Organisational Behaviour (OB)

Organizational Behaviour has included two terms in it.

→ Organization: It is a group of people who are collected to work for a common goal with collective efforts. Organization works through two concepts that is coordination and delegation among its group members. Delegation is necessary to allocate group members with equal work according to their capability, and coordination is required to achieve organizational goal with precision.

→ Behaviour: It is a verbal or physical response shown by a person as a consequence of the impact of his/her surroundings. Individual Behaviour varies in accordance with their mental reactivity to particular circumstances because of their deeply imbibed morals and value system.

→ Organizational Behaviour: Organizational Behaviour is the observation of individual and/or group Behaviour in response to the other individuals or group as a whole. It studies Behaviour of people or group to know their attitude towards particular circumstances.

∗ Fundamental Aspects Of Organizational Behaviour: There are various aspects of Organizational Behaviour which it has to deal with, to know the soul of particular Organization.

1) People: This element is the soul of the Organization because people work to achieve the target of Organization and Organization works to fulfil the needs of individual or group of individuals.

The word 'people' can be anyone who is working inside the Organization, like employees or any external person like supplier, customer, auditor, or any government official.

2) Structure: It is the body of the Organization which is to be taken care of to bring coordination between different levels of Organization, because Organization does not work aloof and is dependent on people which again work on the concept of division of labour. So, there is always a hierarchy in Organization which if not properly dealt with can mess the system because of nil scrutiny and flow of control.

3) Technology: Organizations work on technologies to help people in efficiently doing their work. Same technology does not apply to each Organization but different Organizations demand different technologies for their different line of businesses example bank needs mediating technology which connects customers and bankers, Manufacturing companies need long linked technology because of their assembly line process, and hospitals work on intensive technology because of their responsibility to provide specialized services in terms of doctors and medical equipments.

4) Environment: Organizations are influenced by the environment in which they work, at a substantial level. Environment is important to Organizations because of the following factors:

- Supply and demand comes from this environment.

- Human resource, competitors, government agencies, unions, and political parties comes from environment in which Organization is surviving.

- The Organizations have to follow rules and regulations fostered by this environment.

Importance of Organizational Behaviour:

1. It builds better relationship by achieving people's, organizational, and social objectives.

2. It covers a wide array of human resource like behaviour, 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.

⬚ Basic Concepts and Theory

I. Basic Concepts of Organisational Behaviour

Organization Behaviour is based on a few fundamental concepts which revolve around the nature of people and organizations.

The fundamental concepts of organizational behaviour are;

- Individual Differences.

- Perception.

- A Whole Person.

- Motivated Behaviour.

- The desire for Involvement.

- The value of the Person.

- Human Dignity.

- Organizations are Social System.

- Mutuality of Interest.

- Holistic Concept.

- Individual Differences

Every individual in the world is different from others.

Science supports this idea. Each person is different from all others, probably in a million ways, just as each's DNA profile is different.

The idea of the individual difference comes originally from psychology. From the day of birth, each person is unique, and personal experiences after birth tend to make people even more different.

- Perception

Peoples' perceptions are also different when they see an object. Two people can differently present the same object. And this is occurring for their experiences.

A person always organizes and interprets what he sees according to his lifetime of experience and accumulated value. Employees also see work differently for differ in their personalities, needs, demographics factors, past experiences, and social surroundings.

- A Whole Person

An employee's personal life is not detached from his working life.

As an example, A women who attend the office at 9:00 AM is always anxious for her children's school time (if her kids can participate in the school or not).

As a result, its impact falls on her concentration that means her working life.

For this reason, we cannot separate it. So the manager should treat an employee as a whole person.

- Motivated Behaviour

An employee has so many needs inside him.

So, they want to fulfil those needs. That's why; they had to perform well in the organization.

Some motivations are necessary to enrich the quality of work. A path toward increased need fulfilment is the better way to enhances the quality of work.

- Desire for Involvement

Every employee is actively seeking opportunities to work to involve in decision-making problems. They hunger for the chance to share what they know and to learn from the experience.

So, the organization should provide them a chance to express their opinions, ideas, and suggestions for the decision-making problem.

A meaningful involvement can bring mutual benefit to both parties.

