

Course Name: Organizational Behaviour: Individual Dynamics in Organization

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Week – 01

Lecture – 02

Lecture 2: Understanding organizational behaviour: Tracing the evolution-2

Hello everyone. Welcome back to the course on Organizational Behavior, Individual Dynamics in Organization.

Today, we will deal with lecture 2, where we try to trace the evolution in a much deeper mode. So, in the previous class we had looked into organizational behavior, we had introduced the concept of organizational behavior. We started with emphasizing on what is an organization, what are the different functions of an organization. Then we moved on to the behavior part where we tried to understand how individual differences, if you understand or if you recollect the previous class, the theme was individual differences, how individual differences play a pivotal role in emphasizing the differences and diversity within the organization.

We also tried to introduce the different disciplines that contribute heavily to the body of single body of knowledge of organizational behavior. Though we had given you some insights into the methodology part like the systematic approach, the evidence-based management and also plus the intuitive feeling approach. We tend to dig deeper today with respect to tracing the evolution.

So, in this session we would go deeper in understanding what exactly are the contributors of knowledge hiding how the different perspectives evolved in the organizational behavior per se as a domain, as a discipline and how it is playing a pivotal role right now.

So as in any of my lectures I start with a quote or a phrase. So, today's quote is, “past is the key to the present and future”. I repeat “past is the key to the present and future”. On that note we tend to look into the evolution of perspectives. I have modified it in such a way or made it in such a way that you tend to appreciate how organizational behavior as a discipline has emerged over time period. The first one in any individual based discipline, in any human being based discipline, there cannot be any course or any syllabus or any course structure which does not take the scientific management principle into consideration.

So, Frederick W. Taylor was a person who was vital in establishing the scientific management late 19th and early 20th centuries. So, all these theories we deal in detail in the coming modules but I like to put up a certain roadmap of how organizational behavior has evolved over the time frame. We also look into Hawthorne studies that happened around the 20s and 30s of the previous centuries, credit goes to Elton Mayo.

Then we also look into the human relations movement that come up as a big deal in the 30s to 50s arena when Abraham Maslow and McGregor were robustly working on human relations movement. Then we come to the crux of how the birth of organizational behavior happened in the early 50s with the contribution of Argyris, Likert and Simon. So, moving into scientific management.

Now scientific management is an attempt to bring science into management. Initially management was considered as an art, managing people was more of a sort of ability, talent or sort of artistic phenomenon where you can control another person's psychology. But later it was understood that there is an element of science which could be modified and which could work out and we could make or do wonders with that particular mode of approach. So, we credit F. W. Taylor for the time and motion studies.

Now my scope here is not to go deeper into the specific study but to take the crux of the study and to underscore how the organizational behavior as a discipline has evolved. Now, Taylor's approach involved breaking down the task. Usually, the task or the job in hand, let us say we go to an organization, we see a job, we get a job, it is a humongous task, we generally use the word or we generally understand it as a Herculean task. But when the task in itself is broken down to smaller bits and pieces, smaller fragments and you try to understand, analyze how the particular individual segment of the task within the entire ambit of the job could be performed in a more efficient way, we tend to understand how we can be more efficient in the entire job process. Now this is what time and motion studies specifically gave us. Taylor's approach involved this breaking down this task into the smallest fragments and analyzing the most efficient way to perform those particular tasks.

Now this was a time period where it was the spirit or the set guest, spirit of the time was mainly of mass production because the demand was continuously rising, we were unable to supply to the increasing demand. So, we had the spirit of mass production going on. So that is where when this standardization came into picture. Now standardization is something which makes the whole process more efficient. Let us say, if you are replacing an employee with another employee, he has to just or she has to just come in and take his position because the tools are standardized, there is no unnecessary variation that is happening and it ultimately improves productivity. So, there was an attempt to

standardize the process entirely, there was an attempt to standardize the tools and methodology or work processes in general and which inherently improved the productivity. Now, F.W. Taylor and his scientific management principle gave us the one best method to do the work. So, if this is the work, we have analyzed the work in bits and pieces to the minutest fragments in the microscopic level, we now understand how success could be made or how efficiently the job could be done and this is what the one best way method of F.W. Taylor was.

