

## **UNIT 1: FUNDAMENTAL OF ORGANIZATIONAL BEHAVIOUR**

### **DEFINITION / MEANING**

- Organisational behaviour is a study which involves examining and analysing the human behaviour in an organisation. An organisation may be divided into top-level(owners), middle level(management) and low level(employees). Organisational behaviour studies the interaction within these levels and how the people at different levels respond or behave in a situation.
- Organizational behavior (OB) is the study of how individuals, groups, and organizations interact and influence one another. Though, in the field of business management, it is a largely used concept as means to understand—and more productively manage—groups of people
- The focus of organizational behavior tends to center around employee productivity. For example, organizational behavior studies have shown that employees who feel valued and appreciated tend to be more motivated and productive, leading to increased profits for the organization.
- The study of organizational behavior includes areas of research dedicated to improving job performance, increasing job satisfaction, promoting innovation, and encouraging leadership and is a foundation of corporate human resources
- *According to L. M. Prasad, “Organisational behaviour can be defined as the study and application of knowledge about human behaviour related to other elements of an organisation such as structure, technology and social systems.”*
- No two individuals are likely to behave in the same manner in a particular work situation. It is the predictability of a manager about the expected behavior of an individual. There are no absolutes in human behavior. It is the human factor that is contributory to the productivity hence the study of human behavior is important. Great importance therefore must be attached to the study
- Managers under whom an individual is working should be able to explain, predict, evaluate and modify human behavior that will largely depend upon knowledge, skill and experience of the manager in handling large group of people in diverse situations. Preemptive actions need to be taken for human behavior forecasting
- Let's say an employee is frequently late or absent from work. Absenteeism results in the employee producing output that is not up to the organization's standards. Therefore, the organization's overall performance is also negatively impacted due to the employee's individual performance.
- According to Davis and Newstrom, “Organisational behaviour is the study and application of knowledge about how people act within organisations.”
- According to Fred Luthans, “Behaviour is directly concerned with the understanding, prediction and control of human behaviour in organisations.”
- OB is the study of individual behaviour in isolation, when in group and as a part of an organisation. The study of individual behaviour only, would be incomplete because behaviour is affected by the people surrounding us as well as by the

organisation, in which we work. Studying only individuals or only organisations would be of no use. It is essential to study both simultaneously

## **NATURE OF ORGANISATIONAL BEHAVIOUR**



**The nature it has acquired is identified as follows :**

### **1. A Separate Field of Study and Not a Discipline Only:**

By definition, a discipline is an accepted science that is based on a theoretical foundation. But, O.B. has a multi- interdisciplinary orientation and is, thus, not based on a specific theoretical background. Therefore, it is better reasonable to call O.B. a separate field of study rather than a discipline only.

### **2. An Interdisciplinary Approach:**

Organizational behaviour is essentially an interdisciplinary approach to study human behaviour at work. It tries to integrate the relevant knowledge drawn from related disciplines like psychology, sociology and anthropology to make them applicable for studying and analysing organizational behaviour.

### **3. An Applied Science:**

The very nature of O.B. is applied. What O.B. basically does is the application of various researches to solve the organizational problems related to human behaviour. The basic line of difference between pure science and O.B. is that while the former concentrates on fundamental researches, the latter concentrates on applied researches. O.B. involves both applied research and its application in organizational analysis. Hence, O.B. can be called both science as well as art.

### **4. A Normative Science:**

Organizational Behaviour is a normative science also. While the positive science discusses only cause effect relationship, O.B. prescribes how the findings of applied researches can be applied to socially accepted organizational goals. Thus, O.B. deals with what is accepted by individuals and society engaged in an organization. Yes, it is

not that O.B. is not normative at all. In fact, O.B. is normative as well that is well underscored by the proliferation of management theories.

### **5. A Humanistic and Optimistic Approach:**

Organizational Behaviour applies humanistic approach towards people working in the organization. It, deals with the thinking and feeling of human beings. O.B. is based on the belief that people have an innate desire to be independent, creative and productive. It also realizes that people working in the organization can and will actualise these potentials if they are given proper conditions and environment. Environment affects performance or workers working in an organization.

### **6. A Total System Approach:**

The system approach is one that integrates all the variables, affecting organizational functioning. The systems approach has been developed by the behavioural scientists to analyse human behaviour in view of his/her socio-psychological framework. Man's socio- psychological framework makes man a complex one and the systems approach tries to study his/her complexity and find solution to it.

## **FUNDAMENTAL CONCEPTS OF ORGANIZATIONAL BEHAVIOR**

**Individual Differences:** This concept recognizes that each employee is unique, with different personalities, values, attitudes, perceptions, and abilities. Understanding and managing these individual differences is crucial for effective leadership, motivation, and teamwork.

**Perception:** Perception refers to how individuals interpret and make sense of their environment. It influences how they perceive their roles, responsibilities, and interactions within the organization. Managers need to understand perception to address potential biases and misinterpretations.

**Motivation:** Motivation refers to the internal and external factors that drive individuals to achieve their goals. Understanding what motivates employees—whether it's intrinsic factors like job satisfaction or extrinsic factors like rewards—helps managers design effective incentive systems and maintain high levels of employee engagement.

**Leadership:** Leadership involves influencing and inspiring others to achieve organizational goals. Effective leadership requires a deep understanding of various leadership styles, traits, and behaviors, as well as the ability to adapt leadership approaches to different situations and followers.

**Team Dynamics:** Team dynamics refer to the interactions, roles, norms, and processes within a team. Understanding team dynamics helps managers create cohesive and high-performing teams by fostering open communication, trust, and collaboration among team members.

**Communication:** Communication is the process of transmitting information and ideas between individuals and groups within the organization. Effective communication is essential for conveying expectations, sharing feedback, resolving conflicts, and facilitating decision-making.

**Organizational Culture:** Organizational culture refers to the shared values, beliefs, norms, and practices that shape the behavior and attitudes of employees within an organization. A strong organizational culture influences employee behavior, organizational performance, and overall workplace dynamics.

**Change Management:** Change management involves planning, implementing, and managing organizational changes effectively. Understanding how individuals and groups react to change, addressing resistance, and fostering a culture of adaptability are essential for successful change initiatives.

**Conflict Resolution:** Conflict is inevitable in any organization, and conflict resolution involves managing disagreements and disputes constructively. Effective conflict resolution strategies include negotiation, mediation, and collaboration to reach mutually beneficial solutions while preserving relationships.

**Organizational Structure and Design:** Organizational structure refers to the formal framework of roles, responsibilities, and relationships within an organization. Organizational design involves designing or redesigning the structure to align with organizational goals, improve communication, and enhance efficiency and effectiveness.

## **OBJECTIVE / GOAL OF ORGANISATIONAL BEHAVIOUR OR APPLICATION OF ORGANIZATIONAL BEHAVIOR STUDY**

Organizational Behavior (OB) encompasses various objectives aimed at understanding, predicting, and influencing behavior within organizations. Here are ten key objectives of Organizational Behavior:

**Understanding Human Behavior:** One of the primary objectives of OB is to understand individual and group behavior within organizations. This includes examining factors such as motivation, perception, attitudes, and personality that influence how individuals behave in the workplace.

**Improving Individual Performance:** OB aims to identify factors that affect individual performance and productivity. By understanding the drivers of employee performance, organizations can implement strategies to enhance individual effectiveness and contribution to organizational goals.

**Enhancing Employee Satisfaction:** OB seeks to create a positive work environment that fosters employee satisfaction and well-being. By understanding the factors that contribute

to job satisfaction, such as meaningful work, supportive relationships, and opportunities for growth, organizations can enhance employee morale and retention.

**Promoting Team Effectiveness:** OB focuses on enhancing the effectiveness of teams within organizations. This includes studying group dynamics, communication patterns, and conflict resolution strategies to improve team cohesion, collaboration, and performance.

**Facilitating Organizational Change:** Organizational Behavior aims to facilitate organizational change and adaptation. By understanding how individuals and groups respond to change, organizations can implement change management strategies that minimize resistance and promote successful organizational transformations.

**Optimizing Organizational Culture:** OB seeks to shape and optimize organizational culture. This involves aligning values, norms, and practices with organizational goals and objectives to create a positive and supportive work culture that fosters employee engagement and organizational success.

**Improving Leadership Effectiveness:** OB aims to enhance leadership effectiveness within organizations. By studying leadership theories and practices, organizations can develop effective leadership skills, behaviors, and strategies that inspire and motivate employees to achieve organizational objectives.

**Managing Diversity and Inclusion:** OB focuses on managing diversity and promoting inclusion within organizations. This includes understanding and valuing differences among employees, creating inclusive policies and practices, and leveraging diversity to drive innovation and organizational performance.

**Promoting Ethical Behavior:** Organizational Behavior emphasizes the importance of ethical behavior in the workplace. By promoting ethical standards and values, organizations can create a culture of integrity, trust, and accountability that guides employee behavior and decision-making.

**Achieving Organizational Effectiveness:** Ultimately, the objective of OB is to enhance organizational effectiveness and performance. By leveraging insights from OB research, organizations can optimize their human capital, improve employee satisfaction and engagement, and achieve their strategic goals and objectives.

**Conflict Resolution:** OB theories and techniques are utilized to manage and resolve conflicts that arise within the workplace. Managers can employ negotiation, mediation, and conflict resolution strategies to address interpersonal conflicts and promote a harmonious work environment.

