Chapter 6[1]

Organizational Behavior

6.1 Introduction

An understanding of how organizations function and how people behave in them is important to HR professionals, indeed to all managers, as pointed out by Nadler and Tushman (1980).

6.2 Organizational behavior defined

Organizational behavior was defined by Huczynski and Buchanan (2007: 843) as the term used to describe 'the study of the structure, functioning, and performance of organizations and the behavior of groups and individuals within them'. The following are the characteristics of organizational behavior theory.

6.3 The sources and applications of organizational behavior theory

Organizational behavior theory is based on the main behavioral science disciplines. These are defined as the felids of enquiry dedicated to the study of human behavior through sophisticated and rigorous methods. The ways in which they contribute to different aspects of organizational behavior theory and how they in turn influence HRM practices are summarized in Figure 6.1

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[1] Armstrong, M. (2014). Armstrong's handbook of human resource management practice (11th ed.). London: Kogan Page.

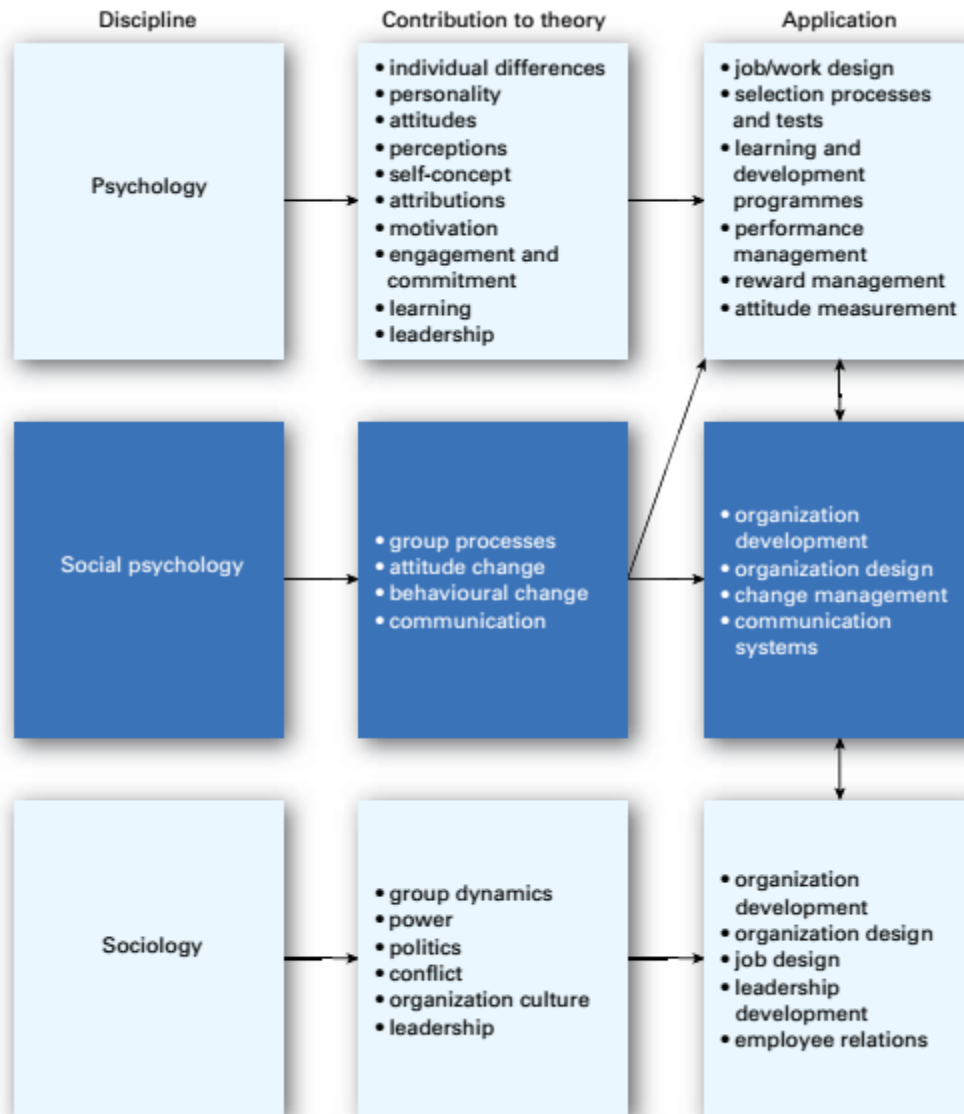| Discipline	Contribution to theory	Application
Psychology	• individual differences • personality • attitudes • perceptions • self-concept • attributions • motivation • engagement and commitment • learning • leadership	• job/work design • selection processes and tests • learning and development programmes • performance management • reward management • attitude measurement
Social psychology	• group processes • attitude change • behavioural change • communication	• organization development • organization design • change management • communication systems
Sociology	• group dynamics • power • politics • conflict • organization culture • leadership	• organization development • organization design • job design • leadership development • employee relations

