8. Organizational behavior

Organizational behavior is a field of study that investigates the impact that individuals, groups and structures have on behavior within an organization for the purpose of applying such knowledge towards improving an organization's effectiveness. It is an interdisciplinary field that includes sociology, psychology, communication, and management; and it complements the academic studies of organizational theory (which is focused on organizational and intra-organizational topics) and human resource studies (which is more applied and business-oriented). It may also be referred to as organizational studies or organizational science.

8.1 Overview

Organizational studies encompass the study of organizations from multiple viewpoints, methods, and levels of analysis. For instance, one textbook divides these multiple viewpoints into three perspectives: modern, symbolic, and postmodern. Another traditional distinction, present especially in American academia, is between the study of "micro" organizational behaviour — which refers to individual and group dynamics in an organizational setting — and "macro" strategic management and organizational theory which studies whole organizations and industries, how they adapt, and the strategies, structures and contingencies that guide them. To this distinction, some scholars have added an interest in "meso" scale structures - power, culture, and the networks of individuals and i.e. ronit units in organizations — and "field" level analysis which study how whole populations of organizations interact.

Whenever people interact in organizations, many factors come into play. Modern organizational studies attempt to understand and model these factors. Like all modernist social sciences, organizational studies seek to control, predict, and explain. There is some controversy over the ethics of controlling workers' behavior, as well as the manner in which workers are treated (see Taylor's scientific management approach compared to the human relations movement of the 1940s). As such, organizational behaviour or OB (and its cousin, Industrial psychology) have at times been accused of being the scientific tool of the powerful. Those accusations notwithstanding, OB can play a major role in

organizational development, enhancing organizational performance, as well as individual and group performance/satisfaction/commitment.

One of the main goals of organizational theorists is, according to Simms (1994), "to revitalize organizational theory and develop a better conceptualization of organizational life." An organizational theorist should carefully consider levels assumptions being made in theory,and is concerned to help managers and administrators.

History

While Classical philosophies rarely took upon a task of developing a specific theory of organizations, some had used implicit conceptions of general organization in construct views on politics and virtue; the Greek philosopher Plato, for example, wrote about the essence of leadership, emphasized the importance of specialization and discussed a primordial form of incentive structures in speculating how to get people to embody the goal of the just city in The Republic. Aristotle also addressed such topics as persuasive communication. The writings of 16th century Italian philosopher Niccolò Machiavelli laid the foundation for contemporary work on organizational power and politics. In 1776, Adam Smith advocated a new form of organizational structure based on the division of labour. One hundred years later, German sociologist Max Weber wrote about rational organizations and initiated discussion of charismatic leadership. Soon after, Frederick Winslow Taylor introduced the systematic use of goal setting and rewards to motivate employees. In the 1920s, Australian-born Harvard professor Elton Mayo and his colleagues conducted productivity studies at Western Electric's Hawthorne plant in the United States.

Though it traces its roots back to Max Weber and earlier, organizational studies began as an academic discipline with the advent of scientific management in the 1890s, with Taylorism representing the peak of this movement. Proponents of scientific management held that rationalizing the organization with precise sets of instructions and time-motion studies would lead to increased productivity. Studies of different compensation systems were carried out.

After the First World War, the focus of organizational studies shifted to how human factors and psychology affected organizations, a transformation propelled

by the identification of the Hawthorne Effect. This Human Relations Movement focused on teams, motivation, and the actualization of the goals of individuals within organizations.

Prominent early scholars included Chester Barnard, Henri Fayol, Frederick Herzberg, Abraham Maslow, David McClelland, and Victor Vroom.

The Second World War further shifted the field, as the invention of large-scale logistics and operations research led to a renewed interest in rationalist approaches to the study of organizations. Interest grew in theory and methods native to the sciences, including systems theory, the study of organizations with a complexity theory perspective and complexity strategy. Influential work was done by Herbert Alexander Simon and James G. March and the so-called "Carnegie School" of organizational behavior.

In the 1960s and 1970s, the field was strongly influenced by social psychology and the emphasis in academic study was on quantitative research. An explosion of theorizing, much of it at Stanford University and Carnegie Mellon, produced Bounded Rationality, Informal Organization, Contingency Theory, Resource Dependence, Institutional Theory, and Organizational Ecology theories, among many others.

Starting in the 1980s, cultural explanations of organizations and change became an important part of study. Qualitative methods of study became more acceptable, informed by anthropology, psychology and sociology. A leading scholar was Karl Weick.

Elton Mayo

Elton Mayo, an Australian national, headed the Hawthorne Studies at Harvard. In his classic writing in 1931, Human Problems of an Industrial Civilization, he advised managers to deal with emotional needs of employees at work.

Mary Parker Follett

Mary Parker Follett was a pioneer management consultant in the industrial world. As a writer, she provided analyses on workers as having complex combinations of

attitude, beliefs, and needs. She told managers to motivate employees on their job performance, a "pull" rather than a "push" strategy.