**Job Design and Work-Life Balance:** OB studies help in designing jobs that are meaningful, challenging, and aligned with employee skills and interests. By considering factors such as job autonomy, task variety, and work-life balance, organizations can enhance employee satisfaction and well-being

## **ADVANTAGES OF ORGANISATIONAL BEHAVIOUR**

**Improved Employee Performance:** OB helps organizations understand individual and group behavior, which can lead to strategies for improving employee performance through motivation, training, and skill development.

**Enhanced Communication:** Understanding OB principles enables organizations to improve communication channels, leading to clearer information flow, reduced misunderstandings, and better collaboration among employees and teams.

**Effective Leadership Development:** OB provides insights into effective leadership behaviors and styles, allowing organizations to develop leadership development programs that cultivate competent and inspiring leaders.

**Better Decision Making:** By understanding OB concepts like cognitive biases, group dynamics, and decision-making processes, organizations can make better-informed decisions, leading to improved outcomes and reduced errors.

**Increased Employee Satisfaction:** Applying OB principles can lead to a more positive work environment, where employees feel valued, supported, and engaged, resulting in higher levels of job satisfaction and lower turnover rates.

**Enhanced Organizational Culture:** OB helps organizations shape and maintain a strong organizational culture aligned with their values and goals, fostering a sense of identity, belonging, and pride among employees.

**Conflict Resolution and Management:** OB equips managers with tools and techniques to effectively manage conflicts within the workplace, leading to quicker resolution, improved relationships, and a more harmonious work environment.

**Promotion of Diversity and Inclusion:** OB promotes diversity and inclusion by fostering an understanding and appreciation of differences among employees, leading to a more diverse and innovative workforce.

**Adaptability to Change:** OB helps organizations manage change effectively by understanding employee reactions to change and implementing strategies to minimize resistance, leading to smoother transitions and increased adaptability.

**Higher Organizational Performance:** Ultimately, the application of OB principles leads to higher organizational performance, as it improves employee satisfaction, communication, decision-making, leadership effectiveness, and overall organizational culture.

## **BENEFITS OF STUDY OF ORGANISATIONAL BEHAVIOUR TO THE EMPLOYEES:**

**Enhanced Self-awareness:** OB research helps individuals understand their own behavior, motivations, strengths, and weaknesses. This self-awareness enables employees to

recognize their contributions to the organization and areas for personal and professional growth.

**Improved Communication Skills:** Studying OB provides employees with communication tools and techniques to effectively express ideas, concerns, and feedback. Enhanced communication skills enable employees to collaborate more efficiently, resolve conflicts, and build positive relationships with colleagues.

**Career Development Opportunities:** Understanding OB principles allows employees to identify potential career paths within the organization. They can leverage this knowledge to set realistic career goals, acquire relevant skills, and pursue professional development opportunities that align with their interests and aspirations.

**Increased Job Satisfaction:** OB studies help employees recognize the factors that contribute to job satisfaction, such as meaningful work, supportive relationships, and opportunities for growth and advancement. By aligning their work preferences with organizational goals, employees can experience greater job satisfaction and fulfillment.

**Better Work-Life Balance:** OB research emphasizes the importance of work-life balance in maintaining employee well-being and productivity. Employees who study OB can apply strategies to manage their time effectively, prioritize tasks, and create boundaries between work and personal life, leading to improved overall quality of life.

**Enhanced Problem-solving Skills:** OB principles equip employees with problem-solving skills that are applicable in various work situations. Employees learn to analyze complex problems, consider multiple perspectives, and generate creative solutions, which enhances their effectiveness in addressing challenges at work.

**Increased Emotional Intelligence:** Studying OB fosters the development of emotional intelligence, including self-awareness, self-regulation, empathy, and social skills. Employees with high emotional intelligence can navigate interpersonal relationships more effectively, manage stress, and adapt to changing work environments.

**Greater Empowerment and Autonomy:** OB studies emphasize the importance of employee empowerment and autonomy in fostering a sense of ownership and accountability. Empowered employees have the confidence and authority to make decisions, take initiative, and contribute to organizational success.

**Improved Conflict Resolution Skills:** OB research provides employees with tools and strategies for managing conflicts constructively. By learning effective communication techniques, negotiation skills, and conflict resolution methods, employees can resolve conflicts amicably and maintain positive working relationships with colleagues.

**Enhanced Leadership Potential:** Studying OB exposes employees to various leadership theories and practices, allowing them to develop leadership skills and qualities. Employees who understand OB principles can emerge as effective leaders, influencing others positively, and driving organizational success.

## **DISADVANTAGES OF ORGANISATIONAL BEHAVIOUR**

**Complexity and Subjectivity:** OB concepts can be complex and subjective, making it challenging to apply them consistently across different organizational contexts. This complexity can lead to misinterpretation or ineffective implementation of OB principles.

**Resistance to Change:** Employees may resist changes proposed through OB initiatives, such as new performance management systems or team structures, leading to implementation challenges and reduced effectiveness of organizational interventions.

**Time and Resource Intensive:** Implementing OB strategies often requires significant time, resources, and effort to train employees, conduct assessments, and make organizational changes, which can strain budgets and distract from other priorities.

**Potential for Manipulation:** Managers may misuse OB principles to manipulate or control employee behavior, leading to unethical practices such as micromanagement, favoritism, or coercion, which can undermine trust and morale within the organization.

**Overemphasis on Theory:** In some cases, organizations may focus too much on theoretical concepts of OB without translating them into practical actions, leading to a gap between theory and practice and limited real-world impact.

**Resistance from Traditionalists:** Traditionalists within organizations may resist OB concepts that challenge established norms or hierarchical structures, hindering the adoption of innovative practices and organizational change.

**Misapplication of Research Findings:** Misinterpretation or misapplication of OB research findings can lead to ineffective or counterproductive organizational interventions, resulting in wasted resources and negative outcomes.

**Employee Disengagement:** Inadequate implementation of OB principles or ineffective leadership can lead to employee disengagement, as employees may feel that their needs and perspectives are not being addressed, resulting in decreased motivation and productivity.

**Dependency on External Experts:** Organizations may become overly reliant on external OB consultants or experts to diagnose and address organizational issues, which can be costly and may not lead to sustainable solutions.

**Limited Generalizability:** OB research findings may not always be generalizable across different organizational settings or cultural contexts, limiting their applicability and effectiveness in diverse workplaces.

## **ORGANIZATIONAL BEHAVIOR AND HR**



Organizational behavior is an especially important aspect to human resources. By better understanding how and why individuals perform in a certain way, organizations can better recruit, retain, and deploy workers to achieve its mission. The specific aspects of organizational behavior relating to HR are listed below.

### **1. Recruitment**

Organizational behavior research is used to identify the skills, abilities, and traits that are essential for a job. This information is used to develop job descriptions, selection criteria, and assessment tools to help HR managers identify the best candidates for a position. This is especially true for roles that may have technical aspects but rely heavier on soft skills.

### **2. Training**

Organizational behavior can be used to design and deliver training and development programs that enhance employees' skills. These programs can focus on topics such as communication, leadership, teamwork, and diversity and inclusion. In addition, organizational behavior can be used to be better understand how each individual may uniquely approach a training, allowing for more customized approaches based on different styles.

### **3. Performance Management**

Organizational behavior is used to develop performance management systems that align employee goals with organizational objectives. These systems often include performance metrics, feedback mechanisms, and performance appraisal processes. By leveraging organizational behavior, a company can better understand how its personnel will work towards common goals and what can be achieved.

### **4. Employee Engagement**

Organizational behavior is used to develop strategies to improve employee engagement and motivation. These strategies can include recognition and rewards programs, employee involvement initiatives, and career development opportunities. Due to the financial incentives of earning a paycheck, organizational behavior strives to go beyond incentivizing individuals with a paycheck and understanding ways to enhance the workplace with other interests.

### **5. Culture**

Organizational behavior research is used to develop and maintain a positive organizational culture. This includes devising strategies that supports employee well-being, trust, and a shared vision for the future. As each individual may act in their own unique manner, it is up to organizational behavior to blend personalities, integrate backgrounds, and bring people together for a common cause.

### **Example of Positive Organizational Behavior No. 1**

**Google's Approach to Employee Well-being:** Google is known for its innovative approach to promoting employee well-being. The company provides numerous on-site amenities such as fitness centers, healthy food options, massage rooms, and mindfulness classes. Google's focus on employee well-being contributes to a positive organizational culture where employees feel supported and valued

### **Example of Positive Organizational Behavior No. 2**

**Microsoft's Diversity and Inclusion Initiatives:** Microsoft is committed to fostering a diverse and inclusive workplace culture. The company has implemented various initiatives to promote diversity and inclusion, including employee resource groups, diversity training programs, and hiring practices that prioritize diversity. Microsoft's positive organizational behavior in this area is reflected in its efforts to create a workplace where all employees feel valued, respected, and empowered to contribute their unique perspectives and talents..

### **Example of Positive Organizational Behavior No. 3**

**Toyota's Continuous Improvement Philosophy:** Toyota is renowned for its "Toyota Production System" and continuous improvement philosophy, known as "Kaizen." The company encourages all employees, from frontline workers to top management, to identify opportunities for improvement and implement small, incremental changes to enhance efficiency, quality, and safety. This culture of continuous improvement fosters a positive organizational environment focused on innovation, teamwork, and employee engagement.

### **Example of Positive Organizational Behavior No. 4**

**Salesforce's Philanthropic Culture:** Salesforce, a cloud-based software company, is known for its philanthropic efforts and commitment to giving back to communities. Through its "1-1-1 model," Salesforce donates 1% of its product, 1% of its equity, and 1% of employee time to charitable causes. This culture of philanthropy and social responsibility fosters a positive organizational environment where employees are inspired to make a difference beyond their day-to-day work.

