

PROFESSIONAL ETHICS IN BUSINESS

LECTURE SEVEN

ORGANISATIONAL BEHAVIOR

Meaning and Definition of Organizational Behaviour

Human behaviour in organization is determined partly by requirements of the formal organization and partly by the personal systems of the individuals forming the organization. The behaviour that emerges from this interaction defines the fields of OB.

The study of OB has **certain basic assumption**. They are

- An industrial enterprise is an organization of people.
- These people must be motivated to work effectively.
- The goals of the employee and the employer may not necessarily coincide.
- The policies and the procedures adopted in an enterprise may influence people in the direction not always foreseen by the policy makers.

Definition

1. **According to Keith Devis:** “Organization behaviour is the study and application of knowledge about how people act within organization. It is a human tool for the human benefit. It applies broadly to the behaviour of people in all types of organizations such as business, government schools etc. It helps people, structure, technology and the external government blend together into an effective operative system”.
2. **Fred Luthans** “understanding, predicting and controlling human behaviour at work”. Stephen Robins defines OB as a “ field of study that investigates the impact that individuals , group and structure have on behaviour in organization for the purpose of apply in such knowledge towards improving an organization’s effectiveness”.
3. OB is directly concerned with understanding prediction and control of human behaviour associated in the minds of individuals and as a result attitude become multiple complex”.
4. “OB is the study of organizational components and their impact on human behaviour and organizational performances such study can benefit from various behavioural and social sciences.”
5. “OB means the study of the behaviour of individuals and group in organizations, and organizations themselves, as they act interact to attain desired outcomes”.

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NATURE AND SCOPE

Nature

A study of OB is beneficial in several ways

First, it helps an individual to understand himself and other better. This will improve interpersonal relations considerably. Friendly and cordial relations between employees and management and also among the employees create a congenial work environment in organization.

Secondly, a manager in a business establishment is concerned with getting things done through others. He will be successful in his job when he can motivate his subordinates to work for better results. OB will help the manager to understand the basis of motivation and what he should do to motivate his subordinates.

Thirdly, one of the basic characteristics of OB is that it is human in nature OB tackles human problems humanly. It helps understand the causes of the problem predict its future course of action and controls its evil consequences. Thus treating employees as human beings enables the manager to maintain cordial industrial relations, which in turn creates peace and harmony in the organizations.

Fourthly, the subject of OB is useful in the field of marketing. Consumer choice behavior is often a critical condition, the nature of influence and the channels involved represent leading topics for behavior research in this area. **Fifthly**, the most popular reason for studying OB is that the reader is interested in pursuing a career in management and wants to learn how to predict behaviour and apply it in some meaningful way to make organization more effective.

Finally, the new economic policy pursued by the central government has rejuvenated our economy. In order to sustain the momentum the economy has picked up effective management of all management of human resources. This is where OB comes into picture.

SCOPE

OB provides a way for understanding human behaviour in the organization for shaping human behaviour in define direction for achieving certain predetermined objectives, managers must know how the people in the organization behave. OB provides for understanding human behaviour in all directions in which human beings interact. Thus OB can be understood at the individual level. Inter personals level, group level.

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1. Individual level: The behaviour of human beings as a social man is the first issue in behaviour science. It provides for analyzing why and how individual behaves in a particular way. OB intergrades psychological, social, culture and other factors to provide simplicity in understanding human behaviour.

2. Interpersonal Level: Interpersonal interaction is normally in paired relationship which represents man's most natural attempt at socialization. OB provides means for understanding these interpersonal relationships in the organization. Analysis of reciprocal relationships, role analysis and transactional analysis are some of the common methods which provide such understanding.

3. Group Level: Though people interpret anything at their individual level, they are often modified by group pressures, which thus become a force in shaping human behaviour. Thus individuals should be studied in group also. Research in group dynamics has contributed vitally to OB and shows how a group behaves in its norms, cohesion, goals, procedures, communication pattern, leadership and membership.

4. Intergroup Level: The organization is made up of many groups that develop a complex of relationships to build its process and substance. Inter group level relationships may be in the

form of co-operation or competition. The co-operative relationship helps the organization in achieving its objectives. OB provides means to understand and achieve co-operative group relationships through interaction, rotation of members among groups, avoidance of Win-lose situations and focus on total group objectives.

