**CHAPTER ONE**

**AN OVER VIEW OF ORGANIZATIONAL BEHAVIOR**

**What is organizational behavior?**

**Organization** can be defined as a collection of people who work together to achieve individual and organizational goals. Every organization is characterized by Hierarchy of Authority, Coordination of effort, and Division of labor and the presence of common sense. When the four factors operate in concert, the dynamic entity called an organization exists.

**Behavior** is the pattern of how a person responds to a stimulus. These responses can be influenced by **Culture**, **Attitude, Emotion, Values, Ethics, Authority, Persuasion and Genetics.**

***Organizational Behavior****:* is concerned with the study of what people do in an organization and how that behavior affects the performance of the organization. And because of OB is specifically concerned with employment-related situations, you should not be surprised to find that it emphasizes behavior as related to work, absenteeism, employee turnover, productivity and performance.

**Organizational behavior** is the study of human behavior, attitudes, and performance within  
the organizational setting; drawing on theory, methods and principles from such disciplines as psychology, sociology, and cultural anthropology to learn about individual perceptions, values, learning capacities, and actions while working in groups and within the total organization .

**The three basic units of analysis in Organizational behavior**

Organizational behavior is a relatively new, interdisciplinary field of study. Although it draws most heavily from the psychological and sociological sciences, it also looks to other scientific fields of study for insights. One of the main reasons for this interdisciplinary approach is because the field of organizational behavior involves **multiple levels of analysis**, which are necessary to understand behavior within organizations because people do not act in isolation. That is, workers influence their environment and are also influenced by their environment. There are three levels of analysis in OB and that, as we move from the individual level to the organization systems level, we add systematically to our understanding of behavior in organizations. Each level is constructed upon the previous level. These are individual behavior, group behavior and organizational level behaviors.

1. **Individual Level of Analysis**

At the individual level of analysis, organizational behavior involves the study of learning, perception, creativity, motivation, personality, task performance, cooperative behavior and ethics.

**B. Group Level of Analysis**

At the group level of analysis, organizational behavior involves the study of intra and inter-group conflict, leadership interpersonal communication and roles.

1. **Organizational Level of Analysis**

At the organizational level of analysis, organizational behavior involves the study of topics such as organizational culture, organizational structure, cultural diversity, inter-organization conflict, change and external environmental forces.

**WHAT MANAGERS DO (Function of management)**

Management aims at achieving the aims of an organization (or any group activity) through the efficient and effective utilization of resources. Different scholars in the field of management have their own classification of functions of management. However, the important management functions are the following.

**A. Planning**

Planning refers to deciding in advance which will be done in the near future. Organizations are established with some objective to be achieved. In order to achieve objectives, the organization plans what is to be done, when it is to be done, how it is to be done, and by whom it is to be done.

George R. Terry has rightly said “planning is a constructive reviewing of future needs so that present actions can be adjusted in view of the established goal. It is deliberate, conscious research used to formulate the design and orderly sequence of actions through which it is expected to reach objectives.

**B. Organizing**

It is the function of management that assigns the tasks identified during planning to individuals and groups within the organization so that objectives set by planning can be achieved.

It is a process of creating and designing an organizational structure which describes the relationship between different departments and units within the organization. And the structure shows who has an authority over whom and who reports to whom. Organization provides all facilities which are necessary to perform the work. Organization divides the total work and co-ordinates all the activities by authority relationship. It defines the position of each person in the organization and determines the paths through which communication should flow.

**C. Staffing**

It includes all activities attachable with manpower planning & development. Staffing function comprises the activities of recruiting, selecting, placement, training, developing, and promotion etc. In other words, staffing refers to placement of right persons in the right jobs. Staffing includes selection of right persons, training to those needy persons, promotion of best persons, retirement of old persons, performance appraisal of all the personnel, and adequate remuneration of personnel. The success of any enterprise depends upon the successful performance of staffing function.

**D. Directing**

The actual performance of work starts with the function of direction. Planning, organizing and staffing functions are concerned with the preliminary work for the achievement of organizational objectives. But directing deals with making the workers learn techniques to perform the jobs assigned to them. Directing includes guidance, supervision, motivation, communication, and leadership, for an action. According to Joseph Massie, “Directing concerns the total manner in which a manager influences the action of his subordinates. It is the final action of a manager in getting others to act after all preparations have been completed”.