### **Example of negative behaviors in the workplace**

**Toxic Work Culture at Uber:** Uber faced scrutiny for its toxic work culture, which was characterized by allegations of harassment, discrimination, and bullying. Reports emerged of a high-pressure work environment, lack of accountability among leadership, and inadequate responses to employee complaints. The negative organizational behavior at Uber resulted in significant reputational damage and leadership changes to address the underlying cultural issues.

**Tobacco Industry's Marketing to Youth:** The tobacco industry has faced criticism for its negative organizational behavior in marketing tobacco products to youth. Companies engaged in targeted marketing strategies, such as flavored products and advertising in youth-oriented media, to attract young consumers despite the known health risks of tobacco

use. This negative organizational behavior has contributed to youth smoking rates and public health concerns.

**Amazon's Treatment of Warehouse Workers:** Amazon has faced criticism for its negative organizational behavior related to the treatment of warehouse workers. Reports have highlighted concerns about harsh working conditions, high rates of injuries, inadequate breaks, and pressure to meet productivity targets. The negative organizational behavior at Amazon has led to calls for improved labor practices, including better working conditions, fair wages, and respect for worker rights.

### **1. A lack of dedication to meeting performance expectations**

This negative behavior manifests itself in a variety of ways, including a noticeably poor work ethic and consistently poor performance. The latter is a common problem, according to many workplace managers, and can impact every aspect of business performance. One weak link in your team's chain can quickly impact the entire company.

**Pro Tip:** If you are a team leader, have a quiet word with the colleague by taking them aside and being honest about their performance in an informal way to start with. It might just be the kick up the proverbial that they need to pull their socks up and start performing well!

### **2. Resistance to feedback**

It's never nice to receive negative feedback, no matter how sugar-coated it is. But many of the more problematic employees would perform so much better if they weren't resistant to constructive criticism. Typically, these employees usually don't improve their skills or performance until they themselves change their attitude or outlook.

**Pro Tip:** Try to show the colleague who is resistant to feedback that they shouldn't take the criticism personally, and that it's for the good of the company and the overall team effort. If you can help them change their mindset on this, it will be a win-win situation all round.

### **3. Poor or nonexistent teamwork skills**

If you have never encountered someone who simply cannot function in a team setting, then count your lucky stars. The reality is that teamwork skills are not as common as they should be, and many companies struggle with employees who simply have no ability to be part of a functioning team.

**Pro Tip:** Be aware that with WFH being more prevalent over the past few years due to the pandemic, that some workers will struggle working with a team again, so give them some space initially to work through this change.

### **4. Failure to respect authority or peers**

The workplace can only operate at peak efficiency when everyone on your team understands how to treat others with respect, from the cleaner to the CEO, and everyone in between.

Disrespectful colleagues can create a constant tension at every level of the company, and can even impact how customers perceive your business.

**Pro Tip:** If you're at senior management level, you can role model what it's like to be in a position of authority by not being condescending, actively listening to subordinates, and showing them how you value their opinion. This sort of positive behavior should filter down through the rest of the company, by setting a good example to everyone.

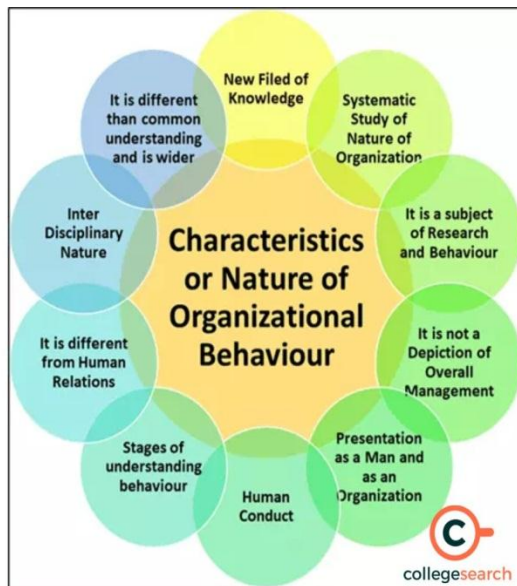
## **5. Refusal to adapt to change**

Given the rapid pace of innovation in the marketplace, employees need to be able to adapt to change if their company is to thrive against competitors. Unfortunately, many employees are either so reluctant--or unable--to change that they often impede their companies' ability to quickly evolve and overcome new challenges.

**Pro Tip:** If the change is about taking a new system on board, ensure all members of staff are fully trained up, and understand the new processes, otherwise they will lose interest if they don't understand what is going on or what is required of them.

## **TIPS FOR DEALING WITH NEGATIVE BEHAVIORS IN THE WORKPLACE**

- Take a long hard look at yourself and ensure that your behavior at work is professional, approachable, and collaborative.
- Every morning, when you walk into the office, have a smile on your face. It sets you up for the day, and will rub off on others so the day begins on a positive note.
- Evaluate your own standards, making sure that you know exactly what you are willing to tolerate. Bad behavior beyond those set boundaries is something that you should refuse to accept.
- When you see negative behaviors in the workplace that are clearly disruptive, address them immediately. Let the person know that their behavior won't be tolerated, and suggest alternative conduct that could improve the situation.
- When confronting bad behavior, focus on its impact rather than how it makes you feel. By avoiding emotional arguments, you can hone in on the right solutions more effectively.
- Remember that positive reinforcement will always trump negative criticism.
- Work on conflict resolution skills, such as effective communication, being empathetic, and mediation capabilities, to see if you can resolve the negative behaviors issues.
- If all else fails, consult with coworkers and / HR, and ask for their input and any viable suggestions.
- View change management as a force for positive outcomes. *Solve problems in innovative ways.* Stay focused on the task at hand.\* Encourage participation and collaboration from all stakeholders.
- Emphasize "human values" such as honesty, fairness and cooperation.
- Take action, a fundamental to positive organizational behavior in the workplace.



#### **4 FORCES / FACTOR / ELEMENTS AFFECTING ORGANIZATIONAL BEHAVIOR**

There are a complex set of key forces that affect organizational behavior today. These key forces are classified into four areas- People, Structure, Technology, and Environment. There is an interaction of people, structure, and technology and these elements are influenced by the environment.

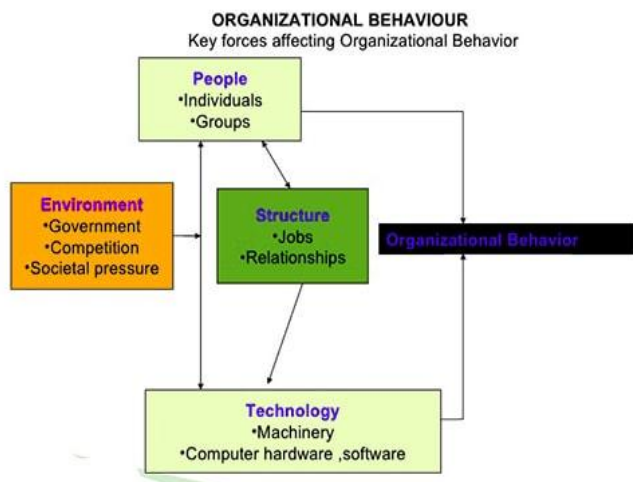
##### **1. THE PEOPLE**

- You spend a lot of your waking hours at work, so it's beneficial if they're enjoyable hours, but that's not always the case. The people within an organization are one of the primary influences over the overall organizational behavior within a company.
- The interactions between individual employees is, in fact, one of the main areas of study within the field of organizational behavior. Various personal characteristics that may influence organizational behavior include the education level of employees, their backgrounds, abilities and beliefs.
- They work either in groups or individually and make up the whole working structure. Because the “people” element of organizational behavior is regarded as the most important factor in a business, you should take notice of how you treat them.
- There is no alternative in the quality of an employee. They help to achieve the organization’s objectives. Learn to manage and treat them properly and in return, your business will thrive. It’s important that you pay as much individual attention to employees as you can. Learning how each one behaves will allow you to know how to treat them in the workplace.

##### **2. COMPANY STRUCTURE**

- The structure of a company refers to the organization of individuals in various roles and the relationships, both formal and informal, between those roles. For example,

some companies have rigid hierarchies that define the relationship between managers and employees, while others have more collaborative, egalitarian systems in place.



- The number of levels in an organization also influences the company's organizational behavior. For example, in a company with many levels between entry-level employees and top management, entry-level employees may feel they have less of a stake in their organization or that their opinions are valued less than in a company in which there are relatively few levels between top and bottom.
- The structure defines the formal relationship and use of people in the organization. There are managers and employees, accounts assemblers in order to accomplish different kind activities. They are related in a structural way so that their work can be effectively coordinated. Because there is no organization can be successful without proper coordination.

