

## UNIT-I

Introduction to OB - Definition, Nature and Scope –Environmental and organizational context – Impact of IT, globalization, Diversity, Ethics, culture, reward systems and organizational design on Organizational Behavior. Cognitive Processes-I : Perception and Attribution: Nature and importance of Perception – Perceptual selectivity and organization – Social perception – Attribution Theories – Locus of control –Attribution Errors –Impression Management.

### Introduction to OB - Definition, Nature and Scope:

. **O.B.** is the study of human behaviour at work in organizations. Accordingly, the **scope** of **O.B.** includes the study of individuals, groups and organization/structure. Organizational Behavior (OB) is the study of human behavior in organizational settings, the interface between human behavior and the organization, and the organization itself. It is the multidisciplinary field that seeks knowledge of behaviour in organisational settings by objective based on studying individual, group and organisational processes. Informed by anthropology, psychology, and sociology, qualitative research became more acceptable in OB.

### Organizational Behaviour Definition

#### What is Organizational Behavior ??



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

**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.”

Organizational behavior is the study of both group and individual performance and activity within an organization.

This area of study examines human behavior in a work environment and determines its impact on job structure, performance, communication, motivation, leadership, etc.

### Organisational Behaviour – Scope

**The scope of the organizational behavior is as under:**

- ❖ Impact of personality on performance

- ❖ Employee motivation
- ❖ Leadership
- ❖ How to create effective teams and groups
- ❖ Study of different organizational structures
- ❖ Individual behavior, attitude and learning
- ❖ Perception
- ❖ Design and development of effective organization
- ❖ Job design
- ❖ Impact of culture on organizational behavior
- ❖ Management of change



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

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.

**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 accept organizational goals.

**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.

#### 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.



### Environmental and organizational context:

That is why defining '**Organizational Context**' is so important in **Environmental** Management System standards. **Context** is a thorough determination and understanding of the internal and external issues that can impact an **organisation** and its objectives.

Ensuring that this clause is fulfilled helps connect high-level company strategic goals to the tasks and work across all levels and functions. Although the standard doesn't prescribe the method for determining the context of the organization, there are some logical steps and milestones.



#### What are internal and external issues?

Your organization's internal context is the environment in which you aim to achieve your objectives. Internal context can include your approach to governance, your contractual relationships with customers, and you're interested parties.

#### Internal issues can include your:

- regulatory requirements

- strategies to conform to your policies and achieve your objectives
- relationship with your staff and stakeholders, including partners and suppliers
- resources and knowledge (e.g. capital, people, processes and technologies)
- risk appetite

To understand your external context, consider issues that arise from your social, technological, environmental, ethical, political, legal and economic environment.

**External issues may include:**

- government regulations and changes in the law
- economic shifts in your market
- your competition
- environmental issues/perceptions
- events that may affect your corporate image
- changes in technology



## Impact of IT:

Technological progress is entering into all fields. Education was a big and important part of development and progress. Information technology has changed human life radically, and not necessarily, all of the changes are positive. Some may be negative and have a detrimental **effect** on the individual and the community

### Definition of Information technologies

Information technology, widely known under its abbreviation (IT), is defined as “the science and activity of using computers and other electronic equipment to store and send information  
**Information technology** (IT) is "the study, design, development, implementation, support or management of computer-based **information** systems, particularly software applications, computer hardware and mobile devices." IT deals with the use of electronic computers and computer software to convert, store, protect, process,

Most modern businesses depend heavily on information systems, from employee e-mail to database management to e-commerce Web sites. Hospitals have large patient databases to maintain. Universities have sprawling networks to administer. Even a small, home-based

cookie business needs an order-tracking system. The Information Technology Association of America reports that 92 percent of IT professionals work for non-IT companies

### **Impacts of information technologies**

#### **1. The political impact of (IT)**

Technology holds the role of power. Information technologies play a decisive role in the political landscape of countries. They have become widely used in electoral campaigns to influence public opinion and especially to involve young people in the political life.

#### **2. The economic impact of (IT)**

Technological progress and organizational maturity have contributed to increased production, capital accumulation and the creation of intense competition among manufacturers. As a reflection of this competition, the R & D concept emerged as a strategy of innovation through the harmony of scientific ideas and their practical application by engineers and scientists making the R & D role into large sections with technical, legal and administrative skills in maintaining the industrial location and a reference to quality, productivity and cost.