Disciplines Contributing to Organizational Behaviour

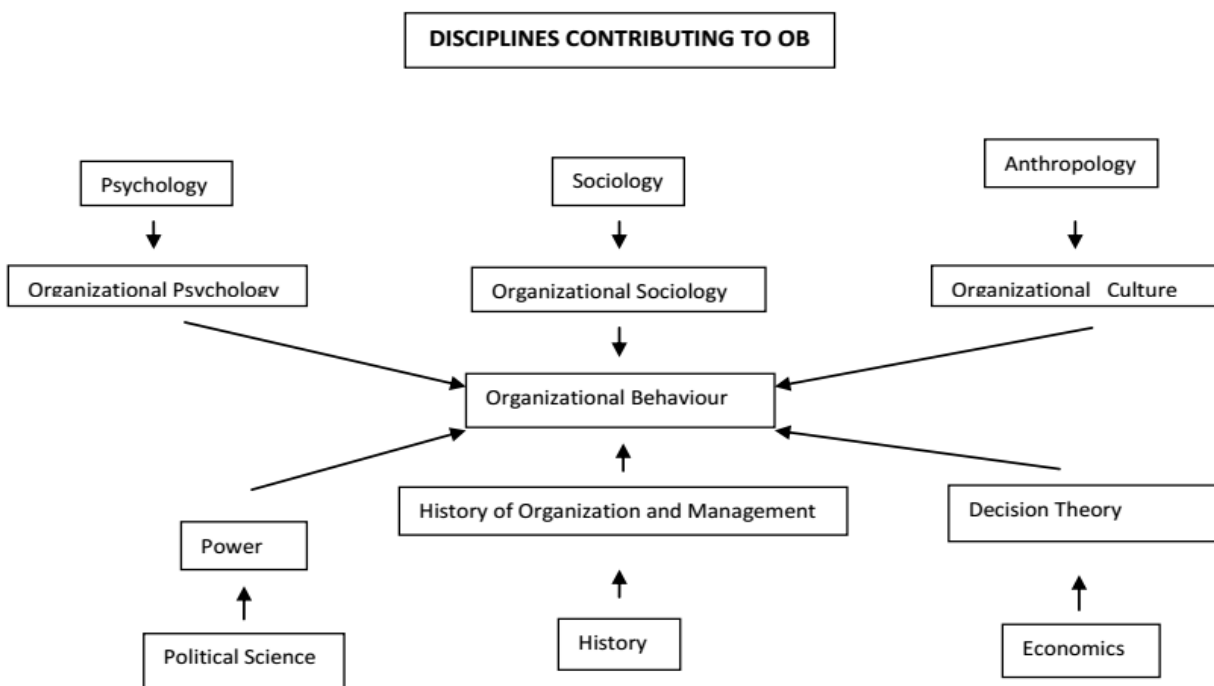
Organizational Behaviour is an applied behavioural science. It has drawn heavily from a number of applied behavioural disciplines such as psychology, sociology and anthropology.

1. Psychology: Psychology is understood as the science of behaviour. It generally includes animal as well as human behaviour.

Psychology is concerned with individual behaviour. It has greatly contributed to the intra-individual dynamics of human behaviour, in other words, intra-personal aspects of OB like motivation, personality, perception, attitude, opinion, learning, belief, feelings, ideas, emotions, training, needs, wants, decision making, job satisfaction, and stress owe their study to psychology.

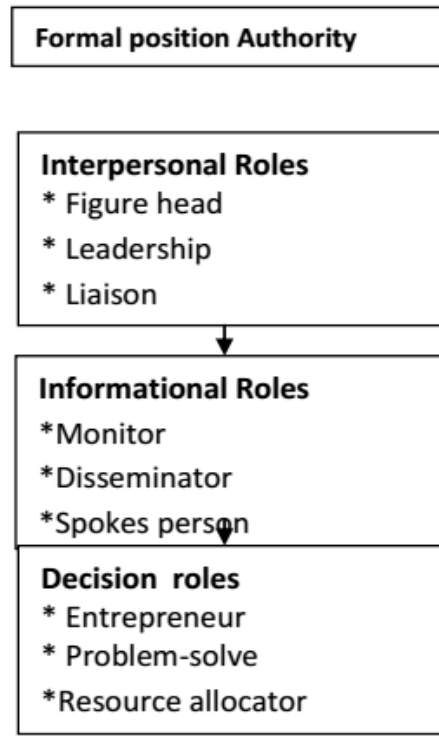
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- 2. Sociology:** If psychology is the study of individual behaviour, sociology addresses itself to the study of group behaviour. It is the study of people in relation to fellow human beings. It focuses to understand group dynamics, formation of groups, communication, formal and informal organization and the like.
- 3. Social psychology:** Social psychology borrows concepts from both psychology and sociology. It focuses on the influence of people on one another. It also focuses the understanding, changing attitudes and group decision-making process.
One of the areas receiving considerable attention from “social psychology” is change. How to reduce its resistance and implement it successfully?
- 4. Anthropology:** Anthropology is understood as the study of man and his work. In particular, anthropologists study culture. Culture has significant influence on human behaviour. It helps to analyze the differences in fundamental values, attitudes, and behaviour between people in different regions and organizations.
- 5. Political science:** Political scientists study the behaviours of individuals and groups within a political environment. Specific topics of concern to political scientists include conflict, resolution, and group coalition, allocation of power and how people manipulate power for individual self-interest.



