

COURSE TITLE
ORGANIZATION AND MANAGEMENT

Chapter 1
**INTRODUCTION TO ORGANIZATION
BEHAVIOUR AND MANAGEMENT
THOUGHTS**

Lecture 1 (week 1)

**Organization Behaviour, Introduction to
Management, Scientific Management,
Administrative Management, Bureaucratic
Management, Behaviour Management and Modern
Management.**

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Learning Objective

The main objective of this lecture is to understand about:

- 1.1 Concept of organizational behaviour.
- 1.2 Introduction to management.
- 1.3 Scientific management.
- 1.4 Administrative management.
- 1.5 Bureaucratic management.
- 1.6 Behaviour management
- 1.7 Modern management

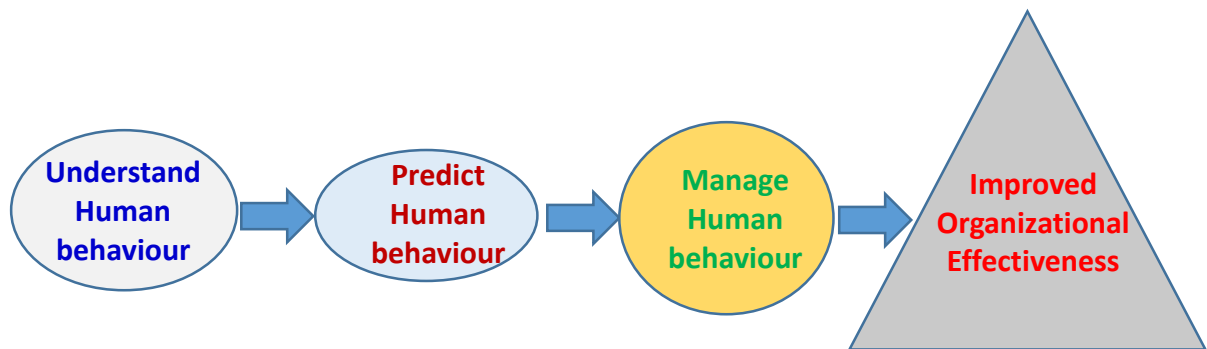
1.1 CONCEPT OF ORGANIZATIONAL BEHAVIOUR

An *organization* is a collection of people working together in a division of labor to achieve a common purpose. Organization is a social system and a combination of humanity and technology. Organization behaviour is the study and application of the knowledge about how people act within the organization. It is a human tool for human benefit. Organizational behaviour (often abbreviated as OB) is a field of study that investigates how individuals, groups, and structure affect and are affected by behaviour within organizations. [1]

Organizational behaviour is the study of how individuals and groups interact within an organization and how these interactions affect an organization's performance toward its goal or goals. [2] The field examines the impact of various factors on behaviour within an organization. This area of study examines human behaviour in a work environment and determines its impact on job structure, performance, communication, motivation, leadership, etc.

Organizational Behaviour (OB) can be understood as

How People behave in an Organization and how their Behaviour affects Organizational Performance



ORGANIZATION BEHAVIOUR PROCESS

APPROACH TO STUDY ORGANIZATION BEHAVIOUR

1. Human Resource Approach

- Organization keeps people first.
- They focus on human resource development.
- Managers support employee's growth and development rather than controlling them.

2. Result Oriented Approach

This approach is productivity oriented

- Knowledge x Skill = Ability
- Ability x Motivation = Performance
- Performance x Resources x Opportunity = Results

3. System Approach

- This approach consider organization as open system. All parts of organization interact in a complex relationship to achieve goal.

4. Contingency Approach

- There is no “one best way” in organization behaviour. Each situation is carefully analysed prior to action. The solution to behavioural problem differs from situation to situation.

1.2 INTRODUCTION TO MANAGEMENT

It is the process of coordinating people and other resources to achieve the goals of the organization. According to Henry Koontz, it can be defined as “art of getting things done with and through people in the formally organized group to achieve the organizational efficiently and effectively.” [3].The task of planning, coordinating, motivating, and controlling efforts of others towards a specific objective. A process by which responsible person in an organization get things done through the efforts of other people in grouped activities.

