

Organizational Behavior

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Lecture 1

PMG 671

Organizational Behavior



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Chapter 01

Organizational Behavior

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Course content

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

In other words, Organizational behavior is the **study of human behavior** in Organizations and the application of knowledge about how, individuals, and groups act and react in an organization, **in order to reach and accomplish the highest quality of performances, and dominant results.**

- Why do people behave a certain way in an organizational environment? What factors affect job performance, employee interaction, job commitment, leadership and managerial styles?
- Individuals have studied this topic for decades in order to find ways of increasing organizational performance.

- While Organizational Behavior as a field of academic study wasn't fully recognized by the [American Psychological Association](#) (APA) until the 1970's, its roots go back to the late 1920's when the [Hawthorne Electric Company](#) set up a series of [experiments](#) designed to explore how changes in environment and design changed the productivity of their employees.

- Their various studies, conducted between the years of 1924 and 1933, were broad and measured over large periods of time. The studies included the effect of various types of breaks (lots of small breaks, a few long ones, etc.) on [productivity](#), productivity in isolation, and productivity in varying levels of light. The most famous finding resulting from the of the Hawthorne Studies is what is now called the [Hawthorne Effect](#), the change in behavior of a test subject when they know they're being observed.

Until the late 1980s, Business Schools Curricula emphasized the technical aspects of Management, focusing on Economics, Accounting, Finance and so on.

Starting from the early 1990s, Business Schools realized the importance of understanding human behavior and the its role in determining a manager's effectiveness.



Understanding OB helps determine manager effectiveness

- Technical and quantitative skills are important
- But leadership and communication skills are CRITICAL

Organizational benefits of skilled managers

- Lower turnover of quality employees
- Higher quality applications for recruitment
- Better financial performance



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Why is it important to Managers To Understand OB

Findings from organizational behavior's body of research can be used by executives and Human Relations professionals better understand a business' culture, how that culture may facilitate or hinder productivity and employee retention, and how to best evaluate candidates skill set and personality during the hiring process.

- Managers need an understanding of organizational behavior because a large part of their job has to do with exactly that. Organizational behavior is the study of how people behave while in groups and as individuals. Much of what a manager does has to do with trying to get people to work as effectively as possible. It can involve trying to motivate an individual worker or it can involve trying to understand how to get workers who are part of a team to interact with one another in such a way that they are able to work more efficiently and effectively.



- To determine the motivation level of employees.
- To encourage the people, to work enthusiastically in the organization.
- To create an environment for the development of effective leadership.
- To develop effective group behavior among the employees.
- To identify the reasons for conflict and to resolve the conflict.

- To find out the reasons for frustration and reduce or eliminate the reasons.
- To increase the moral of employees of the organization.
- To maintain the organizational environment favorable for the work.
- To find out the ways for effective organizational development.

They get things done through other people.

Management Main Activities:

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

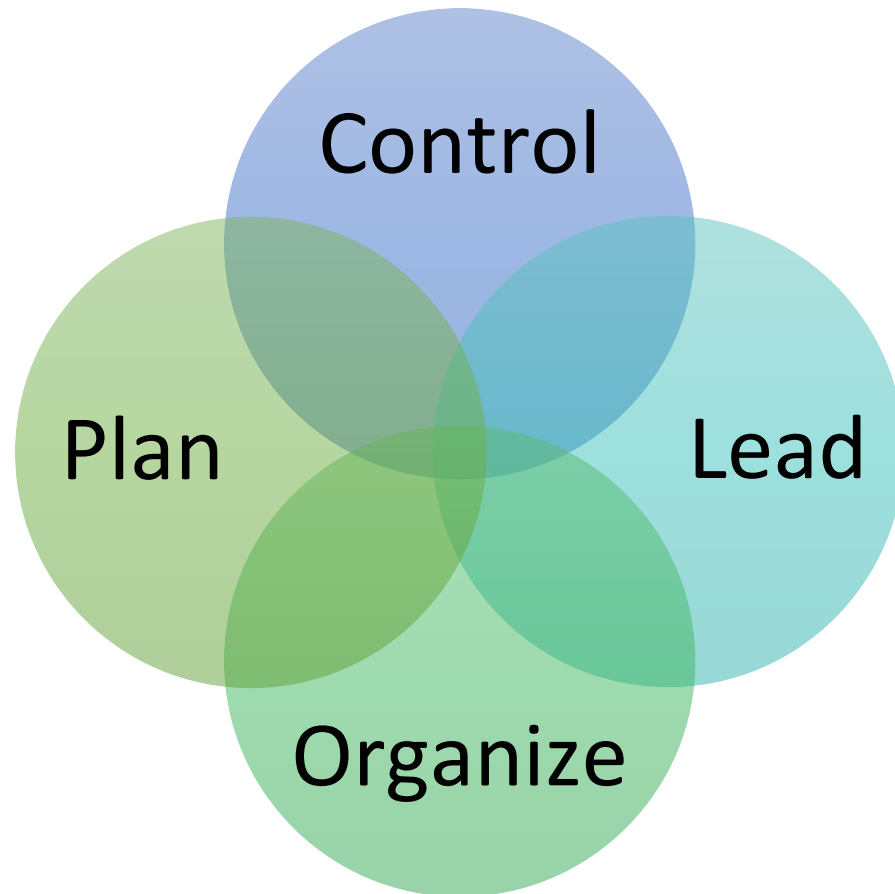
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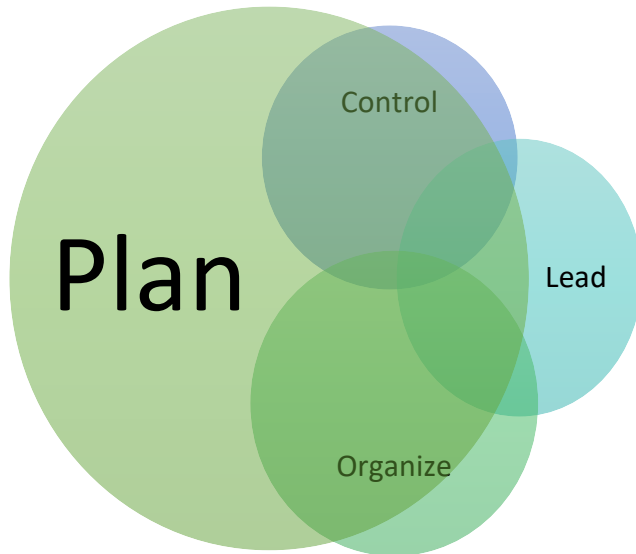
Management Functions According to Fayol:

Henry Fayol in the early part of the twentieth century wrote that all managers perform five management functions; Planning, Organizing, Commanding, Coordinating and Controlling. Today we have condensed these functions into four: Planning, Organizing, Leading and Controlling.

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Management Functions According to Fayol:





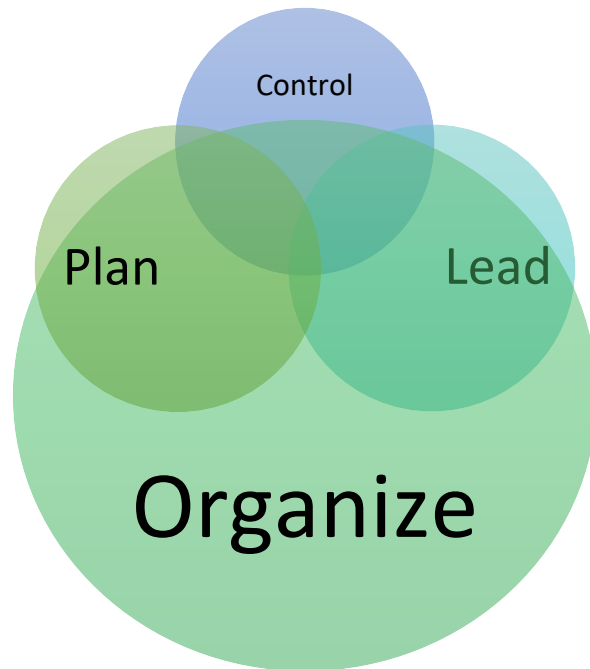
Planning

A process that includes defining goals, establishing strategy, and developing plans to coordinate activities.

As managers advance, they do this function more often.