Now there are certain pros associated as I have already mentioned, it increases efficiency. Now there is no doubt that when you are analyzing the task in detail and you are coming out with a way to produce it or make it or do the work in the most efficient way, this is because of optimizing the process. You are optimizing the entire process to increase the productivity. Now the work process also led to clear work instructions. So, employees were given clear instructions and there were absolutely no scope for ambiguity. So, the instructions were clear, people were receptive, individuals were trying to do the best within the best available resource constraints, but that said there were certain cons that have to be acknowledged before moving into the next perspective.

The cons was as if you recollect in the previous session, we have looked into individual behaviors, individual differences. Now scientific management did not acknowledge the fact that let us say Ramesh and Suresh are two different individuals and they differ in a large extent. I would also like to take the example of the previous session. Same person in two different contexts will behave in a different way and two people in the same context, they too behave in a different way. So that individual differences per se was not considered by the scientific management approach. So, what specifically happened is that the mechanistic view came into picture. When I am talking about mechanistic view, people are considered as machines and they are not taking the social and psychological aspects into consideration, but that gave the resistance from workers. Every single human race, human mankind has a specific psychological and social need. Man being a social animal, there is a level of interaction that he or she expects, there is a level of interaction that is vital for the peaceful mindset or what we now at present understand as work-life balance etc. is vital for any individual. So, this made the workers to resist. Now what is the legacy that is being left?

Scientific management undoubtedly laid the foundation for the study of organizational behavior and it introduced the concept of systematically analyzing the work process. In other words, this was the first attempt to bring science into management. This was the first attempt to systematically analyze each and every work process. The conclusion was that scientific management evolved and is supplemented by newer management theories. Still, it remains as one of the most significant thought processes that has happened in the previous century.

Moving ahead to the second most important Hawthorne studies which we will create to Elton Mayo. Now again the scope is not to go deeper into the studies, but I will just introduce and take you to the crux of the studies and the findings.

The Hawthorne studies conducted between the 1920s and 30s as Western Electric Hawthorne works in Chicago marked a pivotal moment in the entire development of OB as a discipline or individual centric studies in general. It could be human resource management, it could be psychology, it could be organizational behavior. The key studies of Hawthorne studies were the illumination studies and the relay assembly test room studies.

Now illumination studies happened 1924 to 1927. It aimed to investigate the relationship between the lighting conditions and the worker productivity. Irrespective of you change the specific working conditions, how the worker productivity is changing or is being manipulated or is being differentiated was the key crux of the entire illumination studies. Surprisingly what came up as Hawthorne effect productivity increased regardless of the lighting levels which was the key finding of the illumination studies.

Now looking into the relay assembly test room studies which happened around 1927 to 1932 examine the impact of work conditions including the rest breaks, the relaxations, the group dynamics on performance. So, from individual perspective the Hawthorne studies took macro aspect of or macro view of group existence, the cohesion within the group, how the relaxation or the breaks in between the activities and how the interpersonal associations or relationship between the actors in the group enhance the work productivity. Social factors such as group cohesion, cohesion peer pressure were found significantly to influence the behavior and productivity. Now this is what from a scientific management perspective we take a small stride towards an organizational view where you are bringing in group into the picture for the first time where the group cohesion takes the front seat not the individual centric orientation.

Now, this is something which is very critically had an impact on behavior. The first was recognition of the social aspect as I already mentioned not just the technical factors, the acknowledgement of certain social and psychological aspects this was critical in terms of work. This was something which was the turning point from the scientific management principle. The Hawthorne effect, the concept of the Hawthorne effect highlighted that individual's awareness of being observed can impact their behavior. So, the moment you venture into an organization, let us say let me take an example of Aditya. Aditya ventured into an organization he started doing his job for the first three years he was performing in an excellent fashion. Suddenly after 3.5 years his productivity and work efficiency started decreasing. Now there were internal investigations that happened why this is happening and this was not the case of Aditya alone it was case of the recruits of

the same entire batch that had happened. Now interestingly they found out that after 3.5 years when they were trying to pitch into the middle management group there was constant monitoring that was happening. People were breathing behind the necks every now and then and it was difficult for them in fact it was suffocating for them. So basically, Hawthorne effect is the concept that highlighted that individual's awareness of being observed can impact their behavior and performance.