Characteristics of Management

1. **Intangible:** It is an unseen force. Its presence can be felt by the results of its efforts in the form of production.
2. **Goal Oriented:** Goal may be economic or non-economic. In business, primary goal is to produce and distribute goods with a view to earn profit.
3. **Universal:** It is needed in all types of organization. For example: university, army, government, business etc.
4. **Group Activity:** People join groups in order to achieve result collectively.
5. **Social Process:** Deals with people to make the best use of human efforts.
6. **Dynamic:** It tries to visualise problems before taking suitable steps.
7. **System of Authority:** Authority is the right to give orders and the power to obtain obedience from subordinates.

Features of Management

- Continuous and Never Ending Process.
- Art of Getting Work Done from People.
- It is result oriented.
- Multidisciplinary in Nature.
- Group and Not an Individual Activity.
- Follows Established Principles or Rules.
- Aided but not replaced by Computers.
- Situational in Nature
- Intangible but its Impact is Felt.
- Dynamic in Nature

FOUR BASIC ELEMENT of MANAGEMENT

- ☞ Towards Objective
- ☞ Through People
- ☞ Via Technique
- ☞ In an Organization

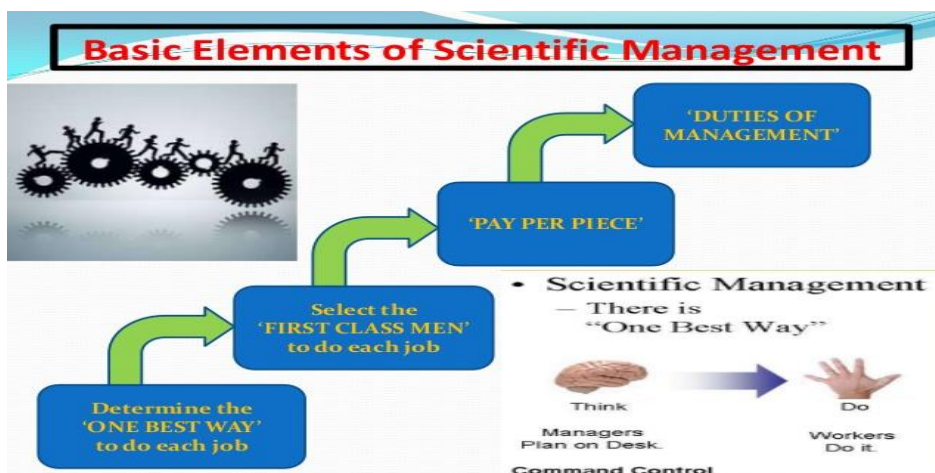
Includes 5 Core Components

- Planning, organizing, directing and controlling the activities of human and other resources.
- Making the most efficient and effective use of resources.
- Coordinating various activities.
- Coping with the changing environment.
- Achieving organizational goal.

1.3 SCIENTIFIC MANAGEMENT

Scientific management is an art of knowing what exactly you want from your men to do and then seeing that is done in the best possible manner. Scientific management theory is a method of improving efficiency in the workforce. As its name implies, this management theory uses scientific methods to assess work processes. [4] The scientific method consists of three steps: observation, experimentation, and analysis. In science, this could mean observing the effects of a treatment, experimenting with a different treatment, and analysing the results.

Credit goes to Frederick Taylor who was hired by Midalve Steel Company in US in 1878. He discovered that production and pay were poor, inefficiency and waste were prevalent and most companies had unused potential. Employees used vastly different techniques to do the same job. Workers did only about one third of what was possible. The workers had no incentives to produce more because they were paid an hourly rate. Workers were asked to take up jobs unrelated to their abilities and aptitudes. Management decided things based on intuition. Most importantly management and workers received themselves to be in continual conflict. He concluded that management decisions were unsystematic and no efforts were made to determine the best means of production. Taylor introduced Scientific Management (also known as father of scientific management) recommended the scientific methods to analyse works and to determine methods to complete the tasks efficiently.



SOURCE: [5]

OBJECTIVE OF SCIENTIFIC MANAGEMENT

1. Each task must be scientifically designed so that it can replace the old, rule of thumb methods.
2. Workers must be scientifically selected and trained so that they can be more productive on their jobs.
3. Bring the scientifically designed jobs and worker together so that there will be a match between them.
4. There must be division of labour and cooperation between management and workers.

