

**Master of Commerce**

**Semester – II**

**Paper Code –**

# **ORGANIZATIONAL BEHAVIOUR**



# Organizational Behaviour

## Paper Code:

M. Marks = 100  
Term End Examination = 80  
Assignment = 20

Time = 3 hrs

### Course Outcomes:

- CO1: Students will gain a comprehensive understanding of the concept of Organizational Behaviour and Relationship to other fields and Learning.
- CO2: Students will understand about the Attitude, changing of attitude and aspects of personality.
- CO3: Students will learn about the Perception, factors influencing perception, Group Dynamics and Team Development.
- CO4: Will enable the students to learn about Organizational Conflict, its Dynamics, Traditional and modern approaches to conflict and Organizational development.

**Note:** The examiner shall set nine questions in all covering the whole syllabus. Question No.1 will be compulsory covering all the units and shall carry 8 small questions of two marks each. The rest of the eight questions will be set from all the four units. The examiner will set two questions from each unit out of which the candidate shall attempt four questions selecting one question from each unit. All questions shall carry 16 marks each.

**Unit-1** Organizational Behavior: concept and significance; Relationship to other fields; OB Model, ethics and ethical behaviour in organizations. Learning: meaning and definition, process, theories of learning, OB in learning organization.

**Unit-2** Attitude: meaning and definition, components, functions, formation, changing of attitude, prejudice and attitude. Personality: meaning and definition, the big five personality model, the Myers-Briggs Type Indicator, additional work related aspects of personality.

**Unit-3** Perception: meaning and definition, process, factors influencing perception, perceptual errors or distortions. Group Dynamics and Team Development: Group dynamics- definition and importance, types of groups, group formation, group development, group performance factors, group norms, group status, group size, cohesiveness, social loafing. Team: types, team composition factors, team development.

**Unit-4.** Organizational Conflict: Dynamics and management; sources, patterns, levels, and types of conflict; Traditional and modern approaches to conflict; Functional and dysfunctional Organizational conflicts; Resolution of conflict. Organizational development: Concept; Need for change, resistance to change; Theories of planned change; Organizational diagnosis; OD intervention.

### References

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## Unit 1: Includes:

- *Organizational Behavior: Concept and significance*
- *Relationship Organizational Behavior to other fields*
- *Organizational Behavior Model*
- *Ethics and ethical behavior in organizations*
- *Learning: meaning and definition,*
- *Process of Learning*
- *Theories of learning,*
- *OB in learning organization.*

**Objectives:** *Aim of this unit is to acquaint students with the:*

- a. *Concept and significance of Organizational behaviour and its relationship with other fields*
- b. *Organizational behaviour model, Ethics and ethical behavior in organizations*
- c. *Learning: meaning and definition, Process of Learning, Theories of learning, OB in learning organization.*

## **Organizational BEHAVIOUR: CONCEPT AND SIGNIFICANCE;**

*“Organizational behavior is directly concerned with the understanding, prediction, and control of human behavior in organizations.”* **Fred Luthans.**

*“Organizational behavior studies the impact that individuals, groups and structure have on behavior within organization for the purpose applying such knowledge towards improving Organizational effectiveness.”* **Stephen P. Robbins.**

**Keith Davis** said that, *“Organizational Behavior is the study and application of knowledge about how people act within organization.”*

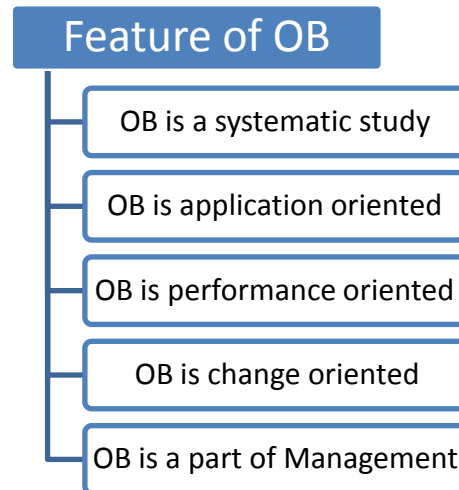
**Raman J. Aldag** states, *“Organizational Behavior is a branch of the Social Sciences that seeks to build theories that can be applied to predicting, understanding and controlling behavior in work organizations.”*

*“Organizational Behavior is a subset of management activities concerned with understanding, predicting and influencing individual behavior in Organizational setting.”* **Callahan, Fleenor and Kudson.**

Organizational behavior is basically a study of human behavior in both, group as well as an individual in an organization. As we know that certain types of behavior of a person is linked to certain types of roles and responsibilities. So, generalizations were made based on their behaviors that help us predict what people do and should do so.