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Management Functions: Organize

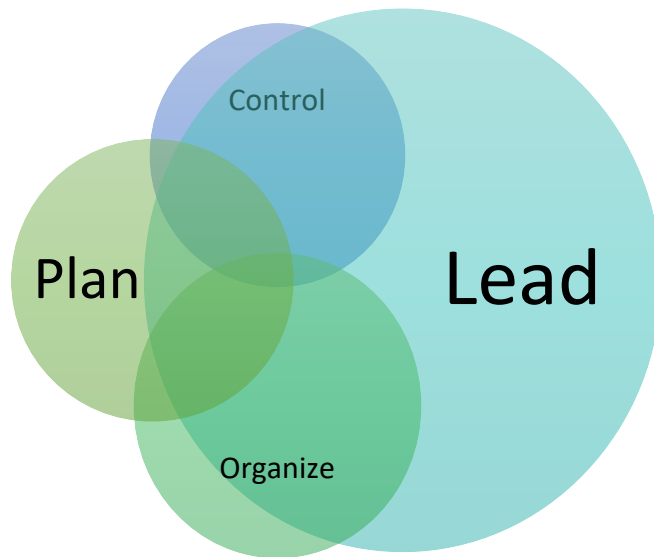


Organizing

Determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

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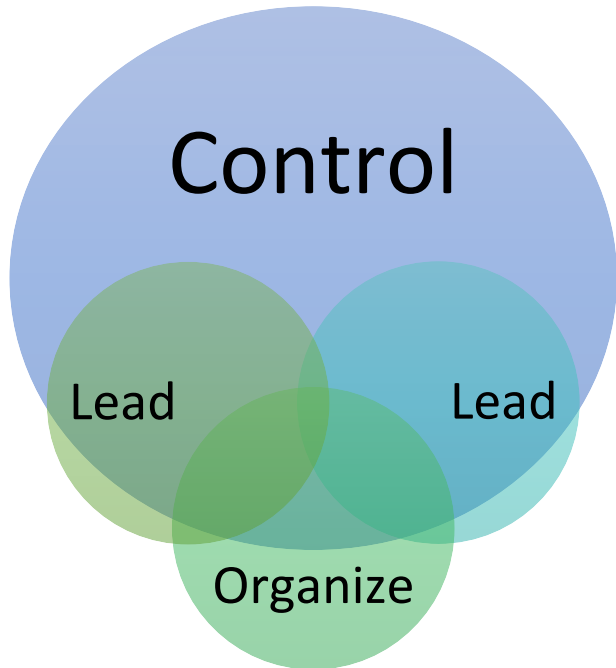
Management Functions: Lead



Leading

A function that includes motivating employees, directing others, selecting the most effective communication channels, and resolving conflicts.

It is about PEOPLE!



Controlling

Monitoring performance, comparing actual performance with previously set goals, and correcting any deviation.

Henry Mintzberg undertook a careful study of five executives to determine what they mainly do on their jobs. Mintzberg identified that managers perform ten different highly interrelated roles or set of behaviors. These ten roles can be separated under three groups of behavior:

- Interpersonal
- Informational
- Decisional

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Mintzberg's Managerial Roles: Interpersonal

TABLE 1-1 Mintzberg's Managerial Roles

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

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Mintzberg's Managerial Roles: Informational

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

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Mintzberg's Managerial Roles: Decisional

Decisional

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

Source: Adapted from H. Mintzberg, *The Nature of Managerial Work*, 1st edn. (New Jersey: Prentice Hall, 1997), © 1973.
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Another way of considering what managers do is to look at the skills or competencies they need to achieve their goals. According to Katz, researchers have identified a number of skills that differentiate effective from ineffective managers as follows:

Technical Skills

- The ability to apply specialized knowledge or expertise.

Human Skills

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

Conceptual Skills

- The mental ability to analyze and diagnose complex situations.

Four types of managerial activity:

1. Traditional Management
 - Decision-making, planning, and controlling.
2. Communication
 - Exchanging routine information and processing paperwork.

1. Human Resource Management
 - Motivating, disciplining, managing conflict, staffing and training.
2. Networking
 - Socializing, politicking, and interacting with others.