- Value of the Person

An employee wants to be treated separately from another factor of production, (land, capital, labour). They refuse to accept the old idea that they are just treated as economic tools. For this, reason, they want to be treated with carrying respect, dignity and other things from their employers and society.

- Human Dignity

This concept is very philosophical. Every person needs to be treated with dignity and respect, whether it's the CEO of the company or labour.

It confirms that people are to be treated differently from other factors of production because they are of a higher order in the universe.

It recognizes human dignity because people are of a higher order; they want to be treated with respect and dignity and should be treated this way.

- Organizations are Social System

From sociology, we learn that organizations are social systems; consequently, activities therein are governed by social laws as well as psychological laws. Just as people have psychological needs, they also have social roles and status.

Their behaviour is influenced by their group as well as by their drives.

In fact, two types of social systems exist side by side in organizations. One is a formal system, and the other is the informal social system.

- Mutuality of Interest

Mutual interest is represented by the statement that organizations need people and people also need organizations.

Organizations have a human purpose. They are formed and maintained by some mutuality of interest among their participants.

People see organizations as a means to help them reach their goals, while at the same time, organisations need people to help achieve organisational objective.

- • Holistic Concept

When the fundamental concepts of OB are placed together, a holistic concept emerges.

This concept interprets people-organization relationships regarding the whole person, the whole group, whole organization, and the whole social system.

It takes across the board view of people in organizations to understand as many as possible of the factors that influence their behaviour.

II.   Organisational Behaviour Theories

i.   Bureaucracy Theory: Max Weber (1864-1920) a German sociologist introduced the theory of Bureaucracy. His major contribution to the theory is the concept of authority, structure and its inter-se relationship. Weber in his model of bureaucracy stated that there are three types of authority in any organization.

- • Legal authority indicating that a person holds authority based on legal position or rank within the hierarchy.

- • Traditional authority: employees obey a person because he comes from a traditionally recognized power holding family or a person belonging to a royal family.

- Charismatic authority: which indicates special power or an appeal that a leader possesses.

ii.   Scientific Management Theory: Scientific management approach was developed by F.W. Taylor at the beginning of the 20th century.

- This theory supported the use of certain steps in scientifically studying each element of a job, selecting and training the best workers for the job.

- It provided a scientific rationale for job specialization and mass production. His assumption was that employees are motivated largely by money.

- Taylor recommended co-operation among workers as against chaotic individualism.

iii.   Process Management Theory: Process Management Theory is also known as administrative theory. Fayol looked at the problems from the top management point of view.

He has used the term 'administration' instead of management emphasising that there is unity of science of administration.

Individual & Group Behaviour

Organizational behaviour is the study of both group and individual performance and action within an enterprise. This field of study scans human behaviour in the working atmosphere.

It determines its effect on job structure, performance, communication, motivation, leadership, decision making abilities etc. The way an individual behaves and behaviour as a group have two perspectives – internal and external.

Behaviour Analysis at Different Levels

Behaviour as an individual or in a group is always analysed by everyone in the organization. It is analysed at three different levels –

- Individual level of analysis

- Group level of analysis

- Organizational level of analysis

Individual Level of Analysis

Organizational behaviour, at this level of analysis massively draws upon psychology, engineering, and medicine. At the individual level of analysis, organizational behaviour includes the study of learning, perception, creativity, motivation, and personality.

In addition, it also includes the study of turnover, task performance and evaluation, coordinated behaviour, deviant work behaviour, ethics, and cognition.

For example – X   joins a company as an intern and is very open to learning new things but as time passes and he gets promoted his attitude towards his interns becomes rude. This is a fine example of individual level of analysis.

Group Level of Analysis

Organizational behaviour, at this level of analysis, draws upon the sociological and socio-psychological discipline. At the group level of analysis, organizational behavior includes the study of group gesture, intra-group and intergroup dispute and attachment.

It is further extended to the study of leadership, power, norms, interpersonal communication, networks, and roles.

An example of this level of analysis – Board of directors of company X decide to give bonus to their workers as they have really worked hard on a certain project.

Organizational Level of Analysis

Organizational behaviour, at this level of analysis draws upon sociology and political science. At this level of analysis, organizational behaviour includes the study of organizational culture, structure, cultural diversity, inter-organizational cooperation and coordination.

