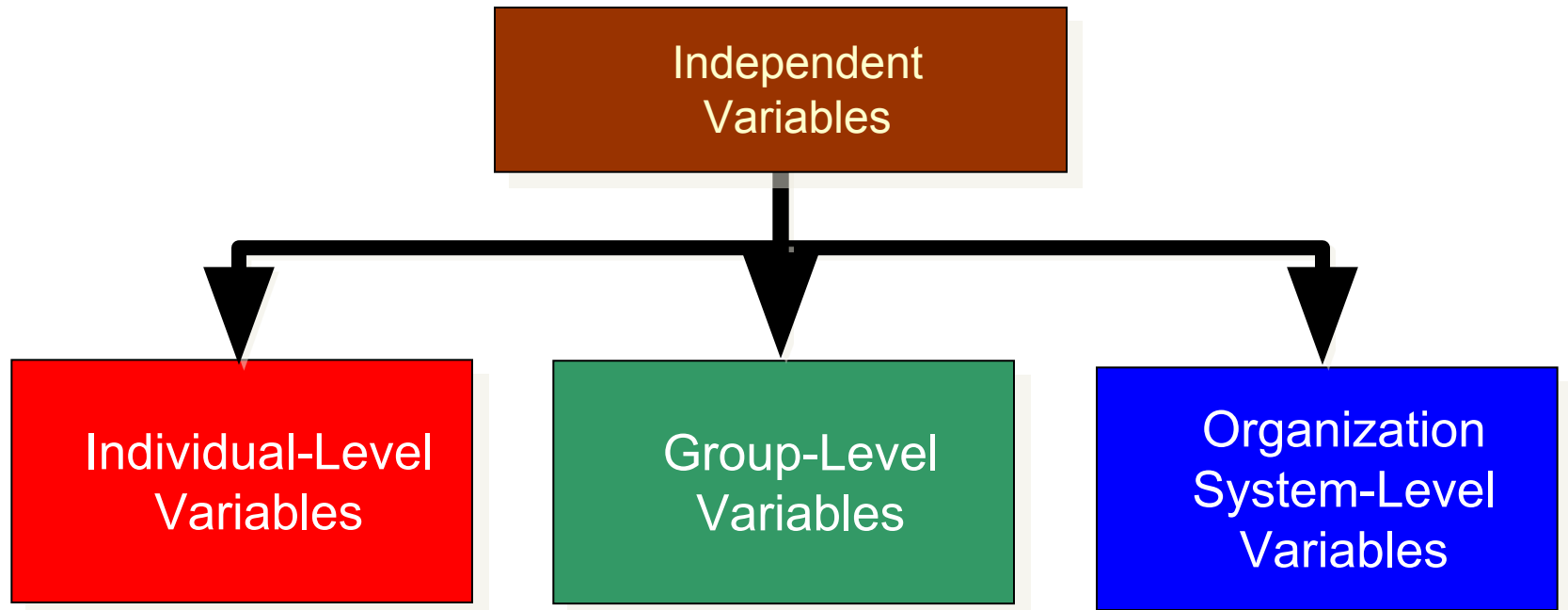
Enter Organizational Behavior

organizational behavior (OB)

A field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations, for the purpose of applying such knowledge toward improving an organization's effectiveness.

intuition

A feeling not necessarily supported by research.

---

systematic study

Looking at relationships, attempting to attribute causes and effects, and drawing conclusions based on scientific evidence.

Foundations of OB

Brain Brush Question

Discuss about Evolution of Management Thought?

Evolution of Management Thought

CONT….

☐. The practice of management can be dated back to thousands of years ago when human beings started civilizations and divided into tribes.

Some of the evidences are:

- The Egyptian civilization was known for planning, organizing, and controlling during the construction of pyramids
- Early Greeks were known for their management concepts such as specialization
- The ancient Rome used to emphasis on personnel, selection and placement.
- The existence of strong military forces in early human activities.

Cont….

- systematic body of knowledge and distinct discipline is the product of 20th C. When different schools of management thought began to develop.

- industrial revolution which began in 18th c and run through 20th c

- Industrial revolution resulted in:

- **economic growth of countries, minimized dependency on agriculture, and expansion of many and giant industries which needed many employees/workers.**

Cont..

