632104 - Organisational Behaviour
UNIT - I

Organisational Behavior (often abbreviated OB) is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organisations, for the purpose of applying such knowledge toward improving an organisation’s effectiveness.

OB is the study of what people do in an organisation and how their behavior affects the organisation’s performance.
It covers three determinants of behavior in organisations:

- Individuals,
- Groups, and
- Structure.

OB is an applied field. It applies the knowledge gained about individuals, and the effect of structure on behavior, in order to make organisations work more effectively.
OB is more concerned with employment related environments. This means that the behaviour related to work situation, turn-over, absenteeism, productivity, human relations, performance, and labour management.

OB has also been characterized as a way of thinking and as a body of knowledge.
People make up the internal social system in the organisation. They consist of individuals and groups. Groups may be large or small, formal and informal, official or unofficial. Human organisation changes every day. People are living, thinking and feeling beings that created the organisation and try to achieve the objectives and goals.
In managing human resources, managers have to deal with:

› Individual employee who are expected to perform the tasks allotted to them.

› Dyadic relationships such as superior-subordinate interactions.

› Groups who work as teams and have the responsibility for getting the job done.

› People out side the organisation system such as customers and government officials.
2. Structure

- Structure defines the official relationships of people in organisations. Different jobs are required to accomplish all of an organisation’s activities. There are managers and employees, accountants and assemblers. These people have to be related in some structural way so that their work can be effective. The main structure relates to power and to duties.
- For example, one person has authority to make decisions that affect the work of other people.
Some of the key concepts of organisation structure are listed as below:

- **Hierarchy of Authority**: This refers to the distribution of authority among organisational positions and authority grants the position holder certain rights including right to give direction to others and the right to punish and reward.

- **Division of Labor**: This refers to the distribution of responsibilities and the way in which activities are divided up and assigned to different members of the organisation is considered to be an element of the social structure.

- **Span of Control**: This refers to the total number of subordinates over whom a manager has authority

- **Specialization**: This refers to the number of specialties performed within the organisation.
> **Standardization:** It refers to the existence of procedures for regularly recurring events or activities.

> **Formalization:** This refers to the extent to which rules, procedures, and communications are written down.

> **Centralization:** This refers to the concentration of authority to make decisions.

> **Complexity:** This refers to both vertical differentiation and horizontal differentiation. Vertical differentiation: outlines the number of hierarchical levels; horizontal differentiation highlights the number of units within the organisation (e.g. departments, divisions).
3. Technology

- Organisations have technologies for transforming inputs and outputs. These technologies consist of physical objects, activities and process, knowledge, all of which are brought to bear on raw materials labor and capital inputs during a transformation process.

- The core technology is that set of productive components most directly associated with the transformation process, for example, production or assembly line in manufacturing firm.
Technology provides the physical and economic resources with which people work. They cannot accomplish much with their bare hands, so they build buildings, design machines, create work processes and assemble resources.

The technology that results has a significant influence on working relationships.

The great benefit of technology is that it allows people to do more and better work, but it also restricts people in various ways. It has costs as well as benefits.
Classification of Technology

- Long linked Technology
- Mediating Technology
- Intensive Technology
i) **Long linked Technology:** In this, tasks are broken into a number of sequential and interdependent steps, where the outputs of one unit become the input of the next. (e.g. Assembly line) this facilitates to have high volume of output and efficiency. This technology calls for mechanistic structures with high levels of specialization, standardization and formalization.

ii) **Mediating Technology:** This links different parties who need to be brought together in a direct or indirect way (e.g. Banks – use mediating technology to lend money to borrowers by taking money from depositors)
iii) **Intensive Technology**: It is used when a group of specialists are brought together to solve complex problems using a variety of technologies (e.g. Hospital – parties are treated with the help of experts drawn from different fields of specialization). Coordination of the different activities is achieved in the system primarily through mutual adjustment among those engaged in solving the problem in the different units. Organic structures would fit in this system using intensive technology.
All organisations operate within an external environment. It is part of a larger system that contains thousand of other elements. All these mutually influence each other in a complex system that becomes the life style of the people.

It influences the attitudes of people, affects working conditions, and provides competition for resources and power.

Every organisation interacts with other members of its environment. The interactions allow the organisation to acquire raw material, hire employees, secure capital, obtain knowledge, and build, lease or buy facilities and equipment.
Other environmental actions, who regulate or oversee these exchanges, interact with the organisation as well (distributors, advertising agencies, trade associations, government of the countries in which business is conducted)

Two Distinct Sets of Environment:

- **Specific Environment**: This includes the suppliers, customers, competitors, governments’ agencies, employees, unions, political parties etc.
- **General Environment**: It includes the economic, political, cultural, technological and social factors in which the organisation embedded.
The rules of work are different from the rules of play. The uniqueness of rules and the environment of organisations forces managers to study organisational behaviour in order to learn about normal and abnormal ranges of behaviour.