### 3. TECHNOLOGY

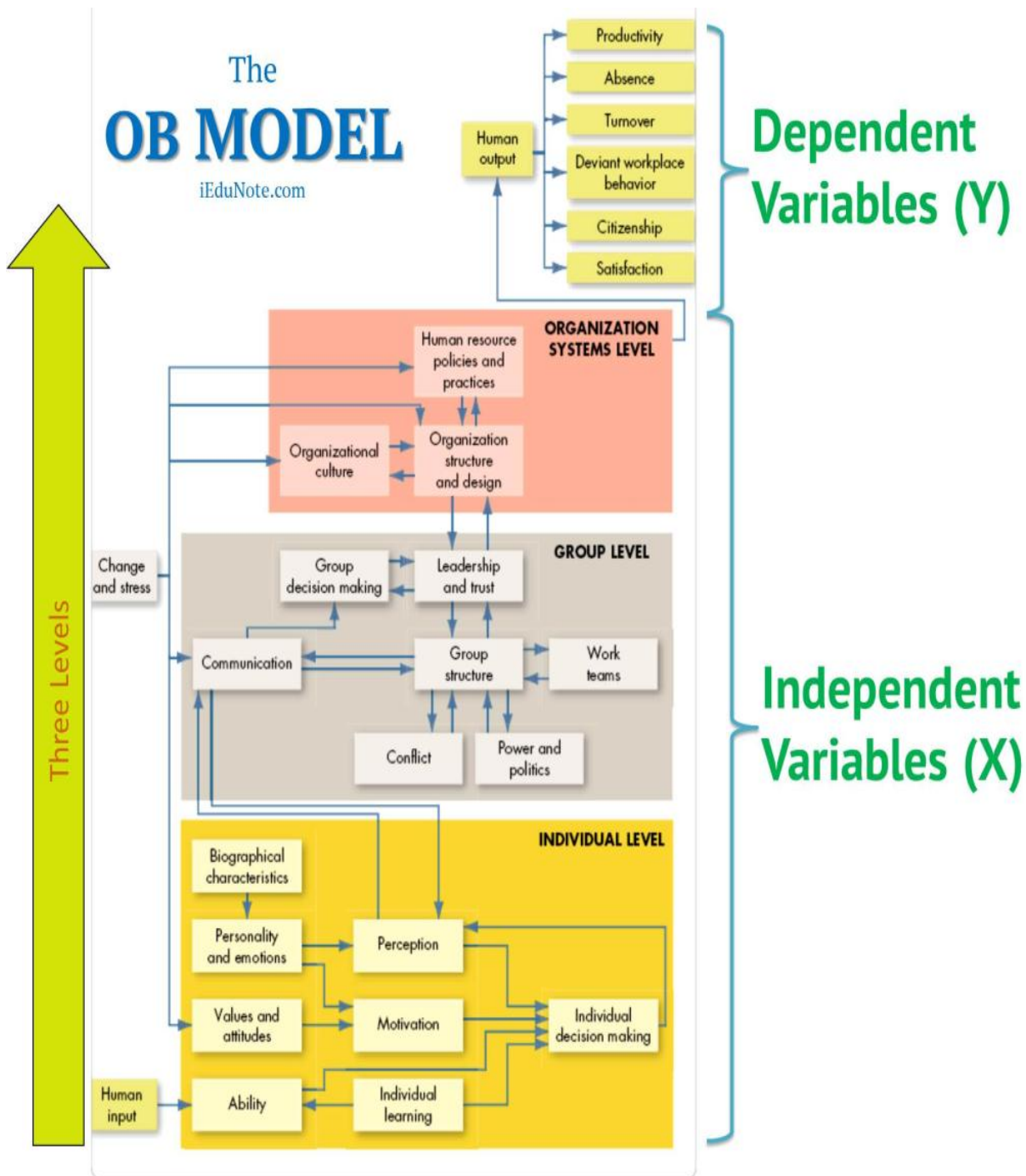
- The use of technology is an often overlooked component of organizational behavior. For example, employees within a company may exhibit the organizational behavior of communicating primarily via email, while employees in another company may make it a habit to walk down the hall to others' offices to speak face-to-face
- Technology also affects organizational behavior in that it allows companies to increasingly allow employees to work from home, resulting in less bonding among employees. At the same time, the use of technology can bring together people separated geographically through the use of teleconferencing, With the necessary technology added to your business' production, tasks can be performed more effectively.
- Without it, work would be very difficult to perform. Its presence makes business tasks easy not only for employees but also for employer. Technology provides an important role in work quality and reducing production costs. But be cautious of how much technology interferes in the workplace. It can place a restriction on your employees' freedom.

- Have you ever been to a hospital that seems to be constantly out of essential supplies? Or a retail establishment where the point-of-sale system reboots every 10 minutes? These operational failures of supply chain systems can have a massive impact on both customer and employee satisfaction. Ensuring that your employees have the tools necessary to perform well in their roles is critical to the overall success of the company.

#### **4. THE ENVIRONMENT**

- The environmental influences on organizational behavior can come from both internal and external sources. A company engaged in a highly regulated business may have a strict and structured culture due to the need to conform to certain laws and regulations from the company's external environment.
- The internal environment of a company also affects organizational behavior. For example, a struggling company will often have a different organizational behavior than a successful and growing business. When a company's higher ups set an example in order to improve organizational behavior, the effects trickle down to lighten the mood from one level to the next which is as good for morale as it is for business.
- Organizations aren't able to thrive on their own and they and the environmental factors surrounding it include government, society, family, and even other organizations. Organizational culture refers to the internal environment within your business structure.
- The external environment will pertain to political, social, cultural, and economic factors. Make sure to study all these factors properly for the benefit of your business and make necessary changes where you see fit.
- Imagine for a moment a large and highly profitable company paying a CEO and top executives large year-end bonuses, but claiming there's no "room in the budget" to hire desperately needed staff or replace broken essential equipment.
- Employees receive the blame and are assigned impersonal remediation modules on how to improve performance when quotas are not met, are assaulted by customers while on the job or experience disciplinary action after admitting to mistakes made while overworked due to staffing shortages.
- Meanwhile, the economy is trash, most of the company's employees aren't paid a living wage and the benefits provided by the company are sparse or nonexistent. Sound like a place you'd want to work?

#### **LEVELS OF ORGANIZATIONAL BEHAVIOR (SCOPE OF OB)**



Organizational behavior deals with the study of human behavior within the organizational setting.

It focuses on understanding and explaining human behavior in the workplace and its impact on organizational effectiveness. Organizational behavior analyzes the behavior of people on three different levels and they are; individual, group/team, and organizational levels.

Following are the levels of organizational behavior/Scope of organizational behavior (OB):

### 1. Individual Level



- The individual level focuses on understanding the behavior, attitudes, and actions of individual employees within an organization. The major contributing discipline at this level is psychology.
- It explores factors such as personality traits, motivation, perception, learning, and decision-making processes. At this level, the focus is on understanding how individual characteristics and experiences influence behavior and performance in the workplace.
- It considers factors like the kind of person someone is, what motivates them, how they see things, how they learn, and how they make decisions. By understanding these aspects, organizations can create a positive work environment that keeps employees happy and motivated.
- The individual level includes each individual person within an organization. Each individual acts differently which affects group dynamics and the organization as a whole. If there are a lot of happy and efficient individuals, the work environment will be an efficient and productive one. However, if there are a lot of negative and disgruntled individuals, it can create a toxic environment
- Managers need to understand the individual's behavior for predicting and managing employee performance, job satisfaction, and overall well-being for the achievement of organizational goals. The main idea is to understand how each person's unique qualities and experiences shape how they act and how well they do their job.

## **2.Group (Team) Level**

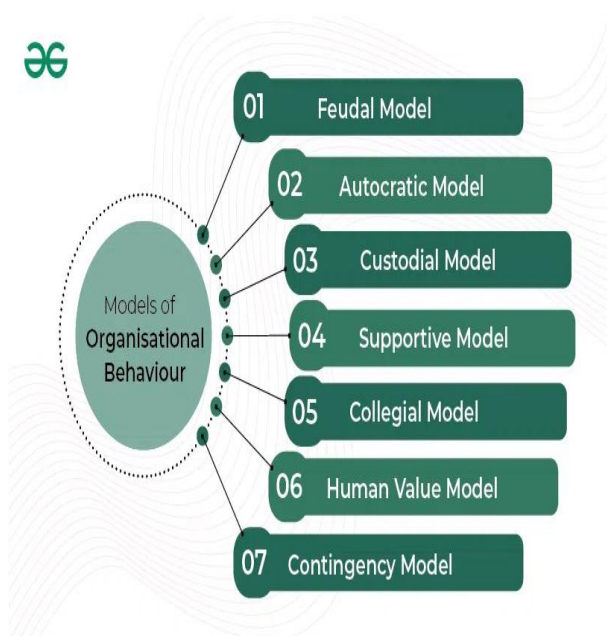
- A group is a combination of two or more individuals working together to achieve particular objectives. The major contributing disciplines at the group level are sociology, social psychology, and anthropology.
- It studies how group composition, communication patterns, leadership styles, group norms, and unity influence the behavior and performance of the group as a whole. Organizations can encourage collaboration and build strong teams.
- Sociology, social psychology, and anthropology play an important role in studying at this level. Group-level organizational behavior also analyzes topics like conflict resolution, decision-making in teams, and the impact of diversity within groups. It is essential for the group to work together for the achievement of specific goals.
- By studying how groups work together, managers can improve teamwork, enhance communication, and create a more productive and harmonious work environment for their employees.

## **Organizational Level**

- The organizational level of organizational behavior focuses on the overall characteristics and behavior of an organization as a whole. It constitutes both individuals and groups. The major contributing disciplines at this level are sociology, anthropology, and political science.

- It looks at how organizational structures, cultures, and systems influence employee behavior, communication, and performance. It is the study of how to manage individuals, groups, or teams effectively in the organization.
- This level examines topics such as organizational culture, leadership styles, organizational change, power and politics, organizational structure, and the impact of external factors on the organization's behavior and performance.
- By studying OB, managers can gain insights into how different aspects of a company's structure, culture, and systems influence employee behavior, communication, and overall performance. They can create a friendly work environment for their employees for the achievement of organizational goals.
- organizational level helps managers to understand the performance of individuals and groups and how they are contributing to the organization. By getting this, a manager can develop suitable plans, policies, motivation programs, design jobs, manage change, etc. in order to run the organization smoothly.