#### **3. The social impact of (IT)**

It can be said that the social impact of information technology has two sides. It cannot be one hundred percent negative or hundred percent positive. It is a two-sided weapon.

Sociologists likened the impact of information technology on society to transforming the world from vast continents separating people and relatives, to a very small village encompassing the entire world's population, which is called globalization.



### **Globalization**

The process by which businesses or other organizations develop international influence or start operating on an international scale.

**Globalization** is the connection of different parts of the world resulting in the expansion of international cultural, economic, and political activities. It is the movement and integration of goods and people among different countries

#### **A Simple Globalization Definition**

Globalization means the speedup of movements and exchanges (of human beings, goods, and services, capital, technologies or cultural practices) all over the planet. One of the effects of

globalization is that it promotes and increases interactions between different regions and populations around the globe.

### **An Official Definition of Globalization by the World Health Organization (WHO)**

**According to WHO**, globalization can be defined as ” the increased interconnectedness and interdependence of peoples and countries. It is generally understood to include two inter-related elements: the opening of international borders to increasingly fast flows of goods, services, finance, people and ideas; and the changes in institutions and policies at national and international levels that facilitate or promote such flows.”

### **Examples of Globalization (Concept Map)**

Because of trade developments and financial exchanges, we often think of globalization as an economic and financial phenomenon. Nonetheless, it includes a much wider field than just flowing of goods, services or capital. Often referred to as the *globalization concept map*, some examples of globalization are:

- **Economic globalization:** is the development of trade systems within transnational actors such as corporations or NGOs;
- **Financial globalization:** can be linked with the rise of a global financial system with international financial exchanges and monetary exchanges. Stock markets, for instance, are a great example of the financially connected global world since when one stock market has a decline, it affects other markets negatively as well as the economy as a whole.
- **Cultural globalization:** refers to the interpenetration of cultures which, as a consequence, means nations adopt principles, beliefs, and costumes of other nations, losing their unique culture to a unique, globalized supra-culture;
- **Political globalization:** the development and growing influence of international organizations such as the UN or WHO means governmental action takes place at an international level. There are other bodies operating a global level such as NGOs like *Doctors without borders* or *Oxfam*;
- **Sociological globalization:** information moves almost in real-time, together with the interconnection and interdependence of events and their consequences. People move all the time too, mixing and integrating different societies;
- **Technological globalization:** the phenomenon by which millions of people are interconnected thanks to the power of the digital world via platforms such as Facebook, Instagram, Skype or Youtube.
- **Geographic globalization:** is the new organization and hierarchy of different regions of the world that is constantly changing. Moreover, with transportation and flying made so easy and affordable, apart from a few countries with demanding visas, it is possible to travel the world without barely any restrictions;
- **Ecological globalization:** accounts for the idea of considering planet Earth as a single global entity – a common good all societies should protect since the weather affects everyone and we are all

protected by the same atmosphere. To this regard, it is often said that the **poorest countries that have been polluting the least will suffer the most from climate change.**



### **Diversity:**

**A range of different things.**

**What is diversity in the workplace?**

To come up with a workplace diversity definition, we have to think about all the different characteristics that employees (could) have. First, we have the protected characteristics, such as race, age, gender and sexual orientation. And secondly, we have all the different:

- Experiences
- Talents
- Skills
- Opinions
- Personalities

These differences, for example employees' talents, are less obvious and require the organization's effort and proactiveness to shine.

**You need three (3) types of diversity to get the most productivity out of your teams:**

- Gender;
- Thinking style;
- Behavioural Style.

### **Ethics:**

Ethics is a system of moral principles. They affect how people make decisions and lead their lives.

Ethics is concerned with what is good for individuals and society and is also described as moral philosophy.

The term is derived from the Greek word *ethos* which can mean custom, habit, character or disposition.

Ethics covers the following dilemmas:

- how to live a good life
- our rights and responsibilities

- the language of right and wrong
- Moral decisions - what is good and bad?

Our concepts of ethics have been derived from religions, philosophies and cultures. They infuse debates on topics like abortion, human rights and professional conduct

#### **Ethical Principles for Business Executives**

**1. HONESTY.** Ethical executives are honest and truthful in all their dealings and they do not deliberately mislead or deceive others by misrepresentations, overstatements, partial truths, selective omissions, or any other means.

**2. INTEGRITY.** Ethical executives demonstrate personal integrity and the courage of their convictions by doing what they think is right even when there is great pressure to do otherwise; they are principled, honorable and upright; they will fight for their beliefs.

