

# Organizational Behavior

Introduction\_FAQs

## **Definition:**

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## **KEY TAKEAWAYS:**

Organizational behavior is the academic study of how people interact within groups and its principles are applied primarily in attempts to make businesses operate more effectively. The study of organizational behavior includes areas of research dedicated to improving job performance, increasing job satisfaction, promoting innovation, and encouraging leadership and is a foundation of corporate human resources.

The Hawthorne Effect, which describes the way test subjects' behavior may change when they know they are being observed, is the best known study of organizational behavior.

## **How OB came to be:**

The study of organizational behavior has its roots in the late 1920s, when the Western Electric Company launched a now-famous series of studies of the behavior of workers at its Hawthorne Works plant in Cicero, Illinois.<sup>1</sup> Researchers there set out to determine whether workers could be made to be more productive if their environment was upgraded with better lighting and other design improvements. To their surprise, the researchers found that the environment was less important than social factors. It was more important, for example, that people got along with their co-workers and felt their bosses appreciated them.

## **Why Is Organizational Behavior Important?**

Organizational behavior describes how people interact with one another inside of an organization, such as a business. These interactions subsequently influence how the organization itself behaves and how well it performs. For businesses, organizational behavior is used to streamline efficiency, improve productivity, and spark innovation in order to give firms a competitive edge.

## **What Are the Four Elements of Organizational Behavior?**

The four elements of organizational are people, structure, technology, and external environment. By understanding how these elements interact with one another, improvements can be made. While some factors are more easily controlled by the organization—such as its structure or people hired—it still must be able to respond to external factors and changes in the economic environment.

## **What Are the Three Levels of Organizational Behavior?**

The first is the individual level, which involves organizational psychology and understanding human behavior and incentives. The second level is groups. This involves social psychology and sociological insights into human interaction and group dynamics. The top level is the organizational level. Here, organization theory and sociology come into play to undertake systems-level analyses and the study of how firms engage with one another in the marketplace.

## **What Are Some Common Problems That OB Tries to Solve?**

Organizational behavior can be used by managers and consultants to improve the performance of an organization and to address certain key issues that commonly arise. These may include a lack of direction or strategic vision for a company, difficulty getting employees on board with that vision, pacifying workplace conflict or creating a more amenable work environment, issues with training employees, poor communication or feedback, and so on.