## **MODELS OF ORGANISATIONAL BEHAVIOUR**



### **1. Feudal model**

- Feudal model is defined as a type of model that considers the employees working in an organisation as an inferior element of the organisation. The working employees were given less value in the feudal model.
- For various decisions and actions in the company, the desires and values of people were not considered. This model was majorly called Theory X, in which the procedures, actions, policies and rules were considered with higher priority and superior to human beings.

- For building the motivation among employees money and retrenchment approach was used. The model entirely concentrated only on formal organisation rather than human and social values.

**The following are some key concepts that were followed in an Feudal Model : -**

**Hierarchy and Centralization:** The Feudal Model emphasizes a hierarchical structure where power and authority flow from the top-down. Decision-making is centralized at the highest levels of the organization, with little autonomy given to lower-level employees.

**Chain of Command:** The Feudal Model follows a strict chain of command, where orders and instructions are passed down from superiors to subordinates in a linear fashion. Employees are expected to follow directives without question or deviation.

**Authority and Obedience:** Authority in the Feudal Model is based on position and rank within the organizational hierarchy. Employees are expected to obey their superiors without question, and disobedience is met with punishment or consequences.

**Role Specialization:** Similar to the division of labor in the feudal system, the Feudal Model emphasizes role specialization within the organization. Each employee is assigned specific tasks and responsibilities based on their position within the hierarchy.

**Dependency and Control:** The Feudal Model fosters a culture of dependency and control, where employees rely on their superiors for guidance and direction. Control mechanisms, such as strict rules and regulations, are put in place to maintain order and compliance.

**Limited Feedback and Communication:** Communication in the Feudal Model is typically one-way, with information flowing downward from superiors to subordinates. Feedback from lower-level employees is limited, and there is little opportunity for upward communication or employee input in decision-making processes.

**Drawback : -**

**Lack of Flexibility and Adaptability:** The rigid hierarchical structure of the Feudal Model inhibits flexibility and adaptability within organizations. Decision-making is centralized at the top, leading to slow response times and an inability to quickly adapt to changing market conditions or emerging opportunities. This lack of agility can hinder organizational growth and competitiveness.

**Low Employee Morale and Engagement:** The authoritarian nature of the Feudal Model, where authority is concentrated at the top and employees have little autonomy or decision-making power, can lead to low morale and disengagement among employees. Employees may feel undervalued, demotivated, and disempowered, resulting in decreased productivity and job satisfaction.

**Limited Innovation and Creativity:** The hierarchical and controlling nature of the Feudal Model stifles innovation and creativity within organizations. Employees may be hesitant to

propose new ideas or take risks due to fear of repercussions from superiors. This lack of innovation can hinder organizational progress and limit opportunities for growth and development.

## **2. Autocratic model**

- The autocratic Model is defined as a type of organisational model that depends upon power, strength and formal authority. This model majorly depends on power. The working employees need to follow the orders.
- The lower-level employees have less control over the assigned duties as compared to upper-level authorities. Major decisions are made by the higher-level authorities only. The basic principle that is followed in the autocratic model is that owners of the company or higher managerial authorities have higher expertise in business, whereas lower-level employees have fewer skills and experience.

**The following are some key concepts that were followed in an autocratic model : -**

- Owners and managers ran the company and had all the control. They made decisions and gave orders.
- Managers followed a formalized dictatorship system and had the authority to command using phrases like “You must do this, or else...”
- Employees/Workers were expected to follow orders and were not allowed to share their ideas.
- Employees had to depend a lot on their bosses.
- Managers had the power to hire, fire, and oversee every aspect of their work.
- Many employees had to settle for lower wages, and their performance was minimal as they had to satisfy the needs of their families and themselves.

**Drawbacks : -**

The drawbacks of this model include lack of security, minimum wages, dependency on the top managers, and unproductive employee performance.

## **3. Custodial model**

- Custodial Model is defined as a type of model where economic resources are considered as the root level. In this model, the employees and working professionals of the company are adapted to the benefits and security provided by the company as every employee considers security as the major parameter while working.
- The firms with more resources majorly adapt this model as the model is dependent upon the availability of high economic resources. The custodial model is based on rewards. It overcomes the limitations of the autocratic model. In most companies,

more benefits such as healthcare benefits and corporate cars are also being provided along with security.

- **This model is based on Paternalism and Economic Security**

**The following are some key concepts followed in the custodial model: -**

- Companies offer economic and non-economic benefits to employees, like high pay scale, corporate cars, and other incentives.
- Employers also enjoy the benefits of retirement incentives and reduced overtime.
- Employees show their dependency and loyalty toward the company, not to the boss, managers, or supervisors.
- Employees may experience greater psychological well-being.

**Drawbacks: -**

Although this strategy provides job satisfaction, it can make employees less motivated to do their best. Some low-performing employees will also stay in the company to enjoy the benefits without adding much to the company's success. In addition, only well-off organizations can afford to offer these benefits to their employees, which can be costly.

#### **4. Supportive model**

- As the name itself suggests, the supportive model is defined as a type of model that considers leadership as its root level. In this model, the employees are oriented towards their participation and job performance.
- This model helps employees to improve their overall performance and enhance learning. Public sector organisations majorly follow a supportive model because it is based on leadership.
- In this model more importance is given to job satisfaction, friendly relationships between superiors and subordinates, and psychological needs of the employees. The role of the higher manager is to get the work done by helping their employees.
- **This model is based on: Leadership**

**The following are some key concepts followed in the supportive model: -**

- Organizations provide the environment for employees to develop professionally.
- Employees are motivated by managers to reach their job satisfaction.
- Employees' ideas are recognized, valued, and taken into consideration.
- Organizations work towards building better relationships between employees and managers.

**Drawbacks: -**

Companies may have to spend more on resources and training employees to make them skilled in this organizational behavior model. Also, implementing this model in developing

countries is less successful because the social and economic needs of the workers are different. Meaning some may need economic benefits, and some need status and recognition.

### **5. Collegial model**

- The collegial model is a further extension of the supportive model. The word collegial means bodies of different individuals working towards a common goal. The partnership is the root level of the collegial model the approach adopted is the teamwork approach.
- The workers in the collegial model are satisfied in their job roles and are committed towards the overall growth of the organisation. It is the responsibility of the manager to create a healthy and positive workplace for his employees.
- The collegial model works more effectively in finding new approaches such as research and development, marketing teams, technologies and software, etc. **This model is based on: Partnership**

**The following are some key concepts followed in the collegial model: -**

- Managers contribute equally to the team, and the focus is on team performance.
- Employees feel as an important member of the team.
- Employees take responsibility for their tasks.
- Employees are also involved in important decisions meetings, and their opinions are valued.
- Employees become disciplined when they receive acceptance and recognition for their contributions.

**Drawbacks: -**

There may be role conflicts among team members in the collegial model. The success of this model depends on the management's ability to cultivate the feeling of partnership between the employees. Employees who are not treated equally by managers won't contribute their full efforts

### **6. Human value model**

- The human value model is defined as a model that gives more importance to human values. This model is opposite to that of the feudal model.
- The human values of the employees were more appreciated than the economic values. The employees working in an organisation work to fulfil their social and psychological needs rather than focusing only on economic needs. This model is for human dignity.

**The following are some key concepts followed in the Human Value Model: -**

**Human Dignity and Respect:** The Human Value Model places a strong emphasis on recognizing the inherent dignity and worth of every individual in the workplace. It emphasizes treating employees with respect, fairness, and compassion, regardless of their position or background.

**Employee Empowerment:** In the Human Value Model, employees are viewed as valuable assets to the organization, and their empowerment is prioritized. This involves providing employees with autonomy, decision-making authority, and opportunities for personal and professional growth.

**Open Communication and Transparency:** The Human Value Model promotes open communication and transparency within the organization. It encourages honesty, trust, and integrity in all interactions, fostering a culture of mutual respect and collaboration.

**Inclusivity and Diversity:** The Human Value Model values inclusivity and diversity in the workplace. It recognizes the unique perspectives, talents, and contributions of individuals from diverse backgrounds and promotes an inclusive environment where everyone feels valued and respected.

**Employee Well-being and Work-Life Balance:** The Human Value Model prioritizes employee well-being and work-life balance. It acknowledges the importance of supporting employees' physical, mental, and emotional health, and seeks to create a supportive work environment that promotes balance and fulfillment.

**Ethical Leadership:** In the Human Value Model, ethical leadership is essential. Leaders are expected to lead by example, demonstrating integrity, fairness, and ethical behavior in their actions and decisions. They prioritize the welfare of their employees and strive to create a positive and ethical organizational culture.

**Drawback: -**

**Difficulty in Implementation:** Implementing the Human Value Model can be challenging, especially in organizations with deeply ingrained hierarchical structures or cultures that prioritize profit over employee well-being. Shifting towards a people-centered approach may require significant cultural and organizational changes, which can encounter resistance from employees or leaders resistant to change.

**Potential for Exploitation:** In some cases, the emphasis on human values and empowerment within the Human Value Model may be exploited by employees or managers for personal gain. For example, employees may take advantage of the trust and autonomy provided to them, leading to issues such as shirking responsibilities or unethical behavior. Similarly, managers may use the guise of empowerment to exert undue influence or manipulate employees.