**Purposes of OB**

- What causes behaviour?
- Why particular antecedents cause behaviour?
- Which antecedents of behaviour can be controlled directly and which are beyond control?
A more specific and formal course in organisational behaviour helps an individual to develop more refined and workable sets of assumption that is directly relevant to his work interactions.

Organisational behaviour helps in predicting human behaviour in the organisational setting by drawing a clear distinction between individual behaviour and group behaviour.

Organisational behaviour does not provide solutions to all complex and different behaviour puzzles of organisations. It is only the intelligent judgement of the manager in dealing with a specific issue that can try to solve the problem.
Importance of OB

- To secure better labour-management relationships
- To identify individual differences
- To overcome resistance
- To understand group behaviour
- To provide counseling
- To manage conflicts
- To introduce change
Approaches of OB

- Interdisciplinary Approach
- Scientific Management Approach
- Human Resource Approach
- Contingency Approach
- Systematic Approach

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a. Interdisciplinary Approach

- It is integrating many disciplines. It integrates social sciences and other disciplines that can contribute to the organisational Behavior. It draws from these disciplines any ideas that will improve the relationships between people and organisation.
- Its interdisciplinary nature is similar to that of medicine, which applies physical, biological and social science into a workable medical practice.
- Organisations must have people, and people working toward goals must have organisations, so it is desirable to treat the two as a working unit.
b. Scientific Management Approach

- The fundamental concern of this approach was to increase the efficiency of the worker basically through good job design and appropriate training of the workers.
- Taylor is the father of the scientific management movement and he developed many ideas to increase organisational efficiency. He showed that through proper job design, worker selection, employee training and incentives, productivity can be increased.
- The efficiency can be attained by finding the right methods to get the job done, through specialization on the job, by planning and scheduling, by using standard operating mechanisms, establishing standard times to do the job, by proper selection and training of personnel and through wage incentives.
c. Human Resource (Supportive) Approach

- It is developmental approach concerned with the growth and development of people toward higher levels of competency, creativity, and fulfillment, because people are the central resource in any organisations and any society.

- It helps people grow in self-control and responsibility and then it tries to create a climate in which all employees may contribute to the limits of their improved abilities.

- It is assumed that expanded capabilities and opportunities for people will lead directly to improvements in operating effectiveness.

- Work satisfaction will be a direct result when employees make fuller use of their capabilities. Essentially, the human resources approach means that better people achieve better results.
d. Contingency Approach

- Situations are much more complex than first perceived and the different variables may require different behavior which means that different environments required different behavior for effectiveness.
- Each situation much be analyzed carefully to determine the significant variables that exist in order to establish the kinds of practices that will be more effective.
- Effective management will vary in different situations depending on the individual and groups in the organisation, the nature of jobs, technology, the type of environment facing the organisation and its structure.
For example, if the employees are highly matured and willing to take more responsibility, the managers can follow delegating style and give full freedom to their employees. If the employees are not so matured and avoid taking any responsibility, the managers must follow directing style.

Depends upon the situation, that is, employees level of maturity, managers will adopt different style of leadership to ensure more successful results.
e. Systematic Approach

- A system implies that there are a multitude of variables in organisation and that each of them affects all the others in complex relationships. An event that appears to affect one individual or one department actually may have significant influences elsewhere in the organisation.

- Systems theorists describe the organisation as “open to its external environment”, receiving certain inputs from the environment such as human resources, raw materials etc, and engaging in various operations to transform those raw materials into a finished products and finally turning out the “outputs” in its final form to be sent to the environment.
The organisation, since it is open to the environment, also receives feedback from the environment and takes corrective action as necessary.

This input-transformation process-output model with the feedback mechanism can be illustrated through a simple example.
Models of OB

Autocratic

Custodial

Supportive

Collegial

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1. Autocratic Model
   - In an autocratic model, the manager has the power to command his subordinates to do a specific job. Management believes that it knows what is best for an organisation and therefore, employees are required to follow their orders. The psychological result of this model on employees is their increasing dependence on their boss. Its main weakness is its high human cost.