Robert Owen (1771-1858):

- **Charles Babbage /1792/1871/**

- Starting from 20thc. up to now different schools of management thought have been developed. **These schools can be classified as follows:**

Cont…

- **Classical management theory**
  - scientific management theory(F. Taylor)
  - Classical organization theory (H. Fayol)
  - Bureaucratic theory (M. Weber)
- **Neo classical theory**
  - Behavioral or Human Relation theory (E. Mayo & How throne study)
- **Modern approaches**
  - Management science
  - System approach
  - contingency approach

A. scientific management Theory(SMT)

Frederick Winslow Taylor

Cont…

- Taylor's primary objective was to discover the most efficient way of doing a job and then train the workers to do it that way.

- scientific management principles or rules **VS** intuitions, judgments, experience generally called Rule of Thumb method

- **The major reasons for inefficiency were as follows:**
  - **Standards of performance were not properly determined.**
  - **The existing pay system was not motivating**
  - **The responsibilities of management and other workers were not clearly distinguished**
  - **There was no specialization as such.**
  - **there were an antagonistic relationship between management and subordinates**

Cont…

- **Consequently, the basic components of scientific management were profounded (developed) by him. These include:**

1. **determination of standards of performance scientifically (**time-motions involved in performing a particular task. **)**

2. **differential and piece-rate payment system**

3. **specialization of functional foreman ship**

4. **identification of response abilities of management**

5. **mental revolution**

B. Classical Organization Theory

- Scientific management theory emphasized on **how to increase productivity of individual worker and the management of work**.

- But the classical organizational theory, also called administrative management theory, was **aiming at administration of entire organization.**

- **Henry fayol, marry parkers Follet and James D. Mooney were among the great contributors to the theory.**

Henery Fayol (1841-1925)

Cont…

- He was interested in **administrative side of operations in an organization**.

- In particular he was concerned with the fact that **different abilities were needed as one moved up the management ranks**.

- **He identified /classified business activities in to six. These are:**

- **Technical activities, Commercial activities, Financial activities, Security activities, Accounting activities, Managerial activities.**

Fayol's 14 principles

☑ **Fayol believed that these principles were essential to increase the efficiency of management process. The principles are:**

(1) Division of labor, **(2)** Authority & responsibility, **(3)** Discipline, **(4)** Unity of Command, **(5)** Unity of Direction, **(6)** Subordination of individual interest to the general interest, **(7)** Remuneration, **(8)** Centralization, **(9)** Scalar Chain/The hierarchy, **(10)** Order, **(11)** Equity, **(12)** Stability of Tenure of personnel, **(13)** Initiative, **(14)** Esprit do corps

C. Bureaucracy theory

Max Weber (1864-1920) -

Cont…

- Bureaucracies are founded on legal or **rational authority** which is based on law, procedures, rules, and so on.

- characterized by division of labor, a clearly defined hierarchy, detailed rules & regulations and impersonal relationships.

Cont..

- **Efficiency in bureaucracies comes from:**

- **(1.) clearly defined and specialized functions; (2.) use of legal authority; (3.) hierarchical form; (4.) written rules and procedures; (5.) technically trained bureaucrats; (6.) appointment to positions based on technical expertise; (7.) promotions based on competence; (8.) clearly defined career paths.**