**Conflict with Business Objectives:** While the Human Value Model prioritizes employee well-being and work-life balance, organizations must balance these considerations with achieving business objectives and maintaining competitiveness in the market. In some cases, the focus on employee needs and values may conflict with organizational goals such as maximizing profits or meeting tight deadlines. This can create tension and challenges in implementing the Human Value Model effectively.

## **7. Contingency Model**

- Contingency Model is defined as a complex model. The contingency Model of organisational behaviour assumes the complex variables that consist of the behaviour of individuals, groups and structure.
- Therefore, this model meets all the challenges for the growth of the organisation. To demonstrate the contingency model Theory Z is being developed. Contingency Model is also known as a hybrid model. The contingency Model guarantees the promotion and long-term employment opportunities for the employees working in the organisation.

**The following are some key concepts followed in the contingency Model: -**

**Environmental Contingencies:** The Contingency Model emphasizes that organizational effectiveness is contingent upon the external environment in which the organization operates. Factors such as market competition, technology, legal regulations, and economic conditions influence the organization's structure, strategy, and performance.

**Internal Contingencies:** In addition to external factors, the Contingency Model considers internal contingencies such as the organization's size, technology, culture, and resources. These internal factors shape the organization's structure, processes, and decision-making mechanisms.

**Fit and Alignment:** The Contingency Model emphasizes the importance of aligning organizational structure and management practices with the specific contingencies faced by the organization. Achieving a "fit" between the organization and its environment is essential for maximizing performance and effectiveness.

**Adaptability and Flexibility:** Given that organizational effectiveness depends on various contingencies that may change over time, the Contingency Model emphasizes the need for organizations to be adaptable and flexible. This involves continuously assessing and adjusting organizational structures, strategies, and practices in response to changing environmental and internal conditions.

**No Universal Solution:** Unlike prescriptive management theories that advocate for a universal approach to management, the Contingency Model recognizes that there is no one-size-fits-all solution. Instead, management practices must be tailored to the specific context and contingencies faced by the organization.



**Contingency Factors:** The Contingency Model identifies specific contingency factors that influence organizational effectiveness, such as task uncertainty, technology complexity, environmental turbulence, and organizational size. Understanding these factors helps managers determine the most appropriate organizational structure, leadership style, and management practices for their organization.

**Drawback: -**

**Potential Conflict in Priorities:** The Human Value Model prioritizes human values, dignity, and respect within the workplace, while the Contingency Model emphasizes the importance of aligning organizational practices with external and internal contingencies. In some cases, there may be a conflict between the two approaches, as decisions that prioritize human values may not always align with the contingencies faced by the organization. Balancing these competing priorities can be challenging and may require careful consideration and compromise.

**Complexity in Implementation:** Integrating aspects of the Human Value Model into the Contingency Model can add complexity to organizational decision-making and implementation processes. Managers may need to navigate multiple contingencies while also considering the human values and ethical implications of their decisions. This complexity can make it difficult to determine the most appropriate course of action and may lead to confusion or ambiguity within the organization.

**Resistance to Change:** Implementing aspects of the Human Value Model within the Contingency Model may face resistance from employees or stakeholders who are accustomed to more traditional management approaches. Employees may be skeptical of changes that prioritize human values over organizational contingencies, leading to resistance or pushback against new initiatives or practices. Overcoming this resistance and effectively communicating the rationale behind integrating human values into the Contingency Model may require strong leadership and communication skills.

## **PROCESS TO MODIFY AND INTEGRATE ORGANIZATIONAL BEHAVIOR**

**There are four major processes which can modify and integrate organisational behaviour, i.e., attitudes and behaviours of individuals and groups in an organisation:**

- (1) Managerial Style.
- (2) Positive Behaviour Reinforcement.
- (3) Job Enrichment.
- (4) Organisational Development.

**Process # 1. Managerial Style:**

- Under Theory X and Theory Y as pointed out by McGregor, we have almost diametrically opposite assumptions about organisational behaviour.
- Managerial leadership style indicates the overall pattern of manager's behaviour while trying to fulfil managerial responsibilities.
- It also suggests the manner in which the superior-subordinate relationship is carried out. Leadership style influences productivity and employee satisfaction.
- It may give special emphasis either on production or on employee satisfaction. Occasionally, managerial style may give equal emphasis to both and try to achieve high production as well as high employee satisfaction.
- Production-centred approach increases productivity at the expense of the human organisation.
- The employee-centred managerial style depends on the social motivation to achieve organisational goals and in the long run can ensure continued high rate of productivity.
- At present democratic and participative leadership is employed to achieve higher productivity without sacrificing human values in industry.

#### **Process # 2. Positive Behaviour Reinforcement:**

- Management rewards constructive behaviour and tries to eliminate undesirable employee behaviour and activities.
- Rewards reinforce positive behaviour because people tend to repeat pleasurable (rewarding) actions. Performance feedback itself can be a reward because it satisfies a human need of knowing how one is doing and where one stands.
- Employee behaviour which leads to failure will be corrected. Successful behaviours are rewarded. Thus organisational behaviour can be modified by a planned programme of positive behaviour reinforcement through reward systems.

#### **Process # 3. Job Enrichment:**

- A better job can often create better attitudes and greater willingness to cooperate and perform duties with enthusiasm and zeal. A better job can also offer greater employee satisfaction and provide ample opportunity for growth.
- A job must be challenging and meaningful, job enlargement and enrichment can create most favourable employee behaviour and action which can also integrate the objectives of individuals and the organisation.
- Job enrichment provides duties which are meaningful, enjoyable and satisfying.
- Acute division of labour, extensive specialisation and routinisation of jobs and tasks created dehumanised and mechanical organisation structure.
- Modern trend is in favour of job enlargement, job rotation and job enrichment to motivate employee behaviour in order to attain the organisational goals without sacrificing employee satisfaction and welfare.

#### **Process # 4. Organisational Development:**

- A fourth method for modifying and integrating organisational behaviour is organisational development. In its complete sense organisational development (OD) allows for the humanisation of the formal organisation by minimising the obstacles to organisational effectiveness, setting members work on the problems identified, and giving feedback on the development of skills found necessary or important- all under the guidance of a trained behavioural scientist.
- The emphasis is on interpersonal skills, conflict resolution and the creating of mutual trust and openness.
- OD develops a cooperative interpersonal climate and the development of a community of purpose or common interest.
- Open communication and concentration on overall goals are the two main OD purposes. OD provides the ways and means by which members in an organisation may work together with trust and openness and' without unhealthy competition and conflict.

## **CHALLENGES FACED BY ORGANIZATIONAL BEHAVIOR**

The significance of studying OB is increasing day-by-day due to dynamic business environment. Now-a-days, numerous changes are taking place in the global, industrial, and organizational setups. These changes have brought numerous challenges for OB

### **1. Globalization:**

- Implies that no organization can work effectively in isolation and has to comply with the global factors that have an impact on it. Globalization poses numerous challenges in front of an organization.
- At the individual level, an employee may require to work on foreign assignments or collaborate with people from different cultures.
- At the group level, problems may arise in decision-making procedures and while working in teams that include people of different cultural backgrounds. At the organizational level, problems may arise in case of mergers or acquisitions due to vast cultural differences.

### **2. Management of Workforce Diversity:**

- Refers to the need of numerous conflict resolution techniques and problem-solving approaches to deal with diverse workforce.
- It is difficult to manage the employees belonging to different cultural backgrounds, due to differences in their values, beliefs, attitudes, and behaviors.
- A proper management of workforce diversity can have numerous positive results, such as the availability of fresh ideas and talents.

### **3. Improvement in Quality and Productivity:**

- Refers to matching the desired levels of quality and productivity with the ever-changing demands.
- Management guru Tom Peter says, “Almost all quality improvement comes via simplification of design, manufacturing, layout, processes, and procedures.”
- Now-a-days, a number of programs, such as process reengineering and quality management are being implemented to bring improvement in productivity.

#### **4. Improvement in People Skills:**

- Implies that it is the necessity of time to improve and upgrade the skills of employees from time to time. The change in business, political, and technological environment makes it important to train and develop the employees according to new trends.
- The technical and interpersonal skills of employees need constant improvement.

#### **5. Incorporation of Innovation:**

- Implies that it is necessary to incorporate change in rules, regulations, processes and procedures of an organization to suit the current standards.
- It is easy to formulate the strategies for change in an organization, but difficult to implement it due to the employee resistance.
- If the resistance of employees is overcome then the positive changes can be brought in the organization to enhance the productivity level.

#### **6. Incorporation of Work-Life Balance:**

- Indicates that the demanding work schedules and challenging jobs tend to upset the personal and social life of employees at times.
- Work-life balance can be achieved by implementing the concepts, such as work from home and flexible work-timings.

### **Examples of Organizational Behavior**

Let's now take a look at some examples of organizational behavior in action based on the general OB model.

**1. On an individual level, personality and values can impact processes and outcomes.** For example, someone with high agreeableness and extraversion might be motivated to perform well on an individual and organizational level. Therefore, their task performance will be high. Similarly, they might bring a positive attitude to work, be satisfied with their job, and present practical ways of managing stress. These factors are the outcomes of individual inputs in the OB model.

**2. At group-level inputs, processes, and outcomes.**

- For example, group roles and responsibilities are an input that can impact group processes. Let's say the organization has created a designated group to work on a new marketing project. The team is composed of employees who hold similar roles in the organization. There is no designated manager or leader part of the team.
- Two of the group members try to assume the position of 'group lead,' which creates conflict. The two employees are fighting for power, giving rise to office politics. The other employees also feel disappointed as the two leaders distract the group. They have therefore created two sub-groups within the team to avoid conflict. As a result, their group cohesion and performance are very poor (outcome).