LIMITATIONS OF SCIENTIFIC MANAGEMENT

1. It lays too much emphasis on technical aspects of the work by ignoring human interest.
2. It views employees' needs primarily in economic terms. It has not mentioned about informal relation between workers on the job in order to meet their social needs.
3. Employees are forced to work on the same task time again and again leading to monotony.
4. In the name of increasing efficiency, workers are forced to speed up the process beyond their capacity.

1.4 ADMINISTRATIVE MANAGEMENT

Administrative management is concerned with managing the total organization and the pioneer person to develop the administrative principle was Henry Fayol. Henry Fayol was a French mining engineer, mining executive, author and director of mines who developed general theory of business administration that is often called Fayolism. Based on his own experience, Fayol developed the administrative theory which explained the process of managing the organization from top managerial perspective. According to him, 14 principles can be applied in all types, functions, levels and size of organizations.

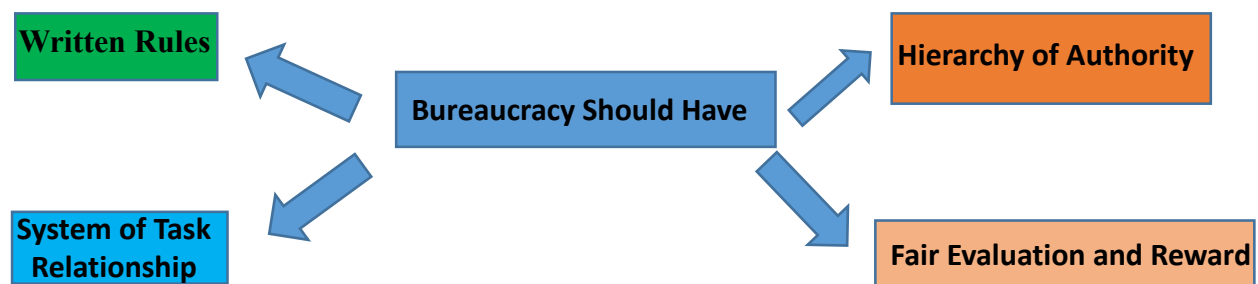
HENRY FAYOL'S 14 Principles of Management

1. ***DIVISION OF WORK***: Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task.
2. ***AUTHORITY***: The concepts of Authority and responsibility are closely related. Authority is the right to give orders and the power to exact obedience. Responsibility involves being accountable, and is therefore naturally associated with authority. Whoever assumes authority also assumes responsibility.
3. ***DISCIPLINE***: A successful organization requires the common effort of workers. Penalties should be applied judiciously to encourage this common effort.
4. ***UNITY OF COMMAND***: Workers should receive orders from only one manager.
5. ***UNITY OF DIRECTION***: The entire organization should be moving towards a common objective in a common direction.
6. ***SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS***: The interests of one person should not take priority over the interests of the organization as a whole.

7. SCALAR CHAIN: The hierarchy steps should be from the top to the lowest. This is necessary so that every employee knows their immediate senior also they should be able to contact any, if needed.
8. REMUNERATION: Many variables, such as cost of living, supply of qualified personnel, general business conditions, and success of the business, should be considered in determining a worker's rate of pay.
9. CENTRALIZATION: Decisions are made from the top levels.
10. ORDER: All materials and personnel have a prescribed place, and they must remain there.
11. EQUITY: All employees should be treated as equally as possible.
12. STABILITY OF TENURE OF PERSONNEL: Retaining productive employees should always be a high priority of management.
13. INITIATIVE: Management should take steps to encourage worker initiative.
14. ESPIRIT DE CORPS: Management should encourage harmony and general good feelings among employees.

1.5 BUREAUCRATIC MANAGEMENT

Bureaucracy is the formal system of organization and administration designed to ensure efficiency and effectiveness. Bureaucratic theory stresses that organizations are formal, rational systems with well-defined rules and procedures, defined by specialization, hierarchy, well-trained employees, managerial dedication, and the impartiality of management. [6] This approach to management is based on the writings of Max Weber (1864 – 1920), a German sociologist. The bureaucratic form of management refers to a management approach which is based on a rigid organizational structure with set rules and regulations. Weber looked for rules to eliminate managerial inconsistencies that contribute to ineffectiveness.



Principles of Bureaucratic Theory

1. Job Specialization

Jobs are divided into simple, routine and fixed category, based on competence and functional specialization.

