

# Managerial Performance and Behaviour in Organisations

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## **Abstract:**

Organizational behavior is a field of study that investigates the impact that individuals, groups and structures have on behavior within an organisation 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 organisational theory (which is focused on organisational and intra-organisational topics) and human resource studies (which is more applied and business-oriented). It may also be referred to as *organisational studies* or *organisational science*.

The objective of this paper is to understand the basic conceptual framework of organizational behaviour especially a tool in managerial co-ordination.

## **Introduction:**

Organizational behavior is the field of study that investigates how organisational structures affect behavior within organisations.

- It studies organisations from multiple viewpoints and levels, including behavior within the organization and in relation to other organisations.
- Micro organisational behavior refers to individual and group dynamics in an organisational setting.
- Macro organisational theory studies whole organisations and industries, including how they adapt, and the strategies, structures, and contingencies that guide them.

Organizational behavior studies the impact individuals, groups, and structures have on human behavior within organisations. It is an interdisciplinary field that includes sociology, psychology, communication, and management. Organisational behavior complements organisational theory, which focuses on organisational and intra-organisational topics, and complements human resource studies, which is more focused on everyday business practices.

### **Distinctions:**

Organizational studies encompass the study of organisations from multiple perspectives, methods, and levels of analysis. "Micro" organisational behavior refers to individual and group dynamics in organisations. "Macro" strategic management and organisational theory studies whole organisations and industries, especially how they adapt, and the strategies, structures, and contingencies that guide them. Along with those two levels of analysis, some scholars add categories of "Meso" scale structures, involving power, culture, and "Field" level analysis which studies how entire populations of organizations interact.

Many factors come into play whenever people interact in organisations. Modern organisational studies attempt to understand and model these factors. Organisational studies seek to control, predict, and explain. Organisational behavior can play a major role in organisational development, enhancing overall organisational performance, as well as also enhancing individual and group performance, satisfaction, and commitment.

### **Computer Modeling:**

Computer simulation is prominent in organisational studies and strategic management. Organisational behavior scholars use computer simulation to understand how organisations and firms operate. Researchers have also applied computer simulation to understanding organisational behavior at the Micro level, focusing on individual and interpersonal cognition and behavior, such as how people think and act when working together in teams. The strategy researchers tend to use involves testing normative theories of organisational performance, but many organisational theorists focus on descriptive theories. Both those schools of thought use computational models to verify and extend theories. Research using computer simulation has been inspired by methods from biological modeling, ecology, theoretical physics and thermodynamics, chaos theory, and complexity theory, since similar techniques have been fruitful in those subjects.

### **Systems Framework:**

The systems framework is also fundamental to organisational theory because organisations are complex, dynamic, goal-oriented processes. A systemic view on organisations is interdisciplinary: transcending the perspectives of individual disciplines and integrating them based on the ideological framework of systems theory. The systems approach gives primacy to the interrelationships, not the elements, of a system. New

properties of the system emerge from these dynamic interrelationships. In recent years, system thinking has been developed to provide holistic techniques for studying systems to supplement the traditional, yet more reductive, methods.

### **Overview:**

Organizational studies encompass the study of organisations 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" organisational behavior which refers to individual and group dynamics in an organisational setting and "macro" strategic management and organisational theory which studies whole organisations and industries, how they adapt, and the strategies, structures and contingencies that guide them. To this distinction, some scholars have added an interest in "meson" scale structures - power, culture, and the networks of individuals and "field" level analysis which study how whole populations of organizations interact.

Whenever people interact in organisations, many factors come into play. Modern organisational studies attempt to understand and model these factors. Like all modernist social sciences, organisational 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 behavior or OB (and its cousin, Industrial Psychology) have at times been accused of being the scientific tool of the powerful. Those accusations notwithstanding, OB plays a major role in organisational development, enhancing organisational performance, as well as individual and group performance/satisfaction/commitment. One of the main goals of organisational theorists is, according to Simms (1994), "to revitalize organisational theory and develop a better conceptualization of organisational life." An organisational 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 organisations, some had used implicit conceptions of general organisation 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 organisational power and politics. In 1776, Adam Smith advocated a new form of organisational structure based on the division of labour. One hundred years later, German sociologist Max Weber wrote about rational organisations and initiated discussion of charismatic leadership. Soon after, F.W.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, organisational 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 organisation 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 organisational studies shifted to how human factors and psychology affected organisations, a transformation propelled by the identification of the Hawthorne Effect. This Human Relation Movement focused on teams, motivation, and the actualization of the goals of individuals within organizations.

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 organisations. Interest grew in theory and methods native to the sciences, including systems theory, the study of organisations with a complexity theory perspective and complexity strategy.

### **Management thinkers introducing Organizational Behavior:**

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 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 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.

### **Current state of the field:**

Organisational behavior is a growing field. Organisational 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 practice. Organisational 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. During the last 20 years, organisational 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 Organisational Culture, 'organisational rituals' and 'symbolic acts' enabling new ways to understand organisations as communities.
- Leadership Understanding: the crucial role of leadership at various levels of an organisation 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 organisation.
- Aesthetics: Within the last decades a field emerged that focuses on the aesthetic sphere of our existence in organisations,<sup>[6]</sup> drawing on interdisciplinary theories and methods from the humanities and disciplines such as theatre studies, literature, music, visual studies and many more.

### **Quantitative methods:**

Computer simulation in organizational studies: Computer simulation is a prominent method in organisational 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 organisational studies have used computer simulation to understand how organisations or firms operate. More recently, however, researchers have also started to apply computer simulation to understand organisational behaviour at a more micro-level, focusing on individual and interpersonal cognition and behaviour such as team working.

### **Qualitative methods:**

- Ethnography, which involves direct observation of the participants
- single and multiple case analysis,
- Grounded theory approaches

### **Organizational Behavior:**

Chester Bernard was the first who recognized that individuals behave differently when acting in their organisational role than when acting separately from the organisation. Organisational behavior studies these differences to describe and model the behavior of individuals and groups in organisations. Organisational Behavior draws most heavily on psychology and social psychology.

### **Decision making Models:**

- Rational Decision Making Model
- Garbage can model

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:**

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.

### **Motivation in Organisations:**

According to Baron et al. (2008): "Although motivation is a broad and complex concept, organisational 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". Motivation that forces either internal or external to a person that arouse enthusiasm and resistance to pursue a certain course of action. There are many different motivation theories such as, Attribution theory, Equity theory, Maslow's hierarchy of needs, Incentive theory, Model of emotional labour, Herzberg's two factor theory and Expectancy theory. There are other theories like: X and Y theory by Mr. Paul Balogun.

### **Organisation Theory**

Organisational Theory studies the organisation as a whole or populations of organisations. The focus of organisational theory is to understand the structure and processes of organisations and how organisations interact with industries and societies.

### **Systems Theory:**

The systems framework is also fundamental to organisational theory as organisations are complex dynamic goal-oriented processes. The complexity theory perspective on organisations is another systems view of organisations. The systems approach to organisations relies heavily upon achieving negative theory through openness and feedback. A systemic view on organisations 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, system 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 organisational studies is considered by some as a humanistic extension of the natural sciences.

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