Douglas McGregor

Douglas McGregor proposed two theories/assumptions, which are very nearly the opposite of each other, about human nature based on his experience as a management consultant. His first theory was "Theory X", which is pessimistic and negative; and according to McGregor it is how managers traditionally perceive their workers. Then, in order to help managers replace that theory/assumption, he gave "Theory Y" which takes a more modern and positive approach. He believed that managers could achieve more if they start perceiving their employees as self-energized, committed, responsible and creative beings. By means of his Theory Y, he in fact challenged the traditional theorists to adopt a developmental approach to their employees. He also wrote a book, The Human Side of Enterprise, in 1960; this book has become a foundation for the modern view of employees at work.

8.2 Current state of the field

Organizational behavior is a growing field. Organizational studies departments generally form part of business schools, although many universities also have industrial psychology and industrial economics programs.

The field is highly influential in the business world with practitioners such as Peter Drucker and Peter Senge, who turned the academic research into business practices. Organizational behaviour is becoming more important in the global economy as people with diverse backgrounds and cultural values must work together effectively and efficiently. It is also under increasing criticism as a field for its ethnocentric and pro-capitalist assumptions (see Critical Management Studies).

During the last 20 years, organizational behavior study and practice has developed and expanded through creating integrations with other domains:

Anthropology became an interesting prism to understanding firms as communities, by introducing concepts like Organizational culture, 'organizational rituals' and 'symbolic acts' enabling new ways to understand organizations as communities.

Leadership Understanding: the crucial role of leadership at various levels of an organization in the process of change management.

Ethics and their importance as pillars of any vision and one of the most important driving forces in an organization.

Aesthetics: Within the last decades a field emerged that focuses on the aesthetic sphere of our existence in organizations,drawing on interdisciplinary theories and methods from the humanities and disciplines such as theatre studies, literature, music, visual studies and many more.

8.3 Methods used in organizational studies

A variety of methods are used in organizational studies, many of which are found in other social sciences.

Quantitative methods

-Further information: Quantitative research

-multiple regression

-non-parametric statistics

-time series analysis

-Meta-analysis

-ANOVA

Computer simulation

Computer simulation is a prominent method in organizational studies and strategic management. While there are many uses for computer simulation (including the development of engineering systems inside high-technology firms), most academics in the fields of strategic management and organizational studies have used computer simulation to understand how organizations or firms operate. More recently, however, researchers have also started to apply computer simulation to

understand organizational behavior at a more micro-level, focusing on individual and interpersonal cognition and behavior such as team working.

While the strategy researchers have tended to focus on testing theories of firm performance, many organizational theorists are focused on more descriptive theories, the one uniting theme has been the use of computational models to either verify or extend theories. It is perhaps no accident that those researchers using computational simulation have been inspired by ideas from biological modeling, ecology, theoretical physics and thermodynamics, chaos theory, complexity theory and organization studies since these methods have also been fruitfully used in those areas.

Qualitative methods

Further information: Qualitative research

ethnography, which involves direct participant observation

single and multiple case analysis

grounded theory approaches

other historical methods

Theories and models

Current theories of organization can be divided into two broad categories:

Organizational Behavior - focusing on the behavior of individuals within organizations

Organization Theory - focusing on the behavior of organizations and populations of organizations

8.4 Organizational Behavior

Chester Barnard recognized that individuals behave differently when acting in their organizational role than when acting separately from the organization. Organizational behavior studies these differences to describe and model the behavior of individuals and groups in organizations. Organizational Behavior draws most heavily on psychology and social psychology.

8.4.1 Decision making

-Rational Decision-Making Model

-Garbage can model

8.4.2 Theories of decision making can be subdivided into three categories

-Normative (concentrates on how decision should be made)

-Descriptive (concerned with how the thinker came up with their judgement)

-Prescriptive (Aim to improve decision making)

Management

8.4.3 Managerial roles

In the late 1960s Henry Mintzberg, a graduate student at MIT undertook a careful study of five executives to determine what those managers did on their jobs. On the basis of his observations, Mintzberg classifies managerial roles into three categories: interpersonal roles; decisional roles; and informational roles.

Scientific management

8.4.4 Personality traits theories

-Big Five personality traits

-Holland's Typology of Personality and Congruent Occupations

-Myers-Briggs Type Indicator

8.4.5 Control and stress modelling

-Herzberg's Two factor theory

-Theory X and Theory Y

8.5. Motivation in organizations

Motivation that forces either internal or external to a person that arouse enthusiasm and resistance to pursue a certain course of action. According to Baron et al. (2008): "Although motivation is a broad and complex concept, organizational scientists have agreed on its basic characteristics. Drawing from various social sciences, we define motivation as the set of processes that arouse, direct, and maintain human behavior toward attaining some goal"

There are many different motivation theories such as:

-Attribution theory

-Equity theory

-Maslow's hierarchy of needs

-Incentive theory (psychology)

-Model of emotional labor in organizations

-Frederick Herzberg two-factor theory

-Expectancy theory

Organization Theory

Organizational Theory studies the organization as a whole or populations of organisations. The focus of organizational theory is to understand the structure and processes of organizations and how organizations interact with industries and societies.