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Significance of the subject to the organization and to the managers:



I. Inter personal Role:

In every organization manager spend a considerable amount of time interacting with other people both within their own organization as well as outside. All these interactions require an understanding of interpersonal behaviour.

- 1. Figurehead role:** Managers act as symbolic figurehead performing social or legal obligations. These duties include greeting visitor, signing legal documents; taking important customers to lunch etc are duties of a ceremonial but are important to the smooth functioning of the organization.
- 2. Leadership role:** Manager is responsible for the activities of his subordinates. He must lead and co-ordinates their activities in meeting task related goals and he must motivate them to perform better. He must be an exemplary leader so that his subordinates follow his directions and guidelines with respect and dedication.
- 3. Liaison role:** The manager must maintain a network of outside contacts. In this role, the managers build up their own external information system. This can be achieved by attending meetings and professional conferences etc.

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II Informational Roles: A manager, by virtue of his interpersonal contacts, emerges as a source of information about a variety of issues.

- 1. Monitor role:** The managers are constantly monitoring and scanning their environment both studying information regarding their organization and the outside environment affecting their organization. This can be done by reading reports and periodicals etc.
- 2. Information disseminator roles :** The manager must transmit the information regarding changes in policies or other matters to their subordinates. This can be done through; Memos, phone calls, individual meetings or group meetings.
- 3. Spokesman role:** A manager has to be a spokesman for his unit and represent his unit in either sending relevant information to people outside his unit or making some demands on behalf of his unit.

III. Decision Role: A manager must make decisions and solve organizational problems on the basis of the information received.

- 1. Entrepreneur Role:** Managers are constantly involved in improving their units and facing the dynamic technological challenges. They are constantly on the lookout for ideas. They initiate feasibility studies, arrange for capital for new products etc and ask for suggestions from the employees for ways to improve. This can be done through suggestion boxes, etc.
- 2. Conflict handling role:** The managers are constantly involved as arbitrators in solving differences among the subordinates of the employees' conflict with management. These problems may involve labour disputes, customer complaints, employee grievances, etc.
- 3. Resource Allocator:** The managers establish priorities among various projects and make budgetary decisions based upon their priorities.
- 4. Negotiator Role:** In this role the manager represents their units or organization in negotiating deals and agreements within and outside the organization e.g. Negotiation with unions, price negotiation with vendors.

Applying OB knowledge to Management Practices

The basic objective of studying OB is to acquire knowledge about how people behave in the organisation and how this behaviour can be directed towards the achievement of organisational goals/objectives. There is a gap between theory and practice. Some of the major reasons for failure of the theories are as follows.

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- 1) Lack of proper understanding of theory
- 2) Lack of complete understanding can cause the individual to apply something other than the theory in question or to apply the theory in an inappropriate situation.
Eg: Instead of job enrichment – job overload or enriching the job currently under paid.
- 3) No consideration given for systems effects.
- 4) Lack of specific applicability of the theory.
- 5) Lack of universal applicability.
- 6) Wrong theory - this may happen due to
 - i. The environmental conditions under which the theory was created have changed.
 - ii. Incorrect conclusions have been drawn from right data.
 - iii. Correct conclusions have been drawn from poor data.

Researchers have overlooked other significant influences that affect the results.

PERSONALITY:

Personality is a word which is often used. This may refer to 'Physical' and 'Psychological' characteristics of a person.

However it can be defined as "The sum total of ways in which an individual reacts and interacts with people and situations"

"Personality is an individual's reactions to situation and people as per his/her reaction".

PERSONALITY DETERMINANTS

There are three determinants of personality basically. They are:

- a) Heredity
- b) Environment
- c) Situation.

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I. Heredity:

It refers to the factors (Biological factors) that are determined at the stage of creation of an individual (i.e. at birth) or even before birth. This transfer of qualities from parents to their children is termed as “heredity”. They are again divided into three basic factors, there are as follows.

