

# ORGANIZATIONAL BEHAVIOR & ITS MANAGEMENT IN MULTINATIONAL ORGANIZATIONS – AN EMPIRICAL STUDY

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**Abstract :** Human Resource is one of the major factors behind the success of any organization. Since organizations operate in dynamic environment, it requires its employees to be also of dynamic nature, because ultimately, it is the performance of employees which determine the performance of the organization as a whole. But it is important to note that an employee's performance is a sub-set of his attitude towards work, behavior, personality traits and emotions. Hence, it is really significant for organization to focus on employees' organizational behavior and its management. This has been a major area of concern for almost all the managers around the world, as well as in case of multinational organizations, where things are more complex as people from different nationalities, culture and regions join hands for its success. Researchers are of the view that human behavior responds very quickly to any change in environment, and that the toxic behavior negatively affects the performance of individuals as well as co-workers. Hence, there is an extreme need of understanding the behavior of employees at work and managing it accordingly. This paper studies existing researches conducted on the topic and recommends a brief practical solution for the multinational organizations to implement. It also reveals that a wide ground of research is required to explore the multi-dimensions of human behavior displayed at work so as to overcome the challenges of performing best in the current scenario.

**Key Words:** Organization Behavior, Management, Multinational Organizations, Performance, Research

## INTRODUCTION

Human behaviors are dramatically different (Robins, 1999). They display different response in different situations (Cascio, 2003). No two people are perfectly alike, and each one differ from the other, both physically and psychologically (Coulter, 1999). Even if one particular physical category is considered, there will be vast variation in the psychological characteristics of the participants (Porathe, 2009). The differences in behavior demand special attention of managers so that each kind of behavior is managed properly and the organization en-cashes the benefits from it.

Human behavior has been classified in different dimensions by psychologists (Thompson, 2006). One dimension of classification is genetic characteristics of human behavior (Hartt, 2006). While they argue that due to their genetic uniqueness, behaviors possess paternal qualities, another group classifies behavior as depending on different situations, i.e. the behavior of a person in happy moments is different from that on sad occasions, etc. Several researches have been conducted in this context and the facts on behavioral analysis reveal that in different situations, people have different reactions and behavior (Bartol, 2003). There are several reasons behind these differences in behavior which may be either due to the intrinsic characteristics of behavior, or perception of extrinsic factors, or tie-up with the situation, or other facets that directly or indirectly affect the behavior (Barton, 2003). There are several studies conducted which discuss the human behavior in context of their decision making skills (Hollenbeck, 2001).

Due to the nature of the subject chosen, this study tends

to explore the behavior of employees in organizational environments. It analyzes the concepts of management theorists and approaches of psychologists in the context of employees' behavior and its effect on performance in multinational organizations. Since study of behavior of people belongs to the field of psychology and study of performance of employees is covered under human resource management (Bartol, 2006), this study tends to explore different theories of human behavior at work and management of such different kinds of behavior in different situations. It is important to understand different behavioral aspects because it not only affects the performance of an individual, but also of others (Porath, 2009) he is in contact with directly or indirectly. Although a wide range of material is already available on individual behavior and its management, yet further exploration is required due to the subject's dynamic nature. It has been found that the management theorists and the psychologists belonging to classical era of management have paid great attention on this topic, but it is been paid lesser attention by the researchers and scholars of the current era in spite of the fact that this subject is dynamic in nature and time has changed a lot since past to today, and moreover that the human behavior impacts the performance of other employees and organizational culture (Hart, 2006).

An employee's behavior is one of the most dynamic variables in his performance or outcomes (Robins, 1999). An individual with best genetic characteristics and positive attitude towards his job is influenced with the behavior of his peers and co-workers (Coulter, 1999). It is true, and especially, in this era of boundary-less global

businesses facing global competition, such factors influencing the performance of employees cannot be ignored. It is more rigorous in multinationals as the employees in such organizations have diversified cultural backgrounds and personal behaviors, and consequently, management of employees' behavior is of more significant importance (Ramburuth, 2005).

**OBJECTIVES OF THE STUDY**

If we keep the vision of the organizations aside, we can say that the fundamental reason behind a multinational organization's existence is generating as much profit as possible, for which they always put in extra efforts, like increasing operations, enhancing brand image, increasing product lines, etc. But in all this, i.e. fulfillment of its mission or goals, human resource and their performance plays a powerful role. Hence, to analyze the future of organizations, it is important for organizations to first measure the performance of its employees with their pre-established standards and goals, and then formulates strategies accordingly. It is the primary job of the operational managers to take steps so as to improve the employees' performance, and discover and eliminate all those factors and forces that restrict employees to perform their roles and responsibilities at their full potential. In the modern organizations, creating goods and selling them is not the primary task, rather creating such conditions in the organizations where employees could give in their best, while conducting the economic activities in alignment with the goals of the organization, is considered as the basic task of managers. Toxic behavior is one of those forces which have laid impact on the performance of the employees, but it has not gained much attention.