And the accurateness of these generalizations is depending upon the accurate observations. An accurate generalization helps in taking strategic decisions in managing and controlling workforce in an organization. While observing and understanding the behavior, one should follow a systematic approach because a structured approach to conduct study may boost the explanatory and predictive capacities of a person.

On the basis of above mentioned definitions and different views, features of Organizational Behavior can be defined in the following manner:



### **Significance Organizational Behavior**

(OB) is a study involving the analysis of an organization's persons, community and structure or actions, and this analysis has significant significance in an organization's successful working.. It is a kind of study pertaining to “what people do within an organization” and “how their behaviour affects the performance of an organization”. Organizational conduct relates primarily to job-related concerns such as jobs, work, leaves, turnover, efficiency, human resources, and management. Organizational behavior study provides a comprehensive set of concepts and theories dealing with commonly accepted 'facts' about a person's behavior and organizations acquired over the years, e.g. "You can teach new tricks to an old dog," "Two heads are better than one." And such facts are not always true in all cases, at all. Ergo, these popularly held ideas are in desperate need of replacement. Study of “organization behavior does offer challenges and opportunities for managers since it focuses on ways and means to improve productivity, minimize absenteeism, increase employee job satisfaction, etc”. A Study Organization Behavior provides a basis for managers to develop and create an ethical culture and climate of work. Also, good prediction of human and Organizational behavior is helpful.

### **RELATIONSHIP TO OTHER FIELDS**

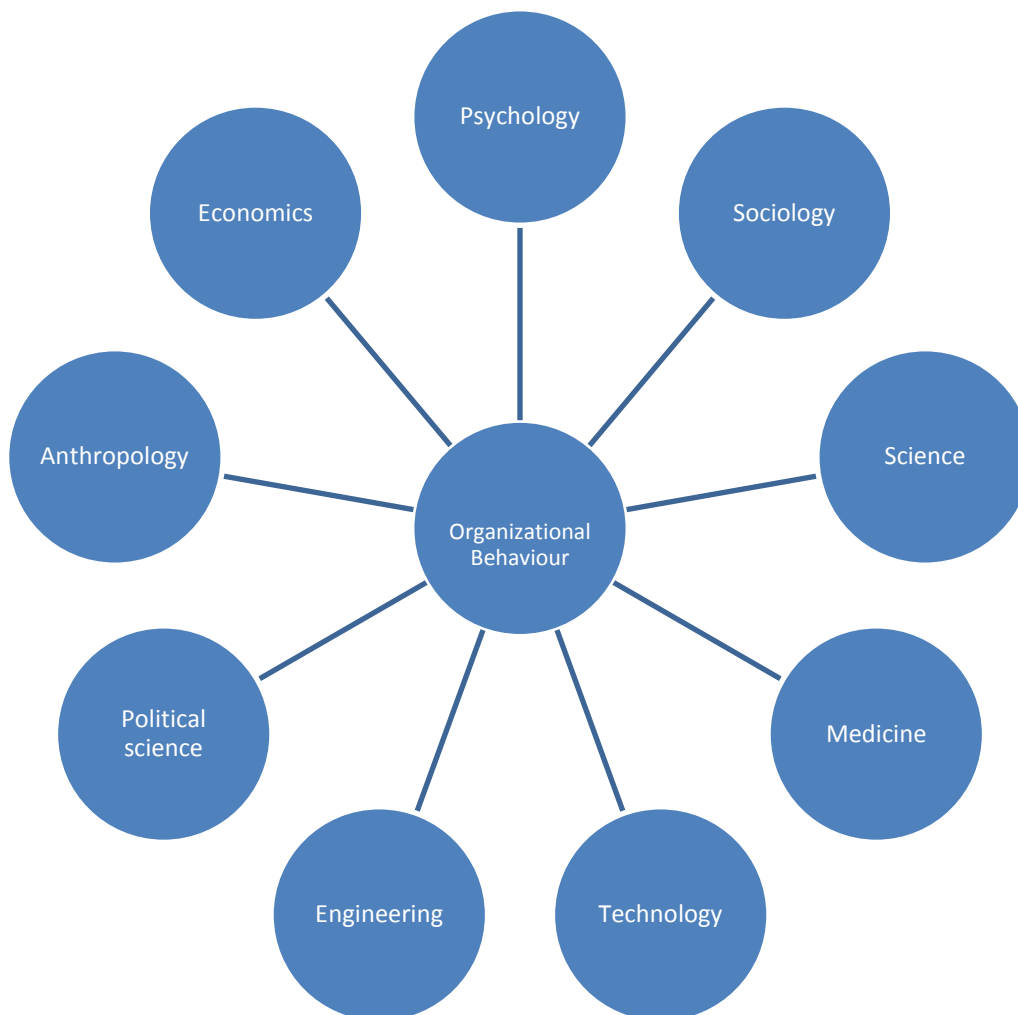
Organizational behavior is a multidisciplinary subject because it has borrowed concepts and theories from other fields like Psychology, Sociology, Political science, Anthropology, Economics, Technology, Environmental science, and science. Organizational behavior is basically an applied behavioral science.

