

UNIT 1

Introduction to Organisational Behaviour

Definition and Origins

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- Organizational Behaviour (OB) is defined as the systematic study and application of knowledge about how individuals and groups act within the organizations where they work.
- OB draws from other disciplines to create a unique field. Such disciplines can be as varied as: Psychology, Sociology, Economics, Political Science, amongst others.

Importance of OB

OB matters at three critical levels:

1) It matters because it is all about things **you** care about. OB can help you become a more engaged organizational member. Getting along with others, doing a great job, lowering your stress level, making more effective decisions, and working effectively within a team...these are all great things, and OB addresses them!

Importance of OB

2) It matters because **employers** care about OB. A recent survey by the National Association of Colleges and Employers (NACE) asked employers which skills are the most important for them when evaluating job candidates, and OB topics topped the list.

Importance of OB

3) Finally, it matters because **organizations** care about OB. The best companies in the world understand that the people make the place. How do we know this? Well, we know that organizations that value their employees are more profitable than those that do not.

Research shows that successful organizations have a number of things in common, such as providing employment security, engaging in selective hiring, utilizing self-managed teams, being decentralized, paying well, training employees, reducing status differences, and sharing information.

Key elements of OB

- 1) People
- 2) Structure
- 3) Technology
- 4) The External Environment

1) People

As we already know by now, an organization is made up of individuals. Therefore, when we speak of OB, we cannot skip the People part. Individuals and their individual behaviour will ultimately have an impact on organizational behaviour.

In fact, in many instances, individual behaviour can be so powerful as to influence and drive organizational behaviour.

Therefore, when we speak of OB, it is critical to consider the People aspect – for example, selecting and hiring the right people for the jobs, managing individual and team performance, motivating and engaging people, amongst others.

2) Structure

In the case of an individual, there is not just one fixed way of Being. Similarly, there is not just one fixed way for organizations to assemble themselves. For instance, some organizations have taller structures consisting of several hierarchical levels, whereas others have flatter structures. In some organizations, teams work cross-functionally whereas in other organizations the departments are segregated. In some organizations, reporting lines are dual (for example, 1 local manager and 1 overseas manager), whereas in other organizations the reporting line is single.

The choice of structure then plays a role in influencing organizational behaviour at large.

3) Technology

A few decades ago, when the use of technology was basic, individuals used to relate to each other in a particular way in order to get the job done. For example, more face to face interactions, sending written correspondence to external parties, use of memos for internal communications, etc.

The advancement in technology, in particular through the introduction of internet in our daily lives, brought significant changes in the way individuals relate to each other and in the way organizations do business.

Technology has also brought a great deal of challenges to individuals and organizations alike. For example, to combat the overuse of e-mail, companies such as Intel have instituted “no e-mail Fridays,” in which all communication is done via other communication channels. The technology trend therefore contains both opportunities and challenges for organizational behaviour.

4) External Environment

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An organization does not exist in a vacuum. For an organization to be able to meet its objectives, it is required to interact with individuals and entities outside of itself. It is influenced by and also contributes towards influencing factors found in the **external** environment.

These are **all outside factors** - sociocultural, technological, economic, government and political, natural disasters, and human-induced - which impact the operation of a business, hence an organization must respond to in order to maintain its flow of operations.

Management - definition

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- A comprehensive definition for **management** is the pursuit of organizational goals through the use of organizational resources (Bateman & Snell, 2013). Pursuit implies a chance of failure and organizational gives us a context. This begs the question – how can we become effective at the pursuit of goals, or become more efficient in our use of organizational resources?

Being good at management requires an immense focus on both of these ends, and we can achieve this through the process of the planning, organizing, leading, and controlling functions of management.

4 Functions of Management

- **1) Planning** is the systematic process of making decisions about goals and activities the organization will pursue (Bateman & Snell, 2013). The planning function of management is often seen as the “first” step in managing.



