


**Organizational Behaviour - an Introduction**  
**Dr. M. P. Ganesh**  
**Department of Liberal Arts**  
**Indian Institute of Technology, Hyderabad**


**Lecture – 05**  
**Introduction to Organizational Behaviour – Part 5**


Warm welcome to this lecture series on Organizational Behaviour. This is going to be our 5th and final section of this chapter. I am Dr. M. P. Ganesh.



### Outline

- Defining Organization, behaviour and Organizational Behaviour
- Basic assumptions of OB
- Fundamental Ideas
- Levels of OB
- Why study OB?
- OB and HRM
- Applications of OB
- Historical Developments in OB
- Emerging Concerns





So, this is the broad outline of this chapter. I will quickly summarize what happened in our previous lectures.

### What is an organization?











## Organization

- Organizing: Arranging the activities of the enterprise in such a way that they systematically contribute to the enterprise's goals.
- A deliberate arrangement of people to accomplish some specific purpose.
- An organization is a consciously coordinated social entity, with an identifiable boundary, that functions on a relatively continuous basis to achieve a common goal or set of goals.



## What is a behaviour?

- Response of the organism or system to various stimuli or inputs, whether internal or external, conscious or subconscious, overt or covert, and voluntary or involuntary.



## Organizational Behaviour

- Understanding human behaviour at work (individual, interpersonal, groups dynamics etc).
- Systematic study of human behaviour in organizational settings.
- OB is multidisciplinary in nature.






So, we defined organizational behaviour by trying to understand, what is an organization, what is a behaviour and what is organizational behaviour.

### Basic assumptions of OB




- Organizations consist of people.
- Motivated people work effectively.
- Disparity between organizational and individual goals.
- Impact of policies and procedures on people are not always predictable.






## Fundamental Ideas

- Each individual is different.
- Multiple roles of employees.
- Motivation: the force behind.
- Human dignity.






We also looked at what are the basic assumptions of OB as a discipline and also the fundamental ideas on which organizational behaviour as a discipline is placed.




## Levels of organizational Behaviour

- Organizational process: change management, organizational culture and climate.
- Group process: team dynamics, conflict, leadership, power and politics.
- Individual processes: perception, personality, attitudes, motivation.






We also looked at how organizational behaviour tries to understand individuals at workplace at different levels: at individual level, group level and organizational level.




## Why study organizational behaviour?



- Understand employee behaviour
- Predict employee reactions
- Plan for effective interventions




So, we also looked at why you have to study organizational behaviour both for managers as well as for students.



## Organizational Behaviour and Human Resources Management






So, what are the applications of organizational behaviour? One important area is human resource management function in organizations.






## Applications of OB

- Improving quality of work-life
- Improving employee performance
- Improving organizational effectiveness




## Historical developments of OB

- Industrial psychology: applying psychological techniques in industrial set-up.
  - Walter Dill Scot (1869-1955):- applying psychology in advertisement and selling.
  - Edward K Strong Jr.,:- guidance and vocational training (Strong – Campbell interest inventory).
  - Hugo Munsterberg (1863-1916):- research into industrial accidents and book “Psychology and Industrial Efficiency”
  - World Wars and Industrial Psychology





We also looked at the application of OB. In the previous lecture, we looked at the initial part of the history of OB as a discipline. We looked at how industrial psychology as a discipline helped OB to emerge. Especially, how World War significantly contributed to industrial psychology.

The difference between industrial psychology and organizational behaviour is industrial psychology uses a lot of psychology-based concepts. Organizational behaviour is primarily a multidisciplinary area which involves theories from sociology, anthropology, psychology, economics and other social sciences.



## Historical developments of OB...

- Scientific management movement
  - Frederick. W. Taylor
    - ▶ Four principles of scientific management:
      1. Scientifically study each part of the job and develop best method (time-and-motion study)
      2. Select and train workers using scientifically developed methods
      3. Cooperate with workers to ensure that they use the proper method
      4. Divide work and responsibility among management and workers
    - Incentives for increased productivity

In the previous class, we also saw the theory of Frederick Taylor or Frederick Taylor's theory of scientific management where he proposed four principles. If you remember, we also looked at video on the application of Taylor's idea in Fords organization.

So, we also discussed about very briefly a criticism on the scientific management principles. So, one important criticism on scientific management principles is it treats humans as machines.

In other words, according to scientific management, humans are or workers are integral part of the larger organizational machinery. So, you know which also means that any individual can be easily replaceable. So, if a machine is not working properly, you can let us say if a part of a machine is creating trouble, you can remove it and replace it with some other part. So, that is how it is seen in scientific management.

