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**UTTAR PRADESH RAJARSHI TANDON OPEN UNIVERSITY**  
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**MBA-3.2** 1.5

**Organisational Design  
Development and Change**

**FIRST BLOCK**  
**Understanding Organisations**



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Uttar Pradesh  
Rajarshi Tandon Open University

MBA-1.5  
**Organisational Design  
Development and Change**

Block

**1**

**UNDERSTANDING ORGANISATIONS**

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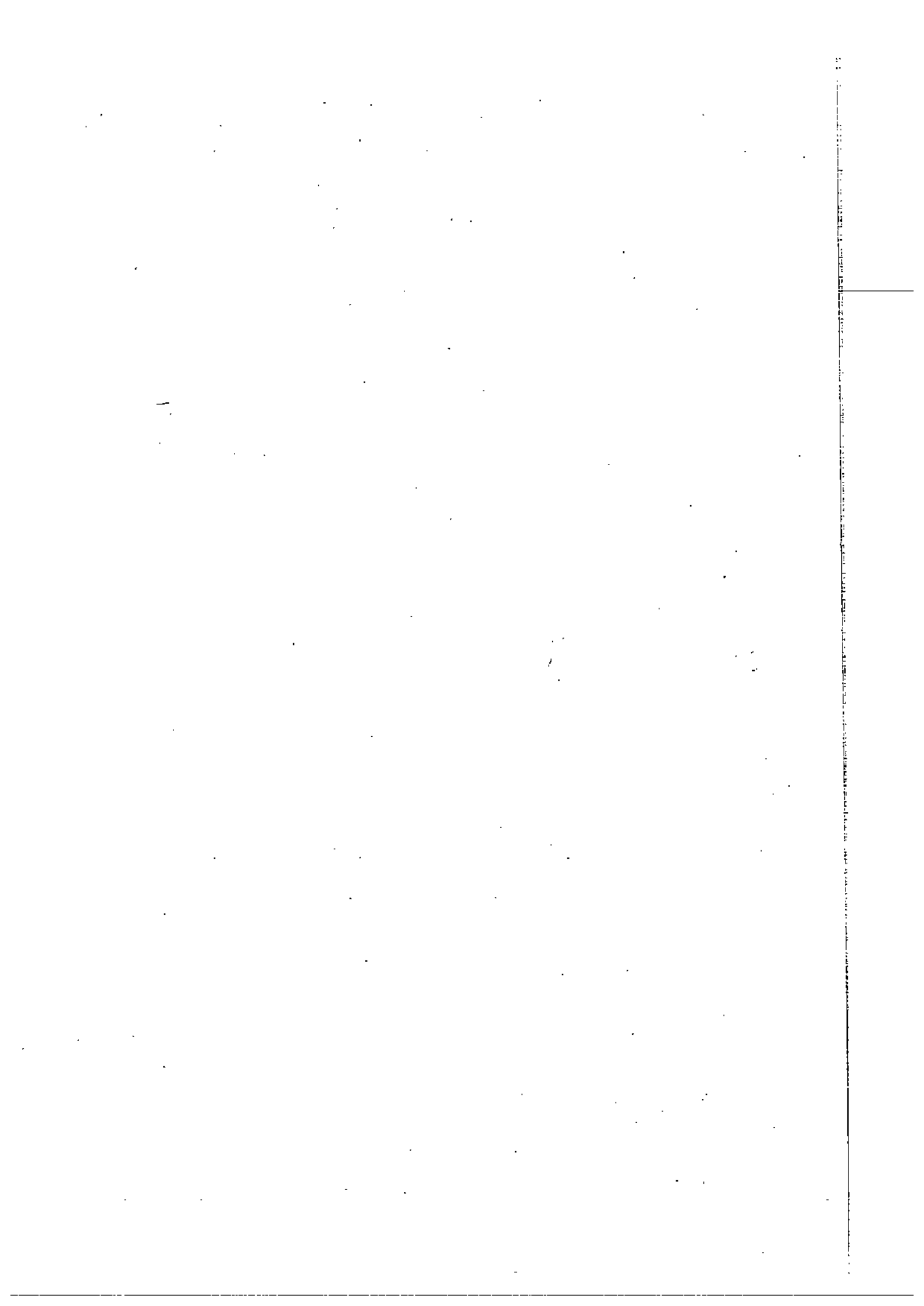
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## **BLOCK 1 UNDERSTANDING ORGANISATIONS**

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This block seeks to present different ways of looking at organisations. It draws upon the key contributions from select writers on organisation.

It consists of two units. The first unit elucidates the principles of organisation evolving from three schools of thought viz; classical, neo-classical and modern (systems) theory. The second unit presents a framework to understand the typology of organisation structures. It briefly deals with formal and informal organisation, centralised and decentralised forms of organisation, vertical and horizontal structures, mechanistic and organic systems, product-function choices and the matrix form of organisation. The major features and the appropriateness of different structures are briefly discussed.



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# UNIT 1 APPROACHES TO UNDERSTANDING ORGANISATIONS

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## Objectives

After reading this unit, you should be able to:

- understand classical, neo-classical and modern approaches to the study of organisations
- develop a perspective on organisations

## Structure

- 1.1 Introduction
- 1.2 The Classical Viewpoint
  - 1.2.1 Bureaucracy
  - 1.2.2 Administrative Theory
  - 1.2.3 Scientific Management
- 1.3 The Neo-classical Viewpoint
- 1.4 The Modern (systems) Viewpoint
- 1.5 Summary
- 1.6 Self-assessment Test
- 1.7 Further Readings

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## 1.1 INTRODUCTION

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What is an organisation? The dictionary definition of an organisation is "something that is organised". It could be a family, school, church or foot ball team. Or, it could be a corporation, army or government. "Organisation" is a social unit with some specific purpose(s).

"Organising" is a subject of the larger activity of "managing". It is the process by which the structure of an organisation is created and maintained. The process includes:

- the determination of the specific activities necessary to accomplish objectives
- the grouping of activities and assigning these to specified positions/persons
- the creation of a network of positions/persons for purposes of planning, motivation, communication, coordination and control

The word "organisation" may be used to refer to the process of organising, the structure that evolves out of this process and the processes/activities that take place within it.

All activities involving two or more persons entail the formation of an organisation. Organisations could be simple or complex depending upon their purposes, size, technology or nature of activities. They can have both macro or micro aspects. If a factory is considered 'macro' unit of an organisation, each section of the shop floor or each function or even a dyad comprising a worker and his/her supervisor can be considered as the 'micro' unit (or a component part) or a sub-system in the larger organisations. Each part/unit can have its own objectives or other characteristics.

The basic elements of organisations have remained the same over the years. Organisations have purposes (be they explicit or implicit), attract people, acquire and use resources to achieve the objectives, use some form of structure to divide (division of labour) and coordinate activities, and rely on certain positions/people to lead or manage others. While the elements of organisations are the same as ever before, the purposes of organisations, structures, ways of doing things, methods of coordination and control have always varied widely over the years and even at the same time amongst different organisations. For example, public sector organisation in India with their multiple objectives in early years were not roused by the profit

motive but are now required to make surpluses. At a given point in the time of history, Ford Motors relied more on centralisation and General Motors on decentralisation. The crucial aspect that accounts for the differences is how an organisation adapts itself to the environment. Organisation being part of the society affects and is affected by the changes in society. The changes could be social, economic, technical, legal or political; they could be in input (labour, capital, materials etc.) or output markets.

It is essential to develop a perspective understanding about organisations because human behaviour and organisational behaviour are influenced by the people in organisations and the specific characteristics in the basic elements in the organisations and the way they adapt themselves to the environment. There is considerable body of knowledge and literature, called organisation theories, developed over the years reflecting what goes on in organisations. Organisation theories are sets of propositions which seek to explain or predict how individuals and groups behave in different organisational structures and circumstances.

The study of organisations covers all areas of knowledge covering a wide range of disciplines from A (Anthropology) to Z (Zoology) and includes physics, philosophy, politics and psychology. A sample check-list of relevant knowledge from diverse fields is shown in Table 1. More disciplines could be added to the list.

Anthropological concepts concerning cultural factors are as pertinent as biological

Table 1: Fields Contributing to the Study of Organisations

Anthropology	Philosophy
Cultural dynamics	Ethical principles
Organisation theory	Aesthetic principles
Status symbols	Principles of logic
Ethnic relations	Principles of semantics
Biology	Physics
Organisation theory	Gravitation theory
Viability	
Homeostasis	Political Science
	Administrative law
Business Administration	Administrative theory
Accounting	Trade regulations and practices
Managerial finance	Authoritarianism
Industrial management	Organisation theory
Personnel management	Bureaucracy
Theory of organisations	
Economic theory	Psychology
Labour economics	Aptitude analysis
International economics	Personality analysis
Statistics	Scaling techniques
Industrial relations	Organisation theory
Operations research	Senses and sensation
Management science	Projective techniques
Marketing	Learning theory
	Motivational analysis
Ecology and Geography	Perception and sensation
Location theory	Rationality
Nucleation	
Environmental adaptation	Sociology
Dispersion processes	Interpersonal relations
Spatial forces	Morale
	Class behavioral patterns
Mathematics	Role and status
Information theory	Class stimuli
Stochastic processes	Innovation and change
Set theory	Organisation theory
Descriptive and inductive statistics	Primary group behaviour
Theory of games	Small-group activity
Decision making	Environmental influences
Probability theory	Public opinion
Linear programming	Sociometry
	Formal organisation
	Social change
	Group surveys and testing
	Social stratification and values
	Social institutions

Source: David L. Huff and Joseph W. McGuire, "The Interdisciplinary Approach to the Study of Business," University of Washington Business Review, June, 1960, pp. 50-51.

theories of evolution and psychological theories of human behaviour. While Arts and Sciences (e.g. humanities and physical and biological sciences) and social sciences (e.g. economics, history and politics) are relevant to understandings, from a behavioural point of view, the trio of anthropology, sociology and psychology have much to offer. As an academic discipline, anthropology, with its widest scope provides the basic behavioural science discipline. Amongst many of the subfields of specialisation in anthropology it is cultural anthropology whose main focus is on the study of origins and history of man's cultures, their evolution and development, and the structure and functioning of human cultures in every place and time that deals with the reciprocal relationship between culture and behaviour. Sociology deals with the study of society, institutions, the organisation, the group and norms and roles. Modern psychology is concerned with the study of individual human behaviour with the objective of understanding, prediction and control of human behaviour. The purpose here is not to discuss the contributions from each of the disciplines but to gain insights into the vast expanse of the field of study. What is important, however, is not mere accumulation of knowledge from diverse fields, but the integration of concepts and techniques developed in many fields.

Though formal study of organisations began only in recent decades, 'organisations' – human organisations – are as old as human civilisation itself. Claude S. George explained elements of organisations that were discernible over the past several thousand years. However, interest in formal study and understanding of organisations for purposes of management first found expression over the last 100 years or so. Before Industrial Revolution, when the handicraft and domestic system of production was dominant, the operations of an enterprise used to be under the direct control of the owner. But the developments in the wake of Industrial Revolution gave birth to scienticism in the nineteenth century.

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## 1.2 THE CLASSICAL VIEWPOINT

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In the late 18th century three streams of concepts i.e bureaucracy, administrative theory and scientific management began to be developed. These concepts have come to be popularly known as classical concepts or classical theories of organisations. The structure of an organisation received emphasis under this school of thought. According to the classical view, "An organisation is the structure of the relationships, power, objectives, roles, activities, communications and other factors that exist when persons work together."

The streams of concepts in the "classical" mould are based on the same assumptions, but are developed rather independently. Bureaucracy as a concept, first developed by Max Weber, presents a descriptive, detached, scholarly point of view. Administrative theories not only described macro aspects of organisations but also focussed on principles and practice for better performance. Scientific management thought focussed mainly on micro aspects like individual worker, foreman, work process, etc. The classical theorists on the whole, with scientific management stream being a minor exception, viewed organisations as mechanistic structures. Let us consider the three streams of classical theories briefly: i.e Bureaucracy, Administrative theory and Scientific Management.

### 1.2.1 Bureaucracy

Bureaucracy is the dominant feature of ancient civilisations as well as modern organisations in contemporary world. Max Weber describes an "ideal type" approach to outline the characteristics of a fully developed bureaucratic form of organisation. The features that he described as being characteristic of a bureaucracy are common to all social institutions, be they political, religious, industry, business, military, educational or government organisations. Size and complexity produce bureaucracy. As such, the rigid structures, fixed jurisdictions, impersonal rules and mundane routine, concomittant with bureaucracies often result in delays, produce inertia, encourage buck-passing, lead to wastage of resources and cause frustration. As such, in general parlance the word 'bureaucracy' has come to have a negative connotation and many tended to wish it away. But the features that characterise bureaucracy have become inevitable and ubiquitous with the growing size and

complexity in organisations. There is need, therefore, to understand and improve bureaucracies than indulge in dysfunctional debates over their relevance.

### Features of Bureaucracy

The features which characterise bureaucracy have been identified by Max Weber by analysing the way modern officialdom functions. The more important features are considered here briefly.

#### A Rules and Regulations

The three elements that constitute bureaucracy include:

- fixed formal rules and regulations specifying official duties in a given structure that imposes jurisdictional limits
- distribution of formal, positional authority to give commands required for discharging duties at various levels
- methodological provision for the fulfilment of duties and for the execution of corresponding rights by people with prescribed qualifications

The emphasis is on consistency. Objective rationality is sought through impersonal means. Behaviour is subject to discipline and control within the framework of rules.

#### B Hierarchy

The principle of hierarchical authority in pyramidal structures is common to all bureaucracies. Each position in the hierarchy covers an area over which it has complete jurisdiction in terms of division of work, competence, authority and responsibility. Power and authority are delegated downward, beginning at the top, from each supervisor to his subordinates. The system firmly orders supervision of the lower offices by the higher ones, with provision for appeal of decisions of a lower office to its higher authority according to a laid down procedure.

#### C Paper Work

Every decision and the process thereof is recorded in a wide array of written documents and preserved in their original and draft form.

#### D Professional Qualifications and Expert Training

Recruitment is based on qualifications and ability. Skills are learnt through training and experience. Conformity with rules ensures job security. Promotions are based on seniority and merit. Knowledge of rules requires a special technical training which the officials possess. Such knowledge concerns jurisprudence and administrative rules and procedures.

### Functional and Dysfunctional Aspects

The foregoing discussion is based on Max Weber's description of an ideal (normative) pattern of organisation. It is difficult to distinguish precisely how the functioning of organisations differs from the ideal. It can nevertheless be said that all organisations have some or all of these features and the difference between one organisation and the other is one of degree alone.

### Functional Aspects

Some of the principal, prescriptive, normative functions that bureaucracies serve have positive significance to organisations. Whether and to what extent these positive features really obtain in an organisation depends on actual practice which often falls short of expectations. Subject to this limitation the following can be considered as the functional aspects of an 'ideal' bureaucracy:

#### A Specialisation

The emphasis on specialisation. A bureaucratic organisation—be it in government, industry or services—can be "compared with an assembly line in which each member performs his special functions" in a predictable manner. At various levels in the organisational bureaucracy, routinised work is assigned with fixed responsibilities and jurisdictional limits, providing for an element of specialisation.

#### B Structure

By structuring the duties and responsibilities and reporting relationships in a command hierarchy the organisation is provided a form or structure. Structure sets the pace and framework for organisational processes...



### **C Predictability and Stability**

The rules, regulations, training, specialisation and structure impart predictability and thereby ensure certainty and stability to an organisation. The insistence on conformity to rules and roles in the framework of a given structure, regulations and jurisdictional limits, bring some order to cope with complexity and provide for certainty in the midst of uncertainty.

### **D Rationality**

Since the criteria for decision-making in routine situations is prescribed ahead of events emphasising consistency in dealing with organisational questions, a measure of objectivity is ensured in organisation.

### **E Democracy**

Bureaucracy makes an organisation more democratic by emphasising more on qualifications and technical competence for purposes of recruitment and highlighting the jurisdictional roles of people at all levels in a hierarchy. The top officials may have acquired the position through election, appropriation or succession but down the level in the hierarchy the processes are guided by laid down rules, regulations, policies and practices than patronage or other privileged treatment.

### **Dysfunctional Aspects**

Bureaucracies, particularly in large complex organisations, may have unintended consequences which are often referred to as dysfunctional aspects of bureaucracy. Over the years, there has been much disenchantment with the functioning of bureaucracies which created many antagonists of bureaucracy who prophesied about its gradual demise. The skeptics' optimism however, did not fructify. None could propound workable alternatives. As a result, bureaucracies survived notwithstanding the myriad dysfunctional aspects. It is not possible here to list all the dysfunctional functions caused by what Thompson calls as 'bureaucratic' behaviour. There is also no agreement on whether all these are really counterproductive, because some of them at least are perceived at times as disguised blessings. The more prominent among the dysfunctional aspects include the following:

#### **A Rigidity**

Critics of bureaucracy argue that rules are often rigid and inflexible, encouraging status quoism and breeding resistance to change. Compliance with rules may provide the cover to avoid responsibility for failures.

#### **B Impersonality**

Bureaucracies emphasise mechanical way of doing things, giving primacy to organisational rules and regulations than individual's needs and emotions. Contractual obligations receive primacy, relegating human relations to a back seat. The office a person holds is important than the person *per se*.

#### **C Displacement of Objectives**

Rules originally devised to achieve organisational goals at each level become an end in themselves independent of organisational goals. Thompson calls such bureaucratic behaviour as a process of "inversion of ends and means". When individuals holding office at lower levels pursue personal objectives or objectives of sub units, the overall objectives of the organisation may be neglected. When objectives get so displaced it is often difficult for managers at higher levels or even for the other constituents of the organisations such as consumers and stock holders to seek redress.

#### **D Compartmentalisation of Activities**

Specialisation and division of labour are encouraged in bureaucracies to improve organisational effectiveness. But the resulting categorisation breeds the notion of watertight compartmentalisation of jobs, restricting people from performing tasks that they are capable of performing. For example, a pipe fitter can instal a pump, but is prohibited from making the electrical connection. It would also encourage a tendency to preserving existing jobs even when they become redundant. The sequential flow of work may usually have an element of idle time at almost every level. The bickerings over respective jurisdictions based on specialisation and categorisation may also often induce dysfunctional conflict in the place of coordination and cooperation among various subunits of an organisation.

**E Empire building**

People in bureaucracy often view that the office they hold bestows on them a sense of ownership and privilege with the result there could often be a tendency to use one's position and resources to perpetuate self interests or the interests of the subunit they represent than of the organisation.

As Max Weber observed, once it is fully established, it is hard to destroy bureaucracy even if it has outlived its utility. A common tendency in bureaucracies is to relate power and prestige with the number of subordinates a person has. Therefore the effort, more often than not, is to increase the number of people employed under one's control.

**F Red Tape**

Bureaucratic procedures involve much paper work and routing through proper channel causing inordinate delays and frustration. The procedures are nevertheless valued, perpetuated and multiplied for their own sake as also to pass the buck to others in the chain of hierarchy as far as responsibility for failures go. The negative aspects of bureaucracies can however be overcome if the individual needs and organisational goals are properly reckoned. Whatever the progress in the thinking about and in the actual working of modern organisations, bureaucracy has remained an integral and concomitant feature. There is no use wishing it away. There is every need to understand it better and cope with the possible problems effectively and proactively.

**Activity A**

- a) Interview five persons in different organisations. Find out their notions about bureaucracy. Ask whether the organisation they work for has any of the features discussed so far in this unit. Prepare a resume.

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- b) Try and find out whether there is any large organisation without the attributes of a bureaucracy. If at all you could, see how it is different from other bureaucratic organisations.

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- c) Do you like to work in a bureaucracy? give reasons

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**1.2.2 Administrative Theory**

Administrative theory is another stream of thought in the classical mould. While the concept of bureaucracy was developed by sociologists in a detached, scholarly way administrative theory has been developed since 1900 by practical managers. Though both the schools of thought developed independently, they have many things in common. Both tend to be prescriptive about organisations and normally emphasise

the need for order and orderly procedures, and point to hierarchy, specialisation, structure, order and certainty among others as essential features of organisations.

Among the several proponents of the Administrative theory, the earliest and significant contribution came from Henri F Fayol, a French industrialist, in 1916. The 14 principles that capture the essence of the administrative theory could be summarised as follows:

**Division of work.** Divisions of work or specialization gives higher productivity because one can work at activities in which one is comparatively highly skilled.