Systems theory

The systems framework is also fundamental to organizational theory as organizations are complex dynamic goal-oriented processes. One of the early thinkers in the field was Alexander Bogdanov, who developed his Tectology, a theory widely considered a precursor of Bertalanffy's General Systems Theory, aiming to model and design human organizations. Kurt Lewin was particularly influential in developing the systems perspective within organizational theory and coined the term "systems of ideology", from his frustration with behavioural

psychologies that became an obstacle to sustainable work in psychology (see Ash 1992: 198-207). The complexity theory perspective on organizations is another systems view of organizations. German sociologist Niklas Luhmann (1927 - 1998) developed a sociological system theory and describes organisations - alongside interactions and society - as one of three main entities.

The systems approach to organizations relies heavily upon achieving negative entropy through openness and feedback. A systemic view on organizations is transdisciplinary and integrative. In other words, it transcends the perspectives of individual disciplines, integrating them on the basis of a common "code", or more exactly, on the basis of the formal apparatus provided by systems theory. The systems approach gives primacy to the interrelationships, not to the elements of the system. It is from these dynamic interrelationships that new properties of the system emerge. In recent years, systems thinking has been developed to provide techniques for studying systems in holistic ways to supplement traditional reductionistic methods. In this more recent tradition, systems theory in organizational studies is considered by some as a humanistic extension of the natural sciences.

8.6 Organization structures and dynamics

Incentive theory is a concept of human resources or management theory. In the corporate sense, it states that firm owners should structure employee compensation in such a way that the employees' goals are aligned with owners' goals. As it applies to the operations of firms, it is more accurately called the principal–agent problem.

Complexity theory and organizations

Contingency theory

French & Raven's Five bases of Power

Hybrid organization

Informal Organization

Merger integration

Model of Organizational Citizenship behaviour

Model of Organizational justice

Model of Organizational Misbehavior

Resource dependence theory

Mintzberg's Organigraph

Bureaucracy

Bureaucracy is most commonly attributed to Max Weber. Weber argued that bureaucracy was the application of rational-legal authority to the organisation of work: through the application of rationality, bureaucracy was the most technically efficient form of organisation.Charles Perrow has extended this work, showing the continuing application of bureaucratic concepts to the study of organisations. Perrow argues that all organizations can be understood in terms of bureaucracy and that organizational failures are more often a result of insufficient application of bureaucratic principals.

Weber's principals of bureaucratic organization:

-A formal organizational hierarchy

-Management by rules

-Organization by functional specialty and seelcting people based on their skills and technical qualifications

-An "up-focused" (to organization's board or shareholders) or "in-focused" (to the organization itself) mission

-Purposefully impersonal to apply the same rules and structures to all people

-Institutional Theory

Strategic Management

8.7 Organizational Ecology

Organizational Ecology models apply concept from evolutionary theory to the study of populations of organisations, focusing on birth (founding), growth and change, and death (firm mortality). In this view, organizations are 'selected' based on their fit with their operating environment.

8.7.1 Economic Theories of Organization

Theory of the Firm

Transaction Cost Economics

Agency Theory

8.7.2 Organizational Culture

There are two broad approaches of organizational culture.

The first studies the impact of regional and national cultures on the organisation. In this school of thought, the regional or national culture has a significant impact on all aspects of organizational behavior. Understanding these differences is important for both working with other organizations from other cultures and in structuring organizations for and managing people from other cultures. This is exemplified by Geert Hofstede's Hofstede's cultural dimensions theory. In an ongoing research program, Hofstede has surveyed a large number of cultures and identified six dimensions of national culture that effect the behavior of individuals in organizations:

-Power Distance

-Individualism

-Uncertainty Avoidance

-Masculinity

-Long Term Orientation

The second approach to organisational culture emphasizes the culture of the organization itself. This approach presumes that organizations can be characterized by cultural dimensions such as beliefs, values, rituals, symbols, and so forth.[17] Within this approach, the approaches generally consist of either developing models for understanding organizational culture or developing typologies of organizational culture. Edgar Schein developed a model for understanding organizational culture and identified three levels of organizational culture:

-Artifacts and Behaviors

-Espoused Values

-Shared Basic Assumptions

Schein argued that if any of these three levels were divergent tension would result: if, for example, espoused values or desired behaviors were not consistent with the basic assumptions of an organisation it is unlikely that these values or behaviors would be rejected.

Typologies of organizational culture identified specific organisational culture and related these cultures to performance or effectiveness of the organization.