### 3. An organizational-level situation.

Imagine an organization with a rigid, hierarchical structure (input). This organization is attempting to implement change. Unfortunately, due to the rigid structure and lack of communication, employees have no idea why the organization is trying to implement change and feel threatened. Due to the resistance to change from half the employees, the organization remains stagnant, decreasing productivity and putting the organization's survival at risk (outcome).

|                                      | <b>Autocratic</b>  | <b>Custodial</b>           | <b>Supportive</b>      | <b>Collegial</b>      |
|--------------------------------------|--------------------|----------------------------|------------------------|-----------------------|
| <b>Basis of Model</b>                | Power              | Economic sources           | Leadership             | Partnership           |
| <b>Managerial orientation</b>        | Authority          | Money                      | Support                | Teamwork              |
| <b>Employee orientation</b>          | Obedience          | Security and benefits      | Job performance        | Responsible behaviour |
| <b>Employee Psychological result</b> | Dependence on boss | Dependence on organization | Participation          | Self-discipline       |
| <b>Employee needs met</b>            | Subsistence        | Security                   | Status and recognition | Self-actualization    |
| <b>Performance result</b>            | Minimum            | Passive co-operation       | Awakened drives        | Moderate enthusiasm   |

### What is Organizational Culture

- Organizational culture is when a set of good practices, healthy behavior, ethical values, and expectations become commonplace in the work environment. When this becomes the norm, that is, when everyone in the company practices this consistently, you call it a culture.
- The best organizational culture examples focus on fortifying employees' good behavior and looking at a set of good practices that lead to better performance

### Best Organizational Culture Examples

#### 1. Disney

We all recognize the name. Whether we grew up watching Mickey Mouse or are avid Marvel fans, the name Disney invokes something special.

This is the case for the employees as well. The company focuses so much on experiences and ensures that employees have great experiences. As an organization that has stood tall for over ninety years, Disney takes pride in its roots, what it does for people, how it makes people feel, and fostering creativity and growth.

On their careers page, the first paragraph invites aspiring applicants to become a part of their '**exhilarating experience**'. Their "Life at Disney" section shows the kind of culture that is promoted in the organization, such as diversity, kindness, and unity.

## 2. Nike

Nike is known to be a company that cares for its employees unapologetically. They even shut down their offices for an entire week to give their staff a mental health break.

### Qualities of a great organizational culture



### **Factors that can determine your company's culture**

Every organization's culture is different, and it's important to retain what makes your company unique. However, the cultures of high-performing organizations consistently reflect certain qualities that you should seek to cultivate:

- **Alignment** comes when the company's objectives and its employees' motivations are all pulling in the same direction. Exceptional organizations work to build continuous alignment to their vision, purpose, and goals.
- **Appreciation** can take many forms: a public kudos, a note of thanks, or a promotion. A culture of appreciation is one in which all team members frequently provide recognition and thanks for the contributions of others.
- **Trust** is vital to an organization. With a culture of trust, team members can express themselves and rely on others to have their back when they try something new.

- **Performance** is key, as great companies create a culture that means business. In these companies, talented employees motivate each other to excel, and, as shown above, greater profitability and productivity are the results.
- **Resilience** is a key quality in highly dynamic environments where change is continuous. A resilient culture will teach leaders to watch for and respond to change with ease.
- **Teamwork** encompasses collaboration, communication, and respect between team members. When everyone on the team supports each other, employees will get more done and feel happier while doing it.
- **Integrity**, like trust, is vital to all teams when they rely on each other to make decisions, interpret results, and form partnerships. Honesty and transparency are critical components of this aspect of culture.
- **Innovation** leads organizations to get the most out of available technologies, resources, and markets. A culture of innovation means that you apply creative thinking to all aspects of your business, even your own cultural initiatives.
- **Psychological safety** provides the support employees need to take risks and provide honest feedback. Remember that psychological safety starts at the team level, not the individual level, so managers need to take the lead in creating a safe environment where everyone feels comfortable contributing. Now that you know what a great culture looks like, let's tackle how to build one in your organization.

| Aspect                | Organizational Behavior                              | Organizational Culture                                   |
|-----------------------|--|--|
| Definition            | Study of how individuals behave within organizations | Shared beliefs, values, and norms within an organization |
| Focus                 | Individual and group dynamics                        | Collective mindset and social environment                |
| Scope                 | Examines behavior, attitudes, and performance        | Influences behavior, decision-making, and interactions   |
| Change and Adaptation | Focuses on individual and group change processes     | Reflects slow evolution and resistance to change         |
| Measurement           | Quantitative and qualitative methods                 | Qualitative methods like observations and interviews     |
| Impact on Outcomes    | Directly influences performance and productivity     | Indirectly influences employee engagement and morale     |

## **EMERGING TRENDS IN ORGANIZATIONAL BEHAVIOR**

- Organizational behavior is the study of how people interact and influence each other within and across organizations. It covers topics such as motivation, leadership, teamwork, culture, ethics, diversity, and change. Organizational behavior research and practice aim to understand and improve human behavior in the workplace and beyond.
- As the world of work evolves rapidly due to technological, social, economic, and environmental changes, organizational behavior research and practice also need to keep up with the latest trends and developments

| <b>From</b>                    | <b>To</b>   |
|--------------------------------|---|
| Closed System                  | Open System   |
| Materialistic Orientation      | Human Orientation                                   |
| Centralized Power              | Distributed Power                                   |
| Extrinsic Motivation           | Intrinsic Motivation                                |
| Negative Attitude about People | Positive Attitude about People                      |
| Focus on Organizational needs  | Balanced Focus on employee and organizational needs |
| Imposed Discipline             | Self Discipline                                     |
| Authoritative managerial role  | Managerial role of leadership and team support      |

### **• Team leaders are shifting their focus according to following comparative chart**

From to Directing people **TO** Inspiring teamwork and building trust

Training individuals **TO** Expanding team capabilities

Managing one-on-one **TO** Creating team identity

Preventing conflict **TO** making most of team differences



Reacting to change **TO** Foresee and influence change

## **1. Open System**

- All organizations have two organizational systems: Closed system and Open system. The trend is toward considering the organization as an open system. An open system is composed of subsystems and the focus is on integration of them and getting a synergy effect.
- Previously an organization was considered a closed system. The open systems anchor of organizational behavior states that the closed system is self-contained and governed by rigid structures and tight rules and regulations.

### **Key Aspects:**

**Environmental Sensitivity:** Organizations are increasingly aware of their impact on the environment and are taking steps to reduce their ecological footprint. This includes sustainability initiatives, reducing waste, and adopting eco-friendly practices.

**Stakeholder Engagement:** Companies are focusing on building strong relationships with various stakeholders, including customers, employees, suppliers, and communities. They understand that these relationships can affect their success and reputation.

**Adaptability:** Open systems are more adaptable to change. Organizations are investing in agility, flexibility, and the ability to pivot in response to market shifts or unexpected disruptions.

**Example:** A tech company actively seeks feedback from its customers through online surveys and social media. They use this feedback to improve their products and services, demonstrating their commitment to being an open system.

## **2. Human Orientation**

- Many managers in the past viewed that employees come to the workplace to satisfy their economic needs only. Therefore, managers mostly offered material rewards like money, benefits, commodities, etc. to get the job done. Today, the expectations of employees have changed a lot.
- Therefore, managerial practices have been changed more towards cooperation, teamwork, support, and guidance. People are no more one of the factors of production – they are both ends and means of development.
- Human orientation has been supported and practiced by organizational behavior. As viewed as the most important resource in an organization, it simply means putting people first.
- Individuals are developed to their full potential, which increases their abilities, creativity, and skills required to succeed on the job. Performance is actively supported by the organization. Employees are encouraged to have a positive attitude.

### **Key Aspects:**

**Work-Life Balance:** Organizations are recognizing the need for work-life balance and are offering flexible work arrangements, wellness programs, and mental health support.

**Employee Development:** Investing in training, upskilling, and career development opportunities helps employees feel valued and motivated.

**Inclusive Culture:** Promoting diversity, equity, and inclusion fosters a sense of belonging among employees, leading to higher morale and productivity.

**Example:** A pharmaceutical company offers on-site daycare facilities to help working parents balance their responsibilities, demonstrating their commitment to a human-oriented approach.

### **3. Distributed Power**

- Under the classical organizational structure, people were viewed only as a means of production. Power was in the hands of managers; only employees were powerless. Organizations followed the centralization of authority. But now, the trend is towards the decentralization of power.
- The focus is on the participation and empowerment of people in organizations. Traditionally, organizations were centralized at the top. On the other hand, new trends focus on employee empowerment through autonomy and flexibility at work.
- Increasingly, employees are able to manage their own work and increase organizational effectiveness because of the decentralization and distribution of power.

### **Key Aspects:**

**Empowerment:** Organizations are granting more autonomy to employees, allowing them to make decisions that impact their work and the organization as a whole.

**Flatter Hierarchies:** Hierarchical structures are becoming flatter, reducing the number of layers between top management and front-line employees.

**Cross-Functional Teams:** Collaboration across departments and the inclusion of diverse perspectives in decision-making processes are becoming the norm.

**Example:** An e-commerce company encourages its customer support team to resolve customer issues without needing managerial approval for refunds up to a certain amount, empowering them to provide excellent customer service.