**Authority and responsibility.** Authority is the right to give orders. An organisational member has responsibility to accomplish the organisational objectives of his position. Appropriate sanctions are required to encourage good and to discourage poor performance.

**Discipline.** There must be respect for and obedience to the rules and objectives of the organisation.

**Unity of command.** To reduce confusion and conflicts each member should receive orders from and be responsible to only one superior.

**Unity of direction.** An organisation is effective when members work together toward the same objectives.

**Subordination of individual interest to general interest.** The interests of one employee or group of employees should not prevail over that of the organisation.

**Remuneration of personnel.** Pay should be fair and should reward good performance.

**Centralisation.** A good balance should be found between centralisation and decentralisation.

**Scalar chain.** There is scalar chain or hierarchy dictated by the principle of unity of command linking all members of the organisation from the top to the bottom.

**Order.** There is a place for everything and everyone which ought to be so occupied.

**Equity.** Justice, largely based on predetermined conventions, should prevail in the organisation.

**Stability of tenure of personnel.** Time is required for an employee to get used to new work and succeed in doing it well.

**Initiative.** The freedom to think out and execute plans at all levels.

**Espirit de corps.** "Union is strength"

Fayol further explained about the importance of planning, organising, coordinating, and control in organisation. These aspects have been further developed by subsequent writers like Earnest Dale, Herbert G Hicks, Chester I Bernard, Lyndall F Urwick and many others. It is however not proposed to review the contribution of each of these writers here.

The principles of management enunciated under the administrative theory stream of thought have the potential to comprehend and cope with the growing complexity in organisations to an extent in the sense that they seek to bring order, provide structures relationships in channeling activities and processes and usher an element of certainty in actions though, of course, a maze of rules, regulations, policies, practices, etc. But the real problem is whether and to what extent they really serve as definite principles. For example, concepts such as centralisation, decentralisation and delegation suffer from superficiality and over-simplification. Several of the principles occur in pairs and there is little in theory to indicate which is the proper one to apply. Another basic problem here is that it views organisations as power-centred and do not provide for underpinning the elements of a democratic form of organisation.

### 1.2.3 Scientific Management

The third stream of classic school of thought is the scientific management. The principles of scientific management were first developed around 1900. Among the pioneering proponents of the principles of scientific management, particular mention should be made of Frederick Winston Taylor, an engineer by profession. Whereas

bureaucracy and administrative theory focussed on macro aspects of the structure and processes of human organisations, scientific management concerned itself with micro aspects such as physical activities of work through time-and-motion study and examination of men-machine relationships. Unlike in the other two, the scientific management laid emphasis on activities at shop floor or work unit level than management and based its inductive reasoning on detailed study and empirical evidence. In juxtaposition the principles of bureaucracy and administrative theory were formed by synthesising experience and observation with abstract reasoning.

Taylor's principles of scientific management could be considered as an improvement over the contributions in the other two streams of thought in as much as he tried to use the engineer's discipline to reduce personal factors, randomness and rule of thumb decision-making. Though Taylor too had his share of critics and criticism, his contribution to modern management and use of scientific methodology for decision-making and management practices are profound.

For Taylor, scientific management fundamentally consists of certain broad principles, a certain philosophy, which can be applied in many ways, and a description of what any one man or men may believe to be the best mechanism for applying these general principles should in no way be confused with the principles themselves.

Taylor described the following four principles of scientific management:

1. Develop a science for each element of a man's work, which replaces the old rule-of-thumb method.
2. Scientifically select and then train, teach, and develop the workman, whereas in the past he chose his own work and trained himself as best he could.
3. Management should heartily cooperate with the workers so as to ensure all the work being done in accordance with the principles of the science which has been developed.
4. There is an almost equal division of the work and the responsibility between the management and the workmen. The management should take over all work for which they are better fitted than the workmen, while in the past all of the work and the greater part of the responsibility were thrown on the workers.

The principal techniques he advocated were motion and time study, specialisation, standardisation, planning, slide rules and other work-saving implements, work standards and guidelines, piece rates, wage systems, routing systems and modern cost systems. Most of the developments in the field of industrial engineering and personnel management can be traced to his work.

Taylor did not emphasise much on relations between worker and worker; worker and management. He recognised the need for a 'mental revolution'. But most people paid attention to his suggestions concerning "efficiency experts", "motion and time study" and speeding-up techniques to improve output and productivity. When the basic philosophy of scientific management and mental revolution did not gain the same emphasis, the scientific management movement had began to be criticised as management gimmicks to get most out of workers. Nevertheless many of Taylor's contributions provide the essence of modern management practice. Several persons like Henry L Gantt, Frank and Lillian Gilbreth and Harrington Emerson made important contributions to the scientific management movement and expanded scope of the basic ideas propounded by Taylor.

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### 1.3 NEOCLASSICAL VIEWPOINT

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The neoclassical theory, also referred to as the human relations school of thought reflects a modification to and improvement over the classical theories. While classical theories focused more on structure and physical aspects of work (notwithstanding Taylor's concern for mental revolution), the neoclassical theory recognises the primacy of psychological and social aspects of the worker as an individual and his relations within and among groups and the organisation. Though neoclassical philosophy could be traced to ancient times, it gained currency only

after the world War I, particularly in the wake of the "Hawthorne experiments" at Western Electric Company by Elton Mayo during 1924 to 1932.

The initial experiments carried out over a period of three years sought to determine the effects of different levels of illumination on workers' productivity. In the test groups, productivity raised irrespective of variations in illumination at indifferent experiments. In the second set of experiments which began in 1927 a smaller group of six female telephone operators was put under close observation and control. Frequent changes were made in working conditions such as hours of work, lunches, rest periods, etc. Still, over a period of time as the experiments continued with such changes, productivity continued to rise. It was concluded that the social or human relationships among the operators, researchers, and supervisors influenced productivity more decisively than changes in working conditions. The test group achieved higher morale due to special attention given to the employees as individuals and also the social structure of the work group. The Hawthorne experiments further revealed that a worker's feelings about himself and in work group matter most. The third set of experiments which began in 1931 attempted to understand how group norms affect group effort and output. It was noted that the informal organisation of workers controlled the norms established by the groups in respect of each member's output.

These and subsequent findings concerning human behaviour at work focussed on worker as an individual and considered the importance of caring for his feelings and understanding the dynamics of the informal organisation of workers—which affect the formal organisation structure, its activities, processes and output. The neoclassical viewpoint thus gave birth to human relations movement and provided the thrust toward democratisation of organisational power structures and participative management. The emerging changes in social, economic, political and technical environment of organisations also seems to have provided the rationale for such shift in emphasis.

The neoclassical viewpoint does not replace classical concepts. The need for order, rationality, structure, etc. have been modified to highlight the importance of relaxing the rigid and impersonal structures and consider each person as an individual with feelings and social influences that effect performance on the job.

#### Activity B

Look for examples, if any, in your (or any other Indian) organisation that seem to substantiate the conclusions of Hawthorne Experiments. Briefly record them here.

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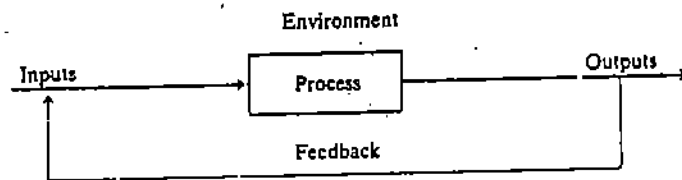
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### 1.4 MODERN (SYSTEMS) VIEWPOINT

Modern theories of organisation and management have been developed largely since the 1930s. The perspective here is to provide a systems viewpoint. Among the several persons who contributed to the modern theory, it was perhaps Chester I. Bernard, who in 1938, provided a comprehensive explanation of the modern view of management and organisation. He considered the individual, organisation, suppliers and consumers as part of the environment. Ten years later, Weiner's pioneering work on cybernetics developed concepts of systems control by information feedback. He described an adaptive system (including an organisation) as mainly dependent upon measurement and correction through feedback. An organisation is viewed as a system consisting of five parts: inputs, process, output, feedback and environment as shown in Figure I.

Since 1940s, researchers and information theorists also looked at organisations in a Systems viewpoint. In 1956 Kenneth Boulding propounded General Systems Theory (GST).

Figure 1: An Organisation as a System



The GST approach suggests the following nine levels of systems complexity:

1. The most basic level is the static structure. It could be termed the level of frameworks. An example would be the anatomy of the universe.
2. The second level is the simple dynamic system. It incorporates necessary predetermined motions. This could be termed the level of clockworks.
3. The next level is a cybernetic system characterized by automatic feedback control mechanisms. This could be thought of as the level of the thermostat.
4. The fourth level is called the "open-systems" level. It is a self-maintaining structure and is the level where life begins to differentiate from nonlife. This is the level of the cell.
5. The fifth level can be termed the "genetic-societal" level. It is typified by the plant and occupies the empirical world of the botanist.
6. The next is the animal level, which is characterized by increased mobility, teleological behavior, and self-awareness.
7. The seventh level is the human level. The major difference between the human level and the animal level is the human's possession of self-consciousness.
8. The next level is that of social organisations. The important unit in a social organisation is not the human per se but rather the organisational role that the person assumes.
9. The ninth and last level is reserved for transcendental systems. This allows for ultimates, absolutes, and the inescapable unknowables.

Each level is more complex than the one that precedes it. However, no stage is as yet fully developed and knowledge about different levels is of varying degrees. Beyond the second level none of the theories are comprehensive or fully meaningful. Over the last three decades further developments in research into organisations may have added to the existing knowledge, but human organisations continue to be extremely complex.

The systems approach points to the interdependent nature of everything that forms part of or concerns an organisation. A system is composed of elements which are related to and dependent upon one another and which, when in interaction, form a unitary whole.

Systems framework covers both general and specialised systems and closed and open analysis. A general systems approach to the management processes deals with formal organisation and concepts relating to different disciplines such as technical, social, psychological and philosophical. Specific management systems deal with aspects relating to organisation structure, job design, specific functions of management, etc.

A closed system operates in a closed loop, devoid of external inputs. An open system, in contrast, is a dynamic input-output system "in continual interaction with environment to achieve a steady state of dynamic equilibrium while still retaining the capacity for work or energy transformation".

While the classical theorists recognised only a closed system viewpoint, the modern theorists believe in organisations as open systems. The work of D. Katz and R L Kahn provided the intellectual basis to merge classical, neoclassical and modern viewpoints.

This belief in viewing organisations as open systems widened the perspective further and led to the development of a "contingency approach" to the study of organisations. The contingency approach incorporates the environmental variables and relates them to management variables. The underlying logic is that concepts relating to organisations and management work differently in different situations (or environments). Jay Galbraith's modern structural organisation theory highlights the information processing model and captures the essence of the systems/contingency perspective on organisations. He constructs theories about the amount of information an organisation must process under different levels of (a) uncertainties, (b) interdependence among organisational elements, and (c) organisational adaptation mechanisms.

Over the years thus, fresh perspectives are emerging providing new vistas and opportunities to understand organisations better. There is as yet no single verified universally valid general theory of organisation as such.

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## 1.5 SUMMARY

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Organisations are social units with specific purposes. The basic elements of organisations have remained the same over the years. Several disciplines provide the knowledge and the means to understand organisations. However, it is appropriate to look at organisations integrally in a multi-disciplinary perspective. Three viewpoints have emerged, over the years in successive stages, each seeking to provide a window on the others. They are the classical, the neoclassical and the modern (systems) viewpoints. Within the classical approach, three streams stand out: bureaucracy, administrative theory and principles of scientific management. It is important to note that with the passage of time, the viewpoints have been changed or modified, but not replaced as such. Each major contribution brought new knowledge, awareness, tools and techniques to understand the organisations better. Thus, today we are richer than ever before in terms of our knowledge about approaches to understand organisations. All the same, more knowledge meant reckoning with more complex variables to comprehend the complexities of human organisations. There is, as yet, no general, unified, universal theory as such. Organisations being diverse and complex in more senses than one, it is difficult, if not meaningless to be too general or too specific about them.

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## 1.6 SELF-ASSESSMENT TEST

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- 1 What is the relationship between bureaucracy and administrative theory?
- 2 Discuss similarities and dissimilarities among the three streams of thought in the classical theory.
- 3 Discuss the major aspects of neoclassical viewpoint. Does it replace the classical theory?
- 4 How modern are modern theories of organisation in relation to classical and neoclassical perspectives?
- 5 Drawing from classical, neoclassical and modern theories, is it possible to evolve a general theory of organisation and management?
- 6 Explain whether and how Taylor's principles of scientific management find expression in neoclassical and modern viewpoint.

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## 1.7 FURTHER READINGS

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## UNIT 2 TYPOLOGY OF ORGANISATION STRUCTURES

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### Objectives

After reading this unit you should be able to:

- understand the basis for evolving different types of organisational structures
- examine the relative merits and demerits of different types of organisational structures

### Structure

- 2.1 Introduction
- 2.2 Formal-Informal Organisation
- 2.3 Centralisation and Decentralisation
- 2.4 Vertical and Horizontal Structures
- 2.5 Mechanistic and Organic Systems
- 2.6 Product versus Functional Forms
- 2.7 Matrix Organisation
- 2.8 Summary
- 2.9 Self-assessment Test
- 2.10 Further Readings

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### 2.1 INTRODUCTION

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This unit reviews briefly the typology of organisation structures. Organisation structures based on classical bureaucratic principles are hierarchical. But modern organisation theories attempted to modify them in the light of experience, changes in technology, and knowledge about human behaviour. The centralised structures gave way to some sort of decentralisation and thus transformed, partially at least, vertical (tall) organisations into horizontal (flat) ones, reflecting a shift in emphasis from command to consensus based self control. The relative conditions of instability and uncertainty transformed the classical mechanistic forms of management systems into organic ones. The advent of specialisation and requirements of coordination had thrown up new issues and strategic choices concerning product versus function and matrix organisation. The salient features of different organisation structures referred to above are briefly outlined here to provide an overview than comprehensive understanding of the underlying principles.

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### 2.2 FORMAL-INFORMATION ORGANISATION

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All organisations usually develop at least some formal procedures for regulating relations between members, among members and their organisation. Status is bestowed on persons. Norms are laid down, usually they are imposed from above. Relationships are prescribed and communications flow horizontally or vertically among members.

In contrast, informal organisation describes social relationships and actions that do not coincide with formal structure, roles, procedures and norms. Informal relations, to begin with, are unstructured and not given. Relationships are not prescribed, but sought by members in a group. Unofficial norms evolve in informal organisation out of consensus in a group. Interaction between or among members in an informal organisation is voluntary. Communications may flow in any direction (see Table 1).

In any organisation, informal organisation coexists with the formal organisation.

Informal organisation has both functional and dysfunctional aspects while in formal organisation the functional aspects have received much attention; in informal organisation, dysfunctional aspects such as conflicting objectives, restriction of output, inertia and resistance to change have received wide attention. With the result, there is often a misconception about the counter-productive role of informal organisation.

Informal communication channels like grapevine and rumour are the most potent forces in any organisation. Since these move fast and concern recent happenings affecting people at work in terms of what they know, managements should deal with and use them rather than ignore or curb informal communication channels. In reality, informal organisation can reinforce and facilitate the functional aspects of formal organisation in the following ways:

1. It is a very useful channel for communication in the organisation, if properly used. It can become an effective supplement to the formal system of communication.
2. It blends with the formal system and facilitates smoother, speedier and effective flow of work.
3. It provides satisfaction and stability to work groups.
4. It reduces the adverse impacts of the rigidity of formal organisation.

Table 1: Distinction between Formal and Informal Organisation

Formal Organisation	Informal Organisation
1 Structured	Unstructured
2 Status bestowed on positions	Status acquired by persons
3 Official Norms; often imposed from above	Unofficial norms; often evolved out of consensus.
4 Relationships prescribed	Relationships not prescribed, but sought
5 Interaction occurs as required by rules/roles	Interaction occurs as desired, voluntarily
6 Communication flows horizontally or vertically	Communications flow in any/many directions

**Activity A**

Briefly examine and describe the nature and significance of informal organisation on the formal organisation system in your company. Illustrate your response by citing instances.

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**2.3 CENTRALISATION AND DECENTRALISATION**

Centralisation refers to consolidating decision making in one coordinating head. Decentralisation refers to delegation of decision making to subordinate units. Both centralisation and decentralisation are intended to improve organisational effectiveness. Theories are of little avail in suggesting which is the proper thing to do in a given situation. At one point Ford Motor Company suffered because of centralisation and General Motors because of decentralisation.

If one were discerning enough, it is possible to identify two basic types of centralisation and decentralisation.

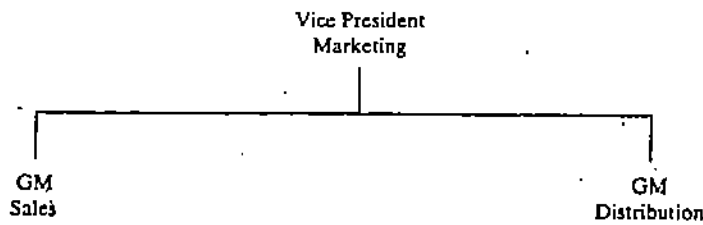
- a) Geographic/territorial concentration (centralisation) or dispersal (decentralisation) of operation. If all operations are under one roof or in one geographic region, Geographic regions could refer to a city (eg. Bombay), State (Maharashtra), country (India) or continent (Asia). (Figure I).

b) **Functional concentration or decentralisation.** As an example, personnel functions in an organisation could be concentrated in one separate department or handled in various functional departments as shown in Figure II.

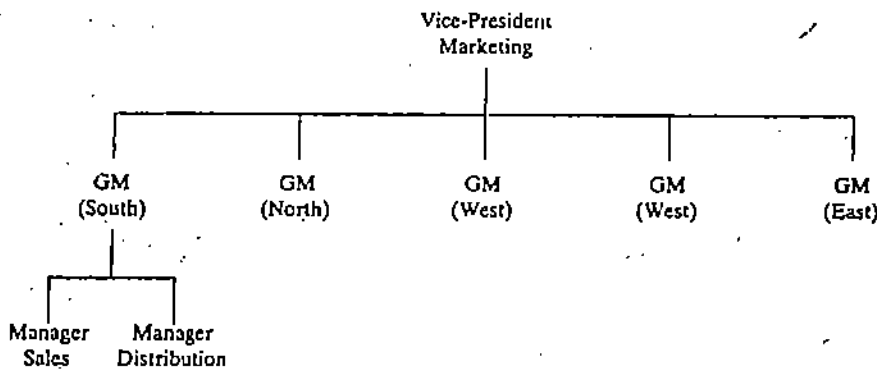
However, from a practical point of view, merely by looking at charts it is difficult to determine to what extent authority is concentrated or dispersed. There is need therefore to analytically study how the chain of command operates in an organisation. In reality centralised form will have some amount of decentralisation and vice versa. The difference is one of degree. "Centralised decentralisation" seems to be the dominating mode in organisation design and structure.

Figure I: Marketing Function in an Organisation with All-India Operations

a) Centralised



b) Decentralised (geographic/territorywise)



Alfred P. Slogon played an instrumental role in developing a model of central control of decentralised operations for General Motors based on the following twin premises:

- 1 The responsibility attached to the chief executive of each operation shall in no way be limited. Each such organisation headed by its chief executive shall be complete in every necessary function and enabled to exercise its full initiative and logical development (Decentralisation of operations)
- 2 Certain central organisation functions are absolutely essential to the logical development and proper coordination of the Corporation's activities: Centralised staff services to advise the line on specialized phases of the work, and central measurement of results to check the exercise of delegated responsibility.

**Activity B**

Examine whether your organisation belongs to a centralised or decentralised form of organisation. Analyse limitations, if any, of the present structure and make suitable recommendations.

