

ORGANISATIONAL BEHAVIOUR

UNIT-I

Organizational Behaviour is concerned with the understanding, prediction and control of human behaviour in organizations. It focuses on the individuals, the groups and the organization and also on their interactional relationships. It is the study and application of knowledge about how people act with organizations.

According to Fred Luthans, “Organisational behaviour is directly concerned with the understanding, production and control of human behaviour in organisations.”

The major reasons for studying OB are as follows:

- I. It explains the interpersonal relationship.
 - II. It explains about the prediction of behavior of an individual.
 - III. It helps in the new economic policy of the country.
 - IV. It helps the manager to motivate his sub-ordinate.
- The subject matter of OB are: Intrapersonal Behaviour, Interpersonal Behaviour and Group Behaviour.
 - The various contributing discipline of OB are: psychology, sociology, social psychology, Anthropology, Political Science.

Individual Behavior:- It is the study of individual’s personality, learning, attitudes, motivation, and job satisfaction. Example – The personal interview round is conducted to interact with candidates to check their skills, apart from those mentioned in the resume.

Group Behavior:- Group behavior studies the formation of organization, structure of organization and effectiveness of organization. The group efforts made towards the achievement of organization’s goal is group behavior. In short, it is the way how a group behaves. Example – Strike, rally etc.

MEANING & DEFINITION

Organizational Behaviour is concerned with the understanding, prediction and control of human behaviour in organizations. It focuses on the individuals, the groups and the organization and also on their interactional relationships. It is the study and application of knowledge about how people act with organizations.

It is a human tool for human benefit. It applies broadly to the behaviour of people in all types of organizations. Wherever organizations are, there is a need to understand organizational behaviour. According to Fred Luthans, “Organisational behaviour is directly concerned with the understanding, production and control of human behaviour in organisations.”

NATURE

The nature/ characteristics of OB are as given below:

1. OB is a part of general management and not the whole of management. It represents behavioural approach to management.
2. OB contains a body of theory, research and application associated with a growing concern for people at the work place. It helps in understanding human behaviour in work organizations.

3. OB is a human tool for human benefit. It helps in predicting the behaviour of individuals.
4. OB is inter-disciplinary field of study. It tries to synthesize knowledge drawn from various behavioural and social sciences such as Psychology, Sociology, Anthropology, Political-science, Economics, etc. In fact, OB is an applied behavioural sciences.
5. OB involves three levels of analysis of behaviour-individual behaviour, group behaviour and behaviour of the organization itself.
6. OB is an action-oriented and goal-directed discipline. It provides a rational thinking about people and their behaviour
7. OB is both a science and an art. The systematic knowledge about human behaviour is a science. The application of behavioural knowledge and skills clearly leans towards being an art.
8. OB seeks to fulfil both employees' needs and organizational objectives.

SCOPE OF OB

“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 towards improving an organisation's effectiveness”.

The scope of OB involves three levels of behaviour in organizations: individuals, groups and structure.

1. Individual Behaviour

- (i) Personality
- (ii) Perception
- (iii) Values and Attitudes
- (iv) Learning
- (v) Motivation

2. Group Behaviour

- (i) Work groups and group dynamics
- (ii) Dynamics of conflict
- (iii) Communication
- (iv) Leadership
- (v) Morale

3. Organization: Structure, Process and Application

- (i) Organizational Climate
- (ii) Organizational Culture
- (iii) Organizational Change
- (iv) Organizational Effectiveness
- (v) Organizational Development

IMPORTANCE OF ORGANIZATION BEHAVIOR/ WHY TO STUDY OB:

1. It builds better relationship by achieving, people, organizational, and social objectives.
2. It covers a wide array of human resource like Behavior, training and development, change management, leadership, teams etc.
3. It brings coordination which is the essence of management.
4. It improves goodwill of the organization.
5. It helps to achieve objectives quickly.
6. It makes optimum utilization of resources.
7. It facilitates motivation.
8. It leads to higher efficiency.
9. It improves relations in the organization.
10. It is multidisciplinary in the sense that applies different techniques, methods, and theories to evaluate the performances.