**3. PROMISE-KEEPING & TRUSTWORTHINESS.** Ethical executives are worthy of trust. They are candid and forthcoming in supplying relevant information and correcting misapprehensions of fact, and they make every reasonable effort to fulfill the letter and spirit of their promises and commitments.

**4. LOYALTY.** Ethical executives are worthy of trust, demonstrate fidelity and loyalty to persons and institutions by friendship in adversity, support and devotion to duty; they do not use or disclose information learned in confidence for personal advantage..

**5. FAIRNESS.** Ethical executives are fair and just in all dealings; they do not exercise power arbitrarily, and do not use overreaching nor indecent means to gain or maintain any advantage nor take undue advantage of another's mistakes or difficulties.

**6. CONCERN FOR OTHERS.** Ethical executives are caring, compassionate, benevolent and kind; they like the Golden Rule, help those in needs, and seek to accomplish their business objectives in a manner that causes the least harm and the greatest positive good.

**7. RESPECT FOR OTHERS.** Ethical executives demonstrate respect for the human dignity, autonomy, privacy, rights, and interests of all those who have a stake in their decisions; they are courteous and treat all people with equal respect and dignity regardless of sex, race or national origin.

**8. LAW ABIDING.** Ethical executives abide by laws, rules and regulations relating to their business activities.

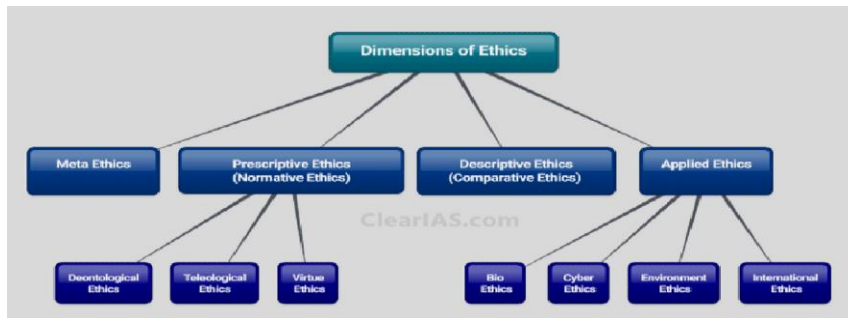


Let's take the case of a car driver and an automobile engineer. The car driver knows how to drive a car, but he may not know the engine mechanism or design principles. However an automobile engineer is concerned with how the car works, and the principles involved.



Connecting the above example with ethics and morals, you can see that following morals is just like driving the car without understanding the working principles of the engine. But if you follow ethical principles – you would be using reasoning and analysis (just like the automobile engineer in the above example) to understand the situation/case better. If the engine starts to create trouble, the engineer may be able to use the problem-solving approach as well.

### Dimensions of Ethics



Ethics is not just a theoretical science; it has a lot of applications in day to day life. Being multi-dimensional in nature, ethics is divided into four main branches. They are:

1. Meta-Ethics (Ethics about Ethics)
2. Prescriptive Ethics (Normative Ethics)
3. Descriptive Ethics (Comparative Ethics)
4. Applied Ethics.

### Culture:

Organizational culture refers to a system of shared assumptions, values, and beliefs that show people what is appropriate and inappropriate behavior. These values have a strong influence on employee behavior as well as organizational performance. In fact, the term organizational culture was made popular in the 1980s when Peters and Waterman's best-selling book *In Search of Excellence* made the argument that company success could be attributed to an organizational culture that was decisive, customer-oriented, empowering, and people-oriented.

Culture is the systems of knowledge shared by a relatively large group of people.

A culture is a way of life of a group of people--the behaviours, beliefs, values, and symbols that they accept, generally without thinking about them, and that are passed along by communication and imitation from one generation to the next.

### ROLE OF CULTURE:

The role of culture in an organisation is to:

1. Specify the goals and objectives of the organisation;
2. Specify the relations that exist within the organisation;
3. Specify what qualities are valued within organisations such as loyalty, Confidentiality, dynamism, hard work, and so on
4. Specify the wider context within which the organisation operates.

The success of any organisation is linked to an organisation culture in which people are encouraged to work together and share resources as needed.