The basic objective behind this study is to explore the vast literatures available on behavior management, to combine the different theories together in a single paper and to suggest ways to the multinational organizations for improvement of employees' behavior. Along with meeting the objectives of the research, the study has also highlighted the requirement for further research on the topic and has, in a way, opened the new doors for further

research to strengthen the existing theories and explorations, and to provide new models which would enable managers to develop the behavior of employees in multinational organizations.

**LITERATURE REVIEW**

Under this section of the paper, several well-known theories and papers on behavior management have been evaluated. Although most of these theories cover only motivation and performance aspects, yet there are other factors as well, and any factor's importance cannot be ignored because they all play a major or minor role in understanding the behavior of employees at work (Barton, 2006).

When human organs having the power of thinking, feeling, sensing, expressing and reflecting respond, it is known as behavior (Hartt, 2006). Behavior and attitude are similar terms. The major difference between them is that while attitude is an individual's internal state of mind, behavior is external (Clark, 2008) and attitude gives shape to behavior (Howard, 2003). However, it is also been said that if a person displays a repetitive behavior towards a particular situation, his general attitude will be build accordingly (Clark, 2008).

An individual's behavior imitates or works in collaboration with his nervous system and its activity. It is influenced by several factors like past critical experiences, external environment, neuronal structure and internal environment and changes therein (Hart, 2006). Many researchers have tried to explore the impact of drugs on the behavior of a human behavior and have found that it has a highly significant relationship (Wilson, 2000).

In order to obtain effective results of behavioral analysis, it must be ensured that the observation is repeated by more than one observer and on different time intervals because, as Hart argues, observation by more than one observer would make the study free of any kind of biasness (Hart, 2006). Another alternative to it, as stated by Hart, is recording of experiments of behavior observers through a single video, as it would provide the option of multiple scoring of the same behavior.

**CONCEPTS AND THEORIES**

**Performance**



Source: Bartol Kathryn M. (2006), Management

Bartol, in his study conducted in 2006, depicted the above

diagram to state the factors which influences the

efficiency and effectiveness of an employee in an organization. These factors are abilities, motivation, working conditions and performance; and behavior of employees play a vital role in each of them. For example, the employees with positive behavior are good learners (Bowen, 2009). They have abilities, but still deem and undergo the phase of training & development provided in the organization as an opportunity so as to obtain maximum benefits from it (Brien, 1999). This opportunity increases their level of curiosity, and they strive to find more knowledge and absorb it. Again, in case of motivation, behavior of one employee is different from that of other (Maslow). Management gurus and psychologists have conducted extensive study in this field, and have devised different tools and techniques to motivate them (Cascio, 2003). As far as contribution of behavioral aspect of employees in the development of working conditions or organizational culture is concerned, no rich material is available (Bartol, 2006). This factor and its relation with behavioral aspect have received ignorance since time by management theorists as it has an indirect relationship with performance and efficiency of employees. Although they are indirectly related, this factor cannot be ignored as it lays a profound impact on the performance level and efficiency of employees which the previous authors or researchers have also accepted. Hence, there is a need to examine this factor and its relation with human behavior in some more detail. The last factor, performance, should be efficient and for this, behavior plays a prominent role (Marton, 2006). From the mid of 19<sup>th</sup> century, study on identification of human behaviors and their management began. In the following paragraphs, the behavioral theories, under the heads of organizational performance, motivation of employees, and behavioral impact on organizational culture, shall be analyzed.

#### **Behavior Impact on Organizational Culture**

Elton Mayo, F.J Roethlisberger, and William J. Dickson, the three management experts, conducted studies on human behavior and its relationship with performance, both individually as well as in groups (Martin, 2006). Elton Mayo stated that by introduction of rest periods in organization, morale of employees and their performance can be enhanced. However, their Hawthorne studies concluded that the lighting conditions in organizations have a profound impact on employees' performance (Bartol, 2006) and that giving special treatments to the employees undoubtedly improves their performance. Further, their third study stated that employees formulate

their own informal standards and norms to be followed when they work in a group.

Further, the Behavior Science Movement, during this same period, focused on the finding that it is always not necessary that higher job satisfaction enhances productivity. Another theory propounded was Reinforcement Theory which is helpful for organizations and management in devising strategies or actions towards employees displaying particular kind of behavior.

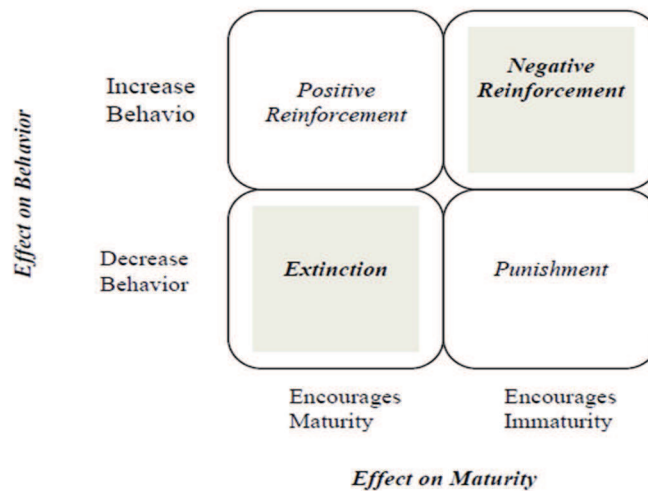
#### **Types of Reinforcement**

Reinforcement theory, formulated by psychologist B.F. Skinner, is beneficial in understanding the behavior of an employee towards a specific course of action. It describes the law of effect and that the behaviors with positive consequences are more likely to be repeated than behaviors with negative consequences.