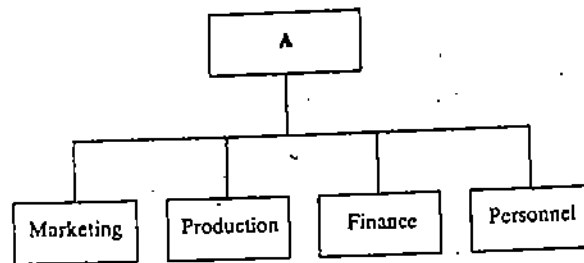
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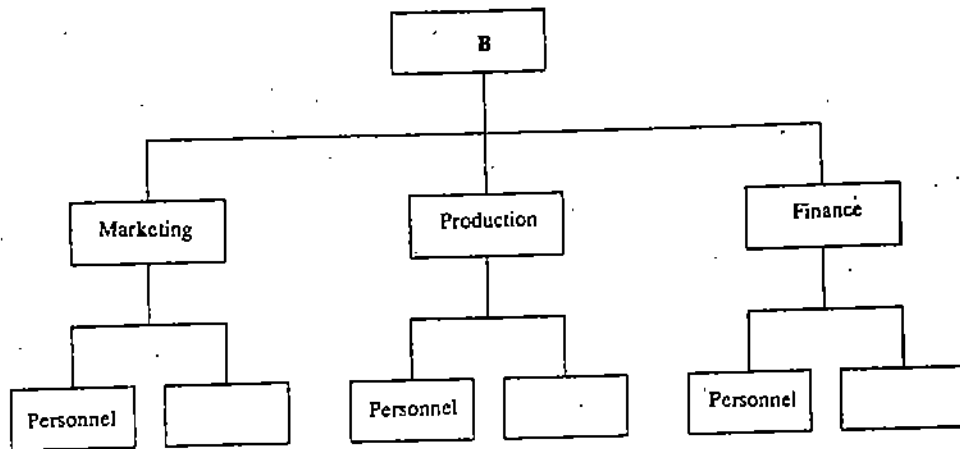
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Figure 11: Personnel as a centralised function



Personnel as a decentralised function



## 2.4 VERTICAL AND HORIZONTAL STRUCTURES

The classical bureaucratic model of organisation though pervasive, has been considered inappropriate to the changing requirements of modern times. A bureaucratic organisation was considered to be too inflexible and hierarchical to adapt to the changes occurring in organisations and technology. Parkinson's laws and Peter Principle highlight the negative aspects of bureaucratic organisations. Whatever be the criticism against bureaucracies, it is realised that to some extent they have become essential. Therefore, writers and organisations began to explore ways to modify the bureaucratic organisation structures. In essence these new structures reflect modifications to the classical principles of delegation of authority and standard of control. Delegation extends the scope of the principle to the point of an abiding organisation-wide philosophy of management. A tall organisation structure means a series of narrow spans of control, and a flat one incorporates wide spans and limited layers of control at horizontal levels. Both the structures have their advantages and disadvantages. They should be viewed on relevant concepts and not as ideal absolutes. A tall structure calls for control and close supervision over the subordinates. But close supervision may not necessarily produce better control. Similarly in a flat organisation with wide spans, it may not be possible to keep close control over subordinates but it provides for decentralisation, individual initiative and self-control. Tall structures are less favourably viewed in modern organisation analysis. From a behavioural point of view it is held that self-control is better than imposed control. The choice in this regard however rests ultimately on management assumptions about individuals and groups in organisations.

## 2.5 MECHANISTIC AND ORGANIC SYSTEMS

Burns and Stalker propose two contrasting forms of management systems to suit different conditions. These are called as mechanistic organic forms. A mechanistic

management system is considered appropriate to stable conditions while the organic form is suitable to changing conditions. The contrasting features of both these forms are shown in Table 2.

Table 2: Distinction between Mechanistic and Organic System

Mechanistic System	Organic System
d) the specialized differentiation of functional tasks into which the problems and tasks facing the concern as a whole are broken down	a) the contributive nature of special knowledge and experience to the common task of the concern
b) the abstract nature of each individual task, which is pursued with techniques and purposes more or less distinct from those of the concern as a whole; i.e., the functionaries tend to pursue the technical improvement of means, rather than the accomplishment of the ends of the concern	b) the "realistic" nature of the individual task, which is seen as set by the total situation of the concern
c) the reconciliation, for each level in the hierarchy, of these distinct performances by the immediate superiors, who are also, in turn, responsible for seeing that each is relevant in his own special part of the main task	c) the adjustment and continual redefinition of individual tasks through interaction with others
d) the precise definition of rights and obligations and technical methods attached to each functional role	d) the shedding of "responsibility" as a limited field of rights, obligations and methods. (Problems may not be passed upwards, downwards or sideways as being someone else's responsibility)
e) the translation of rights and obligations and methods into the responsibilities of a functional position	e) the spread of commitment to the concern beyond any technical definition
f) hierarchic structure of control, authority, and communication	f) a net work structure of control, authority, and communication. The sanctions which apply to the individual's conduct in his working role derive more from presumed community of interest with the rest of the working organisation in the survival and growth of the firm, and less from a contractual relationship between himself and a nonpersonal cooperation, represented for him by an immediate superior
g) a reinforcement of the hierarchic structure by the location of knowledge of actualities exclusively at the top of the hierarchy, where the final reconciliation of distinct tasks and assessment of relevance is made	g) omniscience no longer imputed to the head of the concern; knowledge about the technical or commercial nature of the here and now task may be located anywhere in the network; this location becoming the ad hoc centre of control authority and communication
h) a tendency for interaction between members of the concern to be vertical, i.e., between superior and subordinate	h) a lateral rather than a vertical direction of communication through the organisation, communication between people of different rank also, resembling consultation rather than command
i) a tendency for operations and working behaviour to be governed by the instructions and decisions issued by superiors	i) a content of communication which consists of information and advice rather than instructions and decisions
j) insistence on loyalty to the concern and obedience to superiors as a condition of membership	j) commitment to the concern's task and to the "technological ethos" of material progress and expansion is more highly valued than loyalty and obedience
k) a greater importance and prestige attached to internal (local) than to general (cosmopolitan) knowledge, experience, and skill	k) importance and prestige attached to affiliations and expertise valid in the industrial and technical and commercial milieu, external to the firm

Source: Based on Tom Burns and G.M. Stalker 1961. The Management of Innovation, Tavistock Publications, London.

It is observed that organic systems are not hierarchical in the same way as mechanistic systems and they remain stratified based on expertise. Also, people's commitment to the cause of the organisation is supposed to be more in organic than

mechanistic systems. In an organic form the hierarchic command gives way to consensus based commitment. The two forms of systems represent two ends of a continuum than being dichotomous. The relation of one form to the other is elastic and an organisation may oscillate from one end (mechanistic) to the other end (organic) as the transition occurs in its conditions from relative stability to relative change.

## 2.6 PRODUCT VERSUS FUNCTIONAL FORMS<sup>1</sup>

One of the issues in determining the form of an organisation relates to the question of whether to group activities primarily by product or by function. Should all specialists in a given function be grouped under a common boss even if they deal in different products or should the various functional specialists working on a single product be grouped together under the same boss? As with the problem of centralisation versus decentralisation, here too most managers find it difficult to say which choice will be the best one.

Lawrence and Lorsch studied from a behaviour point of view the criteria used in the past to make the choice to see whether a pattern emerges to provide meaningful clues to resolve the dilemma. Reviewing the literature they found that managers seem to make the choice based on three criteria:

- 1 Maximum use of special technical knowledge.
- 2 Most efficient utilisation of machinery and equipment.
- 3 The degree and nature of control and coordination required.

The major problem with each of these criterion concerns the trade-off involved in these decisions which may lead to unanticipated results and reduced effectiveness.

Lawrence and Lorsch highlighted important factors about specialisation and coordination. According to them classical theorists saw specialisation in terms of grouping of similar activities, skills or equipment. But this concept overlooks social and psychological consequences. There is an important relationship between a unit's or individual's assigned activities and the unit members' patterns of thought and behaviour. Functional specialists tend to develop patterns of behaviour and thought that are in tune with the demands of their jobs and training. As such these specialists (e.g. industrial engineers and production supervisors) have different ideas and orientation about what is important in getting the job done. This is referred to as 'differentiation' which means differences in thought patterns and behaviour that develop among different specialists in relation to their respective tasks. Differentiation is necessary for functional specialists to perform their jobs effectively

Differentiation is closely related to achievement of coordination which may also be referred to as 'integration'. Therefore, alternatively both differentiation and integration coexist. This is possible through effective communication channels. The appropriate mix of differentiation and integration in an organisation is considered to be dependent on the nature of external factors such as markets, technology facing an organisation as well as the goals of the organisation. Since organisational pattern affects individual members, management and show concern to the kind of stress and cross functional conflicts that a certain pattern may produce.

Walker and Lorsch studied two plants which were closely matched in several ways. They were making the same product; their markets, technology, and even raw materials were identical. The parent companies were also similar; both were large national corporations that developed, manufactured, and marketed many consumer products. In each case divisional and corporate headquarters were located more than 100 miles from the facilities studied. The plants were separated from other structures at the same site, where other company products were made.

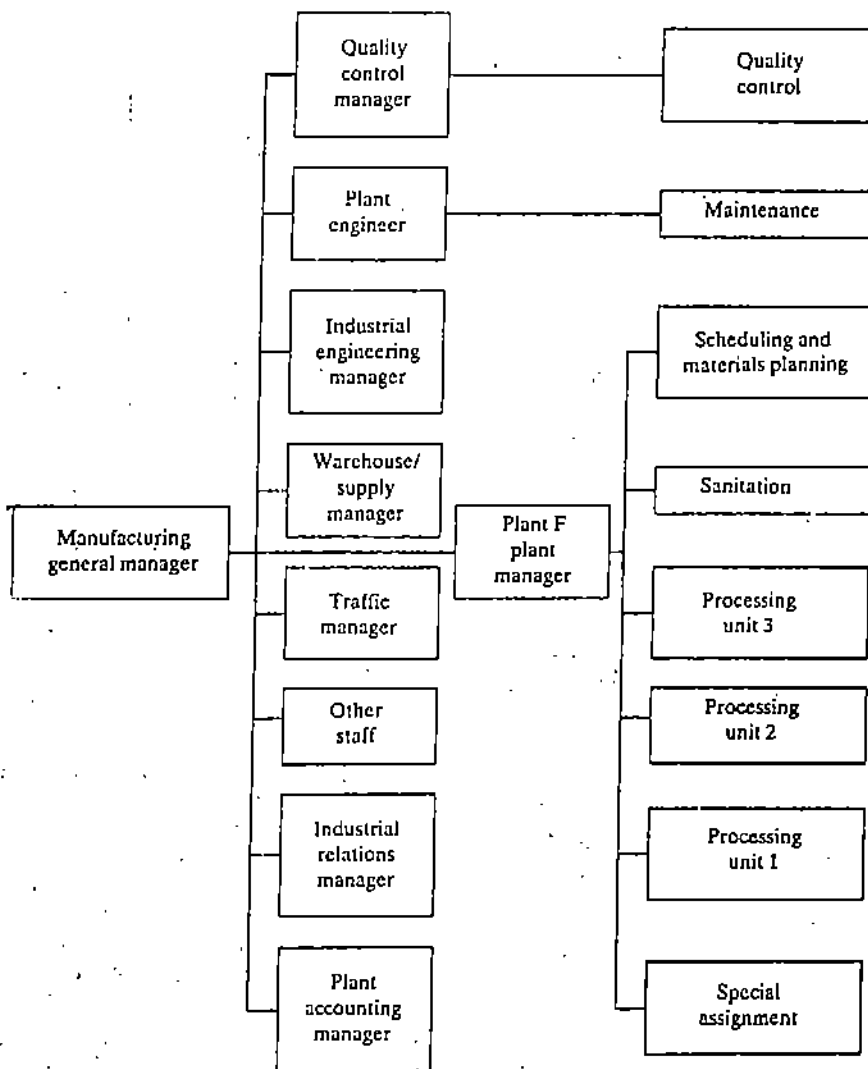
Both plants had very similar management styles. They stressed their desire to roster employee's initiative and autonomy and placed great reliance on selection of

1. Arthur H Walker and Jay W Lorsch, 1968. Organisational Choice: Product versus Function, *Harvard Business Review*, November-December 1968

well-qualified department heads. They also identified explicitly the same two objectives. The first was to formulate, package, and ship the products in minimum time at specified levels of quality and at minimum costs—that is, within existing capabilities. The second was to improve the capabilities of the plant.

In each plant there were identical functional specialists involved with the manufacturing units and packing unit, as well as quality control, planning and scheduling, warehousing, industrial engineering, and plant engineering. In Plant F (with the functional basis of organisation), only the manufacturing departments and the planning and scheduling function reported to the plant manager responsible for the product (see figure III). All other functional specialists reported to the staff of the divisional manufacturing manager, who was also responsible for plants manufacturing other products. At Plant P (with the product basis of organisation), all functional specialists with the exception of plant engineering reported to the plant manager (see Figure IV).

Figure III: Organizational Chart at Plant



The nature of differentiation in plants F & P was studied by the authors in terms of orientation towards goals, orientation towards time and perception of the formality of the organisation. It was observed that whereas in plant F the specialisation focused sharply on their specialised goals and objectives, in plant P they were found to be not only concerned with their own goals but with the operation of the entire plant. Specialists in plant F were seen to be concerned with the short-term issues while in plant P they were equally concerned about long-term programmes (Table 3).

Both the plants had experienced some problem in achieving integration but the problems were more striking at plant F. Collaboration between maintenance and

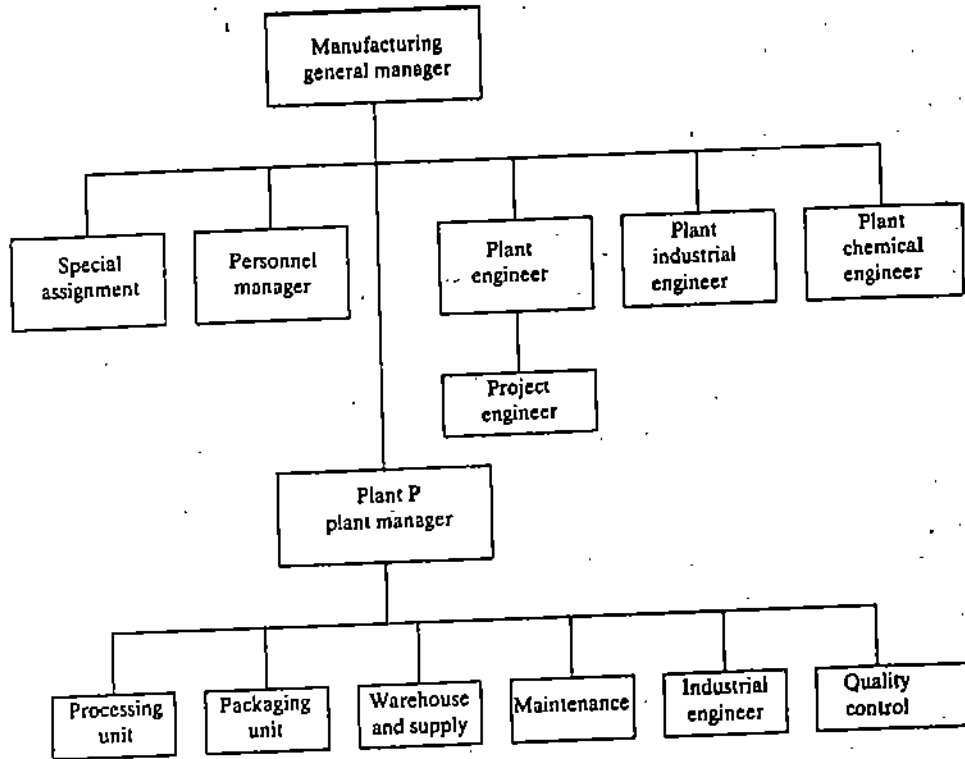


Table:3 Differentiation in Plants F and P

Dimensions of Differentiation	Plant F	Plant P
Goal orientation	More differentiated and focused	Less differentiated and more diffuse
Time orientation	Less differentiated and shorter term	More differentiated and longer term
Formality of structure	Less differentiated, with more formality	More differentiated, with less formality

Source: Arthur H Walker and Ju, W. Lorsch, 1968. Organisational Choice: Product versus Function, *Harvard Business Review*, November-December.

Table:4 Observed Characteristics of the Two Organisations

Characteristics	Plant F	Plant P
Differentiation	Less differentiation except in goal orientation	Greater differentiation in structure and time orientation
Integration	Somewhat less effective	More effective
Conflict management	Confrontation, but also "smoothing over" and avoidance; rather restricted communication pattern	Confrontation of conflicts; open, face-to-face communication
Effectiveness	Efficient, stable production; but less successful in capabilities	Successful in improving plant capabilities, but less effective in stable production
Employee attitudes	Prevalent feeling of satisfaction, but less feeling of stress and involvement	Prevalent feeling of stress and involvement, but less satisfaction

Source: Ibid.



production personnel and between production and scheduling was a problem at plant F. In plant P the only problem in coordination was between production and quality control specialists. Thus, plant P could achieve better integration than plant F. In plant P communication among employees was more frequent and less formal than was the case with plant F. Plant P managers could come to grips with conflicts more directly than in plant F. In terms of performance and attitudes, both the plants were aiming at two objectives, viz. maximising current output with existing capabilities and improving the capabilities of the plant. Plant F was rated better in terms of the first objective and plant P in terms of the second. As far as employee attitudes, the key personnel at Plant P appeared to be more deeply involved in their work than did managers at plant F. These characteristics of the two organisations are summarised in Table 4.

In comparing the performance of these two plants operating with similar technologies and in the same market, it was observed that because of its greater ability to improve plant capabilities, Plant P eventually will reach a performance level at least as high as Plant F. While this might occur in time, it should not obscure one important point; the functional organisation seems to lead to better results in a situation where stable performance of a routine task is desired, while the product organisation leads to better results in situations where the task is less predictable and requires innovative problem solving.

The discussion in the preceding section and an overview of literature on function vs product choice, permits us to observe that both forms of organisation design have their own set advantages and disadvantages. The functional structure facilitates the acquisition of specialised inputs. It permits pooling of resources and sharing them across products or projects. The organisation can hire, utilise and retain specialists. However, the problem lies in coordinating the varying nature and amount of skills required at different times. The product or project organisation, on the other hand, facilitates coordination among specialists; but may result in duplicating costs and reduction in the degree of specialisation. Thus, if functional structure is adopted, projects may fall behind; if product/project organisation is chosen technology and specialisation may not develop optimally. Therefore, the need for a compromise between the two becomes imperative.

The possible compromises between product and functional bases include, in ascending order of structural complexity:

1. The use of cross-functional teams to facilitate integration. These teams provide some opportunity for communication and conflict resolution and also a degree of common identification with product goals that characterises the product organisation. At the same time, they retain the differentiation provided by the functional organisation.
2. The appointment of full-time integrators or coordinators around a product. These product managers or project managers encourage the functional specialists to become committed to product goals and help resolve conflicts between them. The specialists will retain their primary identification with their functions.
3. The "matrix" or grid organisation, which combines the product and functional forms by overlaying one on the other. Some managers wear functional hats and are involved in the day-to-day, more routine activities. Naturally, they identify with functional goals. Others, wearing product or project hats, identify with total product goals and are more involved in the problem-solving activity required to cope with long-range issues and to achieve cross-functional coordination.

## 2.7 MATRIX ORGANISATION<sup>1</sup>

Matrix organisation structure originated with the United States Aero Space Programme of the 1960s and the Aero Space Agency's extraordinary and conflicting

1. This section is based on Stanley M Dairs and Paul Lawrence, 1977. Matrix, Addison Wesley, Reading, Massachusetts.

needs for system (for innovation) and order (for regulation and control). A matrix organisation employs a multiple command system that includes not only a multiple command structure, but also related support mechanisms and associated organisational culture and behaviour pattern. A matrix organisation is not desirable unless (i) the organisation must cope with two or more critical sectors (functions, products, services, areas); (ii) organisational tasks are uncertain, complex and highly interdependent; and, (iii) there are economies of scale. All three conditions need to be present simultaneously before a matrix is indicated.