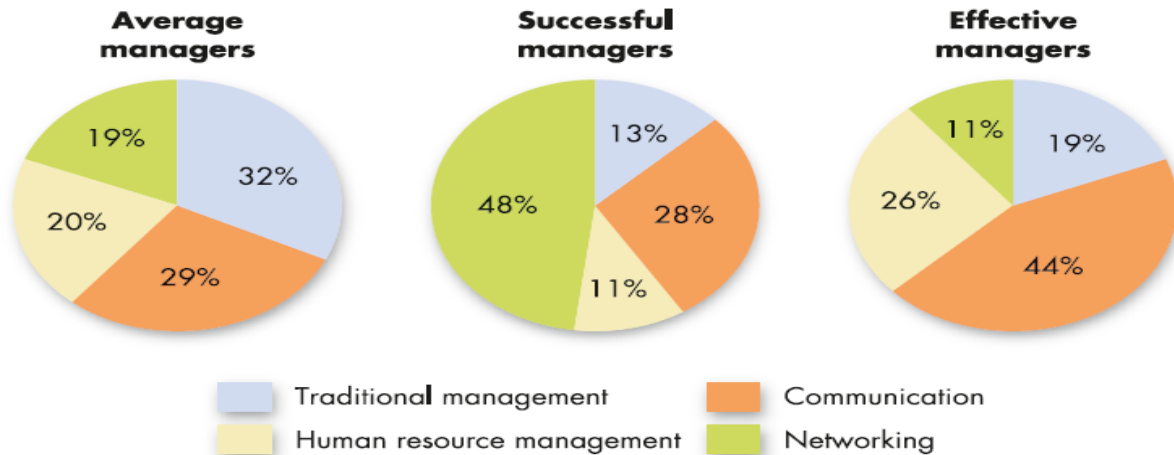
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Successful vs. Effective Allocation by Time

Are the managers who are most effective the ones who get promoted the fastest?

Figure 1-1

Allocation of Activities by Time



Source: Based on F. Luthans, R. M. Hodgetts, and S. A. Rosenkrantz, *Real Managers* (Cambridge, MA: Ballinger, 1988).

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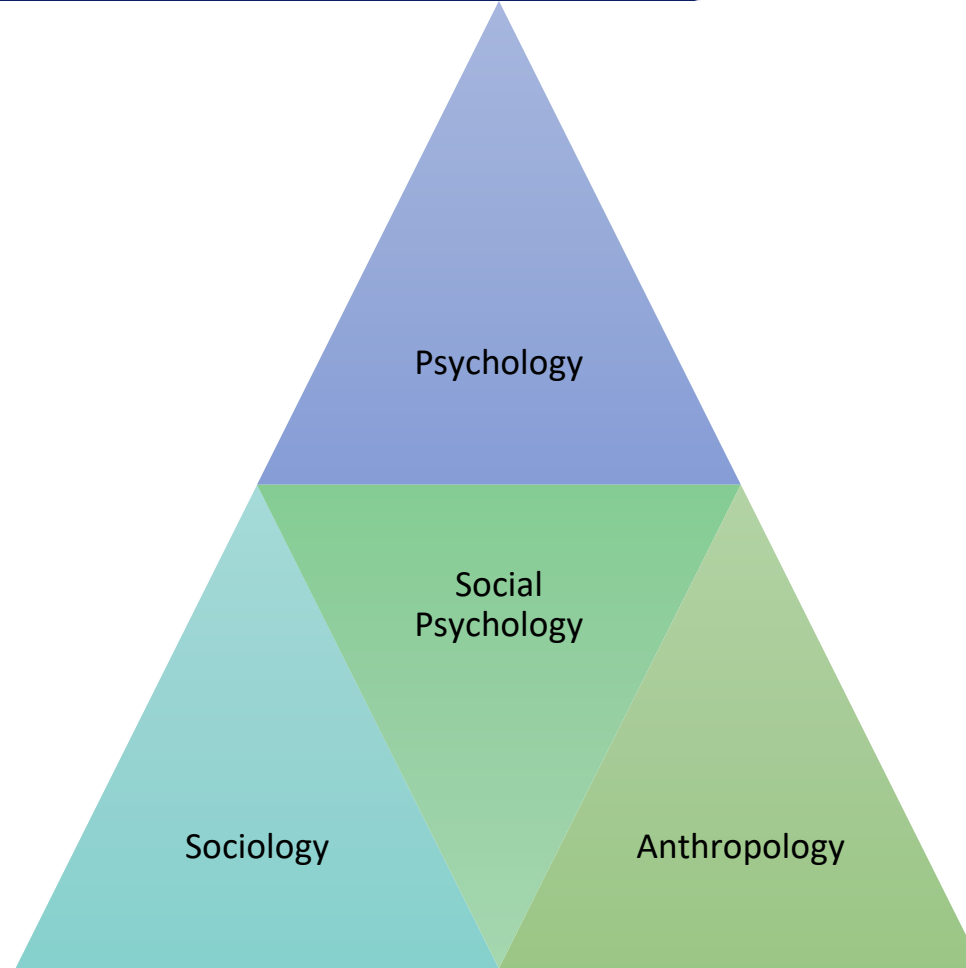
Successful vs. Effective Allocation by Time