And also scientific management looked at humans as someone who is powerless or in other words, scientific according to scientific management, workers cannot voice out their opinion to the management because if you see the last principle, it divides work and responsibility. So, the role of the workers is to work, the role of the management is to make decisions. So, workers do not have any power to voice out their ideas or concerns.

And also there are other issues which I asked you in the previous class to watch the video again and to look for some of the important areas which are discussed in that video. So, now, I will elaborate on some of those area.

I hope you all saw the video. So, one important issue which is discussed in the video was time and motion study. So, if you remember there was one part where Taylor was trying to understand how much time it takes for each of those sub tasks to be performed. So, if you remember there was an image of a clock and a typist typing and a person carrying iron ore and things like that.

So, the idea of time and motion study is to understand or break down the entire job into specific tasks and see how each of these tasks are performed and how much time on an average a person will take to perform those tasks. So, that is the whole idea of time and motion study how much time it takes to do a specific task on an average. So, it is done in a standardized condition which means it is not necessarily done in a factory but done in a condition where it is more like a laboratory condition.

So, one of the important criticisms or key criticisms on time and motion study or generalizing time and motion study when I am using that as criteria, whatever time we found out in time and motion study cannot be generalized for real world scenario or real organizational scenario.

Why because there are problems in standardization. Why because, one, these experiments or these standardizations are done in laboratory situations or standardized situations. But in real life or in real workplace scenario, there might be lot of other factors which influence workers behaviour.

So, for example, you know setting a standard based on a condition where it is ideal vis a vis what happens in the real world or real workplace. So, there will be obviously, differences. You cannot use an ideal situation as a day to day situation or ideal benchmark as a day to day benchmark.

And also, individuals are very dynamic. Like I said standardization is very difficult because natural situations are different from artificial or laboratory situations. Two: you cannot generalize one thing which is found from few individuals to all the other individuals because each of these individuals are different.

Humans are not lab animals where you can standardize things which are found in one animal to all the other animals because animals; I am not justifying or I am not demeaning animals, but humans are social beings; humans are psychological and social



beings. So, you cannot predict the psychological impact of or the role of psychological factors on work behaviour or the role of social aspects on work behaviour.

So, in experimental conditions, you take care of only the physical elements. You do not know what is going or what is happening within the individual or from what kind of social situation this individual comes from. So, you know the role of psychosocial factors is not taken into consideration in these kind of experiments. So, that is a major problem in using the findings of time and motion study and using that as criteria to evaluate employee performance. So, that is one important criticism.

Second important issue I want to discuss today is if you remember in that video, they were talking about assembly line. If you remember initially in that video, they were showing how cars were made. So, people moved around the objects or the tools remained in the same place. So, the car remained in the same place, people moved around initially. When assembly line was invented, what happened was humans were stable and the parts started moving.

The major advantage of assembly line is one, mass production. Why mass production can happen in assembly line? Because the same person or the entire job is broken down into smaller units like scientific management method and each of those smaller tasks were done by individual workers which means let us say a particular task requires you know tightening the screw and then, the second task involves checking whether the screw is properly fixed and things like that.

So, instead of one person doing all these smaller task, you have one person doing one particular task repeatedly. This will lead to mass production or reduced cost is when you keep doing the same thing again and again, your efficiency increases which means the time you take to do that task becomes less.

So, when time taken to do the task reduces, you can produce more which reduces the cost and leads to mass production. So, now you understand why assembly line leads to cost efficiency and mass production.

But the problem with assembly line or the negative impact of assembly line on employees is one: by doing the repetitive tasks continuously, there are more chances that

employees will get bored or in other words, employee will not feel that he or she is doing something meaningful.

So, what kind of meaning one can get if you are keep on doing the same task again and again like tightening the screw you are tightening the screw of a particular assembly line for you know years together. So, what kind of meaning will you get in what you are doing.

Two: by doing simpler task again and again or by breaking down the larger job into simpler task and making specific people do that we are also making these workers replaceable which means if somebody is not performing that particular smaller task, you can fire them and take someone else and put them in that place because it is very easy to train someone to do that small task.

Let us say if somebody in the earlier model, in the earlier approach if somebody is doing many tasks together, it is very difficult or its relatively difficult to find someone to do that collective job because you need to train them or you need to pay them more because you need to find an experienced person and things like that.