- a) Biological factors
 - b) Physiological factors
 - c) Psychological factors
- a) **Biological factors:** depend on genes like gender, blood typing, colour of eyes, intelligence, health related diseases, such as color blindness, baldness, diabetes etc.
- b) **Physiological factors:** like, muscles, skin texture, sensitivity of skin etc.
- c) **Psychological factors:** like anger, emotions, temperament, etc.

II. Environment:

The surroundings in which an individual is born and brought up influences the personality.

Example: culture, religion, language, family background, social customs etc.

III. Situation:

The different demands on an individual’s different based on the situation. This changes the personality.

Example: students who are playful in class become serious during Principal’s visit or exams.

PERSONALITY THEORIES

I. Trait Theories

- I. Big 5 Model

II. Psycho–Analytical Theories

- I. Id Ego
- II. Super Ego

III. Socio–Psycho Analytical Theory

- I. Self Theory

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I. Trait Theories

- Trait is defined as enduring (long lasting) characteristics of a person by which he or she differs from another.
- A trait is abstracted from his/her behavior.
- Serves as an useful 'Unit of analysis' to understand personality.
- Shy, aggressive, submissive, loyal, ambition, timid is some of the common traits of human. This theory is based upon the following three assumptions. They are
 - Traits are common to all individuals but they vary in the amounts or levels between individuals.
 - Traits are relatively stable and they cause similar effects on behavior irrespective of the situation.
 - Individual traits can be understood by measuring their behavior.

Two Ways of Assessing Personality Traits

1. Personality Inventory

Person describes himself by answering questions about his attitudes feelings and behaviours.

2. Rating Scale

Device for recording judgement someone else evaluate the person's traits either from what they know or from direct observations.

Studies on Trait Theories

Allport and Cattell are the two major psychologists who have studied, analysed and identified traits of human behavior. Allport identified 1953 traits among human beings, Cattell identified 171 traits which were later reduced to 16. Allport gives two types of traits.

- a. Common traits
- b. Personal dispositions

a. Common Traits

These are characteristics which are used to compare individuals. They are identified and classified into 6 groups. They are religious, social, economic, political, aesthetic and theoretical for comparative purpose.

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b. Personal Dispositions

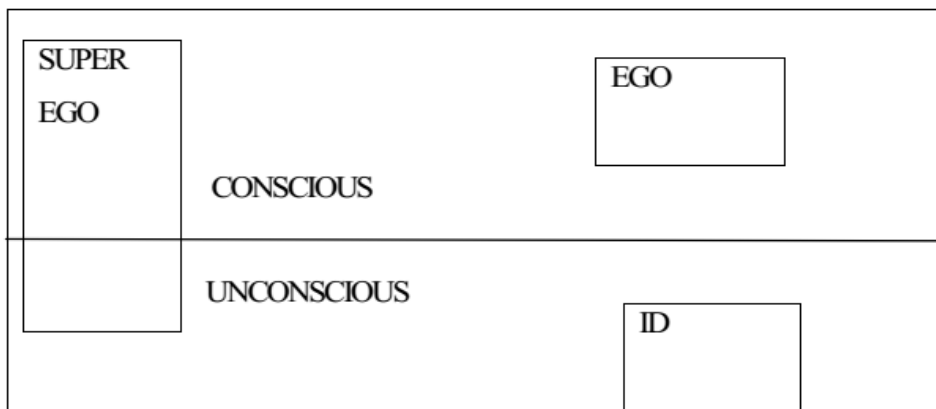
These are unique behaviours of individuals. They are cardinal (most pervasive) central (unique and limited)

Secondary (peripheral).Cattellstudied 16 trait and they ranged from psychological, communication control, stress to trust and emotions.

II. Psycho-Analytic Theory

- By Sigmund Freud.
- Based on the in-depth study of individual behavior.
- Human behavior is influenced more by insane factors or forces.
- According to Freud the human mind is composed of 3 elements.
- The Preconscious - Super Ego
- The Conscious - Ego
- The unconscious - ID
- The items in the mind that can be recognized only through Freud's association method are preconscious.
- The conscious elements are concerned with thoughts, feeling beliefs and desires.
- The final component 'unconscious' is basically concerned with ideas and wishes.
- According to Freud the "conscious" is guided by a "reality – reality" principle and "unconscious" is guided by the famous hedonistic principle of pleasure.

Three Structures of Human Mind



Evaluation of Psycho–Analytic Theory

- Psycho – analytic theory has an enormous impact on psychological and philosophical conception of people.