Organizational Culture Profile (OCP) where culture is represented by seven distinct values. [1] Figure

8.5 Dimensions of Organizational Culture Profile (OCP)



## Reward systems:




## Organizational design on Organizational Behaviour:

### Organizational Behavior

Organizational Behavior the study of human behavior, attitudes, and performance in organizations

- **Value of OB:**
  - Helps people attain the competencies needed to become effective employees, team leaders/members, or managers
- **Competency:**
  - An interrelated set of abilities, behaviors, attitudes, and knowledge needed by an individual to be effective in most professional and managerial positions



### Introduction of Organization Designs

- **Organizational design** refers to the way managers structure their organization to reach the organization's goals.
- **Structural elements include:**
  - Allocation of duties, tasks, and responsibilities between departments and individuals.
  - Reporting relationships.
  - Number of levels.



### Introduction of Organization Designs Conti...

- **An incomplete picture** because of informal arrangements and underlying behavioral processes.
- **Two basic goals of organizational design**
  - Get information to decision makers.
  - Coordinate the interdependent parts of an organization.



## Forms of Organizational Design

- Three major forms
  - ◆ Functional,
  - ◆ Divisional,
  - ◆ Matrix,
- Combine functional and divisional designs to get a hybrid design
- Several variations of the divisional design
- Several evolving forms of organizational design



## Perception and Attribution:

### *Meaning and Definition of Perception:*

“Perception is the process through which the information from outside environment is selected, received, organised and interpreted to make it meaningful to you. This input of meaningful information results in decisions and actions.”

Perception may be defined as a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment.”

**According to Joseph Reitz,** “Perception includes all those processes by which an individual receives information about his environment—seeing, hearing, feeling, tasting and smelling.

The study of these perpetual processes shows that their functioning is affected by three classes of variables—the objects or events being perceived, the environment in which perception occurs and the individual doing the perceiving.”

### **Definition of perception**

Perception means perceiving, i.e., giving meaning to the environment around us. It can be defined as a process which involves seeing, receiving, selecting, organising, interpreting and giving meaning to the environment.

### **Nature of perception**

- (1) Perception is the intellectual process.
- (2) Perception is the basic cognitive or psychological process.
- (3) Perception becomes a subjective process and different people may perceive the same event differently.

### **Nature of Perception**

**(1) Mental Process:** Mental Process is the first Nature of Perception. Perception is a mental process. Under it an individual chooses, organises and interprets information available in the environment. No individual can get attracted towards all the stimuli available in the environment..

**(2) Activation Process:** Perception is a process of activating an individual. Prior to the process of perception there is some sensation. Under sensation an individual remains inactive. He simply feels and does not react in any way.

**(3) Subjective Process:** Subjectivity means interpreting some thing on the basis of individual interest and understanding and not on the basis of facts. In other words, subjective process means looking at an object by different individuals from different points of view.

**(4) Unique Interpretation:** Perception is a particular interpretation of a real situation and is not an actual representation of reality. In other words, it can be said that perception is not a photocopy presentation but is only a description of some object, event or individual according to an individual's understanding..

**(5) Wider than Sensation:** There is a difference between perception and sensation. Every individual has five sensory organs. Sensation is a response of these organs. Perception is wider than sensation. It is a mixture of sensation and cognitive process.

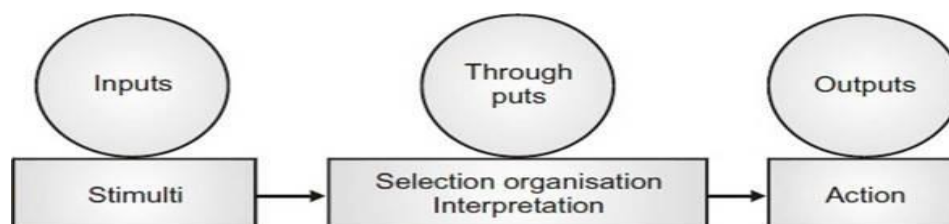
**(6) Provides Meaning to Stimulus:** An individual gets information about stimulus through sensation, e.g., first of all an individual feels the smell, taste, touch, etc. On the basis of this information the meaning is found out under perception.

**(7) Affected by many Factors:** The concept of perception is influenced by many factors factors which affect it are as follows. Major

- (i) Internal Factors: These factors are related to the perceiver. They mainly include needs, values, experiences, understanding, etc.
- (ii) External Factors: These factors are related to external environment which chiefly includes intensity, size, repetition, motion, etc.

**(8) Provides check on Behaviour:** Understanding of perception has an important contribution in the anticipation and control of the behaviour of the employees. People's behaviour is according to their perception. If the manager can come to know how people perceive things, then he can anticipate organisational behaviour and can also control it.