Cont…
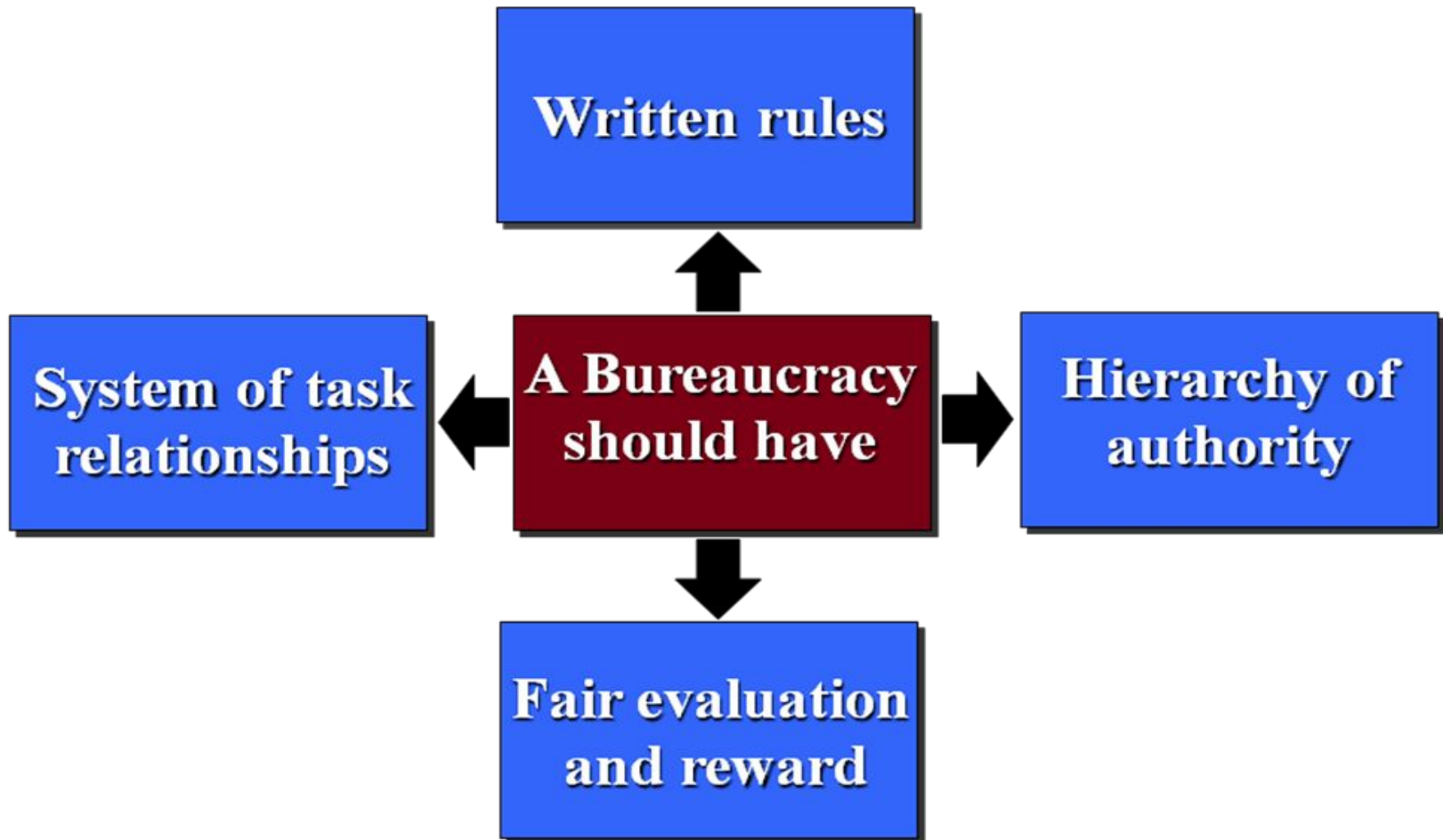
C. Neo classical theory

- Neo classical theory was built on the basis of classical theory.

- It modified, improved and extended the classical theory.

Behavioral or Human relation approach

- Behavior school recognized employees as individuals with concrete **human need, as apart of work groups, and as a member of large society.**

- It focused on **human dimension of organization.**

George Elton Mayo (1880-1949) (Australian Psychologist)

- He headed a group of researchers in conducting the **How throne studies**,

- The objective of the behavioral theorists was to **identify factors that will serially affect productivity of employees.**

- But the initial purpose of how throne studies was to **determine the effect of illumination on outputs.**

how throne study

- The study conducted at how throne works of western Electric company in Chicago, USA.

- **The study had four phases**
  - **Illumination Experiments**
  - **The relay assembly Test Room Experiment**
  - **The Interviewing program**
  - **The bank wiring observation.**

Cont..

- **From studies conducted at how throne researchers concluded:**
- Individual workers could not be treated in isolation, but must be seen as members of groups
- Employee motivation was based not only on the satisfaction of physical needs but also social and psychological needs.
- Democratic style of leadership is important for employees' satisfaction.
- Informal groups were important in organizational work environment.

Cont…

- **Contributions of Behavioral/Human Relations Theory.**

- **Demonstrated the social context of organization**

- **Found out that the satisfaction of social and psychological needs could result in more performance of workers.**

Cont…

- **Limitations of Behavioral (Human Relations Theory)**

- **Failed of develop an integrated theory of management as it followed only the basic background laid by classical theorists.**

- **There style was unethical as they used human beings as experimental units in laboratory**.

Modern Approach

- This approach is the last approach to it consists:

- **the systems approach**
- **The contingency approach**

Characteristics of contemporary OB

1. Interdisciplinary behaviour

2. Descriptive behaviour