## Psychology:

The term 'psychology' originates from the Greek language 'Psyche' meaning 'soul' or 'heart' and Organizational behavior is a scientific field that explores human behavior mainly concerned with the psychology of the individuals. Industrial psychology can be defined as “**Industrial Psychology** is a scientific study of employees, workplaces, organizations and Organizational behavior. Industrial psychology is also known as work psychology, Organizational psychology. Industrial psychology helps in improving the workplaces, satisfaction and motivation levels of the employees, and helping the overall productivity of the organization.”



Source: [www.verywellmind.com](http://www.verywellmind.com)



**Figure 1 Organizational Behaviour and other fields of study**

**Sociology:**

According to Dictionary of the social sciences, sociology is “the study of society, patterns of social relationships, social interaction, and culture that surrounds everyday life.” From the definition it is very much clear that sociology also has a major impact on the study of Organizational behavior. **Max Weber** defines sociology as, “*a science which attempts the interpretive understanding of social action in order thereby to arrive at a causal explanation of its course and effects.*”

**Anthropology:**

According to Britannica, “the science of humanity, which studies human beings in aspects ranging from the biology and evolutionary history of *Homo sapiens* to the features of society and culture that decisively distinguish humans from other animal species.”

Therefore, Anthropology deals with the relationships between people and their environment and anthropology contributes to understanding the cultural impact on Organizational behaviour, the impact of value structures, expectations, emotions, unity and interaction.

Also, **University of Florida** defines, “Anthropology is the study of humankind. Of all the disciplines that examine aspects of human existence and accomplishments, only Anthropology explores the entire panorama of the human experience from human origins to contemporary forms of culture and social life.” Eric Wolf said, “‘Anthropology’ is less a subject matter than a bond between subject matters. It is part history, part literature; in part natural science, part social science; it strives to study men both from within and without; it represents both a manner of looking at men and vision of men – the most scientific of the humanities, the most humanist of sciences.”

**Political Science**

Political science has some fascinating implications in researching Organizational behavior as it helps in understanding how and why people gain control, political actions, decision-making, conflict, interest group activity and creation of coalitions. And the same is also true of major areas of Organizational behaviour.

It has been stated many times that political parties and government are actively active in many of the activities of the ORGANIZATION.

**Economics**

Lionel Robbins stated the term economics as, “the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.” Economics tackles the problem of scarce resources and limitless uses or restricted resources and infinite desires. In addition to this, we studied the growth, distribution, and consumption of goods and services in economics. And studying different economic subfields helps to illustrate the Organizational actions in a very useful way such as understanding the dynamics of the labor market, efficiency, human resource planning and forecasting, and cost benefit analysis.

**Science:**

Scientific approaches are the foundation of organization's actions. Organizational behavior is based on the systematized analysis of data, actions, their relationships and predictions. New research methods help to learn modern analytical tools and techniques and to apply them.