The challenges faced by a manager in this present work environment:

We have seen the different roles a manager as to play in order to maintain the workflow balance in an organization. With all these responsibilities, there are some tough challenges a manager has to deal with while trying to balance everything. Following are some challenges a manager has to deal with –

- **Managing workforce diversity** – Manager shouldn't create or encourage discrimination among employees. Employees from different background, culture, and ethnicity should be treated as equal and rewards should be given only on the basis of work.
- **Improving quality and productivity** – It is the sole responsibility of the manager to increase the productivity without hampering the quality. It can be done in two ways –
 - o **Totally quality management** – That is constant focus on customer satisfaction by improving organizational process.
- **Process of engineering** – Focusing on the manufacturing of the product, so that the quality is not compromised.
- **Responding to labor shortage** – If there is a labor shortage then the manager should quickly respond to solve this problem by arranging for the workforce required so that the product delivery is not delayed.
- **Eradication of labor shortage** – The manager needs to take quick action, if there is a labor shortage and should assure with backup plans so that there is no labor shortage in future.
- **Improving customer service** – Manager faces the challenge to constantly improve customer service to survive in an ever-competitive environment.
- **Improving ethical behavior** – Managers should make sure that the employees behave properly and maintain the decorum of the company. These are few major challenges a manager faces while trying to complete a project. To maintain work-life balance and for the betterment of the organization, the manager should try level best to resolve these challenges.

Organizational goals

Organizational goals are strategically set objectives that outline expected results and guide employees' efforts. 3 types of organizational goals are strategic, tactical, and operational goals. Purposes of organizational goals are to provide direction to employees of the organization.

Strategic goals are set by and for top management of the organization. Tactical goals are for middle managers to focus on the actions necessary to achieve goals. Operational goals are for lower-level managers to tackle shorter-term issues.

Goals are critical to organizational effectiveness as they serve as an objective for the employees and they work to achieve it.

Organizational goals differ in three different criteria; level, area, and time frame. Let's look at these criteria's of goals;

Level

Organizational goal differs in the level of the organization structure or hierarchy. The organization structure consist of there part; top-level, mid-level and lower-level or first-line managers. For each level, the goals should be different and more specific; suitable for the level.

"Increase profit and market share" is a suitable goal for top-level managers but not for the lower-level managers. "Increase output by 12%" is a suitable goal for lower-level managers.

Area

Organizations set different goals for different areas more specifically different departments. An organization may have many departments within its structure; marketing, finance, operations, accounts, human resource, legal and more.

Each department should have a different goal; which specifies the departments about their task but is in line with the whole organization's goal.

Time Frame

Organizations have many goals across different time frames. "Open 500 branch across the country" is a suitable long-term goal for a bank; "LC issue should increase by 50% within six months" short-term goal for a bank. The difference in goals required because of the organization's level, area or department, and time frame.

Types of Organizational Goals

Based on 3 three criteria's goals can be categorized into three types.

3 types of organizational goals are;

1. Strategic Goals.
2. Tactical Goals.
3. Operational Goals.

Strategic Goals

Strategic goals are goals set by and for top management of the organization. These goals are made by focusing on broad general issues.

Strategic goals or strategies are usually long-term and from this goal, other goals are made and set for different time-frames and areas.

Tactical Goals

Tactical goals are set for middle managers. These goals focus on how to operationalize actions necessary to achieve the strategic goals.

Middle managers of various departments are usually responsible for their attainment.

Tactical goals are set by the middle managers, but often top-managers set tactical goals for the middle managers.

Operational Goals

Operational goals are set by and for lower-level managers. Operational goals are usually made to tackle shorter-term issues associated with the tactical goals and lower-managers are responsible for their attainment.

The 3 levels of goals within an organization form a hierarchy of goals, with lower-level goals forming a means-end chain with the next level of goals.

Importance and purpose of organizational goals

Organizational goals, often used interchangeably, are the ends toward which activity is aimed. Goals are the desired outcomes for individuals, groups, or entire organizations.

They represent not only the endpoint of planning but also the end toward which all other managerial functions are aimed. Objectives are set to a particular time and thus the same objective is not repeated year after year, month after month or day after day.

Goals are critical to organizational effectiveness as they serve several purposes. Organizations have several different kinds of goals, all of which must be appropriately managed.

4 reasons why goals are important:-

1. Goals Provide Guidance and Direction.
2. Goals Intensify Planning and Actions
3. Goals Motivate.
4. Goals Help in Control.

These are explained below;

Goals Provide Guidance and Direction

Goals provide guidance and a unified direction for people in the organization. They show the employees where the organization is going and why getting it is important. Goals simply define what the organization wants.

Goals Intensely Planning and Actions

Goal-setting does intensely affect aspects of planning. Effective goal setting facilitates good planning and good planning facilitates future goal setting

.Goals are desired outcomes for organizations and plans are the best-perceived ways to reach them. So a proper goal helps set a proper plan.

Goals Motivate

Goals also can serve as a motivational source for employees. Goals should be specific and moderately difficult can inspire people to work harder, especially if attaining the goal is going to result in rewards.

For goals to be a tool of motivation; the organization requires an effective reward system and a friendly work environment.