So, assembly line took away that power of employees and made them easily replaceable. For example, let us say a carpenter who is like skilled, highly skilled, who knows to do many things, let us say he or she can make a table, other furniture, window, door.

So, this person knows to do many things and finding such person is very difficult because you know that person should have many years of experience and obviously, you need to pay more to that person. Let us say you are building a house, you would not buy, you would not have carpenters who do windows and then other carpenter for doing doors and other carpenter for cupboards ok.

So, you recruit a carpenter who does everything together, but the problem in doing it is you need to pay more. Vis a vis nowadays, you find all those readymade carpentry things, you know readymade doors, readymade windows which are mass produced. So, it is very easy to buy those things and you yourself can fix it ok.

So, this is what happened when assembly line came into existence. So, employees, skilled employees lost their negotiation power or lost their status in the organization. So, they became replaceable.

For the organization, it is a good thing or for the management it is a good thing because training costs are less and employees cannot negotiate with you, they cannot demand more. If they demand more, you can easily fire them and recruit someone and easily train them for doing the smaller task.

Another important issue which that particular video talks about is incentive for better performers. Let us say you are doing a very small tasks in the larger assembly line, but you are producing more, you know your speed is more. So, you pay them more. So, incentivize for someone who is performing better than others or more than others.

But the problem with this is like a relative performance evaluation. The problem with relative performance evaluation is let us say 5 percent of the entire employees are better than 95 percent or better than others in crossing the standards set. So, other 95 percent will try or others also will get motivated to perform like that ok.

So, if many people outperform the benchmark or the standard set and then, what happens is the newer performance criteria becomes the benchmark. In other words, let us say you know in a class, everybody gets 98 out of 100; all the students get above 95 out of 100 and if you want to relatively grade only the top most people will get the top most grade.

Let us say in the other next year, students get motivated and then all of them perform well within the range of 99 to 100 you know entire class is like either 99 or 100, then 100 becomes the benchmark. So, in a relative grading, it becomes very difficult for employees to go to that higher level. So obviously, employees will feel demotivated.

So, the entire idea of more incentives for higher performance will not work in long run. More people will get demotivated than motivated. So, that is one problem with incentivizing using relative performance evaluation method.

And another important area which the video discusses is in Fords company especially is union busting. So, what happened during you know 1920's and 30's in Fords company was Ford discouraged unionization. In other words, if somebody is there in a union, they

will fire those employees. If some employee joins the union, they will be fired. But even now many of us feel unions are unnecessary and unions are seen as troublemakers.

But what is the role of union? Do you think unions are important for the organization? I am not talking purely from you know socialist point of view, not from employees point of in fact, even from an employees point of view it is obviously, important. But even for the organizational point of view, it is very important for the organization to have unions. It is very obvious that it is important for employees that is a different story, but for the organizations, it is important. But most of the managers see unions as something which is not required.

So, why do you think organizations require unions? One first reason is unions act as the representatives of employees or unions are the voice of the employees. You may ask why we need representation?

Why not you know just have a open door policy kind of a thing anybody who wants to come and talk to the top level manager and you know give their grievances or talk about their grievances they can. Why do you need a union? Why you need a union as a representative because one many a times individual voices may not be heard well.

You know let us say one: person going and talking to the top-level management as a lower level employee, I may not have the courage ok. Two: when you say employees, employees are different kinds, there is a lot of diversity; there are women employees, there are disabled employees, there are employees of a certain race, certain you know who have special needs, different age group.

So, someone to hear collectively from all of them and represent that to the management is very important. If the management hears all these voices separately, it is very difficult for the management to comprehend all these voices.

So, instead you have one representative who hears all these voices and consolidates and gives to the management or the burden on the management to understand different needs of the employees who are different in nature decreases. So, in other words, a diversity management point of view having union is a good thing for the organization.

So, now, you may ask why organization should hear voices of the employee? Very important reason is unless and until you hear voices of the employees, you cannot improve your processes. So, unlike the fourth point in Taylor's scientific management principle you cannot neglect the voices of the employees.

You cannot say employees are there to work and management is there to make decisions. In reality, workers are the ones who are in the ground, they are the ones who know the reality of that machinery or of the market or your customers or your suppliers.

So, unless and until you hear from the bottom, you cannot get the right kind of information or you cannot get the realistic information and without having realistic information, you cannot make better decisions.