**Technology:**

Technological progress often impacts employee behaviour. Because we live in an era of information technology in which technology plays a very important role. To understand the Organizational actions, the study of technological development becomes important because people are affected by technological growth. Technology influences consumer behaviour, manufacturing practices, and storage and distribution activities. To match the pace people need to be educated and/or technically qualified about technological development.

**Engineering:**

Engineering too plays significant role in the study of Organizational behavior. Certain topics are very common in both engineering as well as Organizational behavior.

**Medicine:**

Medicine has a link to researching human behavior in the workplace, as stress has become a very common issue in organizations as well as in people employed in organizations. To control the causes and consequences of stress, since it is important for the well-being of both the individual and the organizations. Medicine helps with treating emotional disorders as well as emotional related problems.

Finally, it can be inferred that the Organizational conduct is given a multidisciplinary focus. Material is taken from many other fields and is aimed at explaining behaviour.

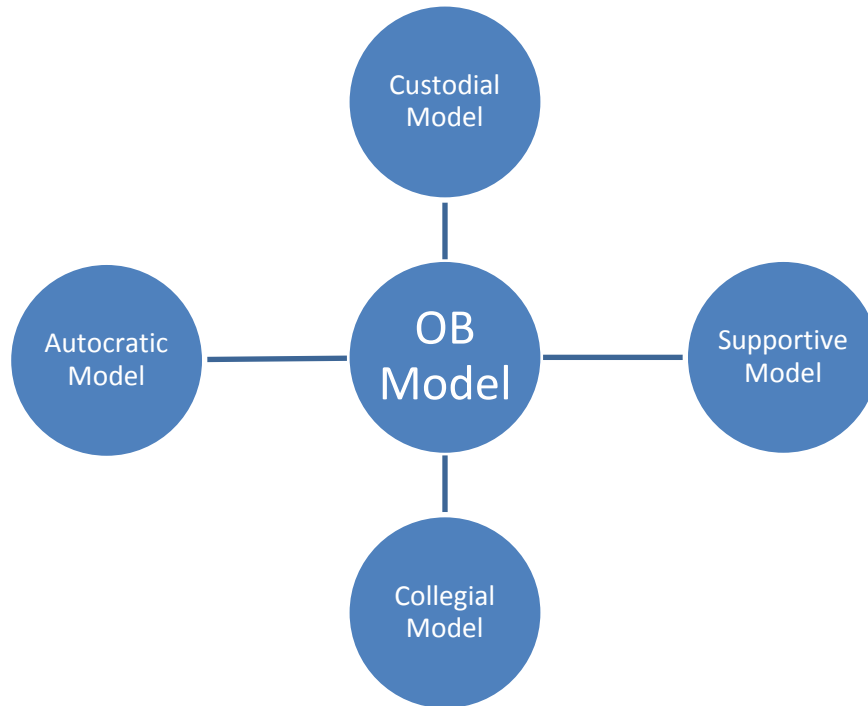
**OB MODEL**

Every organization develops a particular type of culture or value system or a model according to which people of an organization are supposed to behave. And the system is developed by taking into account the assumptions of the management regarding people, mission and management vision. The assumptions on which an organization's culture is based vary greatly from one organization to another, and so do the ORGANIZATIONAL BEHAVIOUR MODELS.

In the starting of civilized human society, there were two forms of strategies for the people in action, one says "trust anyone unless there is proof to the contrary" and an additional says "trust no one unless there is evidence to the contrary." Obviously, in such organizations the interactions between people take place differently according to these two approaches.

"McGregor" Was specified "theories X and Y and each theory makes assumptions which are quite contrary to each other"; Argyris WAS specified "the concept of immaturity and maturity of people which also provides two opposite views about the people". Ergo, Models of Organizational behavior built on the basis of different decisions or assumptions represent Beat variations. OB models that are in practice, however, show some sort of continuum between these two opposite poles, although they tend to lean towards a specific pole. "Davis" has described four OB models which are as follows:

1. Autocratic
2. Custodial
3. Supportive
4. Collegial.



### **Autocratic Model**

In the autocratic model there is managerial orientation toward power. Managers see power as the only way to get the job done, and employees are forced to obey orders which lead to high boss dependence. The Organizational mechanism is largely formalized; power is delegated by the right of command to the individuals to whom it refers. The model is largely based on the “Theory of X assumptions of McGregor is where the human beings are taken inherently distasteful to work and try to avoid responsibility”. In this model employees are closely and strictly supervised in order to attain desired performance. Employees are supposed to obey the order of the managers and there is no place for employee's suggestion in this model which sometimes result in minimal performance.

