

# Organizational Behaviour

## History and Evolution

- In 1776, Adam Smith advocated a new form of organizational structure based on the division of labor.
- One hundred years later, German Sociologist Max Weber introduced the concept about rational organizations
- Fredrick Winslow Taylor introduced the systematic use of goal setting and rewards to motivate employees that could be considered as the starting of the academic discipline of Organizational Behavior.
- In 1920's Elton Mayo an Australian born Harvard Professor conducted productivity studies at Western Electric's Hawthorne Plant. With this study the focus of organizational studies shifted to analysis of how human factors and psychology affected organizations.

## History of Management

1. The classical approach-
  - scientific management
  - administration theory
  - bureaucracy
2. The neo-classical approach-
  - Human relations.
  - Elton Mayo, Abraham Maslow, Chris Argyris, Douglas McGregor, and Rensis Likert.
3. The modern approach
  - Modern management thought combines the concepts of the classical approach with the social and natural sciences.
  - It emerged basically from systems analysis.

# Various Historical Concepts

1. **Industrial Revolution**- It has only been since the Industrial Revolution of the nineteenth century that large number of individuals have been required to work together in manager- subordinate relationships. Prior to this many of the large organizations that did exist, were military ones in which the authority of the leader was supreme and practically unquestioned.

## 2. **Scientific Management**-

• **F.W.Taylor**- Taylor started scientific management in his time-and-motion studies at the Midvale Steel Company in the early 1900's.

Put simply, Taylor's theory stated that:

- Physical work could be scientifically studied to determine the optimal method of performing a job.
- Workers could thereafter be made more efficient by being given prescriptions for how they were to do their jobs.
- Workers would be willing to adhere to these prescriptions if paid on "differential piece work" basis.
- Workers with appropriate abilities had to be selected and trained in the appropriate task method.
- Supervisors needed to build cooperation among the workers to ensure that they followed the designated method of work.
- There needed to be a clear division of work responsibilities.
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- Taylor's four principles of scientific management are summarized here: -
  - Scientifically study each part of a task and develop the best method for performing the task. **Science, Not Rule of Thumb**
  - Carefully select workers and train them to perform the task by using the scientifically developed method. **Development of Each Person to His Greatest Efficiency and Prosperity**
  - Cooperate fully with workers to ensure that they use the proper method. **Cooperation, Not Individualism**
  - Divide work and responsibility so that management is responsible for planning work methods using scientific principles and workers are

responsible for executing the work accordingly. **Harmony, Not Discord**

- **The Gilbreths-**

- Major advocates of scientific management were the husband and wife team of Frank Gilbreth and Lillian Moller Gilberth
- As Frank become involved in training young brick layers, he noticed the in efficiencies that were handed down from experienced workers. Frank was able to reduce the motions involved in brick laying from  $18\frac{1}{2}$  to 4.
- The two continued their studies aimed at eliminating unnecessary motions and expanded their interests to exploring ways of reducing task fatigue.

- **Henry L Gantt-**

- Major contribution- Gantt Chart, a graphic aid to planning, scheduling and control that is still in use today.
- He also devised a unique pay incentive system that not only paid workers extra for reaching standard in the allotted time but also awarded bonuses to supervisors when workers reached standard.

3. **The Human Relations Movement-** The Human Relations Movement, popularized by Elton Mayo and his famous Hawthorne studies

Some of the major phases of Hawthorne experiments are as follows:

- Illumination Experiments
- Relay Assembly Test Room Experiments
- Mass Interviewing Programme
- Bank Wiring Observation Room Experiment.

### **Illumination Experiments:**

Illumination experiments were undertaken to find out how varying levels of illumination (amount of light at the workplace, a physical factor) affected the productivity. The hypothesis was that with higher illumination, productivity will increase. In the first series of experiments, a group of workers was chosen and placed in two separate groups. One group was exposed to varying intensities of illumination. Since this group was subjected to experimental changes, it was termed as experimental group. Another group, called as control group, continued to work under constant intensities of illumination. The researchers found that as they increased the illumination in the experimental group, both groups increased

production. When the intensity of illumination decreased, the production continued to increase in both the groups. The production in the experimental group decreased only when the illumination was decreased to the level of moonlight. The decrease was due to light falling much below the normal level. **Thus, it was concluded that illumination did not have any effect on productivity** but something else was interfering with the productivity. At that time, it was concluded that human factor was important in determining productivity but which aspect was affecting, it was not sure. Therefore, another phase of experiments was undertaken.

### **Relay Assembly Test Room Experiments:**

Relay assembly test room experiments were designed to determine the effect of changes in various job conditions on group productivity. For this purpose, the researchers set up a relay assembly test room two girls were chosen. These girls were asked to choose for more girls as co-workers. The work related to the assembly of telephone relays. Each relay consisted of a number of parts which girls assembled into finished products. Output depended on the speed and continuity with which girls worked. The experiments started with introducing numerous changes in sequence with duration. Before each change was introduced, the girls were consulted. They were given opportunity to express their viewpoints and concerns to the supervisor. In some cases, they were allowed to take decisions on matters concerning them.