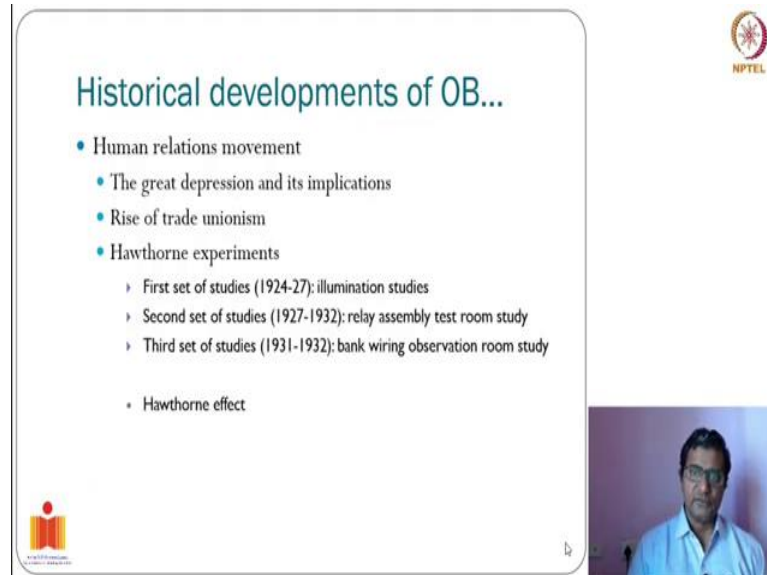
So, for organizations, it is very important to hear employee voices. One to get realistic information, two to focus on or to aim at continuous development. So, management cannot say we have reached to a fullest. So, if you hear from employees, you get newer ideas, you get better ideas to improve your processes and functions and things like that. So, it is very important to listen from employees.

And also, unions as an entity acts as a devil's advocate. I do not know how many of you heard about this word devil's advocate. Devil's advocate means someone who gives the negative information or someone who tells you something which is not very desired to you or someone who gives you negative feedback.

Why negative feedback is important for the organization? Unless or until you have negative feedback, you will not look at your shortcomings. You will not know what are the areas you have to improve ok. So, many organizations have failed, successful organizations have failed when they stopped listening to negative feedback ok. So, unions act as a very important part of organizational growth and organizational performance.

But according to Taylor, Taylorism and Ford, unions are unnecessary and they have no role in organizational productivity. So, that is where you know Taylorism is seen as something which is not very helpful for developing organizational productivity.

In fact, after 1930's, Taylorism lost its popularity. Till then, Taylorism was seen as something which is very scientific, something which will help improve productivity, something which will create magic and making people work and improve profits. But slowly that kind of hype or that kind of opinion faded away during 1930's.



The slide is titled "Historical developments of OB..." and features a bulleted list of key historical events and studies. The list includes the Human relations movement, the Great Depression and its implications, the rise of trade unionism, and Hawthorne's experiments. The Hawthorne experiments are further detailed with three sets of studies: illumination studies (1924-27), relay assembly test room study (1927-1932), and bank wiring observation room study (1931-1932). The Hawthorne effect is also mentioned. The slide includes logos for NPTEL and a small video inset of a man in a light blue shirt speaking.

- Human relations movement
  - The great depression and its implications
  - Rise of trade unionism
  - Hawthorne experiments
    - › First set of studies (1924-27): illumination studies
    - › Second set of studies (1927-1932): relay assembly test room study
    - › Third set of studies (1931-1932): bank wiring observation room study
  - Hawthorne effect

1930's is also a very important period because it was post World War I and there was a great depression. After World War I, the economy of the world collapsed and the global economy was not doing well with GDP's of many countries were very low; kind of a very sad state in terms of job opportunities, inequality and things like that.

So, due to great depression which happened after World War I, many trade unions became active because there is lot of inequality. You know rich people were making lot of money, but poor people were becoming poorer and especially with all these Taylorism kind of ideas, employees were becoming replaceable, no job security, no other perks or welfare measures. So, it led to the rise of trade unionism and those to some level of unrest in organizations unions versus management.

So, during this point in time, managements scholars started thinking about or their way of understanding humans as you know as part of a machine changed. Scientific management as a principle lost its popularity and many scholars in psychology and industrial psychology started looking at humans as psycho social beings.

One important event really kick started this so called human relations movement. Human relations movement is looking at humans or employees as holistic organisms. Organisms

which involve both social element and psychological element; they are not just physical beings but they are also social and psychological beings.

For example, if even if I do not get paid well, I would choose a company which treats me well. So you are not driven by reward and punishment kind of a phenomena. You are driven by other social phenomena. This is one important change which happened because of human relations movement which looked at humans as social and psychological beings.