4 Functions of Management (cont'd)

Planning requires foresight, and in some ways predicting the future. But the reality is that the future is unknown, which means that planning is to venture into the unknown. As a result, planning is difficult and requires in many cases a flexible mindset to adjust to the constantly changing environment. So how do the best managers proceed? They begin first, with a solid analysis of the internal and external environment. They try to understand the internal culture and dynamics to take stock of the organization. They work to understand the external environment to understand where the opportunities and challenges exist in moving forward. This analysis gives managers a basis from which to establish a game plan, and everything that flows from it – a mission to guide their organization, and goals to focus on.

4 Functions of Management (cont'd)

- **2) Organizing** is the process of assembling and assigning the human, financial, physical, informational, and other resources needed to achieve goals (Bateman & Snell, 2013). At this point in the management process, the planning function has been utilized. The planning should have resulted in both an in-depth analysis of the internal and external environments, as well as a gameplan that flows from that analysis. What's needed now is to put a structure around that gameplan, and to commit the resources necessary to achieve that gameplan. The purpose of the organizing function is to do just that, to make the fruits of the planning process come to life.

4 Functions of Management (cont'd)

- **3) Leading** is stimulating high performance by members of the organization (Bateman and Snell, 2013). This function is getting members of the organization onboard with your plan.

Normally, this means connecting with direct reports or teammates on a personal level. Understanding what drives individuals within the team allows a manager to design strategies around motivating, incentivizing, mobilizing, and arousing a desire to contribute.

4 Functions of Management (cont'd)

- 4) The purpose of the **Control** function is to ensure that the organization makes progress towards the established goals. Control is done during the process of implementation as the manager monitors the progress and makes changes as needed. As such, the control function of management is highly intertwined with the planning phase.

A manager has to appropriately balance the use of too much control and not enough control. If refer to Socrates and the Sordite's Paradox, we can see that the extremes probably lead to negative outcomes. There is a gray area where managers might consider a reasonable level of control.

Managerial Activities / Managerial Roles

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In Mintzberg's seminal study of managers and their jobs, he found the majority of them clustered around **three core management roles**:

- 1) Interpersonal
- 2) Informational
- 3) Decisional

1) Interpersonal

Managers are required to interact with a substantial number of people during a workweek. They host receptions; take clients and customers to dinner; meet with business prospects and partners; conduct hiring and performance interviews; and form alliances, friendships, and personal relationships with many others. Numerous studies have shown that such relationships are the richest source of information for managers because of their immediate and personal nature.

2) Informational

Managers are required to gather, collate, analyze, store, and disseminate many kinds of information. In doing so, they become information resource centers, often storing huge amounts of information in their own heads, moving quickly from the role of gatherer to the role of disseminator in minutes. Although many business organizations install large, expensive management information systems to perform many of those functions, nothing can match the speed and intuitive power of a well-trained manager's brain for information processing. Not surprisingly, most managers prefer it that way.

3) Decisional

Ultimately, managers are charged with the responsibility of making decisions on behalf of both the organization and the stakeholders with an interest in it. Such decisions are often made under circumstances of high ambiguity and with inadequate information. Often, the other two managerial roles—interpersonal and informational—will assist a manager in making difficult decisions in which outcomes are not clear and interests are often conflicting.

Managerial Skills

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- All managers are charged with efficiently and effectively achieving the purpose of the organization.
- We can distinguish **three types of managerial skills**. Different levels of these skills are required at different stages of the managerial hierarchy. For instance, success in executive positions requires far more conceptual skill and less use of technical skills in most (but not all) situations, whereas first-line managers generally require more technical skills and fewer conceptual skills. Note, however, that human or people skills remain important for success at all three levels in the hierarchy.

1) Technical skills

Managers must have the ability to use the tools, procedures, and techniques of their special areas. For instance, an accountant must have expertise in accounting principles, whereas a production manager must know operations management. These skills are the mechanics of the job.

2) Human Relations skills

Human relations skills involve the ability to work with people and understand employee motivation and group processes. These skills allow the manager to become involved with and lead his or her group.

3) Conceptual skills

These skills represent a manager's ability to organize and analyze information in order to improve organizational performance. They include the ability to see the organization as a whole and to understand how various parts fit together to work as an integrated unit. These skills are required to coordinate the departments and divisions successfully so that the entire organization can pull together.

Thank You



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