Goals Help in Control

Goals act as a mechanism for control and evaluation. Performance can be measured and evaluated in the future in terms of how successfully today's goals are accomplished.

Goals can serve these purposes and much more; if people in charge of setting goals can overcome the barriers and set them properly and effectively.

Five Models of Organisational Behaviour

The five models of organisational behaviour are the:

- autocratic model,
- custodial model,
- supportive model,
- collegial model and
- System model.

5 MODELS OF ORGANIZATIONAL BEHAVIOUR

AUTOCRATIC MODEL



The main structure of this model is power with authority. Leaders take full command and make all company or group decisions.

This management style is formal and assumes that if an employee does not abide they will be punished.

CUSTODIAL MODEL



This approach focuses on improving employees' satisfaction through rewards, security, and economic resources.

Although employees may feel content, they may not feel motivated to work and see the necessity of working together with others.

SUPPORTIVE MODEL



This model forms a closer connection between managers and employees. Employees will feel support from their managers, leading to better performance.

Leadership is given in conjunction with managerial orientation. Employees also feel self-motivated and have insights on how they can contribute to the organization.

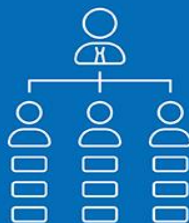
COLLEGIAL MODEL



The basis of this model is concentrated on the element of teamwork and serves as an extension from the supportive model.

Employees will depend on each other, and they will cooperate to solve issues and complete tasks. Employees will feel a sense of satisfaction and achievement.

SYSTEM MODEL



This model is the foundation of company culture and team environment which consists of policies, management, and communication. It explores in the area of integrating an employee's skills into facilitating the organization.

The intent is to reach an agreement between employees and the organization to generate common goals.

Autocratic model

Autocratic model is the model that depends upon strength, power and formal authority.

In an autocratic organisation, the people (management/owners) who manage the tasks in an organisation have formal authority for controlling the employees who work under them. These lower-level employees have little control over the work function. Their ideas and innovations are not generally welcomed, as the key decisions are made at the top management level.

The guiding principle behind this model is that management/owners have enormous business expertise, and the average employee has relatively low levels of skill and needs to be fully directed and guided. This type of autocratic management system was common in factories in the industrial revolution era.

One of the more significant problems associated with the autocratic model is that the management team is required to micromanage the staff – where they have to watch all the details and make every single decision. Clearly, in a more modern-day organisation, where highly paid specialists are employed an autocratic system becomes impractical and highly inefficient.

The autocratic model is also a detractor to job satisfaction and employee morale. This is because employees do not feel valued and part of the overall team. This leads to a low-level of work performance. While the autocratic model might be appropriate for some very automated factory situations, it has become outdated for most modern-day organisations.

Custodial model

The custodial model is based around the concept of providing economic security for employees – through wages and other benefits – that will create employee loyalty and motivation.

In some countries, many professional companies provide health benefits, corporate cars, financial packaging of salary, and so on – these are incentives designed to attract and retain quality staff.

The underlying theory for the organisation is that they will have a greater skilled workforce, more motivated employees, and have a competitive advantage through employee knowledge and expertise.

One of the downsides with the custodial model is that it also attracts and retains low performance staff as well. Or perhaps even deliver a lower level of motivation from some staff who feel that they are “trapped” in an organisation because the benefits are too good to leave.

Supportive model

Unlike the two earlier approaches, the supportive model is focused around aspiring leadership.

It is not based upon control and authority (the autocratic model) or upon incentives (the custodial model), but instead tries to motivate staff through the manager-employee relationship and how employees are treated on a day-to-day basis.

Quite opposite to the autocratic model, this approach states that employees are self-motivated and have value and insight to contribute to the organisation, beyond just their day-to-day role.

The intent of this model is to motivate employees through a positive workplace where their ideas are encouraged and often adapted. Therefore, the employees have some form of “buy-in” to the organisation and its direction.

Collegial model

The collegial model is based around teamwork – everybody working as colleagues (hence the name of the model).

The overall environment and corporate culture need to be aligned to this model, where everybody is actively participating – is not about status and job titles – everybody is encouraged to work together to build a better organisation.

The role of the manager is to foster this teamwork and create positive and energetic workplaces. In much regard, the manager can be considered to be the “coach” of the team. And as coach, the goal is to make the team perform well overall, rather than focus on their own performance, or the performance of key individuals.

The collegial model is quite effective in organisations that need to find new approaches – marketing teams, research and development, technology/software – indeed anywhere the competitive landscape is constantly changing and ideas and innovation are key competitive success factors.