It further includes the study of dispute, change, technology, and external environmental forces. Some other fields of study that adds to the interest of organizational behaviour are ergonomics, statistics, and psychometrics.

Organisational Development (OD)

Organizational development can be defined as an objective-based methodology used to initiate a change of systems in an entity. Organizational development is achieved through a shift in communication processes or their supporting structure. Studying the behaviour of employees enables professionals to examine and observe the work environment and anticipate change, which is then effected to accomplish sound organizational development.

1. Continuous development

Entities that participate in organizational development continually develop their business models. Organizational development creates a constant pattern of improvement in which strategies are developed, evaluated, implemented, and assessed for results and quality.

In essence, the process builds a favourable environment in which a company can embrace change, both internally and externally. The change is leveraged to encourage periodic renewal.

2. Increased horizontal and vertical communication

Of considerable merit to organizational development is effective communication, interaction, and feedback in an organization. An efficient communication system aligns employees with the company's goals, values, and objectives.

An open communication system enables employees to understand the importance of change in an organization. Active organizational development increases communication in an organization, with feedback shared continuously to encourage improvement.

3. Employee growth

Organizational development places significant emphasis on effective communication, which is used to encourage employees to effect necessary changes. Many industry changes require employee development programmes. As a result, many organizations are working toward improving the skills of their employees to equip them with more market-relevant skills.

4. Enhancement of products and services

Innovation is one of the main benefits of organizational development and is a key contributing factor to the improvement of products and services. One approach to change is employee development – a critical focal point is a reward for motivation and success.

Successful engagement of employees leads to increased innovation and productivity. Through competitive analysis, consumer expectations, and market research, organizational development promotes change.

5. Increased profit margins

Organizational development influences the bottom line in many different ways. As a result of increased productivity and innovation, profits and efficiency increase. Costs come down because the organization can better manage employee turnover and absenteeism. After the alignment of an entity's objectives, it can focus entirely on development and product and service quality, leading to improvements in customer satisfaction.

Organizational Development Process

A conventional approach in the organizational development process is the action research model. This model is used by many organizations to guide the OD process. It entails what its name describes – research and action.

However, there is much more to the OD process than just research and development. There are multiple loops used to transmit feedback, which makes an organization more responsive to change.

Components of the Action Research Model

The action research model comprises six key components:

1. Problem diagnosis

The organization development process begins by recognizing problems. The method of diagnosis usually takes the form of data gathering, assessment of cause, as well as an initial investigation to ascertain options.

2. Feedback and assessment

The feedback and assessment step often involves proper investigation of identified problems so that there is a deep understanding of the challenge at hand. This can include an appraisal of documents, focus groups, customer or employee surveys, hiring consultants, and interviewing current employees. Information gathered is used to re-evaluate the challenges in the first step.

3. Planning

Once an organization defines and understands its challenge, an action plan is put together. The plan lays down all the intervention measures that are considered appropriate for the problem at hand. Usually, the measures include such things as training seminars, workshops, team building, and changing the makeup or structure of teams. Additionally, measurable objectives, which define the expected results, form an integral part of the overall plan.

4. Intervention and implementation

Once a plan is in place, the intervention phase commences. Since the organizational development process is complicated, implementation processes are a key element of the model. As an example, if training classes are preferred over other methods, test results will form the basis upon which the training process is evaluated. The objective at this point is to ensure the required changes take place. If that is not the case, feedback is assessed and used to bring about the required change.

As soon as the intervention plan is complete, the outcome of the change in the organization is assessed. If the required change does not take place, the organization looks for the cause. Adjustments are made to ensure the obstacle is eliminated.

5. Success

Success denotes that the desired change took place. A proper plan and efficiency standards are put in place to ensure that the new switch is sustainable. Ongoing monitoring is needed to ensure that implemented changes last. Furthermore, as markets and organizations change, new problems can arise, leading to the push for further development. Great organizations evolve continuously.

Limitations of Organizational Behaviour:

1. Behavioural bias: It further causes dependence, dis-contentment, indiscipline, and irresponsibility.

2. Law of diminishing returns: It says that beyond a certain point, there is a decline in output even after each additional good or positive factor.

3. Unethical practices and manipulation of people: Knowledge of motivation and communication acquired can be used to exploit subordinates in an organization by the manipulative managers.