### **4. Intrinsic Motivation**

- The focus of managers previously was mostly on extrinsic motivation. The factors in this category are salary, supervision, job security, company policy, etc. In recent years, managers have started offering more intrinsic motivational factors as compared to extrinsic factors to their employees.
- Intrinsic motivational factors include achievement, recognition, work itself, etc. Organizational behavior traditionally engaged in extrinsic motivation, induced by financial incentives; on the other hand, nowadays, intrinsic motivation is emphasized — it is self-generated, resulting from a sense of job satisfaction.
- By encouraging teamwork, providing power to delegate, and focusing on high-order needs, employees have become empowered, resulting in intrinsic motivation.

### **Key Aspects:**

**Purpose-Driven Work:** Organizations are aligning their missions with employees' values, allowing them to find purpose in their work.

**Autonomy:** Allowing employees to have control over their work and decision-making enhances their intrinsic motivation.

**Mastery and Growth:** Providing opportunities for skill development and personal growth fosters intrinsic motivation.

**Example:** A software development company encourages developers to spend a portion of their workweek on personal projects of their choice, fostering creativity and intrinsic motivation.

## **5. Balanced Focus**

- The organization started its journey by focusing much on organizational needs, objectives, and results to be achieved. Objectives, needs, and feelings of employees were neglected. But later on, managers realized that there should be mutuality of interest—people need organizations, and organizations need people.
- The result is that there is a balanced focus on employee and organizational needs. So, managers have started formulating superordinate goals.

### **Key Aspects:**

**Sustainability:** Organizations are balancing profit goals with sustainability initiatives, recognizing the long-term benefits of environmentally responsible practices.

**Ethical Leadership:** Leaders are focusing on ethical behavior and corporate social responsibility, not just financial metrics.

**Customer-Centricity:** A balanced focus also means prioritizing customer satisfaction and building long-term relationships over short-term profits.

**Example:** A food production company invests in sustainable farming practices and ethical sourcing, even if it leads to slightly higher production costs, in alignment with their balanced focus.

## **6. Self- Discipline**

- Disciplines are codes of behavior at workplaces. Traditionally managers focused on an imposed discipline like in theory 'X'. They exercised the 'carrot and stick' approach to control the behavior and get the job done. But it provided only a short-term solution and resulted in serious side effects.
- The emerging trend in Organizational Behavior is towards self-discipline which produces higher results and costs less. It is achieved by managers by creating an environment where employees take themselves as citizens of the organization.
- In this type of situation, employees are self-motivated, self-controlled, and guided by their own judgment.

### **Key Aspects:**

**Remote Work:** With the rise of remote work, employees need self-discipline to manage their time and tasks effectively.

**Goal Setting:** Encouraging employees to set their own goals and deadlines promotes self-discipline.

**Time Management:** Training programs and tools for time management help employees improve their self-discipline.

**Example:** A marketing agency allows employees to work remotely and measures their performance based on results achieved, rather than hours spent working, promoting self-discipline.

## **7. Leadership and Team Support**

- The authoritative managerial role is characterized by power exercise, obedience, dependence on the boss, and a negative attitude toward subordinates. The result is minimum performance, reward, and low job satisfaction.
- This situation forced managers to adopt a collegial role i.e. the managerial role of leadership and team support. Managers build a feeling of partnership with employees – employees feel needed and useful. The result (is) increased motivation, performance, and job satisfaction.

### **Key Aspects:**

**Mentorship:** Leaders act as mentors, providing coaching and development opportunities to team members.

**Emotional Intelligence:** Leaders are expected to have high emotional intelligence, understanding and empathizing with their team's needs and concerns.

**Psychological Safety:** Creating an environment where employees feel safe to voice their opinions and take calculated risks is crucial for team support.

**Example:** A tech startup's CEO holds regular one-on-one meetings with team members to discuss their career aspirations and provide guidance, demonstrating leadership and team support.

**Strodbeck have given their own framework to categorize the culture of various societies.** They have considered various dimensions, and have analysed the tendencies of various societies on the varoius dimensions, which are :

### **Relationship to Environment**

- Subjugation (e.g., Middle-East)
- Harmony (e.g., Far-East)
- Domination (e.g., Canada, U.S.A.)

### **Nature of People**

- Basically good (e.g., Developing Countries)
- Basically evil (e.g., N. Korea)
- Mixed (e.g., U.S.A.)

### **Activity Orientation**

- Doing (e.g., U.S.A.)
- Being (e.g., Mexico)
- Controlling (e.g., France)

### **Focus of Responsibility**

- Individualistic (e.g., U.S.A.)
- Group (e.g. , Malaysia, Israel)
- Hierarchical (e.g., U.K., France)

### **Conception of Space**

- Public (e.g., Japan)
- Private (e.g., U.S.A.)
- Mixed (Most of the societies).

## **ROLE OF CULTURE AND DIVERSITY 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
- 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 and 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.<sup>3</sup> 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.
- Globalization and cultural diversity have a profound impact on Organizational Behavior (OB), influencing how individuals and groups interact within the workplace. Here are key ways in which global and cultural diversity affect OB:

### **1. Workforce Diversity:**

**Impact:** Globalization has led to increasingly diverse workforces, comprising individuals from different cultural backgrounds, ethnicities, genders, and generations.

**Implications for OB:** Managing a diverse workforce requires an understanding of various cultural norms, communication styles, and work expectations. Organizations need to foster an inclusive environment that values and leverages diversity to enhance creativity and innovation.

### **2. Communication Challenges:**

**Impact:** Cultural diversity can result in communication challenges due to differences in language, non-verbal cues, and communication styles.

**Implications for OB:** Organizations need to develop effective communication strategies that consider cultural nuances. This includes providing cross-cultural communication training to employees and implementing communication tools that accommodate diverse linguistic and cultural backgrounds.

### **3. Cross-Cultural Leadership:**

**Impact:** Globalization often involves cross-border operations, requiring leaders to navigate diverse cultural contexts.

**Implications for OB:** Cross-cultural leadership skills become essential. Leaders need to adapt their leadership styles, understand cultural preferences, and promote inclusivity to effectively manage and motivate diverse teams.

### **4. Conflict Resolution:**

**Impact:** Cultural diversity may contribute to conflicts arising from differences in values, communication norms, and work practices.

**Implications for OB:** Organizations must implement effective conflict resolution strategies that take cultural factors into account. Encouraging open communication and creating a culture of mutual respect can help mitigate conflicts and promote collaboration.

### **5. Decision-Making Processes:**

**Impact:** Cultural diversity can influence decision-making processes, with individuals from different cultures bringing unique perspectives and approaches to problem-solving.

**Implications for OB:** Organizations can benefit from diverse decision-making teams by leveraging a variety of viewpoints. However, it is crucial to establish clear communication channels and foster an inclusive decision-making culture that values input from all team members.

### **6. Global Talent Management:**

**Impact:** Globalization allows organizations to attract talent from different parts of the world, contributing to diverse skill sets and experiences.

**Implications for OB:** Talent management practices should be culturally sensitive. This includes adapting recruitment strategies, recognizing diverse skill sets, and providing development opportunities that consider the unique backgrounds of employees.

### **7. Organizational Culture:**

**Impact:** The influx of individuals from different cultures can influence and reshape organizational culture.

**Implications for OB:** Organizations should actively manage and shape their cultures to be inclusive and adaptable to diverse perspectives. Promoting a culture that values diversity fosters a sense of belonging and enhances overall organizational performance.

## **8. Global Mobility and Expatriate Assignments:**

**Impact:** Globalization often involves the movement of employees across borders for international assignments.

**Implications for OB:** Managing expatriate assignments requires understanding and addressing cultural adjustment issues. Organizations need to provide support mechanisms, cultural training, and resources to help employees succeed in new cultural environments.

## **SUGGESTIONS FOR MANAGING CULTURAL DIVERSITY**

**Cultural Awareness Training:** Provide comprehensive training programs to raise awareness about cultural differences, including communication styles, customs, values, and traditions. This helps employees understand and respect each other's backgrounds.

**Establish Inclusive Policies:** Develop and implement inclusive policies and practices that accommodate diverse needs, such as flexible work arrangements, religious accommodations, and language support.

**Promote Open Communication:** Encourage open and transparent communication channels where employees feel comfortable sharing their perspectives, concerns, and ideas. Foster a culture of respect and active listening to promote understanding and collaboration.

**Create Cross-Cultural Teams:** Form cross-cultural teams to encourage collaboration and problem-solving across diverse backgrounds. This allows employees to learn from each other's experiences and perspectives, fostering creativity and innovation.

**Provide Cultural Competency Training for Leaders:** Offer training programs for leaders and managers to develop cultural competency skills, including conflict resolution, team building, and inclusive leadership practices.

**Celebrate Diversity:** Organize events and activities that celebrate cultural diversity, such as multicultural festivals, food fairs, and awareness days. This creates opportunities for employees to share and learn about each other's cultures in a positive and inclusive environment.

**Address Unconscious Bias:** Implement strategies to address unconscious bias in recruitment, performance evaluations, and decision-making processes. This may include blind recruitment processes, bias awareness training, and diversity metrics tracking.



**Support Diversity Networks:** Establish and support employee resource groups or affinity networks based on cultural or identity groups. These networks provide a supportive space for employees to connect, share experiences, and advocate for inclusivity within the organization.

**Offer Language and Cultural Training:** Provide language and cultural training programs to help employees navigate cross-cultural interactions and enhance communication skills. This can be especially beneficial for teams working with international clients or partners.

**Regularly Assess and Adjust Strategies:** Continuously evaluate the effectiveness of diversity management strategies through feedback mechanisms, surveys, and focus groups. Use this feedback to identify areas for improvement and adjust initiatives accordingly to ensure ongoing progress.