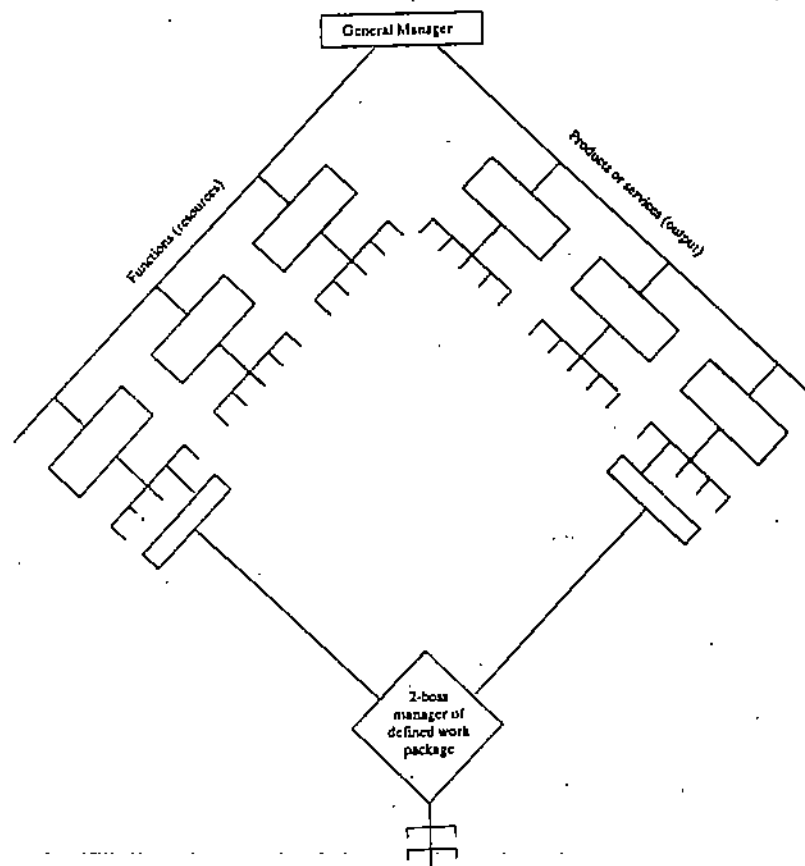
The structure involves the dual chains of command. The system must also operate along two dimensions simultaneously: planning, controlling, appraising and rewarding, etc., along both functional and product lines at the same time. Moreover, every organisation has a culture of its own and, for the matrix to succeed the ethos or spirit of the organisation must be consonant with the new form. Finally, people's behaviour, especially those with two bosses and those who share subordinates, must reflect an understanding and an ability to work within such overlapping boundaries.

The change to a matrix cannot be accomplished by issuing a new organisation chart. People are brought up, by and large, to think in terms of "one person, one boss" and such habits of mind are not easily changed. People must learn to work comfortably and effectively in a different way of managing and organising.

As seen in Figure V each of the three environmental conditions calls for organisational response, and all of them must be present simultaneously for an organisation to appropriately adopt and adapt to the matrix.

Ideally, the matrix form organisation induces (1) the focusing of undivided human effort on two (or more) essential organisational tasks simultaneously, (2) the processing of a great deal of information and the commitment of organisation to a balanced reasoned response, and (3) the rapid redeployment of human resources to various projects, products, services, clients, or markets. Figure VI can help in clarifying how the matrix induces these behaviours.

Figure V: Example of Matrix Design

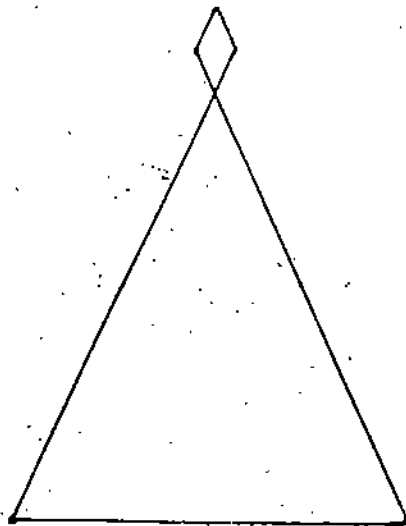


Source: This section is based on Stanley M Davis and Paul Lawrence, 1977. Matrix, Addison Wesley, Reading, Massachusetts

We see here a Diamond-shaped organisation rather than the conventional pyramid. The top of the diamond represents the same top management symbolized by the top of the pyramid. The two arms of the diamond symbolize the dual chain of command. In the typical case the left arm would array the functional specialist groups or what could be thought of as the resource or input side of the organisation. The right arm arrays the various products, projects, markets, clients, services, or areas the organisation is set up to provide. This is the output or transaction side of the matrix. Depending on how many people holding a specialist orientation, either resource or output, the organisation needs, these groupings can develop several echelons in response to the practical limits of the span of control of any line manager. At the foot of the matrix is the two-boss manager. This manager is responsible for the performance of a defined package of work. The manager is given agreed-upon financial resources and performance targets by superiors on the output side, and negotiated human and equipment resources from the resource manager. The two streams, taken together, constitute the work package. The manager is responsible for managing these resources to meet performance targets. To perform, the manager must handle high volumes of information, weigh alternatives, make commitments on behalf of the organisation as a whole, and be prepared to be judged by the results. This form of organisation induces the manager to think and behave like a general manager.

Even in a fully developed matrix organisation, only a relatively small proportion of the total number of people in the organisation will be directly in the matrix. Whereas a middle-level manager may have two bosses, those people reporting beneath that manager are likely to have only one boss. In an organisation with 50,000 employees only 500-1,500 may be in the matrix; and in one with 500 people, only 50 may be in the matrix. To keep in perspective the proportion of people that will be affected directly, it may be helpful to envision the diamond of the matrix perched on top of the traditional design of the pyramid. Drawn to scale, proportionate to the number of people involved in the matrix, the total organisation chart might look like this:

Figure VI: Matrix Organisation



### Activity C

Prepare a chart describing the structure of your organisation. Find out to which typology it belongs. Hypothetically examine the implications of possible change in your organisation structure.

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## 2.8 SUMMARY

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We have considered different types of organisation structures which have evolved over time, in response to complex, changing requirements. The continuum of structures range from centralisation to decentralisation, vertical to horizontal, mechanistic to organic and product to function. The predominant mode is decentralisation with centralised control and a certain type of matrix in complex organisations. Each form has its own set of advantages and disadvantages. Compromises are possible in the context of organisation's environment, technology, culture and aspects of human behaviour.

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## 2.9 SELF-ASSESSMENT TEST

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1. Examine how informal organisation is seen to be effecting the formal organisation in the institution where you are employed.
2. Review how centralisation and decentralisation are at work in your department.
3. Discuss the issues in product versus functional choice in the design of organisation.
4. What is a Matrix Organisation? Identify and study a matrix organisation in action and record your assessment about its merits and demerits.

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## 2.10 FURTHER READINGS

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Uttar Pradesh  
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MBA-1.5

## Organisational Design, Development and Change

Block

# 2

### ORGANISATIONAL DESIGN

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#### UNIT 3

Some Dimensions of Organisational Design 5

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#### UNIT 4

Some Basic Organisation Design and Restructuring Strategies 15

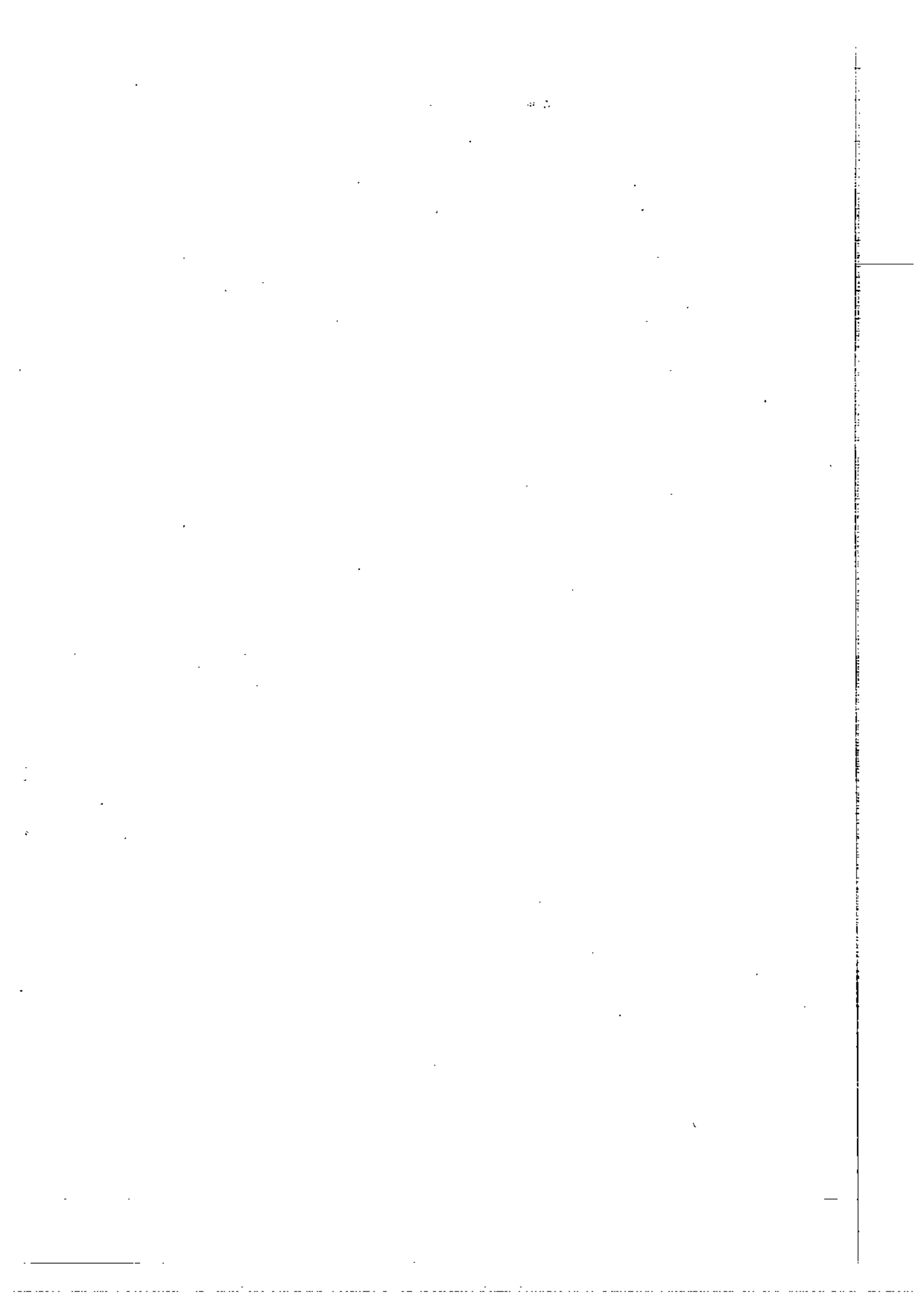
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## **BLOCK 2 ORGANISATIONAL DESIGN**

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This block comprises two units. One unit focusses on some critical dimensions of organisation design such as environment, technology, size, ownership, social change and human aspects. The other draws upon the works of Henry Mintzberg and Alfred Chandler and attempts to understand the basic parts of an organisation and the relationship between strategy and structure. The design and restructuring strategies are seen to depend on a host of considerations. Some examples and experiments in the Indian context are considered to understand the issues in relating organisation development strategies and organisation design choices.



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## **UNIT 3 SOME DIMENSIONS OF ORGANISATIONAL DESIGN**

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### **Objectives**

After reading this unit, you should be able to:

- understand the dimensions of organisation design; and,
- know how they influence the organisational design.

### **Structure**

- 3.1 Introduction
- 3.2 Environment
- 3.3 Technology
- 3.4 Size
- 3.5 Ownership
- 3.6 Social Change and Human Aspects
- 3.7 Summary
- 3.8 Self-assessment Test
- 3.9 Further Readings

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### **3.1 INTRODUCTION**

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Organisation is a framework that works when operated by people. The purpose or mission of an organisation provides the direction in which it moves. When the purpose is clearly defined, strategic choices to accomplish them will have to be made taking into account the resource-mix, technology, over all structure and internal working of our organisation. Organisations exist and operate in some environment, both external and internal. The variables in the external environment are often not in the control of the organisation though it has to deal with them effectively. The aspects of external environment are multiple and include social, cultural, techno-economic, legal and political. The precise manner in which some external factors impinge on an organisation (or vice-versa) may depend on the latter's size and the nature of its ownership. It is not proposed to discuss in this unit all these aspects in length. However, to illustrate how even the organisation could impinge on the environment and macro policies one might consider the Bhopal incident whereafter pollution has become a major public concern forcing government to initiate regulatory action on petro-chemical and other industrial organisations. This in turn is causing organisations to take a relook at their technologies, modify and evolve new structures. The internal environment include aspects of organisation culture and climate as indicated by the internal arrangement of departments, patterns of authority, coordination and control, reward systems, opportunities for development, grievance redressal, etc. If internal environment climate builds employees into a cohesive and motivated team, they may be able to develop some resistance or immunity from external environment, at least for a while to impart some cushion for the organisation to ward off pressures in times of turbulence and uncertainty. Therefore, for purposes of organisation design strategies, the following five could be considered as critical dimensions of organisation design:

#### **1 Environment**

To begin with, we may consider the broad features of environment such as whether it is relatively stable or not, the rate of change (if any), and the degree of complexity. These aspects are considered to affect the organisation and therefore the design strategy should permit an appropriate fit between the structure of an organisation and its external environment.



## 2 Technology

The choice of technology influences how well an organisation can maximise its effectiveness. The basic structure of an organisation should facilitate a technology appropriate to a chosen strategy. Thus there should be a fit between strategies concerning structure and those of environment and technology.

## 3 Size

The structure of an organisation is, in some ways, a function of size. With increase in size, complexity increases in an organisation and the movement from centralisation to decentralisation takes a full circle with centralised decentralisation for purposes of optimally designed control and coordination.

## 4 Ownership

In the past it is believed that the organisational purposes vary with the nature of ownership. But such distinctions are less pronounced these days than before. The organisation structures need not vary based on ownership, more so in form than in substance.

## 5 Social change and Human aspects

Though last mentioned, of all the five aspects, this is the most influential factor shaping and reshaping the organisation structures warranting, as indicated by the growing body of knowledge on human behaviour, a movement away from traditional control systems to systems based on consensus and commitment. In what follows, these five aspects are briefly discussed with a view to discerning their possible impact on organisation design.

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## 3.2 ENVIRONMENT

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Organisations are not islands in themselves. Being part of society they are affected by the external environment; and they also affect the environment. Not all aspects of environment may be subject to organisational control. But, all affect design. The complexity of organisations has been increasing, over the years, partly in view of increase in size of operations, expansion and diversification programmes, etc., and largely in view of technological changes, competitive pressures, state intervention, internationalisation of operations or organisational contexts. It is important to note that simultaneously conflicting pressures are building up towards the organisational environment of the future, some thrusting towards changes, others impeding it (Table.1). The pressures for change suggest loose, open, fluid organisations, receptive to the need for change, risk and complexity. This can be accomplished only when the organisation members at all levels are highly involved, and committed. Ironically, however, the pressures for stability tend to increase control and reduction of individual autonomy. This leads to alienation of the members from the organisation.

To comprehend the complexity of organisational environment and cope with it proactively, general descriptions of typology of organisations have been attempted by some writers on organisations. Notable among them include Thompson and Lawrence and Lorsch. (Table 2). Both the authors discuss the problems of differentiation and adaptation and directly relate them to organisational components having different kinds of environments. Taking cue from these authors and revising the typology of Emery and Trist<sup>1</sup>, Ray Jurkovich suggests a core typology of organisational environments (Fig. 1).

<sup>1</sup> F.E. Emery and E.L. Trist 1965. The Casual Texture of Organisational Environments, *Human Relations*, 18, pp.21-32.

Table 1 : Factors Fostering and Impeding Change

Toward Change	Toward Stability
Growing environmental complexity and economic uncertainty	Increasing competition
New technology enhancing flexibility	Increasing emphasis on efficiency, cost control, and productivity
Growing science base for virtually all manufacturing	Success of older forms in the past
Changed social values	Sense of threat
Example of successful firms with nontraditional, nonbureaucratic structures and processes	Managers' tendency to see the future as "more of the same" just like the past

Source: M. Jelinek, J.A. Litterer and R.E. Miles, 1986, *Organisations by Design*, Texas, Business Publications P. 528.

Activity A

Using the typology given in Table 1, identify the specific factors fostering and hindering change in your organisation, with appropriate illustrations:

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Table 2 : Some Typologies of Organisation Environment

Thompson	Lawrence and Lorsch
1. Homogeneous-stable	1. Low diversity and not dynamic
2. Homogeneous-shifting	2. Low diversity and highly dynamic
3. Heterogeneous-stable	3. High diversity and not dynamic
4. Heterogeneous-shifting	4. High diversity and dynamic

Sources : As quoted by Ray Jurkovich, 1974. A Core Typology of Organisational Environments, *Administrative Science quarterly*, Sept. 1974.

Figure 1 : A Core Typology of Organisational Environments

Movement		General characteristics															
		Non Complex								Complex							
		Routine				Nonroutine				Routine				Nonroutine			
		Organized		Unorganized		Organized		Unorganized		Organized		Unorganized		Organized		Unorganized	
		D	I	D	I	D	I	D	I	D	I	D	I	D	I	D	I
Low change rate	Stable	1	2	3													16
	Unstable	17	18														32
High change rate	Stable	33															48
	Unstable	49															64

D = Direct I = Indirect

Source: Ray Jurkovich, *Op. cit.*

For instance, he includes homogeneity and heterogeneity in the complexity continuum, incorporates change rate continuum, and comes up with 64 combinations (types). The broad propositions he makes to sum up the extreme types of organisational environments are as following:

- 1 Organisations with type 1 environment have relatively minor information problems; can design long-range strategies, operations, and tactics more easily – more rapidly and in more detail – and implement them without major alterations; have relatively little internal conflict potential; possess a more mechanical structure; have clearly defined and predictable, gradually changing coalitions; and have relatively few problems with their existing decision-making programmes when the environment changes.
- 2 Organisations confronted with a type 49 environment experience the same problems as do those with a type 1 environment; but they experience a higher degree of uncertainty concerning timing in the control of internal problem states.
- 3 Organisations confronted with a type 64 environment have major information problems; have very abstract, tentative sets of strategies, operations and tactics and cannot execute them without expecting major alterations; have very vague coalitions that change unpredictably; and are constantly redesigning decision-making programmes or constantly making exceptions to existing decision-making programmes.
- 4 Organisations confronted with a type 16 environment have the same problems as are experienced by organisations with a type 64 environment, but they are able to predict and control internal problem states much more easily.

This typology is not a matrix of interdependencies; each cell represents a different situation. Knowing the environmental map or the direction of its movement may mean switching from one type to another.

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### 3.3 TECHNOLOGY

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Technological change, more than that the pace of technological change, is a factor affecting organisations in more ways than one. The changes in technology are leading not only to the new products and processes but also change the requirements of raw materials, human skills, etc. Control of operations has been assisted by advances in sensors and the widespread application of computers to manufacturing process studies. New materials, for example, plastics replacing stainless steel and synthetic fibre replacing jute, are offering new vistas and opportunities to face the emerging global competition. The computer-aided manufacturing and design have led to many aspects of work inter-action among people. New technologies call for new structures to foster change and growth. The changes in information and technologies are rapidly changing and in many cases making redundant the role of managers at middle levels. The prospects and consequences of technology on organisations are very hard to imagine as of date because what we know about the true potential of technology is very little in relation to what we do not know yet.

While technological changes affect organisation design choice and strategy and vice-versa, the options depend on a number of constraints and possibilities that the choices create. Sometimes what happens in other organisations in the same sphere of activity might force a kind of consensus on the appropriate technology strategy for the organisations.

When the problems of automation of machine could be handled but not that of automation in the minds of men so easily, invention and use of robots at workplace is being encouraged to overcome human and behavioural related problems and costs and achieve productivity and effectiveness. But since such options may lead to jobless growth, they will be opposed and resisted in developing countries like ours concerned with the problem of creating gainful employment opportunities for our teeming millions of unemployed.

Even in the western, developed countries, there is a growing realisation to modify the structures to suit the new technologies and the aspirations of the new brand of educated, skilled people who handle such technologies. The Japanese experience

has increased the awareness and conviction about the desirability and feasibility of obtaining a fit between technology and people through, among others, modifications in organisation design. For instance, in the West, starting with Joan Woodward's work in the late 60's, it has been shown that highly automated technology, such as the continuous processing of oil refineries, paper and pulp mills, and food processing, functions best with a minimum of hierarchy and a maximum of teamwork at the lowest levels: Participation must include authority to decide and act. Unless those closest to the technology have training and authority to recognise problems and act quickly, mishaps can destroy costly equipment. In the 70's Japanese companies were able to produce cars and electronics products of higher quality than the U.S., using similar production technology but more participative management. Japanese wages were somewhat lower then, but this did not explain the higher quality and more effective use of resources!

**Activity B**

Visit an organisation which introduced new technology (Computers in a bank, containerisation in a port, integrated process control in an industry ....). See how it changed work, work group relationships and organisation structures. Examine the kind of problem/issues the organisation had to face and how it tackled particularly from 'organisation design' point of view.