2. Custodial Model
   - This model focuses better employee satisfaction and security. Under this model organisations satisfy the security and welfare needs of employees. Hence, it is known as custodian model. This model leads to employee dependence on an organisation rather than on boss. As a result of economic rewards and benefits, employees are happy and contented but they are not strongly motivated.
3. Supportive Model

The supportive model depends on 'leadership' instead of power or money. Through leadership, management provides a climate to help employees grow and accomplish in the interest of an organisation. This model assumes that employees will take responsibility, develop a drive to contribute and improve them if management will give them a chance. Therefore, management's direction is to 'Support' the employee's job performance rather than to 'support' employee benefit payments, as in the custodial approach. Since management supports employees in their work, the psychological result is a feeling of participation and task involvement in an organisation.
4. Collegial Model

- The term 'collegial' relates to a body of persons having a common purpose. It is a team concept. Management is the coach that builds a better team. The management is seen as joint contributor rather than as a boss. The employee response to this situation is responsibility. The psychological result of the collegial approach for the employee is 'self-discipline'. In this kind of environment employees normally feel some degree of fulfillment and worthwhile contribution towards their work. This results in enthusiasm in employees' performance.
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<td>Dependence on boss</td>
<td>Dependence on organisation</td>
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<td>Minimum</td>
<td>Passive cooperation</td>
<td>Awakened drives</td>
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Levels of OB

- Organisation Level
- Group Level
- Individual Level

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Organisation at Individual Level

Organisational behaviour can be studied in the perspective of individual members of the organisation. This approach to organisational behaviour draws heavily on the discipline of psychology and explains why individuals behave and react the way they do to different organisational policies, practices and procedures.

Within this perspective, psychologically based theories of learning, motivation, satisfaction and leadership are brought to bear upon the behaviour and performance of individual members of an organisation.

Factors such as attitudes, beliefs, perceptions and personalities are taken into account and their impact upon individuals’ behaviour and performance on the job is studied.
People rarely work independently in organisations; they have to necessarily work in coordination to meet the organisational goals. This frequently results in people working together in teams, committees and groups.

How do people work together in groups? What factors determine whether group will be cohesive and productive? What types of tasks could be assigned to groups? These are some of the questions that can be asked about the effective functioning of groups in organisations.

An important component of organisational behaviour involves the application of knowledge and theories from social psychology to the study of groups in organisations.
Some organisational behaviour researchers take the organisation as a whole as their object of study. This macro perspective on organisational behaviour draws heavily on theories and concepts from the discipline of 'sociology'.

Researchers seek to understand the implications of the relationship between the organisation and its environment for the effectiveness of the organisation. Emphasis is placed upon understanding how organisational structure and design influences the effectiveness of an organisation.

Other factors such as the technology employed by the organisation, the size of the organisation and the organisation's age are also examined and their implications for effective organisational functioning are explored.
Managerial Roles in OB

Interpersonal Roles
- Figurehead
- Leadership
- Liaison

Informational Roles
- Monitor
- Disseminator
- Spokesperson

Decisional Roles
- Entrepreneur
- Problem-solver
- Resource Allocation
- Negotiator

Prepared by Bharat Bhati
In every organisation managers spend a considerable amount of time in interacting with other people both within their own organisations as well as outside. These people include peers, subordinates, superiors, suppliers, customers, government officials and community leaders. All these interactions require an understanding of interpersonal behaviour. Studies show that interacting with people takes up nearly 80% of a manager's time. These interactions involve the following three major interpersonal roles:

- **Figure/lead Role:** Managers act as symbolic figureheads performing social or legal obligations. These duties include greeting visitors, signing legal documents, taking important customers to lunch, attending a subordinate's wedding and speaking at functions in schools and churches. All these, primarily, are duties of a ceremonial nature but are important for the smooth functioning of an organisation.
Leadership Role: The influence of the manager is most clearly seen in the leadership role as a leader of a unit or an organisation. Since he is responsible for the activities of his subordinates therefore he must lead and coordinate their activities in meeting task-related goals and motivate them to perform better. He must be an ideal leader so that his subordinates follow his directions and guidelines with respect and dedication.

Liaison Role: The managers must maintain a network of outside contacts. In addition, they need to have a constant contact with their own subordinates, peers and superiors in order to assess the external environment of competition, social changes or changes in governmental rules and regulations. In this role, the managers build up their own external information system. This can be achieved by attending meetings and professional conferences, personal phone calls, trade journals and informal personal contacts.
Il-Information Roles

- A manager, by virtue of his interpersonal contacts, emerges as a source of information about a variety of issues concerning an organisation. In this capacity of information processing, a manager executes the following three roles.