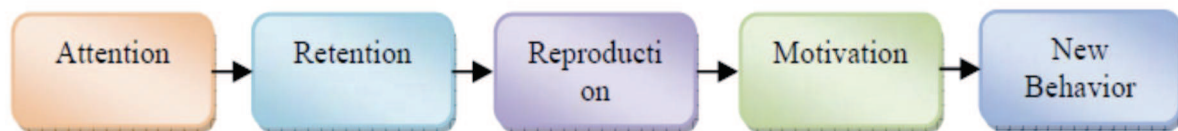
From the above diagram, we can see that there are four types of reinforcement. The type of reinforcement decides the effect on behavior and maturity. When a positive or pleasant stimulus is presented to employees, they increase the maturity level and display of such behavior in context of which it is received and work in favor of the organization. This is positive reinforcement. Similarly, when a negative or unpleasant stimulus is removed, the employee's immaturity level increases and also his display of such behavior, it is negative reinforcement. When unpleasant stimulus is presented to employees, and he decreases such behavior, but increases immaturity which would contaminate the entire organization in future, it is punishment, but when a pleasant stimulus is removed or taken back from the employee and yet he displays decrease in behavior, it is extinction or negative punishment.

In order to amend the behavior of employees, managers need to follow the behavior modeling process as designed by the well-known psychologist, Albert Bandura. The first step under the process is paying attention to the behavior displayed by each and every employee in the organization, and to retain whatever is good and healthy for efficient performance and organizational development. The next step is reproduction in which employees try to reproduce what they see around them. If they do not try to change, they are motivated to do so and thus a new behavior is developed in them which is beneficial for both of them, i.e. employees as well as organization as a whole. But this theory is based on the assumption that employees do not have their own thinking capacity and that there is no way to measure the success of behavior development.

Source: Psychologist B.F. Skinner



**The Behavior Modeling Process**



Source: Albert Bandura

**RESULTS & ANALYSIS**

In case of multinational companies, cross-cultural competence is one of the pre-requisite for managers acting as global leaders, as well as employees, because they have to manage diversified behaviors resulting from diversified culture, within these organizations (Ramburuth, 2005). Bloom (2009) says that in case of global operations, competitive strategies include managing people, which in turn implies:

- a) Selecting employees having a right kind of behavior
- b) Imparting behavioral training to employees, and
- c) Developing such processes which can analyze and control their behaviors.

It has been found that positive behavior does not create as much positive impact as negative behavior creates a negative impact. No other factor disturbs the performance of the employees as negative behavior. It not only affects the performance of the person displaying it, but also all those associated with him (Cascio, 1998). On thorough analysis of different theories in context of behavioral management, it has been found that an employee's behavior has a significant impact on his own performance as well as on the performance of other employees

(Heames, 2006). It has also been revealed that there is a vicious circle between organizational culture and behavior of employees and it is in such a way that the consequences of different behaviors of employees contributes in the development of organization's culture, and the organization's culture, in turn, again lays impact on the behavior and work performance of new employees. Through studies, especially of Forman (2009), following factors, affecting the behavior of employees and creating differences in them, have been revealed:

- a) Genetic characteristics
- b) Physical status
- c) Past experiences
- d) Environmental conditions

**CONCLUSION**

Behavioral tools, its applications and the benefits derived from it are not very much popular in developing countries like India, Pakistan, Canada, etc. Here, both the private as well as the public sector organizations demand performance but are not very much familiar with the concept of behavioral management which helps in increasing the organizational performance. Amongst both, public sector organizations are more traditional than the private sector organizations, but this research paper is constructed to be beneficial for all, especially

focusing on multinational organizations. It has emphasized on the study of behavior in organizations and its management so as to enhance the performance of the employees and thus the company. Behavior management is vital and this paper gives a comprehensive knowledge on the same which can be of immense help to future research scholars as well as organizations focusing on enhancing performance.

#### LIMITATIONS OF STUDY

Although efforts have been put in to combine the several theories of "behavior management" and provide a single paper which would give a comprehensive knowledge to future scholars as well as managers on this subject-area, but they are yet limited in number as some of them still remains un-explored because of constraint of time and resources and also that some websites demand subscription charges to download useful information, and the resources at scholar level does not allow me to pay these subscriptions. Moreover, it is limitation that our study is based only on secondary data. Hence, further study can be conducted to collect first hand information

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