**E. Controlling**

It is a function of management that makes sure that the organization’s actual performance conforms to the performance that was planned for it. It is the process of ascertaining that the achieved objectives are in line with the pre-determined objectives. Necessary corrective action may be taken if there is any deviation. The control is very easy whenever the organization has a fixed standard. A good system of control has the characteristics of economy, flexibility, understanding and adequacy to organizational needs. Controlling and goes with planning. If there is no plan there will be no controlling.

**The characteristics of Organizational Behavior**

**Organizational Behavior is Inter-disciplinary:** It integrates knowledge from various relevant disciplines. It utilizes principles, models, theories and methods from a diverse array of disciplines like psychology, sociology, anthropology and political science

**Organizational Behavior uses Scientific Methods:** It follows the scientific methods and uses logical theory in its investigation and answering the research questions. It uses scientific methods to develop and empirically test generalizations about behavior in organizations.

**Focus on Behavior within the Organization: -** While behavioral sciences may focus on any behavior in general, organizational behavior is concerned with human behavior in work setting.

**Importance of Groups: - Organizational Behavior accepts groups as powerful social phenomenon within the organization that strongly affects and gets effected by individuals and organization.**

**Ongoing Process: - Organizational effectiveness as an objective for organizational behavior implies a continuous effort to change develops in the context of a dynamic environment. Thus organizational behavior assigned special importance to planned change, individual as well as organizational learning and the creation of an organizational culture that supports these.**

**Behavioral Orientation:** It is directly connected with the human side of management. More precisely, it looks at all the management functions from behavioral perspective.

**Contingency Approach:** There are few absolutes in organizational behavior. The approach is directed towards developing managerial actions that are most appropriate for a specific situation. Rather than assume that there is one “best” or universal way to manage people and organizations, **organizational behavior** recognizes that management practices must be tailored to fit the exact nature of each situation.

**Contributing disciplines to organizational behavior**

* Organizational behavior is an applied behavioral science that is built upon contributions from a number of behavioral disciplines.
* **Organizational behavior** is a blended discipline that has grown out of contributions from numerous earlier fields of study.

**Psychology**

* + Psychology is the science that seeks to measure, explain and sometimes change the behavior of humans.
  + Psychologists concern themselves with studying and attempting to understand individual behavior.

**Sociology**

* Whereas psychologists focus on the individual, sociologists study the social system in which individuals fill their roles.
* Sociology studies people in relation to their fellow human beings.
* Specifically, sociologists have made their greatest contribution to organizational behavior through their study of group behavior in organizations, particularly in formal and complex organizations.

**Social Psychology**

* Social psychology is an area within psychology, but it blends concepts from psychology and sociology.
  + It focuses on the influence of people on one another.
* In addition, social psychologists are making significant contributions in the areas of measuring, understanding, and changing attitudes; communication patterns; the ways in which group activities can satisfy individual needs; and group decision-making processes.

**Anthropology**

* Anthropology is the study of societies to learn about human beings and their activities.
* Anthropologists’ work on cultures and environments, for instance, has helped us understand differences in fundamental values, attitudes, and behavior between people in different countries and within different organizations.
* Much of our current understanding of organizational culture, organizational environments, and differences between national cultures is the result of the work of anthropologists.

**Political Science**

* Political science studies the behavior of individuals and groups within a political environment.
  + Specific topics of concern include structuring of conflict, allocation of power, and how people manipulate power for individual self-interest.
* Managers have become increasingly aware that organizations are political entities and if we are able to accurately explain and predict the behavior of people in organizations; we need to bring a political perspective to our analysis.

**THE DEVELOPMENT OF OB (Reading Assignment)**

Certainly large numbers of people have been doing work for a long time. Pyramids and many other huge monuments and structures were built, armies and governments were organized, and civilizations spread over vast territories. Some writings from antiquity suggest that systematic approaches to management and organization did evolve and were transmitted to others.

However, the primary influences in organizations and management today seem more recent events and management theories. These events and management theories contributed for the development of organization behavior are described below:

The Protestant Reformation and Protestant Ethic Some would claim that to begin to understand our organizations today we need to look at the Protestant Reformation and Protestant Ethic. A new ethic began to evolve, an ethic that shifted the orientation of one’s life from the ‘next world’ to this world. This ethic is best embodied in quotes from Luther “All men possess a calling in the world and fulfillment of its obligation is a divinely imposed duty” and Calvin “Disciplined work raises a person above the calling into which he was born and is the only sign of his election by God salvation”…” The soul is naked before God without Church or communion-religion is personal matter; worldly success and prosperity are constructed as sign of God’s approval”.