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This section is adapted from Michael Macoby, 1981. *The Leader, A New Face for American Management*, Simon and Schuster, New York.

**3.4 SIZE**

Organisations could be small or large. The continuum of scale (or size) could be widened if we want to focus on smallest of the small (tiny) or organisations in intermediate range between small and large (eg. medium). Usually a threefold criteria is established to determine size, each independently or jointly: (a) number of persons employed; (b) amount of capital invested; and, (c) volume of turnover. The features that distinguish small organisations from large organisations could be listed as follows in Table 3:

Table 3

Small	Large
1. Fewer employees	More employees
2. Less capital	More capital
3. Limited turnover	Huge turnover
4. Simple operations	Complexities in operations
5. Flexible	Less flexible
6. Less regulation from government	More regulation from government
7. Less bureaucratic	More bureaucratic
8. Better control and coordination	Complexities in coordination and control
9. Relatively flat	Hierarchical
10. Personal	Impersonal
11. Less overheads	More overheads
12. No economies of scale	Greater economies of scale
13. Limited options for profit maximisation	More options for profit maximisation

14. Less impact on community	More impact on community
15. Less need and scope for social responsibilities	Greater need and scope for social responsibilities

Notwithstanding the distinctions shown in Table above, an organisation with large investment need not necessarily employ large numbers or have huge turnover than the one with relatively small investment. The relationship between one variable and the other(s) is a function of the nature of market, technology, etc. The problems of design of organisations are more complex in large organisations than in small ones. A discussion on the relationship between small and large organisations in terms of competition (small versus large) and cooperation (ancillary-subcontracting and parent relationships) is outside the purview of this course. Suffice it to note that, small organisations, when they are effective and growing, graduate into becoming large organisations. Not all features that change as size increases are positive just as the features that characterised a small firm are a mixed bag. For instance, with increase in size, an organisation may be able to reap the advantages of economies of scale, but its overheads also may grow in a manner that might offset the advantages of economies of scale. As organisations become large, experience shows that they have to face more intervention and regulation of their activities from government, unions, etc. A large organisation in a small place will have a greater impact on the community than a small organisation. Therefore, the need and scope for organisations to discharge social obligations also seem to have a tendency to grow in proportion to their size.

### 3.5 OWNERSHIP

Organisations are often sought to be classified sectorally based on 'ownership' criterion. It is further believed that the nature of ownership influences the aims of an organisation, nature of control and attitudes to market situation. One such typology suggested by George Davidovic is mentioned hereunder as an illustration (Table 4).

Table 4 : Selected Features of Different Sectors

Features	Private Sector	Public Sector	Cooperative Sector
Ownership	Private	Public	Social, based on membership
Aim	Profit motive	Serving State ends	Service to members without profit
Control	On the basis of ownership rights	By State Officials State appointees	Member-users
Attitude to the market	Tendency to Competition	Tendency to Monopoly	Tendency to Coordination

Source : George Davidovic, Reformulation of the Cooperative Principles, Cooperative Union of Canada, 1966, p. 3.

In reality, however, the private enterprises have larger public holding and public sector has an element of mixed or joint ownership and enterprise. The rise of modern corporation led to certain degree of divorce between ownership and control. The public sector is compelled not to ignore the profit motive altogether while the private sector is under great pressure and obligation to keep public good in mind and discharge its social objectives. Protection and monopoly are transient phases in most economic systems and there is neither pure capitalism nor pure communism anywhere. Therefore notions concerning distinctive nature of organisations in different sectors have to be modified keeping in mind the changes in the environment of particular economic systems at different points of time. The elements and characteristics of organisation, particularly when they are seen in action, do not any longer have universal distinctiveness merely on the basis of ownership criterion.

### Activity C

Visit one private and one public sector organisation. Examine whether there are any perceptible differences between organisation structures (number of levels and spans of control) and processes (particularly in reference to flow of authority and communication) in a private and public organisation. Briefly comment.

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## 3.6 SOCIAL CHANGE AND HUMAN ASPECTS

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A number of basic socio-cultural conditions impinge on organisations and their functions. There is a view that in numerous cases socio-cultural constraints have tended to be the chief cause of under development and poverty in developing societies like India. It is indeed, difficult to measure and quantify whether and how these factors affect organisation and management systems. A certain sense of fatalism, limited aspirations and assigning a low value to time are cited as some of the characteristics of traditional societies like ours. In Hindi the words 'tomorrow' and 'yesterday' are identical, only distinguished by usage. Both mean one day from now. As the noted social anthropologist Margaret Mead pointed out in her study on Spanish Americans, in traditional societies there is a stiff resistance to change as based on the belief that "it has been so all along and it continues to be so".

Group membership shapes the aspirations and desires of a great majority of the people. The joint or extended family consisting of a number of family units—father, mother, sons and their wives, children, nephews and their families living together in one roof pooling and sharing resources. Usually the eldest male member wields authority and control over the members and resources. Over the years caste related mores and taboos are gradually changing and the joint family system is undergoing an erosion. While in the past authority and dependence was a part of family and cast structure, progressive strides in urbanisation and modernisation have changed the system. Parochial considerations, inter-laced with religion, language and region have had adverse effects on group cohesiveness, cooperation and productivity even in organisational context. Notwithstanding the many changes in the society the dependency among masses continues. There is a tendency to show loyalty to individuals than institutions and excel in individual tasks than group performance. Occupational values discount physical labour and place a premium on civil service and professional skill.

In juxtaposition, the old nexus between one's caste and occupation seems to be gradually waning. Over the years the profile of people in organisations has been changing in terms of literacy and technical inputs. Alongside, we discern increase in social mobility, raise in expectations etc. The old social patterns are breaking down, changes in technology are reducing the gap between the blue collared and white collared occupations. The evolving social and political climate gave rise to new and higher expectations. Constitutional rights, questions of equity, job stability, higher safety standards and workplace democracy are sought and got more today than before. Political responsiveness to issues of social justice, consumer pressures, pollution control and other non-economic issues are placing new demands on organisations affecting their structures and processes. These multiple demands stretch far beyond traditional economic concerns and increase the uncertainty in organisational involvement. The turbulent and uncertain environments require less vertical organisational authority. Patterns providing for decentralised decision making, new patterns or organisations for ensuring democracy at workplace have already begun to emerge in the form of quality

circles, quality of work life programmes, etc. Issues on occupational safety and health are causing managements to release more information and seek better cooperation. Each of the changes seem to make inroads into managerial authority through higher doses of Government intervention and regulations and collective bargaining with the trade unions. Even in the traditional union-management bargaining structures changes are visible. Both the parties are compelled to shed their traditional, adversarial role and look for new forms of labour management cooperation to ease the problems of rapid technological changes and growing competitiveness and other pressures on organisations.

As a result of changes of the type described above, the traditional, control oriented approach, to human resource management which took shape during the early part of this century was based in response to the division of work hierarchy and top down allocation of authority with the status attached to positions in the hierarchy. This did not provide much for upward communication or freedom of action at workplace. Also, control strategies dampen individual initiative and motivation. Over the years, the changes in the composition and profile of work force have been accompanied by changes in their expectations and attitudes which prompted certain resentment with traditional control systems.

Simultaneously, the revolutionary changes in the wake of rapid advances in technologies and growing competition on global basis made it imperative to restructure organisations accommodating the need to generate commitment based on consensus to achieve superior levels of performance. Jobs are being re-designed more broadly than before combining planning with implementation, reduction in hierarchical levels and emphasising lateral coordination based on shared goals and expertise rather than influence linked with formal positions. The aspects of traditional control strategies and the direction of their change as transition occurs to strategies based on commitment and control have been listed in Table 5. While such transition gave way to the evolution of several new approaches and techniques in organisation and management systems like job enrichment sensitivity training, management by objectives, quality circles, etc. mere coordination did not prove to be of lasting value if the underlying philosophical change did not occur in management style and practice. In today's context and while reckoning the future of organisations, such transition in management style is considered not merely an economic necessity but an imperative guided by the need to change a host of policies and practices shaping and expediting its pace.

Table 5 : Work Force Strategies

	Control	Transitional	Commitment
Job design principles	Individual attention limited to performing individual job.  Job design deskills and fragments work and separates doing and thinking.  Accountability focused on Individual.  Fixed job definition.	Scope of individual responsibility extended to upgrading system performance, via participative problem-solving groups in QWL, EI, and quality circle programs.  No change in traditional job design or accountability.	Individual responsibility extended to upgrading system performance.  Job design enhances content of work, emphasises whole task; and combines doing and thinking.  Frequent use of teams as basic accountable unit.  Flexible definition of duties, contingent on changing conditions.
Performance expectations	Measured standards define minimum performance. Stability seen as desirable.		Emphasis placed on higher; "stretch objectives," which tend to be dynamic and oriented to the marketplace
Management organisation : structure, systems, and style	Structure tends to be layered, with top-down controls.	No basic changes in approaches to structure, control, or authority.	Flat organisation structure with mutual influence systems.

	Control	Transitional	Commitment
	Coordination and control rely on rules and procedures.  More emphasis on prerogatives and positional authority.  Status symbols distributed to reinforce hierarchy.	A few visible symbols change.	Coordination and control based more on shared goals, values, and traditions.  Management emphasis on problem solving and relevant information and expertise.  Minimum status differentials to de-emphasize inherent hierarchy.
Compensation policies	Variable pay where feasible to provide individual incentive.  Individual pay geared to job evaluation.  In downturn, cuts concentrated on hourly payroll.	Typically no basic changes in compensation concepts.  Equality of sacrifice among employee groups.	Variable rewards to create equity and to reinforce group achievements: gain sharing, profit sharing.  Individual pay linked to skills and mastery.  Equality of sacrifice.
Employment assurances	Employees regarded as variable costs.	Assurances that participation will not result in loss of job.  Extra effort to avoid layoffs.	Assurances that participation will not result in loss of job.  High commitment to avoid or assist in reemployment.  Priority for training and retaining existing work force.
Employee voice policies	Employee input allowed on relatively narrow agenda. Attendant risks emphasised. Methods include open-door policy, attitude surveys, grievance procedures, and collective bargaining in some organisations.  Business information distributed on strictly defined "need to know" basis.	Addition of limited, ad hoc consultation mechanisms. No change in corporate governance.  Additional sharing of information.	Employee participation encouraged on wide range of issues. Attendant benefits emphasised. New concepts of corporate governance.  Business data shared widely.
Labor-management relations	Adversarial labor relations; emphasis on interest conflict.	Thawing of adversarial attitudes; joint sponsorship of QWL or EI; emphasis on common fate.	Mutuality in labor relations; joint planning and problem solving on expanded agenda.  Unions, management, and workers redefine their respective roles.

Source: Richard E. Walton, 1985. From control, to commitment in the work place, *Harvard Business Review*, March-April 1985.

#### Activity D

Examine the kind of work force strategies being used in your organisation within the framework of the typology presented in Table 5. Discuss how you perceive the influence of these strategies, what changes you would see occurring in your organisation and why?

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### 3.7 SUMMARY

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We considered five critical dimensions of organisational design. They are: Environment, Technology, Size, Ownership and Social Change and Human Aspects. Environment, technology and people are observed to be closely interrelated and the strategic choices concerning structure should seek to strike a balance with these three aspects. Increase in uncertainty, rapid pace in technological change and aspects of social change seem to make similar demands on structural options and warrant a movement away from traditional control systems to those based on consensus and control. The implications of increase in size of operations also point to the need for democratisation. Ownership as a criterion is found to be of less relevance, particularly in form, than in substance.

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### 3.8 SELF-ASSESSMENT TEST

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- 1 Discuss the changing nature of organisational and the implications for organisational design.
- 2 Review the effects of environment and technology on organisation.
- 3 Comment on the future of organisation design.

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### 3.9 FURTHER READINGS

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John Child, 1984. *Organisation : A Guide to Problems and Practice*, London, Harper & Row.

Marriam Jelinek, Joseph A Litterer and Raymond E Miles, 1986. *Organisations by Design*, Texas, Business Publications.

Jay M Shafritz and J Steven Ott, 1987. *Classics of Organisation Theory*, The Dorsey Press, Chicago.

Rosemary Stewart, 1970. *The Reality of Organisations*, Pan Books, London.

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# UNIT 4 SOME BASIC ORGANISATION DESIGN AND RESTRUCTURING STRATEGIES

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## Objectives

After reading this unit you should be able to understand:

- basic parts of the structure of an organisation;
- the relationship between strategy and structure and
- structural concomitants of organisation change and development.

## Structure

- 4.1 Introduction
  - 4.2 The Five Basic Parts of an Organisation
  - 4.3 Strategy and Structure
  - 4.4 The shape of an organisation: The Design Process
  - 4.5 Restructuring Strategies
  - 4.6 Summary
  - 4.7 Self-assessment Test
  - 4.8 Further Readings
- Appendix 1 Organisation Redesign: A Case Study of ONGC

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## 4.1 INTRODUCTION

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Organisations develop over a period. They cannot stand still even if they seek to maintain status quo. Their key problem concerns what constitutes an appropriate strategy and a supportive structure.

Whatever be the strategy and structure, every organisation has certain basic parts made up of people who perform, supervise and plan besides those who render support services and technical advice. The building of the initial structure of an organisation could be based on societal conditions and industry characteristics prevailing at that time and the personality of the founder (entrepreneur). In some sectors such as agriculture and retail trade, for instance, one still finds use of unpaid family labour. But modern industries/institutions have increasingly tended towards bureaucratic structures which themselves are getting modified with the passage of time and changes in environment, size, technology and population. New organisation structures are created either by existing organisations or by individuals who create new organisations. Experience shows that personal vision, beliefs and preferences of entrepreneurs on matters such as delegation determine the shape of an organisation at the time of its foundation and also over time. The shape changes depending on the nature of issues in integration and control. Ageing and growth lead to complexity and uncertainty and turbulence in environment (including technology) and provide impetus to reshape or restructure organisations. Discovery of doing things in a better way or dissatisfaction with the existing structure may provide occasions and opportunity to come up with new strategies and structures. Organisations of the future are likely to emphasise on innovation. As such, the design components of an innovative organisation also merit consideration here.

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## 4.2 THE FIVE BASIC PARTS OF AN ORGANISATION

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In the simplest organisation say, a 'pan shop', the operator, i.e. the 'pan wala' is largely self-sufficient and does all aspects of work by himself. He is the entrepreneur, manager and labourer. As his business grows, he might appoint one or two persons

to a ... him. The organisation relies on mutual adjustment to coordinate the work. With further growth, in this or any other organisation, more labour is engaged and work is divided among the labour or 'operators' who do the basic work. Then the need for direct supervision will be felt. We thus have two sets of labour in the structure: those who do the work (operators) and those who supervise (manager) it. And, as the organisation develops further, more supervisors or managers are added – not only those to supervise labour, but also those to supervise the supervisors, etc. An administrative hierarchy is thus built.

When the organisation grows in size and number of levels, it seeks to standardise the work of labour and supervision. The responsibility for much of this standardisation falls on a third group, who may be referred to as analysts. Some, such as work study analysts and industrial engineers have responsibility to standardise work processes while others, such as quality control engineers and accountants, planners, seek to standardise outputs. A third set of specialists like personnel trainers seek to standardise skills. The introduction of analysts brings a second kind of administrative division of labour to the organisation, between those who do and who supervise the work, and those who standardise it. Whereas in first case managers assumed responsibility from the operators for some of the coordination of their work by substituting direct supervision for mutual adjustment, the analysts assume responsibility from the managers (and the operators) by substituting standardisation for direct supervision (and mutual adjustment). Earlier, some of the control over work was removed from the manager as well, as the systems designed by the analysts take increasing responsibility for coordination. The analyst "institutionalises" the manager's job.

#### Stagewise Development

The process of organisation design is a dynamic one, yet most of the models and concepts are static. Some of the limitations of a static model can be overcome by focussing on the stagewise process of the development of organisations and the management of transitions from one stage to another.

Galbraith (1982) studied a number of high technology start – ups and found that all went through five identifiable stages: Proof of principal photo type, Model shop, start up volume production, Natural growth and stage maneuvering. These ventures characteristically begin as small, homogeneous, innovative garage-shop organisations. At this stage a formal structure would inhibit progress. Later, significant capital is invested, and the transition is made to an operating organisation. Now structure is necessary for progress. For each of these stages, there is a different task and hence a different fit between all the organisational elements.

The stage-wise process has been described as consisting of stages of evolution, each followed by a revolution and then a new stage, e.g., almost down-stream companies start as a single product, functional organisations and later become multiproduct profit centres. This change need not be revolutionary. The disruption can be minimised through organisation design. This is described below. As the number of products increases, cross-functional teams can be used to start the process of decentralisation and the creation of general managers. Information systems can be established to support the teams.

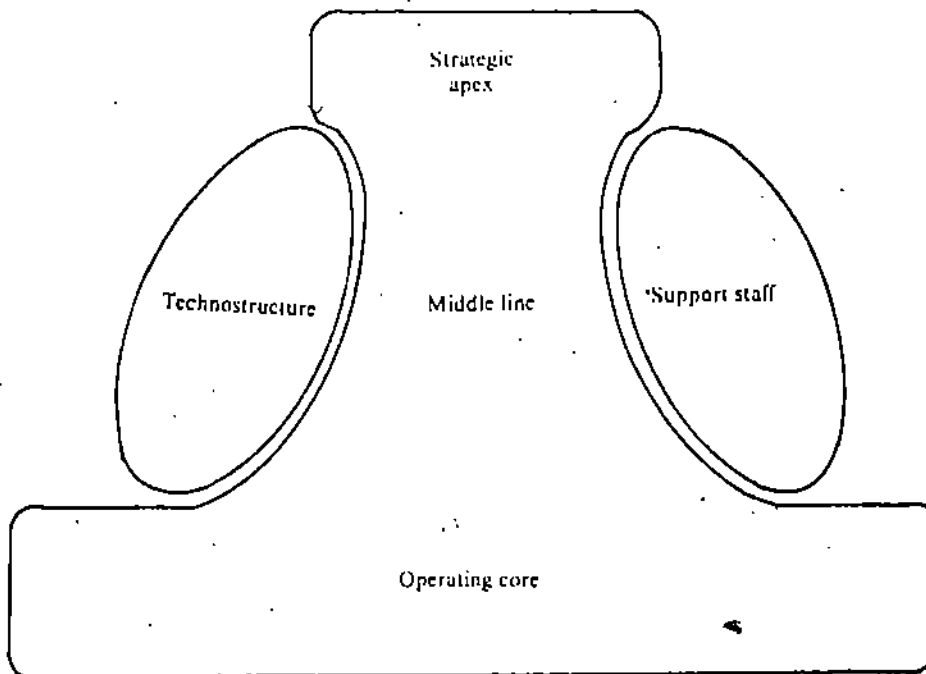
Product managers can be the next step. Teams led by product managers can create business plans used in the budgeting process. Next the assembly department and engineering can be reorganised around products as volume builds. In this manner, the organisation can move step by step over three to five years into the profit-centre form.

Developing this analysis further, Mintzberg conceptually describes an organisation as typically having five basic parts as shown in Fig. 1.

The three parts of the organisation (i.e. the strategic apex, middle line and the operating core) are shown in a sequence indicating a single line of hierarchical authority. This refers to the functional authority structure of the line managers in the literature on management (and organisation) the technostructure and support staff shown to the left and right respectively of middle line. Mintzberg defines the concept of "staff" and makes a distinction between technostructure and support staff. The support staff do not primarily

advise, but have distinct functions to perform and decision to make. This becomes obvious when we consider the activities in cafeteria, public relations or preparation. The technostructure's advisory role tantamounts, at times, to the power to decide; but only power is outside the flow of formal line authority that oversees the operating core. Now let us briefly examine each of the few basic parts.

Figure 1 : The Five Basic Parts of Organizations



Source : Henry Mintzberg, 1979. The Structuring of organizations, Englewood cliffs, New jersey. Prentice - Hall.

Adapted from Henry Mintzberg, 1979. The Structuring of Organisations, New Jersey. Prentice-Hall (Mintzberg is one of the recent writers on organisation structures and the nature of managerial work. The ideas discussed in this section are based on his work).

The **Operating core** consists of those who perform the basic work relating to production or services. They secure inputs for production (eg. purchase of materials), transform inputs into outputs (eg. converting pulp into paper), distribute the outputs or provide direct services (eg. maintenance). Since other parts of the organisation are meant to protect the operating core, standardisation is generally attempted first at this level. But, how far this is possible depends on the nature of work: assemblers in automobile factories and professors in universities are both operators; yet the work of the former is far more standardised than that of the latter.