So, like I said Hawthorne experiments is a very critical point which kick started or which lead to increase in or popularity in human relations movement and an increase in number of these kinds of experiments happened. So, some of you would have heard of Hawthorne experiments. I will not elaborate too much into what happened in these experiments in terms of detail, but I will tell you the crux of these experiments.

The Hawthorne experiments are set of experiments conducted by a group of scientists in fact, engineers. One of them was Elton Mayo who headed this entire set of experiments. Initially the experiment was designed or the objective of the experiment is to understand how physical conditions.

Physical conditions like ventilation, illumination, illumination means light, temperature in workplace and how these physical conditions affected performance of employees. So, the first set of experiments was very interesting experiment in which what they did they had two groups experimental group and control group. Experimental group means the group in which you change the condition. Control group means you do not do anything.

So, the idea is to understand what is the optimal level of lighting or the impact of lighting on performance of workers. So, in the experimental group, they changed the lighting to different levels to see whether they performed their performance level change or not, productivity changed or not.

Control group obviously, it should not change because nothing is changed. So, they should also perform in a very consistent way. The expectation is the experimental group performance should change depending on how much lighting is changed.

But what happened was during the observation, both the group's performance changed. Even the control group where no lighting has been changed, performance changed. So it was very difficult for the experimenters to understand. It is like a puzzle for the experimenters or the scientist who were doing their experiment.

Later they interviewed the subjects or the participants of the experiment who are workers and this experiment was done in a factory in Hawthorne Western Electric Company which manufactured telephone sets, wire and all those electric related items.

So, it happened in a factory premise itself. Within the factory premise, they created separate rooms and did this experiment. So, when interview was done with these workers, they were asked why their performance increased? Because both control group and experiment group felt that they were being observed or they have been selected for this particular experiment.

So, this led to a sense of feeling special or they felt that they are special. They felt they were selected because they are important and also they know that they have been observed that led to a sense of I am special. They felt that since 'I am special, I have been recruited for this experiment and they are observing us'.

So, they got that feeling that somebody is observing them. 'I am important' that kind of a feeling. That led to increase in performance. In fact, this effect is called Hawthorne effect.

Hawthorne effect means when somebody feels he or she has been observed, their performance changes or when somebody feel they are special or if somebody feels they have been treated specially compared to others, their performance changes. So, there is no need for it to be a real reason; you can feel somebody is treating me in a important way or in a special way.

You will act in a way that you fulfill that particular expectation which you have imagined ok. The expectation may not be real. You imagine they are observing us because they have some expectation on us so, we have to fulfill that expectation. This is called Hawthorne effect.



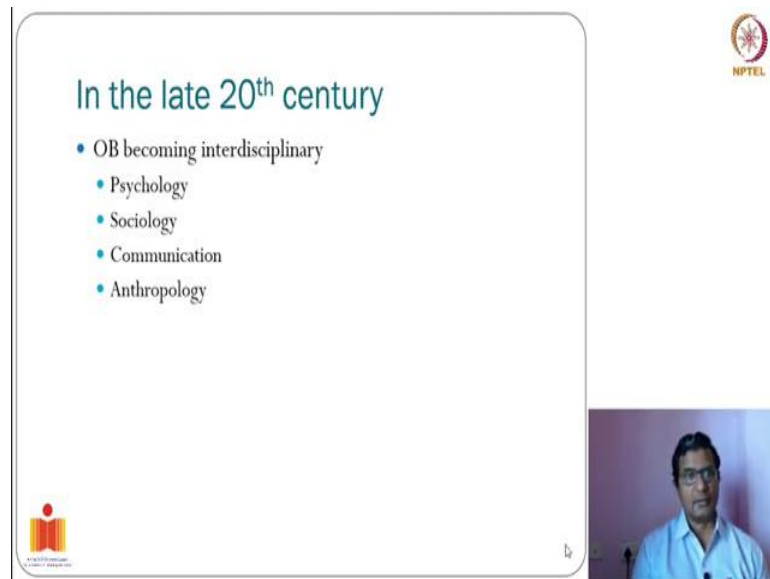
This is similar to placebo effect. Placebo effect means you give a sugar pill and the patient assumes it is a real pill. Sugar pill means a pill without any effect. The patient assumes that this pill or this tablet has some effect and that can cure illnesses. So, Hawthorne Effect is something similar to that. Hawthorne effect is a very important finding in organizational behaviour. So, this is the first set of study.