Over time, the Protestant Reformation provided an ideological foundation for the modern industrial society by suggesting that work is now a profound moral obligation, a path to eternal salvation. The focus is this world and materialism, not next world. The individuals’ obligation is self-discipline, and systematic work. It should be clear that the factory system, which began to evolve late in the 18th Century, could never have flourished without the ideological underpinnings of this profound shift in philosophy as exemplified by the Protestant Ethic.

Scientific management (1910s) described management as a science with employers having specific but different responsibilities; encouraged the scientific selection, training, and development of workers and the equal division of work between workers and management.

The Industrial Revolution that started with the development of steam power and the creation of large factories

**Organization as a system**

The systems theory approach attempts to view the organization as a unified, purposeful system composed of interrelated parts. It is based on the notion that organizations can be visualized as systems. A system is a set of interrelated parts that operate as a whole in pursuit of common goals. Rather than dealing separately with various segments of an organization, the systems approach give managers a way of looking at an organization as a whole and as a part of the larger, external environment.

**Subsystems:** The parts that make up the whole of a system. Each system in turn may be a subsystem of a still larger whole.

**Synergy:** Synergy means that the whole is greater than the sum of its parts. In organizational terms, synergy means that separate departments within an organization cooperate and interact, they become more productive than if each had acted in isolation. .

**Open and closed systems**. A system is considered an open system if it interacts with its environment, it is considered as a closed system if it does not. When solving problems and making decisions, managers must take into account how their decisions and solutions will affect various stakeholders. Businesses are interdependent with many other systems in society. Furthermore, managers must realize how their decisions affect others in their own organization. Finally, they must realize how their environment affects them.

**System boundary:** Each system has a boundary that separates it from its environment. In a closed system, the system boundary is rigid, in an open system, the boundary is more flexible.

**Flow:** A system has flows of information, materials, and energy. These enter the system from the environment as inputs, undergo transformation processes within the system, and exit the system as outputs.

**Ethics and Organizational Behavior**

The word “ethics” is important in organizational behavior. **Ethical behavior** is that accepted as morally “good” and “right,” as opposed to “bad” or “wrong,” in a particular setting.

**Ways of thinking about Ethical Behavior**

Ethical behavior conforms not only to the dictates of law but also to a broader moral code that is common to society as a whole. Just exactly what moral code governs a person’s choices, however, is a subject of debate. At least four ways of thinking about ethical behavior in and by organizations can be identified.

A. The ***utilitarian view***considers ethical behavior to be that which delivers the greatest good to the greatest number of people. Those who subscribe to the results-oriented utilitarian logic assess the moral aspects of their decisions in terms of the consequences they create.

B. The ***individualism*** *view* considers ethical behavior to be that which is best for an individual’s long-term self-interests.

C. The ***moral-rights view***considers ethical behavior to be that which respects fundamental rights shared by all human beings. This view is tied very closely to the principle of basic human rights such as those of life, liberty, privacy, freedom of speech and fair treatment by law. Ethical behavior does not violate any of these fundamental human rights.

D. The ***justice view***considers ethical behavior to be that which is fair and impartial in its treatment of people. It is based on the concept of equitable treatment for all concerned. In organizational behavior, two issues address this view of ethical behavior.

1. **Procedural Justice** is the degree to which the rules and procedures specified by policies are properly followed in all cases under which they are applied.
2. **Distributive justice** is the degree to which all people are treated the same under a policy, regardless of race, ethnicity, gender, age, or any other demographic characteristic

**Ethical Dilemmas in the Workplace**

An **ethical dilemma** is a situation in which a person must decide whether or not to do something that, although benefiting them or the organization, or both, may be considered unethical. It is difficult to predict exactly what ethical dilemmas you will someday face. However, research suggests that people at work often encounter such dilemmas in their relationships with superiors, subordinates, customers, competitors, suppliers, and regulators. Common issues underlying the dilemmas involve gifts and entertainment, pricing practices, and employee terminations.