Figure 6.1   The sources and applications of organizational behavior theory

6.4 How organizations function

An organization is an entity that exists to achieve a purpose through the collective efforts of the people who work in or for it. Organizing is the process of making arrangements in the form of defined or understood responsibilities and relationships to enable those people to work cooperatively together. Organizations can be described as systems that, as affected by their environment, have a structure that has both formal and informal elements. Organization structures are frameworks for getting things done.

Traditional formal structures were based on laid down hierarchies (lines of command) represented in organization charts, and use was made of closely defined job descriptions. But to varying extents organizations operate informally as well as formally by means of a network of roles and relationships that cut across formal organizational boundaries and lines of command. Organization structures can evolve almost spontaneously as circumstances change and new activities have to be carried out.

6.4.1 Factors affecting how organizations function

The processes that take place in organizations interaction and networking, leadership, group behavior, the exercise of power and the use of politics may well have much more effect on how organizations function than can be shown in a defined organization chart supported by elaborate job descriptions and an organization manual. Moreover, the way in which an organization functions will be largely contingent on its purpose, technology, methods of working and external environment. A number of theories have been developed, summarized in Table 6.1, to explain how organizations function, culminating in the contingency and post-bureaucratic schools that now predominate

6.4.2 Types of organization

The main types of organization are described briefly below:

– Line and staff – a traditional organization based on the military model in which a hierarchy of 'line managers' carry out the fundamental operations such as manufacturing, sales or customer service while the 'staff' functions such as finance and personnel provides them with services, advice and support.

– Mechanistic – a formal organization that is hierarchical with rigid chains of command and control, distinct departments and tightly defined and specialized jobs (usually a characteristic of a line and staff organization).

– Organic – a relatively informal organization with a non-hierarchical, flat structure where the emphasis is on horizontal processes, the elimination of boundaries between functions, teamwork and flexible roles (also known as a lattice organization).

- Matrix organization – an organization that consists of a functional structure with a number of different disciplines and a project structure consisting of project teams drawn from the disciplines.

- Network organization – a collection of interrelated organizations that extends beyond the boundaries of any single organization.

- Virtual organization – an organization that mainly uses electronic means for its members to interact with one another thus minimizing face-to-face contacts.

Table 6.1 Schools of organization theory

School	Leading exponents	Summary of theory
The classical school	Taylor (1911), Fayol (1916), Urwick (1947)	Organizations need control, measurement, order and formality to function well. They have to minimize the opportunity for unfortunate and uncontrollable informal relations, leaving room only for the formal ones.
The human relations school	Barnard (1938), Roethlisberger and Dickson (1939)	Barnard emphasized the importance of the informal organization – the network of informal roles and relationships that, for better or worse, strongly influences the way the formal structure operates. In their analysis of the Hawthorne studies Roethlisberger and Dickson stressed the importance of informal groups and decent, humane leadership.
The behavioural science school	Argyris (1957), Herzberg *et al* (1957), McGregor (1960), Likert (1961), Schein (1965)	A humanistic point of view is adopted that is concerned with what people can contribute and how they can best be motivated.
The bureaucratic model	Weber (1908) translated in 1947	Max Weber coined the term 'bureaucracy' as a label for a type of formal organization in which impersonality and rationality are developed to the highest degree. Bureaucracy, as he conceived it, was the most effcient form of organization because it was logical and because

School	Leading exponents	Summary of theory
		personalized relationships and non-rational, emotional considerations do not get in its way.
The socio-technical model	Emery (1959), Trist *et al* (1963)	In any system of organization, technical or task aspects are interrelated with the human or social aspects. The emphasis is on interrelationships between, on the one hand, the technical processes of transformation carried out within the organization and, on the other hand, the organization of work groups and the management structures of the enterprise.
The systems school	Miller and Rice (1967)	Organizations should be treated as open systems that are continually dependent upon and influenced by their environments. The basic characteristic of the enterprise as an open system is that it transforms inputs into outputs within its environment.
The contingency school	Burns and Stalker (1961), Woodward (1965), Lawrence and Lorsch (1969)	Members of the contingency school analyzed a variety of organizations and concluded that their structures and methods of operation are a function of the circumstances in which they exist. They do not subscribe to the view that there is one best way of designing an organization or that simplistic classifications of organizations as formal or informal, bureaucratic or non-bureaucratic are helpful.