Now comes the significant human relations movement the impact of the study. Human relations movement the studies played a crucial role in development of this movement and basically it emphasized employee morale, communication and group dynamics. Employee morale, communication, group dynamics essentially throws light into the very basic fact that individuals perform well if they are in a group setting. It is subject to lot of conditions but this was the first approach that gave some insight into what you call as employee morale, communication and group dynamics and finally the total shift in management approach where organizations began to recognize the significance of treating employees as individuals with emotional and social needs. So basically, rather than treating them as mere machines this was more better treatment for human beings in terms of the social and psychological needs.

Now, the legacy is simple the Hawthorne studies led to the development of theories and practices that consider the human element in the workplace as I have already mentioned. The conclusion is that Hawthorne studies demonstrated that the understanding human behavior in organization requires more than just mere technical optimization. It involves recognizing the profound impact of social and psychological factors specifically on employee performance.

Now comes the human relations movement from 1930s to 1950s. The credit goes to Abraham Maslow and Douglas McGregor. In this human relations movement, a significant shift in management happened in terms of philosophy emphasized on the importance of understanding and addressing again the emotional and social aspects of the work. The work of Abraham Maslow is quite famous you must have already heard of the hierarchy of needs very quickly hierarchy of needs means that there are different levels of needs that every individual tries to satisfy.

The first one is the physiological need something as simple as your air, water, food, shelter, sleep, clothing all these aspects happen to be your physiological needs. So, this is the first level of need that any individual will try to satisfy it before goes it goes to safety and security needs. When you are looking into safety and security needs it could be personal safety, personal security it could be as simple as employment, the resources, the health, your property you have to be secure, you have to get a sense of security and that was the second need. Then comes the recognition part the love and belongingness, the friendship, intimacy, family, the sense of ownership, sense of connection, sense of

affiliation, being a part of a larger system this was the third need and finally it moved to the esteem need or self-esteem where you look into your respect you want to have a bit of concern you are concerned with your self-esteem, status, recognition, freedom and all philosophical angles associated with that and finally the self-actualization. Self-actualization is to the desire to become the most that one can be taking out the maximum of your talents, your potentialities, realizing that that is self-actualization.

Now what exactly Maslow predicted with the hierarchy of needs is that this needs from physiological needs to self-actualization is an incremental step. So, nobody is going to jump directly to let us say the third or fourth or fifth need unless and until the need from level one is satisfied, he is not going to move to the next level and this is where to achieve the self-actualization some companies sometimes once they have satisfied the physiological needs the safety, security, recognition even to a certain extent. Let us assume that they have recognized the self-esteem part and given them the certain recognition still certain employees feel threatened or disinterested for the sole reason that self-actualization is not happening. There is no realization of the actual talent sometimes you feel that you are in a high paying job you are getting everything you wanted in terms of physiological, safety, security, you have an identity in the society because you are part of that organization or you are an employee of that particular organization, you are recognized well in the society there is a certain self-esteem associated with it there is a certain self-recognition you have a self-esteem that is associated but still you are sad. The basic reason for that sorrow or that disinterest maybe could be that it is lack of self-actualization. You are not getting the actual avenue to realize your entire potentialities you are having. Your talent might be lying in something else; you might feel that okay I have got everything but I am not a right fit for this particular job. I am not the right person in that room, maybe I belong to a different room. This understanding is where the self-actualization becomes critical. Now this was human relations movement.

When it comes to McGregor's contribution, he has contributed Theory X and Theory Y. Very quickly Theory X assumes that, employees inherently dislike the work, inherently there is a dislike towards the work that consequently needs strict supervision and they prefer to be directed given instructions. So, the basic assumption is that employees once they are into the organization, they will sit ideally, they are not going to do anything unless and until you are being directed. Whereas Theory Y on other hand assumes that employees can find work satisfying they are self-motivated and capable of self-direction. So, it is a case of self-motivation that theory Y proposes. So, what happens with McGregor the adoption of theory Y principle is better for greater EE (Employee Engagement) and productivity. Needless to say on every time you need to be push you might come across individuals even in your workplace even in your organization even at your community that they need to be push every time to achieve something to do something basic of their work that they had to do you need to push them this is Theory X.