System model

The final organisational model is referred to as the system model.

This is the most contemporary model of the five models discussed in this article. In the system model, the organisation looks at the overall structure and team environment, and considers that individuals have different goals, talents and potential.

The intent of the system model is to try and balance the goals of the individual with the goals of the organisation.

Individuals obviously want good remuneration, job security, but also want to work in a positive work environment where the organisation adds value to the community and/or its customers.

The system of model should be an overall partnership of managers and employees with a common goal, and where everybody feels that they have a stake in the organisation.

The Role of Culture and Diversity in Organizational Behavior in Business

Due to globalization, economic changes, and the ever-growing population, organizational behavior tends to reflect the culture and diversity present in society. Unless you work alone or with an isolated demographic of people, it's quite likely that you will encounter someone who has a different background and culture than you in the workplace. This can be a co-worker, business associate, or client. In any case, it carries the potential that it will play a role in the organizational behavior of your business.

This article will look at what impacts culture and diversity have directly and indirectly on the organizational behavior of a business. Also included will be ways in which employees and employers can encourage the healthy expression of diversity in the workplace and how businesses can handle issues.

Culture in Organizational Behavior

Culture in organizational behavior tends to apply to two different areas: the culture of the staff, and the culture of the workplace. One does influence the other and both can be forces of change and momentum for the business. For many years, culture did not hold the same value in the workplace that it does today. Experts who were researching organizational behavior in the 1980s began to notice that the culture backgrounds of the employees often impacted the culture of their work environment with successful outcomes, so long as the two were nourished and kept healthy. They stressed the importance of culture in organizational behavior, claiming that its influence could prove wildly successful for businesses and companies that apply the concepts correctly. Since then, many businesses have taken this advice to heart and work to create a professional culture within their working environment that is as beneficial as possible to productivity and employees.

The presentation and establishment of culture in the workplace is not always in control of the management or the employees, as workplace culture tends to develop based on the factors present. In that regard, there is more value on directing existing culture in the workplace to foster a positive impact than there is in creating the desired culture from scratch. The cultural traits of a business staff members, customers, location, and the economy, amongst other factors, are going to impact the cultural atmosphere of the business whether management wants it to or not. Typically, management has control over the culture of the workplace through policies and documents like the company mission statement. These paradigms present as the roots of the business' office culture and shift the way the staff works together and individually in their tasks. Likewise, the organizational structure of the business is going to set the business' culture as well since there is a division of power throughout its hierarchical setup. The cultural backgrounds of those who carry power is going to impact their decision making for the business, which can shift its cultural dynamics any which way.

However, making changes to a business' organizational culture is no easy task. Change of any kind upsets the harmony of the business' environment, which can be reflected in the behavior of employees and in the quality of their work. Trying to make a major change in the culture of a company isn't necessarily going to be welcomed with open arms either. It disrupts routines and habits that the business has developed and the new rules that changes bring can be hard for employees to immediately follow without error. As much as management may want to make a drastic change or completely overhaul the culture of their business, it might not be a good idea to do it all at once. Their best bet is to make changes gradually to allow for adjustment and to give ample time for problems that arise to be handled. This means informing employees of what is going to happen in advance, updating material like the employee handbook, and encouraging feedback.

The Impact of Diversity

Diversity is a word that gets tossed around in society without any real explanation as to what it is and what it can do for an environment. In short, diversity is defined as the different traits and backgrounds of the people present in a group. This can apply to age, gender, educational background, religion, language and culture, political beliefs, socioeconomic status, and orientation. The diversity of a business' staff members will often depend on the business' location, size, and industry. Managing diversity is going to be dependent on any of those factors, which means that businesses need to be able to handle things on a case by case basis. There are significant benefits and challenges

to diversity in the workplace, and management needs to be trained properly in order to handle either. When properly addressed, diversity does present some **advantages** for businesses:

- **Learning**-Diversity in any situation is a chance for others to learn about people who are different from themselves. In business, this can aid in the growth of individual employees and for the business as a whole by exposing them to new ideas and perspectives. Interactions between co-workers of different backgrounds can help reduce prejudice and make it easier for them to work together.
- **Experience and Knowledge**-The experiences a person has often are impacted by their background and cultural traits, which allows each employee to bring a unique set of skills and strengths into the business. Teams that have members with different skill sets tend to be able to combine their strengths to offset any weaknesses that prevent them from being efficient. Together, this can boost their productivity and make them adaptable to changes.
- **International Skills**-With globalization become an integral part of business, it's more important than ever for companies to be able to interact in the global market. The diversity in a business may include employees who speak other languages and can work on customers and business partners directly. Diversity can also help when a company has multiple branches throughout the world, as the traits of an employee's cultural background can help them navigate in those locations.
- **Reputation**-Since the diversity of the workforce is increasing, job seekers want to know that the businesses they are looking to work with can effectively handle issues of diversity. Employers who have a reputation for being fair to workers from all walks of life and having no tolerance for discrimination are far more appealing than employers who do not. It should be noted that those are also traits that other companies look for when they want to collaborate with another business, both locally and abroad.