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- The ideas of the unconscious, anxiety, and the childhood causes of adult psychological difficulties have permitted people's view of human behavior, including understanding the causes of their own behavior.
- Freud's emphasis on the unconscious revealed that mental processes about which people are unaware have all important impact on thinking and actions.
- For Freud, the basic sources of abnormal behavior are unresolved past conflicts and anxiety.
- How to rid oneself of the anxiety, the answer, according to Freud is "Free Association" and dream interpretation as a techniques to probe the unconscious.
- Finally Freud's emphasis on sexual factors led to an awareness of their role in adjustment problems and paved the way for the scientific study of sexuality.
- Freud contributed to the study of OB in 4 areas.
 - Creative Behaviour: For example certain stages of the creative processes are unconscious in nature.
 - Dissatisfaction: Behaviours of employees such as day dreaming, forgetting apathy rationalization and even some sickness are often analysed in psycho-analytic terms.
 - Group Development: Description of the stages which groups must go through to become "Nature" is heavily psycho-analytic in nature.
 - Leadership and Influence: The study of emergence of leadership, the nature of leaders relationship to his followers and styles of leadership shows Freud's great interest in authority and power.

Criticism Against Psycho–Analytic Theory

- The approach is not based on verifiable facts.
- ID Ego and Super Ego are primarily a "Black Box" explanation of human beings.
- Maslow considered it as a one sided psychology lacking in comprehensiveness since it was grounded on the abnormal or sick part of human behavior.
- DvaneSchurt describes Freud's human being as "battle field."
- This theory is criticized because it is largely untestable, difficult to define and is ambiguous.

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III. Socio–Psycho Analytical Theory

This theory identifies the interdependence of the individual and the society. They rely on each other to achieve their respective goals. From this interaction, the personality of the individuals can be found. This theory is based on two aspects.

- Social Variables - Determine and shape individual behavior and personality. Biological characteristics are not responsible.
- Individuals - Know what they want and their behavior is directed to meet these needs.

Following Observations were made :

- Fromm: This Psychologist has found out the importance of social context on an individual's personality.
- Sullivan and Horney: Studies interpersonal behavior with special reference to personality.
- Adler: Studied the variables affecting individual behavior and personality of the individual.

- From the above studies 3 important interpersonal behavior were observed. They were
 - Complaint: These people are dependent on other people and the society. They hate loneliness and try to move towards each other and towards groups.
 - Aggressive: They are in need of power, they move against each other i.e., in the opposite direction.
 - Detached: These people are self sufficient and thus move away from others. By this we understand how individuals adapt to changes in the society. However this theory does not give the total picture of personality.

SELF THEORY

Carl Rogers presented this theory which describes individuals. Subjective experience, his feelings, concepts of the world and self. The following are the 4 images that an individual.

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1. **Self Image:** This is the image of the individual itself. This is how one sees himself. Example: “ I am a good student”. “I am not brilliant like Mr. XYZ”.
2. **Ideal Self:** The previous image (self – image) is reality, this image is imaginary. This is what one calls look like someone else. This image motivates (make) an individual to behave in a particular manner. Example: ‘I would like to be called brilliant, extra – ordinary, genius etc”.
3. **Looking Glass Self:** (Mirror Image) This image is the image that individuals think as what the others are seeing. It is only an individual’s belief of others, but not reality. Example: “People think I am brilliant because I got first rank”.
4. **Real Self:** This is what a person actually is. The first 3 images may be the same or different from the real self. The situations around an individual influences these images and behaviours of individuals.

Influences of Personality on Organisational Behaviour

1. **Locus of Control:** Strong personality believe’s that they can control what is happening around them. So they think they have internal locus of control. Weak personalities cannot control what is happening so they believe in external locus of control. Example : People who look hard (internal locus) people who depend on fate (external locus).
2. **Self Concept:** This means how an individual defines himself and how he gets a sense of identity. People with good or excellent personality have great self - concept.
3. **Self Esteem:** This denotes the extent to which individuals continuously regard themselves as capable, successful important and worthy individuals. It helps people in improving their self confidence.
4. **Self Monitoring:** It is the individual’s ability to adjust his or her behavior to the external situations. Thus people with high self monitoring adapt fast to the changing situations and make great personalities. They make excellent managers and play multiple roles to get things done..
5. **Risk Taking:** The chances of an individual assuming (taking) or avoiding risks affects a manager’s behaviour in making decisions. Individuals differ in their risk taking capacity. This trait provides an idea on how a person is or what his personality is .Example: A stock broker should take high yet calculated risks, a person with low risk taking character is unsuitable for this job.