Whereas there are also individuals who you feel that they are really motivated come what me they are going to do the job in the most perfect manner that they have been assigned to and this is what theory Y of McGregor suggest. Now what is this impact of human relations it gave the employee centered management. So, Maslow and McGregor were critical in developing shift from task centered to employee centered. This shift was what human relations movement should be credited with. I repeat task centered to employee centered.

If you look into scientific management if you look into the Hawthorne studies what was relevant was a task was a job but once you are into human relations movement once people like Maslow and McGregor have come into picture the individual the employee has taken the center stage this was something which was very critical with the human relations movement and you will also see that the managerial approach McGregor's Theory X and Theory Y challenge managers to reconsider their assumptions about employee and adapt the particular leadership styles required for that particular job preferences or the predispositions of the particular employee.

Somebody who needs motivation at every stage needs to be directed at every stage needs to be given proper directions and instructions and who does not feel motivated in the job needs to have or needs to work initially in an autocratic leadership style whereas the people who are self-motivated already into the game, right from day one they need to be in a more of a participative sort of leadership style or democratic leadership style which they will thrive or they will succeed.

The legacy is modern HR and leadership practices both Maslow's hierarchy and McGregor's theory continues to influence the HR practices no doubt about it even today.

Now concepts such as employee engagement, empowerment, self-actualization have their roots in the contribution. So sometimes we tend to see or hear these words in many of the training sessions this has roots in this particular theory. The human relations movement shaped by mainly shaped by both of these people emphasize the significance of understanding human needs, motivation and managerial attitudes in creating productive and positive work environments.

Now comes the elephant in the room which is the organizational behavior the birth of OB as a discipline. The credit goes to Chris Argyris, Likert, Simon etc. In the 1950s it marked a significant period for OB. The birth of OB with scholars as I have already mentioned.

Now Chris Argyris was a pioneer in the field of OB known for research in organizational learning and human behavior. He introduced the concept of double-loop learning. Double

loop learning means where organizations not only adapt to change but also question their underlying norms, values etc. Now this is a very interesting situation. For any organization adapting to the change is the actual thing that they have to do if they want to survive the market conditions. But questioning the very fundamental block of their values and attitudes and how they carry out themselves is something which is very critical and this is what is known as double-loop learning.

Rensis Likert research if you look into any of the social science research particularly latent variable research or finding latent variables you will see the use of the Likert scale every now and then. Likert scale was a method of measuring attitudes, opinions and such are the latent variables which became a valuable tool in OB research. Now Likert also introduced a concept of participative management emphasizing employee involvement in the decision making. So basically, it is not the higher ups, it is not the top management that is solely making a decision. It is every single individual within the company who is given the recognition of a stakeholder. He or she comes into picture when decision is taken. Now the decision is also not taken randomly, it is taken according to the available evidence, scientific evidence. So, in nutshell it need not be that every time the organization top management recognizes the actual market scenario and they would be making a good decision. We will look into that in the coming modules but it is a fact that sometimes the lowest employee will have the greatest or the biggest idea in the organization.

Coming to Simon, Herbert Simon a Nobel laureate in economics made significant contributions to the study of decision making within organization. His work actually laid foundations for understanding how individuals and organizations make decisions considering factors such as bounded rationality and satisficing.

Let us look into bounded rationality. Bounded rationality is nothing but you as an individual is having a lot of possibility in making a decision. Let us take the decision as X. The decision to be made is X but regarding a situation but the available information is limited. The available information you are having is limited. So, with respect to the available information. Let us say these are the available inputs you are having and these are the gray areas but with the available information you are making a rational decision. This is bounded rationality. Satisficing is finding solutions that are satisfactory rather than optimal. Always it is better to find out the optimal solution for the simple reason that the resource constraint is the biggest constraint any organization will face. That said it is easier said than done that always say optimal decision because optimal decision requires optimization to the highest order but satisficing is a better way to go ahead where you are finding solutions that are satisfactory rather than just optimal. So this is what the role or the birth of organizational behavior happened. The legacy is that the modern organizational behavior, the foundational work of the scholars they continue to shape the entire OB literature even today.