Second set of studies or what happened was two groups were made and each group were allowed to make decisions on their own, in terms of how they want to take breaks between their work and they also decided their group members and things like that. So, I would recommend to watch this you know there are lot of material available in Wikipedia and YouTube. I would suggest you to go and read more and watch those videos on these kind of experiments. I will also give you some link below.

So, there are many experiments like this that have been done. So, the key finding from all these studies which were conducted during this period which I called Hawthorne experiments was more than physical conditions, psychological and social conditions play a very important role.

So, it is not as though you can control human behaviour or employee behaviour through money, more than money, sense of belongingness, sense of freedom, sense of feeling important all those things are very crucial in influencing the performance of the employees.

So, this has led to many changes in the way scientists or organizational behaviours looked at human behaviour at work. So, after this many theories came like Maslow's theory, equity theory and so on. So, from this point looking at employees as humans not as machines that kind of a thought process became core of organizational behaviour ok.



In the late 20<sup>th</sup> century

- OB becoming interdisciplinary
  - Psychology
  - Sociology
  - Communication
  - Anthropology

So, in the late 20th century OB as a discipline became a separate discipline. Earlier it was sort of similar to industrial psychology. Now OB has become more interdisciplinary. If you remember in one of those slides earlier, I was talking about OB as a multidisciplinary field.

The difference between multidisciplinary and interdisciplinary is in multidisciplinary, many disciplines contribute or explain different phenomena in a particular discipline ok.

Let us say if you want to understand work behaviour, group processes I will use sociology concepts. Individual processes, I will use psychology processes. Team dynamics probably I will use anthropology related concepts. So, that is multidisciplinary. Many disciplines independently contribute in understanding or creating a new discipline.

Interdisciplinary is all these disciplines synergize together. For example, if I have to explain group behaviour, I will explain it with sociology, anthropology, psychology you know I will look at it from a very collective or holistic point of view. So, OB became a very synergistic or an interdisciplinary field in late 20th century.



**Emerging concerns**

- Technological changes.
- Globalization.
- Cultural diversity and teamwork.
- Ethical management and corporate social responsibility.

And also, some of the very important concerns which are there in front of organizational behaviours are technological changes. Especially in 21st century, technology changed tremendously especially, in the areas of communication technology, information and communication technology. You know distance became obsolete. You can communicate with anyone in this world at any point and time with less cost. So, that has led to globalization.

And people started collaborating across various cultures. So, that led to cultural diversity and teamwork. You know compared to 1950's, now many there are many multinational companies and we get many products which are international even in local market because increased collaboration between organizations of different cultures and also that has led to cultural diversity in the workplace and team where teams where people from different cultures, different nationalities come and work.

It is not just different global cultures, even within a particular nationality, employees from different backgrounds; due to inclusivity; because of affirmative action, reservation and things like that people from different backgrounds, different gender, different race, different religion, different language have come together and they have been encouraged to work together.

So, when there is lot of diversity within the team or in the workplace, it becomes difficult to define right and wrong or dos and don'ts in a very black and white way. Because, many of these dos and don'ts and right and wrongs vary from one group to another.

So, I cannot say with my upbringing or depending on my cultural background this is wrong or this is right, this is how it has to be done. So, you need to be tolerant to other ideas or tolerant to ideas from other cultures and you have to be inclusive that is what is inclusivity. So, this led to managing people ethically, you know acting responsibly towards your employees and other stakeholders. So, what is the role of OB here?

For example, technological changes. From an OB point of view, how to help people use technology better to communicate. Using technological tools for communication has its own limitations. Similarly, in globalization, how to help people collaborate better and overcome cultural differences.

It is not like you know everybody become the same kind of people, it is to understand people from other cultural groups in a workplace and also understand or create norms which includes opinions and includes you know standards from different cultural groups. So, how can organizations do or create that kind of a work environment.

So, all these areas are becoming emerging concerns for organizational behaviour as a discipline. So, this has made the life of organizational behaviour practitioner interesting and also challenging.



So, I will stop here. So, I hope you enjoyed this 1st chapter. I know there have been lot of communication issues in the way I present the lecture because this is the first time I am doing it online, like this particular cartoon strip. I have been teaching primarily

through face to face media you and for me I enjoy interacting with students. In fact, in my class, I talk less and let my students talk.

So, in this kind of an online lecture, for me it is difficult for me to adapt to just monologue-ing. But I think slowly I will also learn and how to do it better and learn how to do it better and also unlearn my earlier experiences which may not help in online teaching ok.

So, we will see in the next chapter. Have a nice day and stay safe bye.