Managers who promoted faster (were successful) did different things than did effective managers (those who did their jobs well).

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Contributing Disciplines

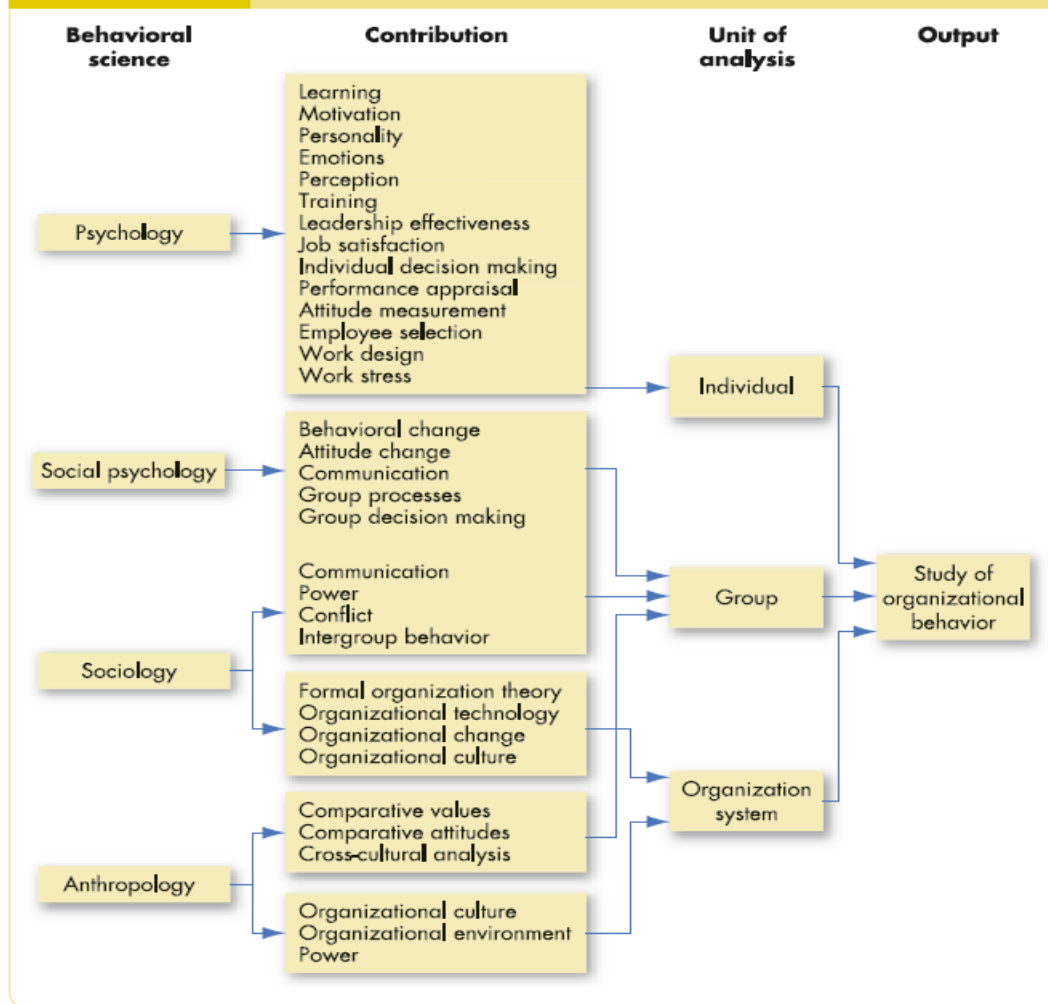
Many behavioral sciences have contributed to the development of Organizational Behavior.