The perceptual process adds to or/and subtracts from the sensory world. Perception is determined by both physiological and psychological characteristics, of the organism.. For managerial action, it is the latter which is important.



**Fig. 13.1: Perceptual Process.**

### **Perceptual Process**

Perception is a process of receiving, selecting, organising, interpreting, checking and reacting to stimuli. This is like an input-through put-output process in which the stimuli can be considered as 'inputs' transformation of 'input' through selection, organization and interpretation as 'through puts' and the ultimate behaviour/action as 'output'. The whole perceptual process can be presented as follows : These are explained one by one

**1. Receiving Stimuli :** The first process in the perception is the presence of stimuli. The stimuli are received from the various sources. Through the five organs. It is a physiological aspect of perception process. Stimuli may be external to us (such as sound waves) and inside us (such as energy generation by muscles).

**2. Selection of Stimuli :** After receiving the stimuli or data, some are selected. Others are screened out. Two types of factors affect selection of stimuli for processing : external and internal factors. External factors relate to stimuli such as intensity of stimuli, its size, movement, repetition, etc..

**3. Organization of Stimuli:** Organising the bits of information into a meaningful whole is called "organization". There are three ways by which the selected data, i.e., inputs are organised. These are:

(i) Grouping, (ii) Closure and (iii) Simplification.

(i) **Grouping:** In grouping, the perceiver groups the various stimuli on the basis of their similarity or proximity. For example, all the workers coming from the same place may be perceived as similar on the basis of proximity.

(ii) **Closure:** When faced with incomplete information, people fill up the gaps themselves to make the information meaningful. This may be done on the basis of past experience, past data, or hunches.

(iii) **Simplification :** People identify main stimulus features and assesses how they are organized. He interprets a stimulus situation, the perceiver simplifies the information.

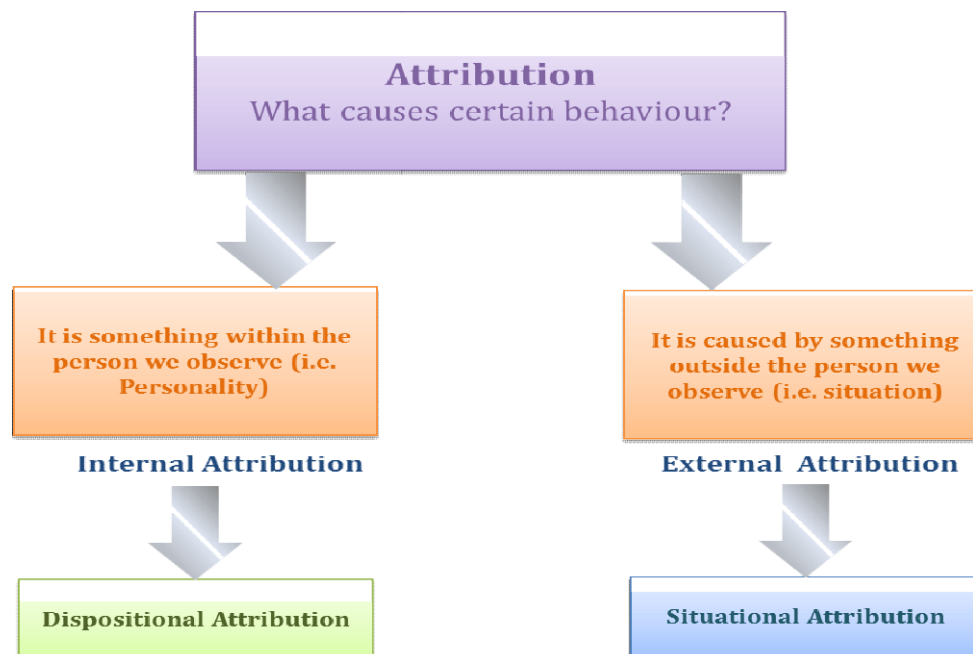
### **Perception in Organizational Behaviour**

Perception is simply defined as how a person sees the world around them and how they interpret that information. It's a subconscious thing that the mind does and is contingent on your ability to pay attention to your surroundings and your existing knowledge.

### **Attribution Theory**

Attribution is what happens when a person takes the information they perceived and determines a reason as to what happened. What you attribute things like success to depends

on your own perception and behaviours, which may be wrong due to being unrealistic or having the incorrect information for the situation.



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