### **Custodial Model**

Under this model, the key goal relating to management is to use money or resources to support workers. Employee works towards security attainment and in return organization uses the organization's economic resources to benefit the organization's employees which lead to high employee dependence on organization.

Employee Organizational reliance reduces personal dependence on boss. Employees in this model feel satisfied when working and their performance level is a little higher than the autocratic Organizational model but overall performance is not that good.

This model is similar to the more satisfying and dissatisfying Herzberg theory.

Employees are getting sufficient respect and Organizational protection according to this model, they feel satisfied but they are not given any kind of authority to determine what benefits or incentives they will receive. This model is quite common in many Indian business Organizations.

### **Supportive Model**

In this supportive model managers are very supportive towards employees. Here Managerial leadership is the key criterion of Organizational behavior, rather than using money or influence or authority. The main goal is to assist employees in achieving results with the aid of employee involvement and participation in managerial decision making process.

The model is based on "Likert's supporting partnership values, which is the fundamental component of his program 4 (participatory)." "Likert" notes that full manager-employee interactions will occur. The job of the manager is to support and inspire the subordinates to carry out their mission, rather than closely supervise them. In this model, employee output is much higher than the autocratic and custodial model, because employees have a sense of belonging due to managers' positive attitude towards them.

### **Collegial Model**

This model is an extension of the positive model. Within this model all actors work for a common target. Collegial meaning implies a community of shared-intentioned individuals. Therefore, in collegial model, suggests the concept of a partnership in which a high degree of understanding is established between the two in order to accomplish common objectives. This model requires less guidance and control from the side of management. And the organization's environment is so favorable that Regulation is essentially carried out by team members by self-discipline. Collegial model is more useful where there is flexibility in behaviour, an intellectual environment and considerable freedom of employment.

These OB models are based on the individual characteristics and how they could perform better. One model cannot be adapted in all situations and at all stages and managers cannot assume that a particular model is best suited for all purposes and all situations.

### **ETHICS AND ETHICAL BEHAVIOR IN ORGANIZATIONS**

The word "ethics" is taken from the Greek word *ethikos* which means "relating to one's character" or "moral nature". In an organization, ethics means various rules, guidelines and principles which direct the way an employee should behave at workplace. It also refers to the "code of conduct" which one should follow while working in an organization. No firm wants to earn profits by compromising with the ethics and depend upon unfair means to earn profits. An organization should not:

- Exploit any of the employee for the benefit of an organization
- Compromise with the safety of the employee
- Lie to customer/client.
- Discriminate any employee on the basis of any ground such as physical appearance, age, family background and behave in uniform manner.
- Compromise with environment by taking any step to spoil environment.

An organization should take initiatives to:

- builds a conducive and cordial Organizational culture,
- increase customer/client confidence by encouraging ethical practices
- Always recruit and hire by following ethics
- Be transparent in Organizational matters pertaining to finances, human resources

## LEARNING: MEANING AND DEFINITION

Meaning of Learning in Organizational Behavior

Learning is the process of attaining new or modified knowledge and skills. Change in existing behavior because of new knowledge, skill or training is known as learning. The change should be permanent means there should be significant change in behavior before and after acquiring some knowledge or skill and the change must be because of certain kind of experience or training.

Definitions:

In the words of *Gestalt's*, “the basis of learning is to gain knowledge after observing the whole structure. Responding towards the entire situation is learning.”

*Kurt Lewin* said that, “The learning as the direct cognitive organization of a situation. Motivation has a significant role & place in learning.”

*Woodworth* said that, “The process of acquiring new knowledge and new responses is the process of learning.”

According to *G.D. Boaz(1984)* “Learning is the process by which the individuals acquires various habits, knowledge, and attitudes that are necessary to meet the demands of life, in general.”