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2. Authority Hierarchy

Officers are organized in a hierarchy in which higher officer controls lower position holders i.e. superior controls subordinate and their performance and lower staff could be controlled.

3. Formal selection

All organizational members are to be selected on the basis of technical qualifications and competence demonstrated by training, education or formal examination.

4. Impersonality

Rules and controls are applied uniformly, avoiding involvement with personalities and preferences of employees. Nepotism and favoritism are not preferred.

5. Formal rules and regulations

To ensure uniformity and to regulate actions of employees, managers must depend heavily upon formal organizational rules and regulations. Thus, rules of law lead to impersonality in interpersonal relations.

6. Career orientation

Career building opportunity is offered highly. Lifelong employment and adequate protection of individuals against arbitrary dismissal is guaranteed.

Key points of Bureaucracy

- Authority is the power to hold people accountable for their actions.
- Position in the firm should be based on performance not social contacts.
- Position duties are clearly identified. People should know what is expected of them.
- Line of authority should be clearly identified. Workers know who report to whom.
- Rules, Norms, Procedure, used to determine how the firm operates. Sometimes it leads to “red-tape” and other problem.

1.6 BEHAVIOUR MANAGEMENT

Questions began to come up regarding the interactions and motivations of the individual within organization. Management principles developed during classical period were simply not useful in dealing with the behaviour of individual employees. In short, classical theory (scientific, administrative and bureaucratic management) ignored employee motivation and behaviour. As a result, behavior school of management was a natural outgrowth.

Behavior management is also called the *human relation movement* because it addresses the human dimension of work. Behavior is defined as the way a person conducts themselves towards others. When workers are treated as humans rather than machines, they respond to their particular work situation in a positive way - by increasing individual productivity. Elton Mayo (1880 – 1949) conducted the research including the Hawthorne Experiment at WESTERN ELECTRIC COMPANY, Chicago, USA (1924-1932) to identify decrease in productivity of worker. [3] The experiment was conducted in order to find out the role of human resource in increasing the productivity of an organization. These experiments proved to be a milestone in the development of the behavioral school of management. The experiment include:

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- (a) Illumination Experiment
- (b) Relay Assembly Test room study
- (c) Mass Interview Program
- (d) Bank wiring Observation group

The most important findings of Hawthorne experiment are: [7]

1. The business organization is a social system as a technical economic system.
2. The individual is not only motivated by economic incentives but by social and psychological factors because his behaviour is affected by feelings, sentiments and attitudes.
3. Group has a dominant role to determine the attitude and performance of individual workers.
4. The human relations emphasized democratic rather than authoritarian leadership pattern.
5. Worker satisfaction is based on productivity and increased the effectiveness.
6. It is important to develop effective communication between various levels.
7. Management requires effective social skill as well as technical skills.
8. Workers are motivated to fulfil the social psychological needs.

The result of Hawthorne Experiment is that when employees are given special attention by management, output is likely to increase.

1.7 MODERN MANAGEMENT

Setting any goal and achieving it are two sequential and common functions of every individual. For some these activities are very smooth and for some very difficult. Knowledge and skills of management make these easy and absence of managerial skill and knowledge make difficult. Managerial knowledge and skill help to set goals and achieve them in the efficient manner. By efficient we mean in lower cost, lesser time, and with lesser effort, we make goals and achieve them. Three basic activities are involved:

- (a) **Planning** means the functions of deciding goals and fixing the achieving procedures of goals in advance.
- (b) **Implementing** means doing what were decided. Thus implementing activities include arranging men, materials, money; leading and instructing men about doing works.
- (c) **Controlling** refers to the process of evaluating the works of the people and group whether they are going according to progress or not and taking actions as per the needs.