  - **Monitor Role:** The managers are constantly monitoring and scanning their internal and external environment, collecting and studying information regarding their organisation. This can be done by reading reports and periodicals, interrogating their liaison contacts and through gossip, hearsay and speculation.
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- **Information Disseminator Role:** The managers must transmit the information regarding changes in policies or other matters to their subordinates, their peers and to other members of an organisation. This can be done through memos, phone calls, individual meetings and group meetings.

- **Spokesman Role:** A manager has to be a spokesman for his unit and represent his unit in either sending relevant information to people outside his unit or making some demands on behalf of his unit.
III-Decision Roles

A manager must make decisions and solve organisational problems on the basis of the environmental information received. In that respect, a manager plays four important roles.

> **Entrepreneur Role:** Managers, as entrepreneurs are constantly involved in improving their units and facing the dynamic technological challenges. They are constantly on the lookout for new ideas for product improvement or product addition. They initiate feasibility studies, arrange capital for new products and ask for suggestions from the employees to improve organisation. This can be achieved through suggestion boxes, holding strategy meetings with project managers and R&D personnel.
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> **Conflict Handling Role:** The managers are constantly involved as judge in solving conflicts among the employees and between employees and management. Mangers must anticipate such problems and take preventive action and take corrective action once the problem arises. These problems may involve labor disputes, customer complaints, employee grievances, machine breakdowns, cash flow shortages and interpersonal conflicts.

> **Resource Allocation Role:** The managers establish priorities among various projects or programs and make budgetary allocations to different activities of an organisation based on these priorities.

> **Negotiator Role:** The managers in their negotiator role represent their organisation in negotiating deals and agreements within and outside of an organisation. They negotiate contracts with the unions. Sales managers may negotiate prices with prime customers. Purchasing managers may negotiate prices with vendors.
Due to globalization of economy, many organisations now operate in more than one country. These multinational operations add new dimensions to organisational behaviour. The social, political and economic differences among countries influence international organisational behaviour.

SOCIAL CONDITIONS

- In many countries due to poorly developed resources, there is shortage of managerial personnel, scientists and technicians. Hence the required skills must be temporarily imported from other countries, and training programs need to be developed to train the local workers. Trained locals become the nucleus for developing others, thereby spreading the training through masses.

- Another significant social condition in many countries is that the local culture is not familiar with advanced technology. A few countries are agriculture dominated and a few other manufacturing industries dominated. Naturally, the nature of their culture and work life will be different.
POLITICAL CONDITIONS

- Political conditions that have a significant effect on organisational behaviour include instability of the government, restricting industries to a particular area and nationalistic drives such as self-sufficiency in latest technologies. When the government is unstable, organisations become cautious about further investments. This organisational instability leaves workers insecure and causes them to be passive and low in taking any initiatives.

- In spite of instability, a nationalistic drive is strong for locals to run their country and their organisations by themselves without any interference by foreign nationals.

- In some nations, organized labor is mostly an arm of the authoritarian state and in some other nations labor is somewhat independent. In some nations, State tends to be involved in collective bargaining and other practices that affect workers. For example, workers' participation in management are restricted by law while in other countries they are permitted.
ECONOMIC CONDITIONS

- The most significant economic conditions in less developed nations are low per capita income and rapid inflation. Inflation makes the economic life of workers insecure when compared to developed countries.

- The different socio-economic and political conditions existing in countries influence the introduction of advanced technology and sophisticated organisational systems. A developed country can easily adopt advanced technology when compared to a less developed country. These limiting conditions cannot be changed rapidly because they are too well established and woven into the whole social fabric of a nation.
Cultural Distance

To decide the amount of adaptation that may be required when personnel moves to another country, it is helpful to understand the cultural distance between the two countries.

Cultural distance is the amount of distance between any two social systems. The manager's job is to make the employees adapt to the other culture and integrate the interests of the various cultures involved.

Cultural Shock

When employees enter another nation they tend to suffer cultural shock, which is the insecurity and disorientation caused by encountering a different culture. They may not know how to act. may fear losing face and self-confidence or may become emotionally upset. Cultural shock is virtually universal.
The growing interest in organizational behaviour stems from both a philosophical desire by many people to create more humanistic work places and a practical need to design more productive work environments. As a result of these forces, organizational behaviour is now a part of the curriculum of almost all courses including engineering and medical.

The field of organizational behaviour has grown in depth and breadth. The keys to its past and future success revolve around the related processes of theory development, research and managerial practice.
By building a better climate for people, organizational behaviour will release their creative potential to solve major social problems.

In this way organizational behaviour will contribute to social improvements. Improved organizational behaviour is not easy to apply but opportunities are there. It should produce a higher quality of life in which there is improved harmony within each individual, among people and among the organizations of future.
Thank you