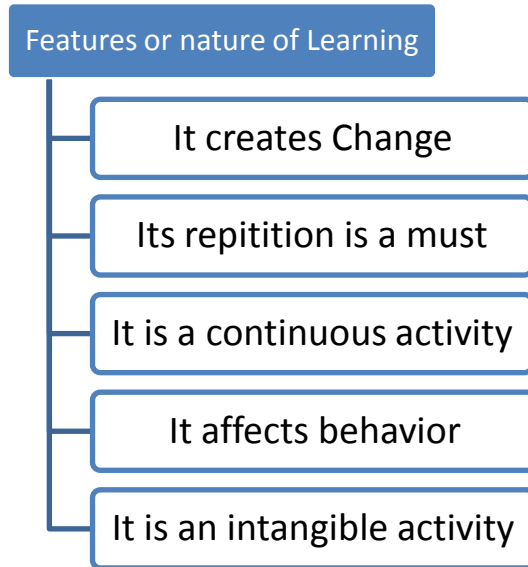
According to *Cronbach*, “Learning is shown by a change in behavior as a result of experience.” *Pavlov* has said, “*Learning* is habit formation resulting from conditioning.”

*Zalkind* says, “Every aspect of human behavior is responsive to learning experience, including knowledge, Language, skills, attitude, values and one’s personality traits.”

According to *N. L. Munn*, “Learning is described as a process of having one’s behavior modified more or less permanently, by what he does and the consequences of his action, or by what he observes.”

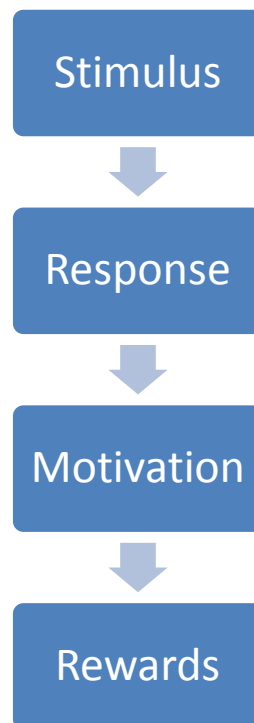
According to *Hilgard*, “Learning is a relatively permanent change in behavior that occurs as a result of prior experience.”

On the basis of above mentioned definitions, the following features of learning can be concluded:



### **PROCESS OF LEARNING IN OB**

“Learning is a process of acquiring knowledge, skills, behavior and attitude.” Learning includes following four stages.



#### **1. Stimulus**

Everyone needs a source of motivation to perform something and Stimulus is a motivating source or an incentive. Learners should have a good perception of stimuli, as the learner should be supported in the learning process. When there are no triggers there is no thought. Stimulus can take the form of 'knowledge expansion,' 'abilities and skills,' 'job quality improvement,' 'productivity and profitability,' 'effectiveness,' 'career development,' and 'financial and non-financial incentives.'

## 2. Response

In theory, reaction is the result of the learner to the stimulus. When the result is reached, response is the first step in the process of learning. Learner will respond positively, because only then does the learning process take place and can he / she respond positively to certain negative reactions only if the learner is persuaded of positive behavioral changes.

## 3. Motivation

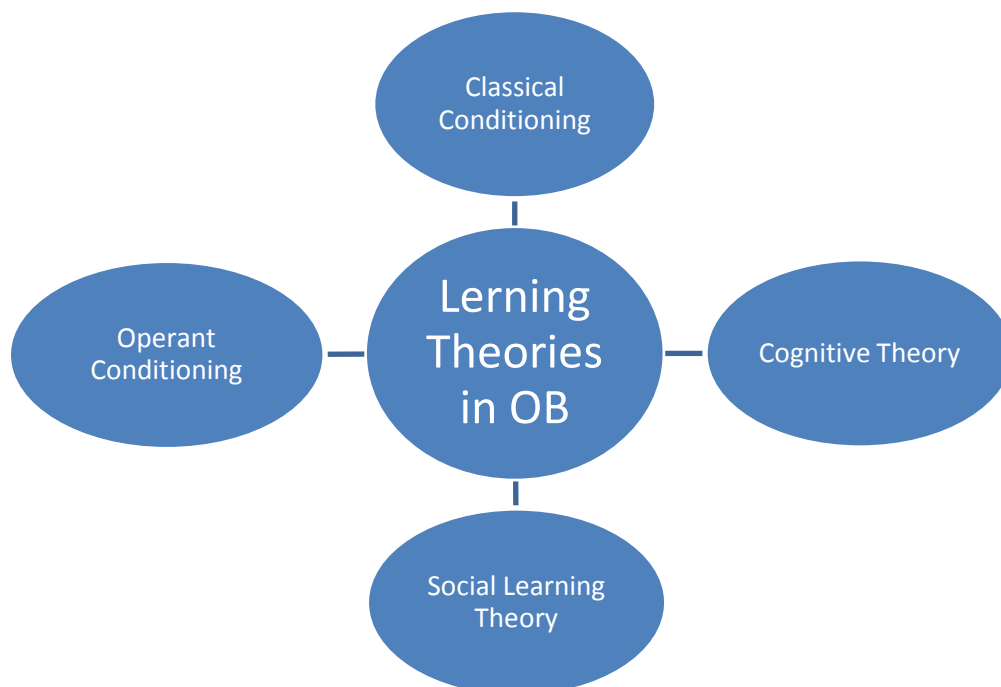
Motivation is the key catalyst to motivate individuals to learn, because learning cannot take place without motivation. It's the enthusiasm for learning that boosts curiosity and attitude. No one can learn without willingness and this willingness comes from motivation because we all know that whatever thinking and understanding capacity an one has without motivation, nobody can learn.