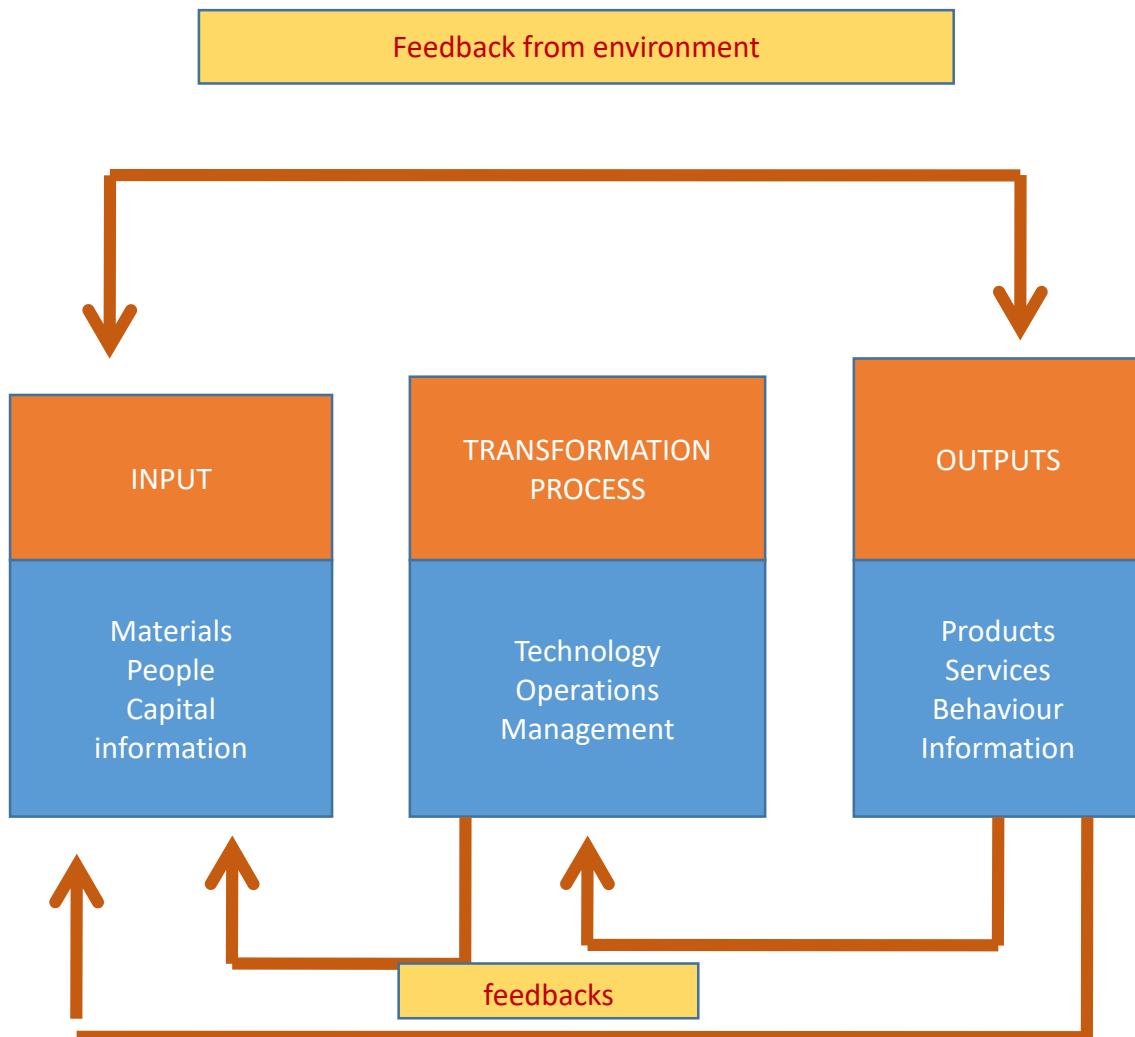
Planning	Organizing	Leading	Controlling
Vision and mission Goals and objectives Strategizing	Organization design Social network Culture	Leadership Decision making Communication Groups and teams Motivation	System/process Strategic human resources

The development of modern management approaches is the result of the belief that environment also influences organizational management. The modern approaches include:

- **System Approach**
- **Contingency Approach**

System Approach

A system is a group of interrelated and interdependent parts that function as a whole to achieve a common purpose. This approach views organizations as systems functioning in relation to their environment. All systems operate on the basis of four elements: Inputs, Transformation process, Output and feedback



Contingency Approach

Also known as situational approach. It suggests that there is no “one best way” to manage and organize. Successful managerial decisions depend on the situations and circumstances. No one best approach will work in all situations. [7]

Contingencies that affect Managerial Decisions

- The rate of change and degree of complexity in the organization’s external environment.
- The internal strengths and weaknesses of the organization.
- The values, goals, skills, and attitudes of managers and workers in the organization.
- The type of tasks, resources and technology used by the organization.

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