Unfortunately, there can be some **disadvantages** for businesses when it comes to diversity:

- **Discrimination**-Despite the business' best efforts, instances of discrimination can still occur with diversity. They are often based in prejudices, stereotyping, and misinformation and can have serious consequences for both those involved and the company itself. It is the business' responsibility to establish what the policies are in regards to discrimination and to ensure that they follow any and all anti-discrimination laws.
- **Poor Interaction**-It is not unheard of for workers of different backgrounds to clash culturally. A lack of understanding or misconceptions about a particular demographic can generate a ton of issues between the affected employees and their interactions. It damages communication and brings productivity and group cohesiveness down. In serious cases, it can create a hostile environment that damages the workplace culture and the business' organizational behavior regardless of if it's isolated to a few people.
- **Authority and Training**-While it's a good that business take the initiative in training their staff on diversity, it can be problematic if mishandled. There may be some resistance to diversity from staffers and they may see training as forcing them to accept unnecessary (to them) changes. This may result in backlash and a breakdown in the relationship between staff and management. There's also no guarantee that those in places of authority will follow through on what they learned in training-strong-held beliefs and prejudices can be difficult to break through. As a result, diversity issues like discrimination can be left unresolved or worsened by someone with authority abusing their power.

Encouraging Culture and Diversity in the Workplace

Culture and diversity is not something that simple springs up overnight. Yes you can have a new employee who has a different cultural background than the rest of the office, but as mentioned it's

still a gradual development. Even then, there's no guarantee that it will have any impact on the business if that bit of diversity that the person brings isn't encouraged. As with other aspects of organizational behavior, culture and diversity cannot play a role in a business if they're not actively participating.

Encouraging culture and diversity amongst the staff often falls to those in management, via their policies and leadership. If you want to encourage diversity in your business amongst your employees, then they need to know that in the first place as well as what, if any, restrictions or limitations are in place per company policies. Making that information available through an accessible source like the employee handbook or through the company's human resources department is a good idea. You also can do some of the following:

- **Practicing Inclusion**-Inclusion involves looking at individual needs and trying to make sure that those needs are met, supported, and respected.¹⁰ This often means that businesses need to make sure that they are offering the right resources for their staffers, taking into account their backgrounds and capabilities. It allows for employees to know that they are welcomed at work regardless of whatever differences they may have from their peers. Practicing inclusion tends to put everyone on a level playing field, which can prevent delays in production or inhibit group cohesion. Businesses that practice inclusion tend to need to look at what they currently offer for their employees and figure out what can be improved. This may mean that policies have to be updated or that new resources need to be made available. The business will should also consider reevaluating themselves regularly to ensure that they are continuing to meet the needs of their employees and customers.
- **Education**-People may be unfamiliar with the culture of their peers at work and some questions may be raised. As the diversity of a workplace increases, this may happen and it may become an issue if there are misunderstandings. Opening up the pathways for education about other cultures can be a great way to encourage cultural expression and diversity. Doing so can ease some of the tension for those trying to avoid cultural faux pas, satisfy some curiosity, and improve intrapersonal relations and teamwork. There is also the possibility that the business' clients will also have a diverse background as well, with the same concerns applying during interactions. This can help avoid any negative or harmful interactions that can reflect poorly on the business. There should also be some means of educating staff on what policies there are should a harmful or negative interaction relating to an aspect of someone's culture occur. Such information, for example, should be made available via the employee handbook.
- **Communication**-Regardless of its purpose or what it is being applied to, communication is a necessary component for any kind of organization to function. In the matter of culture and diversity, it's key for any kind of knowledge and understanding to spread throughout the staff members. Diversity is a major component of today's society, so it's not uncommon for a business to have staff and customers that come from a variety of different backgrounds. People may be hesitant to express their culture even when they make adjustments for a work environment, or there may be concerns that there may be a clash of cultural ideals with co-workers of different backgrounds. To encourage culture and diversity in the workplace means that the staff needs to communicate with each other about what's going on. Create a dialogue that will encourage discussion and education between employees of different cultures. Be open with what the rules are in regards to cultural expression and what avenues can be taken if there are cases of clashing cultures or discrimination.