## 4. Rewards

In learning process, rewards are incentives which learner gets. In learning process, there should be a clear incentive scheme, and it should be straightforward and predictive. Employees should be well aware in advance when studying at various rates of what they can get as return or bonuses. Rewards can come in both financial and non-financial form. For examples, praise is the incentive and salary increment etc.

## LEARNING THEORIES IN ORGANIZATIONAL BEHAVIOR

1. Classical Conditioning
2. Operant Conditioning
3. Cognitive Theory.
4. Social Learning Theory.



## 1. Classical Conditioning

Classical Conditioning: Classical conditioning theory was propounded by Ivan Pavlov that is it is also known as Pavlovian condition theory. It is a process in which an individual responds to some kind of stimulus that would not normally produce a response like this. Learning is associated with a particular thing in our environment in this leaning process, With a prediction of what will happen next. This is the easiest way to understand the learning process according to classical conditioning theory, since the association of such an event with another desired event is closely related. For example, "the normal stimulus for a flow of saliva is the taste of food. But often the mouth waters at the mere sight of luscious peach, on hearing it described or even thinking about it. Therefore, one situation is substituted for another to elicit behavior and this process is called conditioning."

In classical conditioning, According to Evan Pavlov, "a procedure is to be followed by Pavlov to observe accurately the amount of saliva secreted by a dog. When dog was feed with a piece of meat, the dog exhibited a noticeable increase in salivation. When Pavlov withheld the presentation of meat and merely rang a bell, the dog did not salivate. Then Pavlov proceeded to link the meat and the ringing of the bell. After repeatedly hearing the bell before getting the food, the dog began to salivate as soon as the bell rang. After a while, the dog would salivate merely at the sound of the bell, even if no food was offered". Learning is related to a conditioned stimulus according to the classical conditioning and an unconditioned stimulus. In the above case, the meat was an unconditional stimulus; it caused the dog to respond in a particular way, and the reaction that occurred after the unconditional stimulus was called the unconditional response. In this case, the bell was a conditioned stimulus and, when the bell was combined with the meat, it eventually created a response when presented alone. This is called conditioned response.

## 2. Operant conditioning

B.F. Skinner, a Harvard Psychologist gave this theory of learning. According to Skinner (1938), "operant conditioning is a method of learning that occurs through rewards and punishments for behavior. Through operant conditioning, an individual makes an association between a particular behavior and consequence". The learning of a behavior is usually followed by a reward or punishment according to this theory. Operating conditioning indicates that an individual's behavior depends on the various types of circumstances. Usually people used to behave in a specific way where they earn incentives and often people used to avoid acts from which they do not get anything. Skinner said generating satisfactory outcomes for a specific type of action improves the action's frequency. B.F Skinner's rat experiment offers the best example of this theory of learning in which "Skinner trained rats to press a lever to get food, a hungry rat was placed in a box containing a lever attached to some hidden food content. Initially the rat ran around the box randomly and while doing so, leads to press the lever, and the food dropped into the box. The dropping of food reinforced the response of pressing the lever. And the same things happen again and again and the rat learned to press the lever for food. People usually engage in such a behavior's if they are positively reinforced for doing so and rewards are most effective if they immediately follow the desired response."