The operating core is at the heart of every organisation. But except in very small ones, organisations need to develop administrative components comprising the strategic apex, middle line and technostructure.

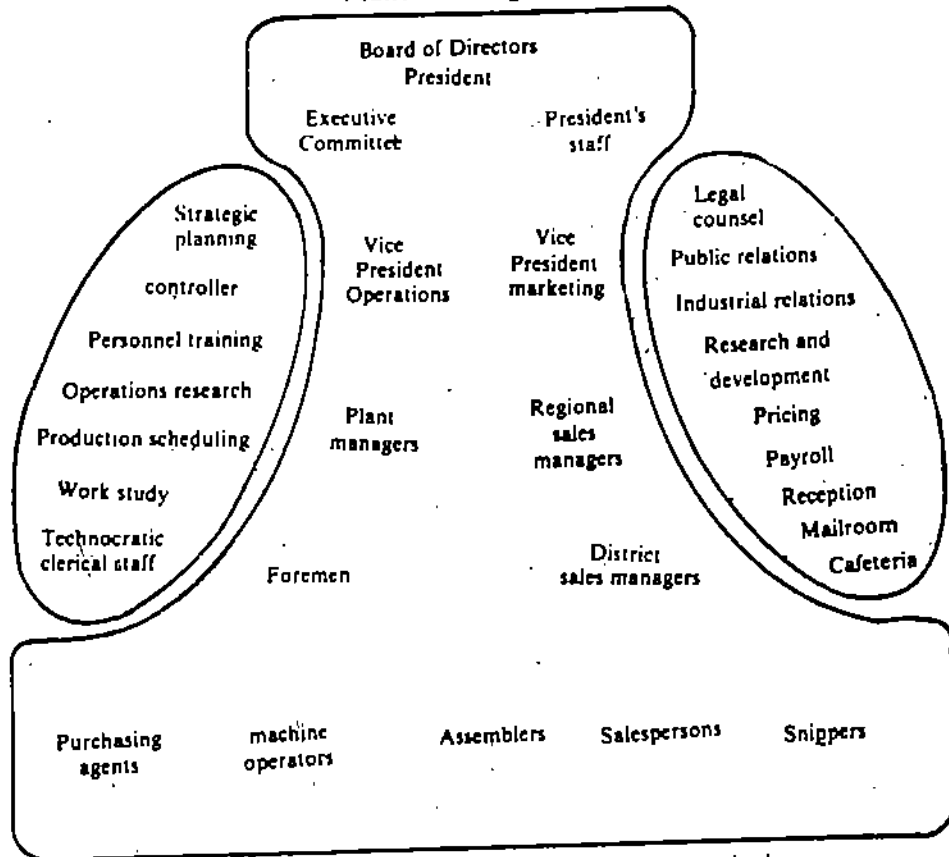
The **Strategic Apex** comprise people with overall responsibility for the organisation, i.e. the board, chief executive and other top-level managers. They have the responsibility to set goals, prepare plans and develop strategies to implement plans and accomplish goals. They have to manage the relationship with environment. They also have to oversee the operations and provide direction and control. Work at this level is more abstract and conceptual and involves less of routine to permit any standardisation. Mutual adjustment is the favoured mechanism for coordination among the managers of the strategic apex.

The **middle line** is the linking pin between the strategic apex and the operating core. The chain runs from senior managers down to the first-line supervisors. The chain of authority could be scalar (single line from top to bottom or matrix with some subordinates having to report to more than one superior).

An organisational-hierarchy is built and a first-line supervisor is put in charge of a number of operators to form a basic organisational unit, another manager is put in charge of a number of these units to form a higher level unit, and so on until all the remaining units can come under a single manager at the strategic apex (chief executive) to form the whole organisation.

The most dramatic growth in recent years had been in the staff groups, both technostructure and support staff, leading to great bulges at middle level in many organisations. A typical list of positions in each is shown in Fig. II.

**Figure II : Some Members and Units of the Parts of the Manufacturing Firm**



Source : Henry Mintzberg, 1979. The Structuring of organizations, Englewood cliffs, New jersey. Prentice - Hall.

The middle line assigns work down the hierarchy and obtains and gives feedback on performance of concerned units reporting to a manager at each level. The middle level also performs a number of activities to follow-up and implement decisions made at top level and liaises and maintains relations with individuals/groups that interface with his unit/department. In a way, a middle level manager has to function like a chief executive in managing his own unit. The nature of job, however, changes as the middle line descends in the chain of authority. The job becomes more detailed and elaborated, less abstract and aggregated, more focused on the work flow itself.

The technostructure is made up of analysts whose job it is to control, stabilise and standardise patterns of activity in the organisation. In a fully developed organisation, the technostructure is at work at all levels of the hierarchy. At the lowest levels of the manufacturing, analysts standardise the operating work flow in scheduling production; carrying out time-and-method studies, and in studying systems of quality control. At middle levels, they seek to standardise intellectual work (e.g. training, research studies on operations, attitudes, etc). At the strategic apex level, they aid top management in designing strategic planning and control systems.

Support staff are engaged in large organisations to encompass more and more boundary activities (such as running industrial canteen or hospital) in order to reduce uncertainty, to control its own affairs. The support units also can be found at various levels of hierarchy. For example, legal counsel and public relations support at apex level and research and development units etc. support decisions at middle level.

### Design Parameters

To make the organisations establish firm patterns of behaviour, organisations use formal and semiformal methods, called design parameters; to differentiate and coordinate work activities. The choice and configuration of design parameters determine the structure of the organisation.

The 'design of positions' is the first category of decisions concerning the organisation structure. Job positions are designed by 'job specialisation', 'behaviour formalisation', and 'training' and 'indoctrination'.

'Job specialisation' reflects the division of labour (the number of tasks assigned to a worker) and the worker's control over the assigned tasks.

The other way of designing positions is through 'behaviour formalisation'. Behaviour is regulated by the standardisation of work content. This regulation will result in formalisation of the job, formalisation of the work flow or formalisation by rules and regulations.

Bureaucratic organisations rely primarily on standardisation. Organic organisations have little standardisation. Behaviour formalisation is most common in the operating core, making it bureaucratic. The strategic apex tends to have an organic structure. As work progresses down the hierarchy, it usually becomes more formalised. Organisations use behaviour formalisation to reduce variability performance.

Another method of designing positions is through 'training and indoctrination'. Training is a major design parameter for the operating core, the technostructure, and for staff units. Indoctrination is the major approach at the strategic apex and middle line portions of the organisation.

The second type of design parameters is the 'design of the superstructure', Unit grouping and Unit size are included in this category.

'Unit grouping' is the basic means of clustering positions to coordinate work. It establishes a system of common supervision among positions and units, requires the sharing of common resources, creates common measures of performance and encourages mutual adjustment.

Units can be grouped on the bases of knowledge, output, client and work process, but the fundamental grouping bases are function and product. Functional grouping is concerned with the work process and scale interdependencies. 'Unit grouping' by product is more flexible, less bureaucratic, has fewer economies of scales and is less efficient. Functional grouping is more common at the lower levels of the organisation, particularly in the operating core, while unit grouping by product occurs more often at higher levels.

Another way of structuring the entire organisation is the 'unit size', or the number of positions contained in a single unit. In general, the larger the unit size the greater the use of standardisation for coordination. The greater the reliance on mutual adjustment as a coordinating mechanism, the smaller the size of the work unit.

The redesign of the superstructure is possible by two ways. First, if the organisation's goals and missions change, structural redesign is initiated from the top downward. Second, if the technical system of the operating core changes, the redesign proceeds from the bottom up.

The third design parameter is the 'design of lateral linkages'. This is possible by 'planning and control systems' and 'liaison devices'.

The purpose of 'planning and control systems' is to standardize outputs. Action planning specifies the desired results of specific activities. Action planning occurs before the activity is undertaken. Work-flow interdependencies often require action planning.

Another way to design lateral linkages is 'liaison devices'. For e.g.; the design engineer who moves between the development lab and the preproduction engineering group.

Liaison devices encourage informality and more liaison devices, the smaller the unit. When work is horizontally specialised, complex and highly interdependent, liaison devices are necessary. They are well suited for work at the middle levels of the organisation.

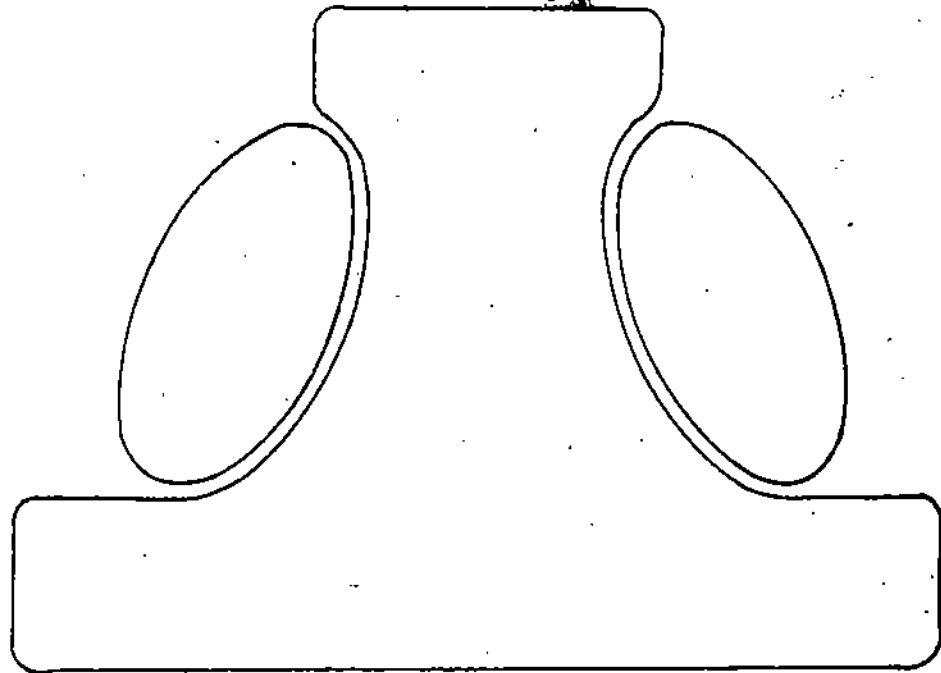
The 'design of the decision making system' or vertical and horizontal decentralisation is the last category of design parameters. Centralised system gives the decision making power to one or a few persons near the top of the organisation. Decentralisation disperses authority to make decisions among many organisation members at lower levels.

Centralisation may be related to other design parameters. Behaviour formalisation often exists when there is centralisation. Training and indoctrination lead to decentralisation. Liaison devices are used in decentralised organisations; planning and control systems are preferred in centralised organisations.

Mintzberg hypothesises that "effective structuring requires a consistency among the design parameters and contingency factors". The design contingency factors are age, size of the organisation, the technical production system, environment and the organisation's power system.

**Activity A**

Fill the five basic parts in Fig.1 with the typical job titles in your organisation.



**Activity B**

Examine the interrelationship between and among the five parts described above. Study the functions/activities which people in various positions in each part perform. Consider whether any of them are becoming/made redundant and if so, why?

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### 4.3 STRATEGY AND STRUCTURE

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Alfred Chandler observes that structure follows strategy. He defines strategy as the determination of the basic long term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out the goals. Structure is defined as the design of organisation through which the enterprise is established. The design has two aspects viz., the line of authority and the flow of communication.

Expansion of volume, geographical dispersion, vertical integration, product diversification, etc. add to the research and activities, and increase complexities requiring new structures. Changes in strategy are often called in response to emerging opportunities and problems, also changes in people, technology and environment. Though structure follows strategy, often there are problems and delays in developing new organisation structure to meet new strategies.

Preoccupation with present routine or perceived threat to power and position and resulting insecurity may lead to a situation where managers may try to continue with old structures even after a change in strategy.

Alfred Chandler notes that a new strategy requires a new or at least refashioned structure if the enlarged enterprise has to be operated efficiently. The failure to develop a new internal structure, like the failure to respond to new external opportunities and needs, may be a consequence of over-concentration on operational activities by the executives responsible for the destiny of their enterprises, or from their inability, because of past training and education and present position, to develop an entrepreneurial outlook.

One important corollary to this proposition is that growth without structural adjustment can lead only to economic inefficiency. Unless new structures are developed to meet new administrative needs which result from an expansion of a firm's activities into new areas, functions, or product lines, the technological, financial, and personnel economies of growth and size cannot be realized. Nor can the enlarged resources be employed as profitably as they otherwise might be. Without administrative offices and structure, the individual units within the enterprise (the field units, the departments, and the divisions) could undoubtedly operate as efficiently or even more so (in terms of cost per unit and volume of output per worker) as independent units than if they were part of a larger enterprise. Whenever the executives responsible for the firm fail to create the offices and structure necessary to bring together effectively the several administrative offices into a unified whole, they fail to carry out one of their basic roles.

Chandler's analysis focusses on four American "giants", General Motors, Sears, Du Pont and Standard Oil of New Jersey during the early part of the 20th century. Prior to the 1920's, these firms tended to operate with a tightly centralised structure composed of departments arranged along functional lines; that is, separate groups concerned with manufacturing, sales, finance, and so on for the total corporation. Each firm sought to diversify for different reasons. General Motors sought to blanket the entire automobile market with the various lines it had acquired. Sears wanted to become a nationwide operator of retail establishments as well as a nationwide catalogue distributor. Du Pont wanted to diversify its product line into a broad range of chemical products so that it would be less dependent on military and government contracts. Standard Oil wanted to both expand its operations geographically and extend its product lines.

As Chandler's history demonstrates, not only did each of these organisations choose to pursue a related market strategy, but each of them also found its chosen strategy constrained by its existing structure and processes. New products and new areas of operation tended to overload centralised decision-making systems and to confound coordination mechanisms among the large, specialised departments. The new divisionalised structure, which focused coordinated resources on a given product or region, emerged over time in each firm as a response to existing system failures, but the process was slow (taking over 10 years in Sears) and frequently costly.

Power and Politics may play a crucial role during a period of strategic change. Resources, succession routes, and dominant functions are all up for grabs at such a time. For this reason, active management is important to ensure a smooth transition.

Thompson finds that there is inherent conflict between the "closed system" and "open system" models and their apparent limitations in application. He finds that closed system does not accommodate environmental influences and open-system overemphasises adaptability to the neglect of more controllable elements.

Thompson seeks some means of building upon these concepts while holding rationality as a criteria. For instance, he finds that "if the closed-system aspects of organisations are seen most clearly at the technical level, and the open-system qualities appear most vividly at the institutional level, it would suggest that a significant function of the managerial level is to mediate between the two extremes and the emphasis they exhibit. He feels that the organisation will attempt to isolate its "technical core" as much as possible from the uncertainties generated by this interaction with the environment.

Uncertainties may arise from either the technology or the environment as there are



substantial numbers of variations observable in both categories. Organisations will also differ in their methods of coping with these different combinations. The three levels (technical, managerial and institutional) are interdependent, as such organisational differences in coping with uncertainty of various types will also create differences in these levels across organisations as efforts are made to reduce uncertainty.

Organisational rationality involves three major component activities: (i) input activities (ii) technological activities (iii) output activities. Since they are interdependent, organisational rationality requires that they be appropriately geared to one another. The inputs acquired must be within the scope of the technology, and it must be within the capacity of the organisation to dispose of the technological production.

Given this interdependence, it is obvious that the input and output activities require an open-system and do have effect on the closed-system logic of the technology. Because of this interdependence, the technological core of the closed-system cannot be completely sealed off. Therefore, organisations will seek to minimize the influences of the environment through such techniques as buffering, leveling, forecasting and rationing. The elements within the environment which influence on organisational action can be classified as "constraints" and "contingencies". Constraints are those fixed conditions which an organisation cannot control. Contingencies are those factors which may or may not vary but are not subject to the arbitrary control of the organisation. Organisational rationality is a combination of constraints, contingencies and the controllable variables.

Thompson states that each organisation will have a unique set of input and output relationships depending on the environment which it encounters and operates within. "Which individuals, which other organisations and which aggregates constitute the task environment for a particular organisation is determined by the requirements of the technology, the boundaries of the domain, and the composition of the larger environment".

In addition to dealing with contingencies through developing strategies for interaction with the elements of the task environment, Thompson argues that organisations may also be able to remove or reduce those contingencies through organisational design. Since the domain of an organisation is influenced by technology, the population being served and the services being rendered, a substantial change in organisational design would involve a modification might be achieved include vertical integration (especially with long linked technologies), increases in the size of the populations being served (as in mediating technologies), and incorporating the object or the client into the organisation (as in the case of intensive technologies). Not all of these alternatives are viable for an organisation at any one time since organisations may be constrained by capital requirements, the ability of the market to absorb additional production. Output, and/or legal restriction, to mention only a few. Thompson argues that the direction of growth will "not be random but will be guided by the nature of the technology and the task environment consequently, if organisations vary in design, they must also vary in structure.

The major components of a complex organisation are determined by the design of that organisation. Invariably these major components are further segmented, or departmentalised, and connections are established within and between departments.

Thus Thompson concludes that the fundamental problem faced by complex organisations is coping with uncertainty. Coping with uncertainty is therefore the essence of the administrative process. The sources of uncertainty for an organisation arise from three areas, two are external to the organisation and one is internal. "External uncertainties stems from (i) 'generalised uncertainty' or lack of cause/effect understanding of the culture at large, and (ii) contingency, in which the outcomes of organisation action are in part determined by the actions of elements of the environment". The third source of uncertainty is internal; the 'interdependence of components'. These uncertainties are resolved by solving the first type (generalised uncertainty), provides a pattern against which organisational action can be ordered. Solution of the second type (contingency) affords organisational freedom to so order the action against the pattern. Solution of the third (interdependence of components) results in the actual ordering of action to fit the pattern.

## The Shape of the Organisation and the Design Process

We have considered earlier (Block-2, Unit-3) aspects relating to the shape of an organisation: tall (several levels and narrow spans) or flat (few levels and wide spans) design or function, product or matrix structures. The focus in organisation design is on the outcome, effect, or result of the design action. The design itself is influenced by a number of critical variables such as size, technology, environment, social changes, etc. The design process involves both science and art. The organisation design does not evolve purely by principles alone. The circumstances of the organisation and the whims and fancies of the entrepreneur (chief executive also influence the shape of an organisation). As in most other decision-areas in management here also, often there is a trade off between conflicting considerations and goals. Therefore, Herbert Simon suggests that as an alternative to the principles of design, we must attempt to understand the decision-making and communication processes which produce the effect. Human beings' potential for creative problem solving being varied and infinite, there is no finality about the appropriateness of a given structure for all time and all circumstances.

The starting point in setting the design process into action could be to follow the 7-step sequence suggested by Allen:

- 1 Identify the major objectives of the firm and derive the primary line functions needed to accomplish the objectives
- 2 Organise from the top down by establishing a scalar chain of authority and responsibility
- 3 Organise from the bottom up by integrating the activities of each function
- 4 Decide what management positions are needed for each activity
- 5 Identify positions in group related work
- 6 Check groupings to ensure balance in the distribution of resources
- 7 Check whether spans of control are appropriate

Peter Drucker provides fresh perspective and comes out with a four step sequence on following:

- 1 Determine desired results
- 2 Determine key result areas
- 3 Determine when activities could be integrated and when should be kept separate
- 4 Assign appropriate coordinative responsibility and authority

Organisation design thus requires that careful attention be given to three levels of problems and issues:

- 1 Mission should be consistent with environment
- 2 Structure and process should be consistent with Mission
- 3 Individual problem solving should facilitate structure and process.

## Restructuring Strategies

Organisation design forms a key element of organisation development when an organisation takes into account the structural concomitants of changes in the text and context of an organisation. An organisation must seek to retain the advantages of small organisation even when it grows in size and complexity. The design objective is disaggregation of a total organisation within the framework of the need and possibility for integration and control.

There are several common features typifying the structural development of organisations. These include:

- increase in specialisation and the level of internal differentiation in roles, functions, divisions, etc

- higher skills and multiplicity of occupations
- increased use of formal systems and procedures
- shifting emphasis from hierarchical to lateral communications
- greater bulge at middle level, particularly in technostructure and support services
- greater increase in the number of people who supervise coordinate activities than those who perform basic tasks
- growing emphasis on delegation and decentralisation

The key question, however, concerns the precise nature of relationship or the fit between specific developmental strategies and particular organisation structures. Much of the research and literature fails to conclusively throw light on the interdependencies in the possible effects on structure of multiple concomitants of organisational development.