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Contributing Disciplines

FIGURE 1-2 Toward an OB Discipline



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

Unit of Analysis:

- Individual

Contributions to OB:

- Learning, motivation, personality, emotions, perception.



- Training, leadership effectiveness, job satisfaction.
- Individual decision making, performance appraisal attitude measurement.
- Employee selection, work design, and work stress.

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

Unit of Analysis:

- Group

Contributions to OB:

- Behavioral change
- Attitude change

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Social Psychology

- Communication
- Group processes
- Group decision making



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

Units of Analysis:

- Organizational system
- Group

Contributions to OB:

- Group dynamics
- Work teams



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Sociology

- Communication
- Power
- Conflict



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

Units of Analysis:

- Organizational system
- Group

Contributions to OB:

- Organizational culture
- Organizational environment



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Anthropology

- Comparative values
- Comparative attitudes
- Cross-cultural analysis



1.Responding to Globalization

- Increased foreign assignment.
- Working with people from different cultures.

2. Managing Workforce Diversity

The people in organizations are becoming more demographically heterogeneous :

Embracing diversity.

Changing demographics.

Implications: stop treating everyone alike!

- 3. Improving Quality and Productivity**
- 4. Improving Customer Service**
- 5. Improving People Skills**
- 6. Stimulating Innovation and Change**
- 7. Working in Networked Organizations**
- 8. Helping Employees Balance Work-Life Conflicts**

6. Creating a Positive Work Environment

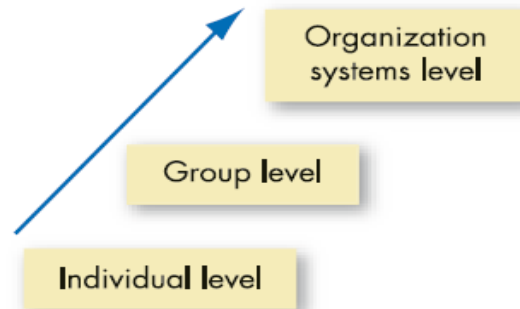
7. Improving Ethical Behavior



A **model** is an abstraction of reality: a simplified representation of some real-world phenomenon.

- Our OB model has three levels of analysis.
- Each level is constructed on top of the prior level.

FIGURE 1-3 Basic OB Model, Stage I



Independent (X)

- The presumed cause of the change in the dependent variable (Y).
- This is the variable that OB researchers manipulate to observe the changes in Y.

Dependent (Y)

- This is the response to X (the independent variable).
- It is what the OB researchers want to predict or explain.
- The *interesting* variable!



Productivity

- Transforming inputs to outputs at lowest cost.
Includes the concepts of **effectiveness** (achievement of goals) and **efficiency** (meeting goals at a low cost).

Absenteeism

- Failure to report to work – a huge cost to employers.

Turnover

- Voluntary and involuntary permanent withdrawal from an organization.

Deviant Workplace Behavior

- Voluntary behavior that violates significant organizational norms and thereby threatens the well-being of the organization and/or any of its members.

Organizational Citizenship Behavior (OCB)

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

Job Satisfaction

- A general attitude (not a behavior) toward one's job; a positive feeling of one's job resulting from an evaluation of its characteristics.

The independent variable (X) can be at any of these three levels in this model:

Individual

- Biographical characteristics, personality and emotions, values and attitudes, ability, perception, motivation, individual learning, and individual decision making.

Group

- Communication, group decision making, leadership and trust, group structure, conflict, power and politics, and work teams.