### 3. Cognitive Theory

Learning cognition theory states that learning relies on one's own perceptions, experience of meanings, comprehensions, or ideas about one's self and environment. Learners learn in this learning process through their own successful and positive thought processes, like a practice or using our memories.

This learning process involved physical actions or activities solely within your own experience, intuition, and didn't include the outside environment. That needs only cognitive energy, which implies only an inner thought process. Cognitive processes included the assessment, categorization and creation of generalizations of the world. Cognitive learning theory proposed explanation of the various learning mechanisms by first studying the mental processes, thinking with the aid of positive cognitive processes, learning is easier and new information can be stored in the brain for a long time to come.

### 4. Social Learning Theory

The theory of social learning is also called observational learning, in this theory one person learns by watching what happens to others and not by being told about something or his, her own world. Due to this principle one can learn stuff by looking at others Parents, teachers, peers, movie pictures, television artists, bosses and others for example. Most concepts about actions are learned by studying other people's activities and studying the repercussions for them. This theory involves four processes namely: "Attention process, Retention process, Motor reproduction process, and Reinforcement process."

In which, attention means people know when they remember something or its vital features and pay attention to it. In this learner all due attention is to be paid and if the learner is not attentive they will not be able to know anything.

#### Retention Process

That means how well one recalls the actions after the model is not readily available any more.

#### A process of motor reproduction

Upon learning, the process of motor replication is understood by monitoring others attentively and holding the same, based on learned behavior. This involves studying the model's behaviors and performing one's own actions and comparing them against those of the model. This process then demonstrates that the individual is able to carry out the activities as model.

#### Reinforcing method

Individuals that are motivated are expected to display their modeled actions if they are presented with good motivation or rewards for that, and more attention is paid to, learned more, and conducted actions that is positively improved.

Finally we can conclude that the role of consequences is the concept of social learning. This also takes into account observational perception and the importance of perception in learning.

### OB LEARNING ORGANIZATION

Organizational behavior is the field of study in which human behavior, both as an individual and as a group, is studied to know how an individual or group acts within an organization. The Organizational



Behavior Study extends its area to Change, Leadership, and Human Behaviour. And its central role is to strengthen partnerships by achieving, Organizational, social and human goals. Today organizations strive to improve their core competencies for greater success, and their approaches are aimed at creating a "strong psychological human capital" which in turn will be the key to achieving their common vision and goals. It is therefore important for managers to have a detailed understanding of what Organizational Behavior (OB) is all about. As managers it is important to have the technological skills, interpersonal skills and analytical skills to research human behaviour these people skills are of the utmost importance to predict what people do in an organization and how much the behavioral trends have an impact on Organizational performance, for example. a manager with professional expertise in managing employee complaints will now be adequate, etc hence he needs to develop his soft skills to tackle employee conflicts. Human capital is considered to be an important asset for any organization, ensuring that moral staff, work ethics, and employee satisfaction are in favor of organization to thrive outcomes. E.g. "One of UK's Richest Millionaire and Entrepreneur of Virgin Airlines, Richard Branson in his own words says that "Employees are first, then the customers". He argues that primarily the employees need to be treated well and be satisfied; this would in turn lead to better services to customers benefiting the organization as a whole. "In reading others, OB embraces and stresses a more systematic approach, rather than being intuitive. It helps managers provide a basis for understanding more accurate behaviour predictions. The underlying truth is that it indicates that action is not just unpredictable, but that there are basic consistencies that help to explain all individual's behaviour. Learning Organizational Behaviour is an effective tool for managers as it focuses on understanding the significance of learning and management styles for personal and Organizational growth and development, as well as for business leadership and management styles for personal and Organizational growth and development, as well as for business leadership and management; it recognizes the value of developing specific skills in an organization.

**Short Questions:**

1. Define organization behavior.
2. What do you mean by ethical behaviour?
3. Explain the meaning of learning.
4. Define learning organization.

**Long Questions:**

1. What do you understand by organization behavior? Also explain its relationship with other related fields.
2. Define ethics. Describe the ethical behavior expected by the stakeholders in the organization.
3. Write a detailed note on theories of learning?
4. Define learning. Also explain in detail the process of learning in an organization.