The available evidence, nevertheless points to a certain pattern in the relationship between strategies of organisation development and structure. The four strategies, of course, are not mutually exclusive. The choices and combinations depend on circumstances. Growth is possible through increase in volume of operations or through acquisition. Both need different approaches. The implications of diversification vary depending on market shares, technological synergy, Government regulation, management philosophy, etc. Increases in efficiency may be possible in one organisation through simple O & M studies and automation while in others the only option is product innovation. All growing organisations face problems of the type described earlier in this section. Retaining flexibility in organisation in the face of growing complexity poses tremendous burden on flow of authority and communication. The familiar model of bureaucracy needs to be modified. The improvement of vertical information systems and lateral relationship imply increase overheads, support staff and communication. The problem of elongation of organisational hierarchies and the consequences thereof may have to be tackled by policies aimed at increasing spans of control and delegation. Control systems should shift emphasis from activities to results.

**Activity C**

Take the case of your or any other organisation that you are familiar with. Identify the strategy being adopted for its development and examine whether the corresponding structural changes are taking place. Try to be analytical in your observations.

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**Table 1: Summary of relationships between strategies of organisational development and structure**

Strategies of organisational development	Structural changes that are often assumed to be outcomes
Organisational growth Growth in size per se	Increased vertical differentiation—lengthening hierarchies Growing number of jobs and departments—horizontal differentiation Rising formalisation Increased delegation Possible economies in administration, offset by rising problems of administering complexity
Growth via diversification	Increased specialisation of skills and functions Divisionalisation of major subunits Rising formalisation especially of planning and resource-allocation procedures Increased delegation

Technological development	Growth of specialised professional staff Increased specialisation of skills and functions Other structural concomitants depend on the type of technology employed
Acquiring a secure domain through noncompetitive means—especially joint programs	Establishment of new roles especially to manage relationships with other organisations Increased delegation More active internal communications via lateral relationships
Improving managerial techniques with a view to enhancing flexibility	Depends on methods adopted, but usually associated with Establishment of new specialised roles to service vertical information systems—for example, computer-based systems—or to promote lateral coordination More active internal communication via lateral relationships Increased delegation.

Source : John Child and Alfred Kieser, 1981. Development of organisations over time, in Paul C Nystrom and William H. Starbuck (Eds.), *Handbook of Organisational Design (Volume 1)*, London, Oxford University Press.

## 4.6 SUMMARY

We have considered Henry Mintzberg's conceptualisation about the five basic parts of an organisation and examined the role of each part. We have attempted to grasp the rationale behind Alfred Chandler's observation that structure follows strategy. We have noted the steps in the design process and observed that the shape of an organisation does not depend merely on principles because the design process is both a science and an art and the outcome is contingent on a host of variables. The restructuring strategies have to be appropriate to the development strategies. For clearer understanding of the issue involved, a case study on organisation redesign in Oil and Natural Gas Commission (ONGC) is appended to this unit.

## 4.7 SELF-ASSESSMENT TEST

- 1 What are the Five basic Parts of an Organisation?
- 2 Do principles alone determine the shape of an organisation? Substantiate your arguments with examples that are familiar to you.

## 4.8 FURTHER READINGS

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## APPENDIX 1: ORGANISATION REDESIGN: A CASE STUDY OF OIL AND NATURAL GAS COMMISSION (ONGC)

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### I Introduction

ONGC is a complex organisation employing experts in about 26 disciplines and spread over the entire country with numerous regional headquarters, project offices and sub-offices. Intra-zonal, zonal-headquarters, intra-project, project-zonal communications would themselves add to a very formidable number. If inter-disciplinary and intra-project communications are also taken into account, the number would be appearing to be almost unmanageable. The complexity would grow further, as the anticipated growth takes place.

In 1982, ONGC decided to redesign its organisation with a view to overcoming the various barriers to creating an achieving environment. A number of measures were initiated to ensure wide acceptability to their efforts. Not only basic framework was proposed and circulated, but a number of meetings at different levels were held to discuss various points of view and the main framework was suitably amended without sacrificing the main features. ONGC also appointed consultants for presenting a detailed scheme for implementing the basic framework of organisational re-design. The consultants, through their wide discussions from the top to the lowest level and by collecting and analysing detailed data contributed to refining the basic organisational design model and giving recommendations for a phased implementation of the new organisational design. Marginal changes in the organisation design were suggested on the following lines to substantially improve working of ONGC.

### II Organisational Redesign—Major Thrust

The main concepts of the finally accepted organisational design were:

- Creation of a functional organisation with emphasis on functions rather than projects/products.
- Developing an effective co-ordination mechanism.
- Optimal spans of control and levels of management.
- Commercial transactions and profitability orientation.

Among others, the organisation design also emphasised:

- flexibility to borrow technology, if necessary;
- urgent need for improving the quality of equipment;
- importance of quality assurance;
- importance of human resource development, providing opportunities for growth.

### III Functional Organisation in Enhancing Profitability

#### Existing Organisational Features

The organisation at the project and the regional level was already structured according to various functions, but there was a tendency to revert to a "MATRIX" type of organisation in which various functions were brought under the control of one Project Manager Co-ordinator for various activities like the project itself, deep hole drilling, work-over-rig operations, surveys etc.

Basically, the matrix organisation is supposed to cut across the subgroup goals and emphasize the achieving of organisational goals. But, finally in the long run, the sub-group goals must be efficiently achieved, otherwise the organisational goals themselves are likely to be jeopardised. Moreover, the cost of achieving the project goals through this type of co-ordination alone are progressively increasing and it was also becoming difficult to maintain the resources in a fit condition.

#### Main thrust of the reorganisation

The functional organisation has been recommended with main thrust on:

- re-structuring of various groups on a functional basis;
- complete involvement of the groups in their functions;
- complete support to these functions at all levels;
- enhancement of specialisation;
- simultaneous attention to individual, group and organisational objectives.

#### Changes at the Commission Level

As a first step the membership of the Commission itself was reorganised. Before the organisational change, the six full time members of the Commission were holding responsibilities as under:

- Off-shore drilling
- On-shore drilling
- Exploration
- Materials
- Finance
- Personnel

In the revised order, the responsibility of the six members would be:

- Exploration
- Drilling
- Technical
- Operating
- Finance
- Personnel

Out of these, Exploration, Drilling, Technical and Operations have been recognised as Business groups and Finance and Personnel as Service groups. The main thrust of the proposed change at the Commission level would be to recognise the importance of all functions. For the first time, a Member has been proposed to be the in-charge of the Technical Services, highlighting the importance of the Technical Services also in the future plan of the Commission.

Drilling operations, both off-shore and on-shore, have been placed under the control of one Member, to enable full and timely exploitation of the sub-service geology in each basin, the same extending from on-line to off-shore, the problems of drilling being common.

### Functional Reorganisation at other levels

The various functional groupings were then identified as independent groups, which were also to act as Profit centres later and the same were placed under different members as follows:

- Geology and Physics under Member (Exploration)
- Chemistry and Drilling under Member (Drilling)
- Mechanical Engineering, Civil Engineering, Electrical and Electronics, including Communications; Instrumentation, Auto Maintenance, Machine and Plant Maintenance under Member (Technical)
- Construction Engineering, Operating and Marketing under Member (Operation)

These functional groups were required to act as contractors providing specialised services to the different groups requiring their services on purely commercial basis. For example, when a drilling has been ordered, Drilling Group would be a contractor to the Operating Group and the various service groups, like Mechanical Engineering, Civil Engineering, Chemistry etc., would provide services on contract basis to the Drilling Group. This orientation for providing services on a contract basis would naturally lead to a commercial bias in the working of the various groups, whereas, at present, these groups are operating with staff provided according to the norms and with an ever increasing demand for the same. In the contract type of working, the emphasis would be to finish the job with the minimum cost once the contract price has been fixed. Apart from profitability, this is likely to develop the entrepreneurship amongst the various groups who are likely to organise themselves more efficiently.

### Reducing the Operating levels

A very significant step in the functional organisation was to eliminate the project level. At present, after the Commission level there are regional headquarters and the project headquarters for each project and then working sites. In the revised organisation, the project level has been eliminated and the regional headquarters will be combined into one zonal headquarter for each zone.

Reducing one level by itself leads to many advantages in terms of better communication, lesser staff requirement, better grouping of specialised services etc. However, the advantages of this step are of far reaching importance, in as much as this step does away with the matrix type of organisation and places high confidence in the working of the functional groups at the site and on their ability to co-ordinate amongst themselves to complete the specific tasks. It does not require the Project Manager to hold lengthy co-ordination meetings with a view to sorting out inter-disciplinary problems, but places more emphasis on better initial planning of resources and personnel for site operations and then leaving it to the site staff to accomplish the task in the most efficient manner. The very thought of recognising the importance of the site people would go a long way in creating an achieving environment in ONGC.

## IV Co-ordination Mechanism

### Strategies for Better Co-ordination

Co-ordination, as a management function, does not have full support of the management experts. Need for co-ordination arises when the basic management functions, like planning organising, directing or controlling, are carried out inefficiently and midterm correction is required. Therefore, the following action strategies have been agreed upon to improve the inter-group co-ordination:

- Improvement in initial planning
- Attention to systems of communication
- Standardisation of work content, work output and information flows
- Creating forums for mutual adjustments.

## V Optimal Spans Of Control

### Short Structure

The number of authority levels at different project sites ranges from 5 to 7 and by indications the structures are tall.

It is intended to make the organisation flatter and never have more than five levels of decision making. This does not conflict with the promotion policy as dependent on the working structure, different levels in the organisation can be allotted for similar tasks at the same level.

### Span of Control

The spans of control at levels were to be very small. In some cases, a 1:1 span of control was also noticed. Seeing the problems arising out of the shorter span of control, there is now a decision to increase the span of control at the supervisory level to be between 3 and 5 and chageman/technician level between 8 and 15. In specific situations, the span of control can be made less like in designing.

### Interdependency

The facilities and resources to be provided with various groups would depend upon the inter-dependency ratio for that group. Inter-dependency for group, say A, has been defined as follows:

$$\text{Inter-dependency ratio of 'A'} = \frac{\text{No. of groups on which A is dependent}}{\text{No. of groups which are dependent on A}}$$

Those groups which have a low inter-dependency ratio have to be provided more resources so that they can satisfy the number of groups which are dependent on them, whereas those having a high inter-dependency ratio must be assured that the groups on which they are dependent would provide them quality and timely service. The co-ordination mechanism involving such groups will also be stronger than the others.

### Intra-Group Functional Organisation

The various groups would also be encouraged to organise themselves on a functional basis rather than on a product basis. To-day, various groups like Auto Maintenance Group and the Central Maintenance Workshop are organised on a product basis. They would find the quality of workmanship improved if the organisation become a functional one.

## VI Commercial Transactions And Profitability Orientation

### Profit Centre Concept

Under this concept, all the groups/divisions/departments are first reorganised and assigned specific responsibilities. These departments are supposed to work as independent units within the organisation and deal with the other groups on a commercial basis. This means that they provide services to other groups/departments and get paid for providing these services. In turn, they make use of the services of the other departments and make payment for these services. The operating surplus, as reflected in the difference between the payments received and the payments made for the services as well as for the costs incurred within the group, is a measure of the profitability of the group

Since, normally, there is a limit to the price which can be charged for the various services rendered by the group, each department will have to:

- take action to minimise the cost of providing these services in order to generate a surplus; or
- utilise its assets most optimally so as to decrease the fixed cost per unit of service rendered.

The pre-requisites to working on Profit Centre Basis were identified as following:



- Identification of Profit Centre groups
- Measurement of work
- Commercial transactions
- Sharing of profits
- Penalty Damages
- Common accounting system
- Treatment of losses and profits

However, the existing system is as following:

- Despite the motivation of profit sharing, the departmental heads are not very sure of motivating the staff to work for enhanced productivity and cost reduction.
  - It is difficult to measure the performance of many service groups and to fix the rates for their services.
  - Some departments are designed on a captive basis and if the consumption group does not require their services, they will be idle.
  - Comparison with market rate is unavoidable and, being in public sector, this comparison may put them in bad light.
  - Strong leadership is necessary to make the profit centre working successful.
- These constraints are sought to be overcome, through sustained efforts in a phased manner:

- intra-group re-organisation;
- setting up adequate co-ordination mechanism;
- proper authority allocation;

- 3) "Firms may not maximise profit, but they do have a profit policy". Discuss, bringing out clearly the various facets of a profit-policy decision by a firm.
- 4) Bring out clearly your understanding of the following terms:
- a) Frictional profit
  - b) Normal profit
  - c) Monopoly profit
  - d) Net profit
  - e) Target Profit
  - f) Reported profit
- 5) a) Why should management be interested in profit data?  
b) Why should management limit its target rate of profit ?  
c) How can management undertake planning and control of profit?

## NOTES



Uttar Pradesh  
Raja:shi Tandon Open University

**MBA-1.5**

**Organisational Design,  
Development and Change**

Block

**3**

**WORK ORGANISATION**

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**UNIT 5**

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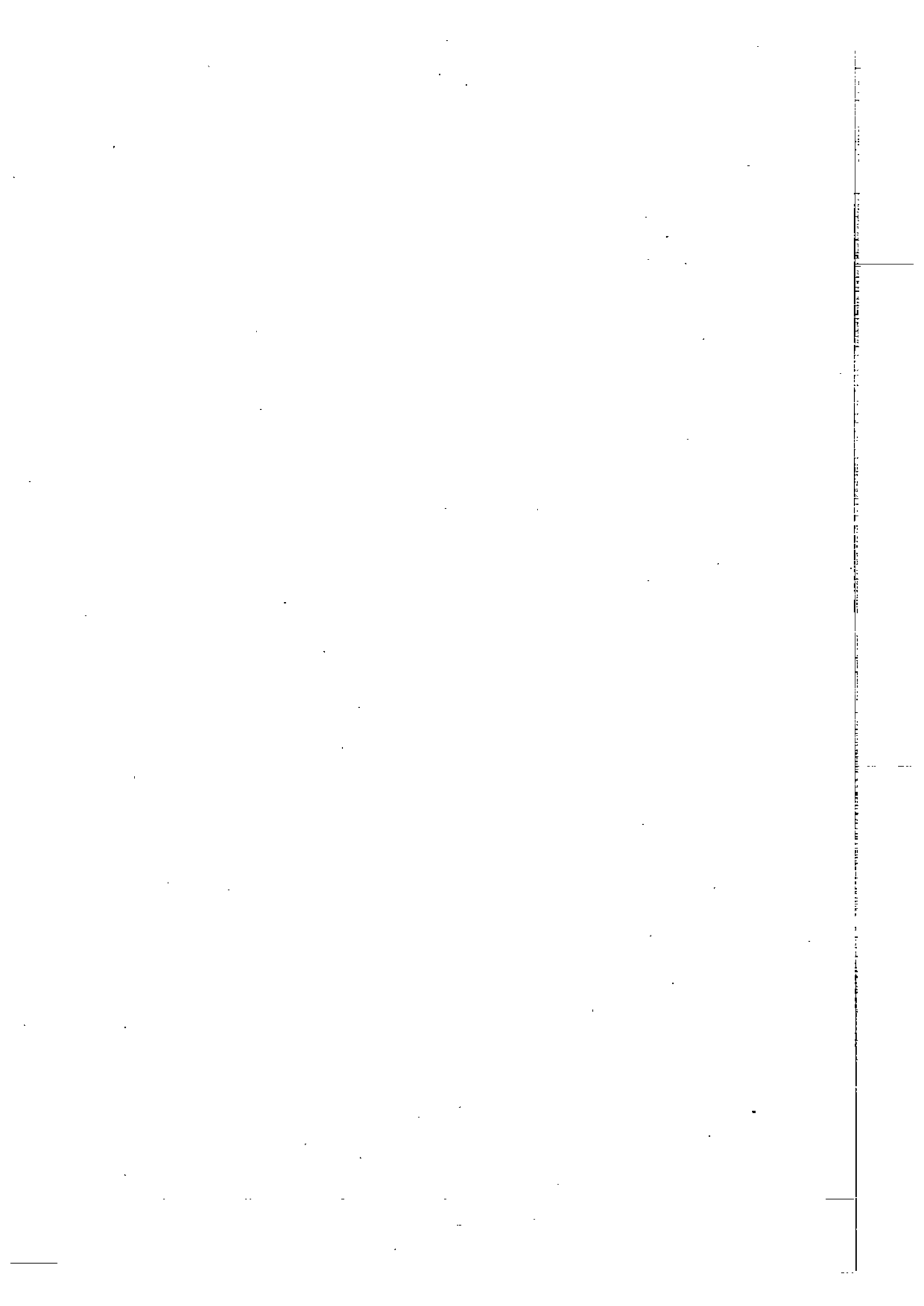
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## **BLOCK 3 WORK ORGANISATION**

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There are multiple interlinkages among the work system, the 'organisation', the individual and the society at large. It is necessary to look into the institution of work and examine the nature of interlinkages between work and some aspects of socio-cultural and psychological milieu.

Work system changes have wider implications for society as a whole because improvement in quality of life in any society presupposes enhancement of quality of working life. From unit 5 you will be able to know the conditions of work and how to organise the work. unit 6 deals with new forms of work organisation with recent illustrations and unit 7 deals with quality of working life, and how important it is for today's organisation.



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# UNIT 5 ANALYSING AND ORGANISING WORK

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## Objectives

After going through this unit, you must be able to :

- examine the traditional approaches for analysing and organising work.
- identify problems associated with work organisation based on traditional principles.
- examine the impact of traditional approaches on people and productivity.

## Structure

- 5.1 Introduction
- 5.2 Need for Organising Work
- 5.3 Traditional approaches to the organisation of work
- 5.4 Bureaucratic Organisation Theory
- 5.5 Scientific Management
- 5.6 Traditional Principles of Organising work
- 5.7 Problems Associated with work organisation Based on Traditional Principles
- 5.8 Implications of Traditional Approach
- 5.9 Summary
- 5.10 Self-assessment Test
- 5.11 Key words
- 5.12 Further readings

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## 5.1 INTRODUCTION

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Technological advancement has brought about far-reaching changes in the organisation and methods of work. Industrial reorganisation, changing methods of production and economic difficulties have led workers to fear redundancy. At the same time growing numbers of workers, especially younger workers, are no longer prepared to accept the organisation of work as inherited from the past. Their discontent gets manifested in lack of interest of a large number of workers as regards their work or the conditions in which they perform it. In the present unit we seek to analyse this phenomenon and to outline the approaches adopted (in industry) to obviate it.

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## 5.2 NEED FOR ORGANISING WORK

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A systematic attempt to design work was first made in the wake of emergence of machine technology and mass production system immediately after industrial revolution in Western Europe. Since then several experiments in this field have been carried out at different times by different enterprises around the world. In India too, as elsewhere, the need to bring about changes in the way work is organised has arisen from the following socio-economic conditions :

- 1) Organisations, today, are increasingly getting automated and using new technology to attain the organisational objectives of increased efficiency. This has had a corresponding effect on a greater specialisation, simplification, standardisation and routinisation of a larger number of jobs.
- 2) Transfer of technology from a developed country to our own along with the associated organisation of work which may not fit with the prevailing socio-cultural framework of India may have an adverse effect on the social structure and system of values of the people.
- 3) Organisations have become larger and more bureaucratic in their functioning. This has resulted in increased authoritarianism and inflexibility of management. Decision making is becoming more and more centralised.
- 4) Even as organisations have continued to increase in size, became mechanistic, and more task-oriented etc. the people working in the organisation are younger, highly skilled, better educated and therefore want to be involved in decisions affecting them and their work. They are today less willing to accept routine,

monotonous work and look for opportunities to utilise and develop their potentialities. Thus, it appears that the way most organisations function is in conflict with the needs and expectations of the people working in them. This failure to adequately match the needs of the organisation from an efficiency point of view with the needs of employees on whom the organisation depends are reflected in increased alienation, poor performance, absenteeism, disputes etc.

In view of such problems, it is believed, that ways of structuring jobs and managing organisations that worked earlier may not work now, simply because the people who work in such organisations will no longer put up with them. An important question facing organisations, thus, relates to how they can achieve a fit between persons and their jobs so as to obtain both high work productivity and a high quality organisational experience for the people who work in them. The answer lies in the way work is organised and managed in organisations.