The 50s witnessed the OB as a distinct field marked by the interdisciplinary research. Now let me conclude this part. The entire perspective development could be understood as one interdisciplinary influence that happened from 1950s and 60s where as if you recollect in the previous class there were heavy contribution from the disciplines like psychology, sociology, anthropology and even economics. So, one body of knowledge organizational behavior does exist today but it has taken heavy contributions from most of the disciplines as I have already mentioned.

The second would be understood as the academic institutionalization 1960s onwards which establish universities, which establish as a discipline different B school, a development of OB theories, organizational behavior OB became organizational behavior management OBM. So, this was the academic institutionalization

And the third is obviously the theoretical development that is happening even today. Even today it is happening with a lot of theories that are coming which are supporting the earlier theories or sometimes challenging the earlier theories based on the newer evidences that are coming up and based on different newer context that have developed. A case in point is once you have the COVID, after COVID era has significantly seen that new work contracts have emerged, new work styles have emerged. So, organizational behavior has taken or slightly changed its tone and tenor and this is where even the organizational behavior theories are relevant even to date.

Now coming to applying OB to modern day issues, we have seen how organizational behavior as a field has emerged over the period but let us look into how OB is playing a key role in modern day issue keeping up with globalization. Now there is a caveat that most of the countries now have started again looking inward. There is some bit of restriction that is happening but still globalization is a relevant word. So how organizational behavior is dealing with the changing work practices, changing issues and keeping up with globalization is critical.

Workforce diversity which is the second module which I would also like to mention that you are in an organization today, any organization you go into. There are people from different regions, caste, creed, sex, race, every single dimension. So, workforce diversity is something which OB has to deal on a daily basis.

Improving customer service, you look into any set of employees who are naturally disgruntled, who are not very happy within the work environment, they are always looked down, they are always ridiculed, they are always victims of some of the other counterproductive workplace behaviors. You do not tend to feel motivated and you do not provide a good customer service. There is possibility of improving skills for building

relationship and even fostering change and innovation, you need to have the right organizational behavior.

You also need to navigate new technology like networked organization. There is a whole lot of studies that are happening in terms of the changing organizational structure intra and inter where the structures are changing, hierarchies are changing, hierarchies getting replaced by flat structures, matrix structures etc. But networked organization you are looking not into an organization which is headquartered in let us say one place in one country. You are looking into an organization which is fragmented or scattered across the globe. You are looking into that same organization which is connected to n number of other organization. So, this branching out, this network structure is adding on to the complexity and organizational behavior is still relevant to underscore or understand what exactly is happening in those organizations.

As I have already mentioned hybrid working and EHRM have evolved long time specifically after COVID also. It was already on the verge of coming up but the COVID gave the real impetus for the new changing work contracts and 'E' enhanced activities including EHRM.

Work-life balance, these are different concepts which we will deal it in different context in coming up modules. But I would like to say to you that work-life balance, employees well-being, creating a positive work environment and even the ethical part in organizational behavior all are relevant today even today more than it was relevant yesterday.

So basically, we in this lecture we try to understand how organizational behavior as a discipline has emerged over the last century. So, we have seen how it has taken different perspectives from mere art it has looked into the scientific aspect and where it faltered was it had taken the humanistic instead of humanistic view it has taken individuals or considered started considering individuals as mere machines. So, from that considering human beings as mere machines to a more of a human centered approach was what the human relations movement was all about and finally to the birth of OB organizational behavior.

So, this was what I would like to conclude my session here as part of the tracing the evolution. So, over the last two sessions we have traced what exactly management is, what exactly organization is, what do you mean by behavior, how do we actually understand, identify and manage. According to Fred Luthans, "the organizational behavior is nothing but the basic understanding, management, identifying and prediction of organizational behavior". So, this along with the tracing of the evolution of OB as a discipline was a critical aspect.

So, I would like to conclude again by stating that, “past is the key to the present and the future”. So, if you want to understand where OB stands today you have to acknowledge and appreciate where OB was or how OB has evolved over the period in the previous century.

Thank you all for listening to me. See you in the next session. See you. Bye bye. Thank you.