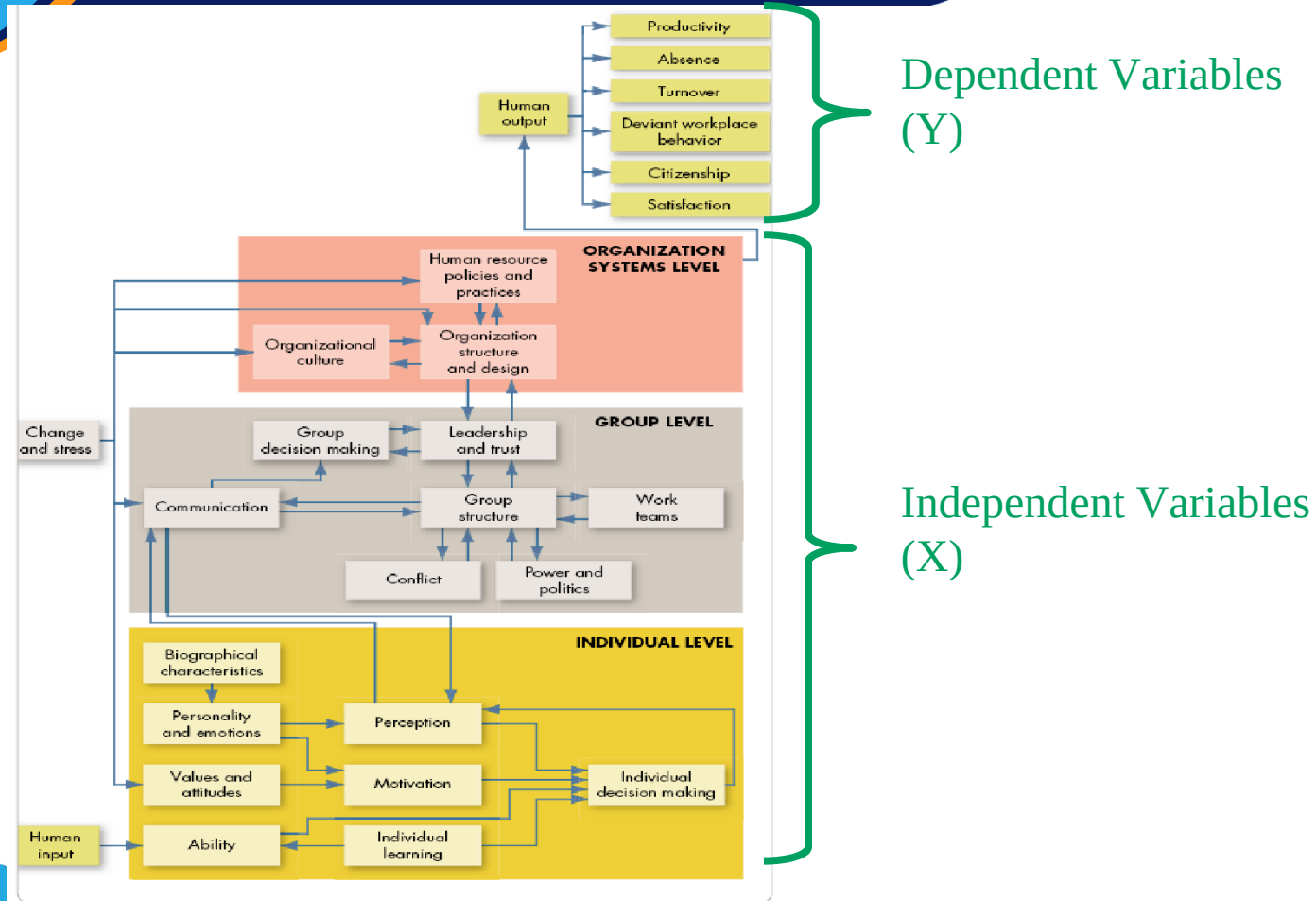


Organization System

- Organizational culture, human resource policies and practices, and organizational structure and design.

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OB MODEL



Dependent Variables
(Y)

Independent Variables
(X)



- Managers need to develop their interpersonal skills to be effective.
- OB focuses on how to improve factors that make organizations more effective.
- The best predictions of behavior are made from a combination of systematic study and intuition.
- Situational variables moderate cause-and-effect relationships—which is why OB theories are contingent.

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Summary and Managerial Implications

- There are many OB challenges and opportunities for managers today.
- The textbook is based on the contingent OB model.

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Thank you



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