**Following were the changes and resultant outcomes:**

1. The incentive system was changed so that each girl's extra pay was based on the other five rather than output of larger group, say, 100 workers or so. The productivity increase as compared to before.
2. Two five- minute rests one in the morning session and other in evening session were introduced which were increased to ten minutes. The productivity increased.
3. The rest period was reduced to five minutes but frequency was increased. The productivity decreased slightly and the girls complained that frequent rest intervals affected the rhythm of the work.
4. The number of rest was reduced to two of ten minutes of each, but in the morning, coffee or soup was served along with the sandwich and in the evening, snack was provided. The productivity increased.
5. Changes in working hours and workday were introduced, such as cutting an hour off the end of the day and eliminating Saturday work. The girls were allowed to leave at 4.30 p.m. instead of usual 5.00 p.m. and later at 4.00 p.m. productivity increased.

As each change was introduced, absenteeism decreased, morale increased, and less supervision was required. It was assumed that these positive factors were there because of the various factors being adjusted and making them more positive. At this time, the researchers decided to revert back to original position, that is, no rest and other benefits. Surprisingly, productivity increased further instead of going down.

This development caused a considerable amount of redirection in thinking and the result implied that productivity increased not because of positive changes in physical factors but because of the change in girls' attitudes towards work and their work group. They developed a feeling of stability and a sense of belonging.

### **Mass Interviewing Programme:**

During the course of experiments, about 20,000 interviews were conducted between 1928 and 1930 to determine employees' attitudes towards company, supervision, insurance plans, promotion and wages. Initially, these interviews were conducted by means of direct questioning. This method has disadvantage of the oversimplified 'yes' or 'no' responses which could not get to the root of the problem, the method was changed to non-directive interviewing where interviewer was asked to listen to instead of talking or arguing.

During the course of interviews, it was discovered that workers' behaviour was being influenced by group behaviour. However, this conclusion was not very satisfactory and, therefore, researches decided to conduct another series of experiments.

### **Bank Wiring Observation Room Experiment:**

These experiments were conducted to find out the impact of small groups on the individuals. In this experiment, a group of 14 male workers were formed into a small work group. The men were engaged in the assembly of terminal banks for the use in telephone exchanges. Hourly wage for each worker was fixed on the basis of average output of each worker. Bonus as also payable on the basis of group effort. It was expected that highly efficient workers would bring pressure on less efficient workers to increase output and take advantage of group incentive plan. However, the strategy did not work and workers established their own standard of output and this was enforced vigorously by various methods of social pressure. The workers cited various reasons for this behavior viz. fear of unemployment, fear of increase in output, desire to protect slow workers etc.

The following were the main conclusions drawn by Prof. Mayo on the basis of Hawthorne studies:

1. **Social Unit:** A factory is not only a techno-economic unit, but also a social unit.
2. **Group Influence:** The workers in a group develop a common psychological bond uniting them as group in the form of informal organization
3. **Motivation:** Human and social motivation can play even a greater role than mere monetary incentives
4. **Supervision:** A supervisor who is friendly with his workers and takes interest in their social problems can get co-operation and better results from the subordinates.
5. **Working Conditions:**
6. **Employee Morale**
7. **Communication**
8. **Balanced Approach:** The problems of workers could not be solved by taking one factor i.e. management could not achieve the results by emphasizing one aspect. All the things should be discussed and decision be taken for improving the whole situation. A balanced approach to the whole situation can show better results.

## 5. Classical Administration Theory of Management-

-Henry Fayol

### 6. Systems Approach-

- Views the organization as a united, purposeful system composed of interrelated parts
- This approach gives the managers a way of looking at the organization as a whole, whole group and the whole social system.

### 7. Contingency Theory-

- Based on the idea that management approach depends on situational factors faced by an organization
- It all depends on the SWOT of the organization. Managers have to find the best fit b/w the demands of **the task, the people and the environment**

# Models of Organisation Behaviour

## Autocratic model

- The autocratic model is also a detractor to job satisfaction and employee morale. This is because employees do not feel valued and part of the overall team.
- This leads to a low-level of work performance. While the autocratic model might be appropriate for some very automated factory situations, it has become outdated for most modern-day organizations.

## Custodial model

- The custodial model is based around the concept of providing economic security for employees – through wages and other benefits – that will create employee loyalty and motivation.
- In some countries, many professional companies provide health benefits, corporate cars, financial packaging of salary, and so on – these are incentives designed to attract and retain quality staff.
- One of the downsides with the custodial model is that it also attracts and retains low performance staff as well. Or perhaps even deliver a lower level of motivation from some staff who feel that they are “trapped” in an organization because the benefits are too good to leave.

## Supportive model

- It is not based upon control and authority (the autocratic model) or upon incentives (the custodial model)
- It tries to motivate staff through the manager-employee relationship and how employees are treated on a day-to-day basis.
- The intent of this model is to motivate employees through a positive workplace where their ideas are encouraged.

## Collegial model

- The collegial model is based around teamwork – everybody working as colleagues.
- The overall environment and corporate culture need to be aligned to this model, where everybody is actively participating – is not about status and job titles – everybody is encouraged to work together to build a better organization.
- The role of the manager is to foster this teamwork and create positive and energetic workplaces.
- The collegial model is quite effective in organizations that need to find new approaches – marketing teams, research and development, technology/software.

# System model

- In the system model, the organization looks at the overall structure and team environment, and considers that individuals have different goals, talents and potential.
- The intent of the system model is to try and balance the goals of the individual with the goals of the organization.
- The system of model should be an overall partnership of managers and employees with a common goal, and where everybody feels that they have a stake in the organization.