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### 5.3 TRADITIONAL APPROACHES TO THE ORGANISATION OF WORK

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The traditional approach to the organisation of work has been one of rationalisation, involving the specialisation and subdivision of tasks, the minimising and standardising of skills and the development of methods of management prediction and control.

The approach has a long history beginning from the writings of Adam Smith who in the "Wealth of Nations" had analysed the division of labour in a pin factory.

"One man draws out the wire, another straightens it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head: to make the head requires two or three distinct operations: to put it on is a peculiar business, to whiten the pins is another; it is even a trade by itself to put them into a paper, and the important business of making a pin is, in this manner, divided into about eighteen distinct operations, which in some manufactories, are all performed by distinct hands, though in others the same man will sometimes perform two or three of them".

Of all the principles of management expounded by the classical theorists, the principle of 'division of labour' has the greatest implication for how the work is designed in organisations. The principle specifies that maximum work efficiency will be achieved if jobs are simplified and specialised to the greatest extent possible. In other words, people in an organisation, be they workers or managers, will function more efficiently if they perform the same specialised functions repeatedly rather than spreading their energies on a number of complex tasks.

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### 5.4 BUREAUCRATIC ORGANISATION THEORY

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The importance of the division of labour principle was also argued by Max Weber, in his model of bureaucratic work organisation. According to him the bureaucratic model of work organisation was the most efficient form of work organisation in which impersonality and rationality are developed to the highest degree.

Bureaucracy, in Weber's analyses, describes a form or design of work organisation which assures predictability of the behaviour of individuals in the organisation. To achieve the maximum benefits of the form, Weber believed that certain design strategies must be adopted, specifically:

- 1) All tasks necessary for the accomplishment of goals are divided into highly specialised jobs. Similar argument in favour of the division of labour principle was put forward, namely, that job holders could become expert in their jobs and could be held responsible for the effective performance of their duties.
- 2) Each task is performed according to a consistent system of abstract rules to assure uniformity and coordination of different tasks.
- 3) Members of the organisation obey the law of the organisation because it is their duty



and because those who administer it are superior in technical knowledge. It is also legitimised by the fact that it is delegated from the top of the hierarchy. A chain of command is thereby created.

- 4) Each official in the organisation conducts business in an impersonal formalistic manner, maintaining a social distance with subordinates and clients. This rationality and impersonality can be seen as a protection against arbitrary and abusive rule, a way of making his life in the organisation more predictable and stable and less dependent on the personal whims of an arbitrary leader. In turn, the member is expected to do his duty.
- 5) Employment is based on technical qualifications and promotions on seniority and achievement.

The bureaucratic model of formal organisations is rarely found in pure form. Yet, in some way, all organisations exhibit some degree of one or more of its characteristics. It is a pervasive pattern of organising work in most large organisations including government and educational institutions. The reasons for this lie in the strengths of the system and its appeal to rationality and orderliness. Apart from being logical, it is the most complete system of organising work. Another important strength of bureaucracy is its ability to deal with emergency situations. Studies of floods in India by different scholars have shown how successfully the bureaucratic machinery was set into motion to deal with the problems without loss of time.

Other recent studies have also shown that bureaucracy has marked advantages for emergency administration, though having serious disadvantages for more innovative and developmental tasks. In their study of district administration, Dayal, Mathur and Bhattacharya found that bureaucracy allows grassroot administration to be carried out in a more orderly manner than other systems of management. The rationality and rule-bound approaches (typical of bureaucracy) involve the confidence of the public in its impartiality.

One may, therefore, conclude that all features of bureaucracy are built around the structure of a large-scale administration. Obviously, such organisations rely heavily upon hierarchy, specialisation, rules and impersonality with a view to accomplishing their goals efficiently. However, bureaucracy possesses several dysfunctional traits frequently overlooked by its advocates. For example, hierarchy, which theoretically purports to maintain unity of command, coordination and communication in the organisation, in practice, frequently wastes efforts of people and hampers the growth of their personality. Again, bureaucratic rules as implied in red tapism (obstructiveness), usually become goals in themselves for human behaviour rather than means for accomplishing organisational objectives. Pai and Reddy in their study of the Secretariat and heads of Departments, analysed 69 files to determine as to how the actual process of administration operates, how orders are given and how they are executed. The analysis revealed that government administration was highly inefficient. It was noted that the maximum time taken for the disposal of one case was 1,010 days, the average time taken being 211 days. Finally, the impersonality feature of bureaucracy overwhelms the personalities of its followers to such an extent that they eventually become the slaves of rules, procedures and discipline.

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## 5.5 SCIENTIFIC MANAGEMENT

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Probably the most characteristic exponent of rationalised production is F.W. Taylor whose approach is outlined in his book "Principles of Scientific Management". The major theme of scientific management is that objective analysis of facts and data collected in the work place could provide the basis for determining the one best way to design work. Taylor's ideas on scientific management can be summarised as follows:

- 1) The work to be done should be studied scientifically to determine, in quantitative terms if possible, a) how the work should be partitioned among various workers for maximum simplicity and efficiency and b) how each segment of the work should be done most efficiently. Such analysis specify, for example, the exact details of equipment that should be used for dealing with various kinds of material and the exact spacing of rest breaks for maximum workday productivity.
- 2) Employees selected for the work should be as perfectly matched to the demands

of the job as possible. Workers must, of course, be physically and mentally capable of the work, but care should be taken as well to ensure that they are not overqualified for the job.

- 3) Employees should be trained very carefully by managers to ensure that they perform the work exactly as specified by the prior scientific analysis of the work. In addition, many planners and supervisors are kept near workers to make certain that they are in fact performing the work as they are supposed to, and that there are no distractions or activities that workers must attend to other than the productive work itself. The work of the supervisors is subdivided into functional specialities just as it is done for rank-and-file workers. In describing well-engineered shopwork, for example, Taylor specifies seven different supervisory roles: the inspector, the gang boss, the speed boss, the repair boss, the time clerk, the route clerk, and the disciplinarian.
- 4) Finally, to provide motivation for employees to follow the detailed procedures and work practices that are laid out for them and enforced by supervisors, a substantial monetary bonus should be established and paid upon successful completion of each day's work.

The 'scientific management' principles and procedures have been developed and perfected by industrial engineers and today there are highly sophisticated procedures for analysing jobs to determine the most efficient movements to be used in carrying out the work. The objective is about the same, namely, improved efficiency through standardised operations and simplified work.

Criticism of scientific management was quick to develop. However, studies carried out by Davies et al in 1955 and repeated on similar basis by Taylor in 1978 reveal that many of the assumptions implicit in the scientific management approach still had considerable influence on the design and organisation of jobs and work practice.

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## 5.6 TRADITIONAL PRINCIPLES OF ORGANISING WORK

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In spirit, scientific management in its cold rationality resembles the classical bureaucratic theory. The conception of man is not far from that of an automation whose performance can be improved through the application of logical engineering principles and simple economic incentives. Taylor developed what appeared to be a logically unbeatable combination: efficient motions, efficient tools, optimum working arrangements, together with strong incentives. Both approaches are dedicated to rationality and efficiency in organisational operations. Both specify that these objectives can be achieved through the simplification, standardisation and specialisation of jobs. Both approaches are also universalistic, i.e. they are based on the assumption that simplification and standardisation create efficiency for all types of organisations, jobs and employees. The basic principles common to both schools of thought can be summarised as follows:

- 1) Scientific analysis of work with a view to discovering the best way of achieving technical efficiency.
- 2) Fragmentation of tasks into smaller operations.
- 3) A standardisation of performance in each fragmented operation. (For example, each workman was to be instructed as to the best scientifically determined method for performing a job instead of leaving it to individual judgement).
- 4) Work simplification leading to less challenging and demanding skills, thereby reducing the cost and time on training employees to acquire through simplified skills.
- 5) Narrow specialisation.
- 6) Standard criteria for evaluation, mainly economic and technical efficiency.

The building block of the organisation thus becomes one man one job with centralised supervision, coordination and control from external sources.

An example of a work organisation based on industrial engineering principles was the Calico Mills in Ahmedabad (as studied by A.K. Rice). The mill was reengineered according to the basic industrial engineering procedures. Each job had carefully assigned work loads based on engineering study. In one room there were 224 looms operated and maintained by twelve occupational groups. Each weaver tended twenty

four to twenty two looms, each battery fitter served forty to fifty looms, and each smash hand served an average of seventy five looms. The other nine occupations were service and maintenance, and each worker had either 112 or 224 looms. Although the mill appeared to be superbly engineered, it failed to reach satisfactory output. Research disclosed that close teamwork of all twelve occupations was required to maintain production, yet the existing organisation prevented this teamwork.

#### Activity A

Think of a job and a work situation about which you have some personal knowledge. It could be the job you now have or one that you had. What principles of work organisation can you identify in it?

## 5.7 PROBLEMS ASSOCIATED WITH WORK ORGANISATION BASED ON TRADITIONAL PRINCIPLES

### 1) The Assumption of Rational Economic Man

Taylor and his followers acted on the "economic man" concept which has two basic assumptions; (1) "man is a rational animal concerned with (2) maximising his economic gain". The concept of man as a rational animal presumes that each man is an isolated individual not affected by fellow workers or other external pressures. It assumes that a man can be treated in a rather standardised way, something like a machine. The concept that man will produce in direct relation to the money paid to him assumes that money is the most important reason man has for working. This may be true till the basic subsistence levels are reached but there is no evidence to prove that money continues to be the prime motivator beyond this level. There are many other reasons why people will or will not work.

### 2) Economic Incentives as Sources of Motivation

Associated with the 'economic man' concept is the notion of money as an incentive. Taylor proposed the "piecework incentive system of pay" as an answer to the problem of motivation: that is, the more pieces a man produces, the greater is his pay. Taylor relates a story — a classic in the development of scientific management — to illustrate his approach. In 1898 he was hired by the Bethlehem Iron Company to introduce more efficient work methods. One of his tasks was to improve the work of pig-iron handlers. Taylor studied the job of pig handling and concluded that with less fatiguing methods, first class workers could handle 47-48 tons a day — about four times the average. In order to introduce his method Taylor selected a "little Pennsylvania Dutchman", fictitiously called Schmidt, who he felt would be receptive to his approach. Schmidt, who wanted to build his own house, seemed to have frugal and regular habits at home. Taylor suggested to him that he could earn \$ 1.85 a day instead of \$ 1.15 he was then making provided he would follow their instructions in every detail: how to pick up the load, how to carry it, with what speed to move and when to rest. The production increased from 12½ tons to 47½ tons per day. The income of the employee of course increased as well.

Scientific management, from the outset has been criticised for treating people as machines. Specifically Taylor came under attack from various quarters for his treatment of Schmidt and for the ethics his approach seemed to imply. Trade unions, specifically, raised objections to scientific management which they asserted was a device to exploit workers.

### 3) Emphasis on Rational Legal Quality

Weber's bureaucratic model of organisation is a rational legal system characterised by impersonality and rationality. Bureaucracy is a system of law – a system in which rules cover all contingencies and where obedience is assured through the appointment of technically expert supervisors who administer law with precise and cold impartiality. It is an autocratic system with rigid chain of command: the person on the top gives orders and those down the line obey. The orders are always within the framework of law and thus obedience is also to the abstract law, of which supervisor is only an instrument.

In the above system individual differences, motivation and personality are relegated to a secondary role. Not much attention is paid to the members of the organisation, to the details of their work and to job motivation. The traditional theories either ignore the individual or make oversimplified assumptions about them. As a result one finds a breach between theory and practice in organisations. The famous 'Hawthorne studies' scientifically documented the important human aspects of organisation and made it clear that social psychological principles were more important than simply rules and laws of the organisation.

### 4) Multiplicity of Human Needs and their Satisfaction not Considered

The traditional approach to work organisation places emphasis on the importance of economic factors in determining people's motivation at work. As Taylor said "Management must recognise the broad fact that workmen will not submit to this more rigid standardisation and will not work extra hard, unless they receive extra pay for doing it". The basic assumption underlying this approach is that man is essentially lazy and disinterested in the organisation and therefore must be motivated by economic incentives.

However, man does not live by bread alone. In addition, to the physiological and the safety and security needs, research evidence on the subject shows, that to motivate employees it is necessary to satisfy some of their social needs too. The worker, besides being an "Economic Man" is also a social animal. Long ago, Mayo and his associates had emphasised the importance of interpersonal relations at work and how the behaviour of workers was influenced by their membership of work groups.

Psychologists have drawn attention to the psychological factors influencing motivation. They argue that while money and social factors may influence behaviour what people are really seeking is some meaning and sense of fulfilment from their work. The work of psychologists like Maslow, McGregor and Herzberg have made a very significant contribution to our understanding of the factors that can contribute to work motivation. (Their theories have been discussed earlier. The motivational factors identified by Herzberg, for example, of achievement, recognition, responsibility, advancement, growth and work itself relate more to the content of people's jobs rather than to the context in which they work. This has implications for job design. To the extent that we can design jobs such that people have the opportunity to fulfil these needs, there is the potential for greater job satisfaction and motivation.

### 5) Closed System Approach

The traditional approach to work organisation adopts a closed system approach as if there is no interaction with the environment. Recent research has identified a number of factors and variables, other than those present in the work situations, as important influences on people's responses and behaviour in practice.

The traditional theorists have tended to over concentrate on principles of internal organisational functioning disregarding the differing organisational environments and the nature of organisational dependency on environment.

One error in the traditional closed system approach is the conception that the same initial conditions must lead to the same final result. For example, there is one best way to assemble a gun, one best way for the baseball player to hurl the ball in from the outfield and, therefore, we standardise and teach these methods. Now, the open system approach says that there does not have to be a single method for achieving an objective.

## 5.8 IMPLICATIONS OF TRADITIONAL APPROACH

In spite of the limitations inherent in the traditional approaches, the evidence suggests that jobs and work are still designed and organised in such a manner as to maximise the degree of specialisation and to minimise the skill and training time required. If such is the case, what are their effects on people/employees and on performance/productivity?

### Impact on People/Employees

In terms of its impact on people there is considerable evidence that the traditional approach to job design and work organisation cause much of frustration and alienation experienced by employees in their work.

One of the best known studies of the relationship between technology and alienation is the work of Blauner. While he saw fragmentation as the underlying feature leading to alienation he identified, several important dimensions to the problem, namely powerlessness, meaninglessness, isolation and self-estrangement. Such feelings arise when the worker is performing a minimal, repetitive and relatively meaningless task, with little control over his situation or work pace and is separated and isolated from his colleagues. He, therefore, adopts a purely instrumental attitude towards his jobs, viewing it as a means to an end rather than an end in itself. While these problems may apply equally to white collar and blue collar workers, there is some evidence that they are greater in some types of jobs than other, e.g. in assembly jobs.

The problem of alienation is greater in some types of work than others. There is less evidence of alienation in craft type occupations and process work than in assembly line operations. The craftsman has a task in which he can become involved. The process worker, while having periods of routine activity also has periods of intense activity when emergencies and breakdowns, for example, demand his total involvement. This contrasts with the situation of the worker on an assembly line where the work is highly repetitive with comparatively few problems which might challenge an operator's capacities.

One may, therefore, conclude that the feelings of meaninglessness and consequent alienation are likely to be greater where the jobs and function of the worker are highly standardised and where he has little control over his immediate environment and where his freedom in the work situation is limited.

Blauner's ideas on alienation have also been tested in relation to white collar jobs, for example, in banking and insurance. These demonstrate a very similar relationship is that the meaninglessness and self-estrangement increase with the degree of automation and mechanisation involved. In these studies three factors were found to be most positively associated with feelings of estrangement and alienation from work:

- a) lack of control over the immediate work process
- b) the performance of narrow work roles due to advanced specialisation.
- c) lack of opportunities for promotion.

Probably the most obvious target for criticism of the impact of technology on people is the traditional assembly line. A classic study of this problem was undertaken by Walker and Guest on the attitudes, opinions and immediate job reactions of work people in what was a new but typical car assembly plant in America.

In the plant, although the majority of men valued the work for the pay and security it provided, most of them reacted unfavourably to the mass production working conditions. Further, although the work that people performed was physically tiring the main source of fatigue was probably more from the pacing of work. Similarly, other features that were disliked were the monotony and lack of job interest. People also commented about the lack of opportunity to use the brains, to develop new skills or become more versatile. The study demonstrated that the production characteristics of the plant were not only reflected in the attitudes and opinions of people but also in their behaviour in terms of absences, grievances and labour turnover.

**Impact on Performance/Productivity**

Now, if employees view their work as a means to an end and take a 'contractual' view of their employment, the proponents of traditional approaches to work organisation may ask — does this matter as long as they do their work? If people's jobs are dull and monotonous then a strategy based on money as the reward and compensation for work may be the most effective both in terms of motivation and performance and productivity.

**Activity B**

Recapitulate the traditional principles of work organisation that you identified in your work situation (Activity A). What are the effects of this work system on the people holding these jobs?

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Experience in industry, of the application of this strategy and the use of work study-based incentive schemes, tend to counteract these arguments. Although, on the face of it, incentive schemes have produced invariable improvements in performance and productivity, in many instances, they tend to overlook the other motives that may affect people once they are in the work situation.

Insights into the problems of productivity and performance were revealed in a detailed research undertaken by Hickson on the motives of people at work who restrict their output. During the course of the study it was noted that the team engaged in foundry work had created a ceiling on output of 6,000 components per man shift, which was considerably below the potential output of the machines. One of the reasons for this was due to the time allowed for the job being classed as temporary by management. This, in the eyes of the workforce, suggested that at a future date when the newly introduced machines had settled down the time allowed could be revised probably downwards, thus restricting the foundry worker's earnings potential.

However, there were other motives for restriction of output. For example, they restricted individual earnings to avoid disparities within the group. This practice also appeared to provide positive sources of satisfaction to the workers concerned because setting limits on individual competition actually provided greater opportunities for mutual cooperation. Thus, workers who had no problems with their machines and attained their ceiling output would use time available to help others who were experiencing mechanical difficulties on their own machines.

The significance of this research from the work organisation point of view is that there was the obvious conflict between the approach to the organisation of people and work adopted by the management and motives and interests of the workers. The management approach was based on the principle of specialisation and individual tasks and on the assumption that people were largely motivated by individual incentives and financial rewards. While to some extent this was true, it ignored the other factors of the worker's needs for security of earnings, social interaction and the satisfaction of operating as a mutually supportive group.

Another important problem stemming from extension of specialisation and management control is that of 'quality'. The employment of more inspectors, or people checking other people's work, carries with it the underlying implication that people cannot be trusted to produce good quality work. Evidence to support this can be seen from the results that many companies have achieved in terms of improved quality when they restore workers' responsibility for quality of their output.

Labour turnover and absenteeism are other expressions of employees' dissatisfaction with work. Clearly the ultimate way of expressing dissatisfaction with jobs is to

leave. In fact, more people adopt this solution rather than attempting to get changes made to their existing jobs. Absenteeism is a more subtle way of expressing dissatisfaction, for its causes are not so readily apparent. The heading of 'uncertified sickness' can mask a number of unexpressed reasons for temporary absence from work in which boredom frustration and stress can be important causes. These are some of the negative effects that the traditional approach to work organisation can have on employee performance and productivity.

**Activity C**

Suppose you have an office with three secretaries who divide their time evenly between typing, filing and keeping a reception desk. What are some of the ways that you could organise their work, and what would be the probable effects of each way?

- a) If one of them typically is rude and unpleasant with other people, would it make a difference? Explain.
- b) If one of them clearly is the best typist but typing is the least desirable job, would that make a difference? Explain.
- c) Suppose one of them has a 50 percent hearing loss that cannot be corrected would that make a difference?

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**5.9 SUMMARY**

Traditional approaches to organisation and increasing efficiency, have often failed to achieve the needed improvements in employee motivation, performance and productivity. While increased specialisation, de-skilling of jobs and more centralised management control are felt necessary for increased efficiency, they often result in more boring and monotonous work, a lack of sense of responsibility and involvement, leading sometimes to indifference or alienation from work. Our failure to adequately match the needs of the organisation from an efficiency point of view with the needs of employees on whom the organisation depends gets reflected in low motivation, poor performance, absenteeism, labour turnover and sometimes in strikes. In view of such limitations to the approaches adopted traditionally to design and organise work there is a strong case for chance and a need to look at what may be more effective alternatives.

**5.10 SELF ASSESSMENT TEST**

- 1) What are the characteristics/principles of
  - a) Scientific Management
  - b) Bureaucratic Work Organisation
 What similarities can you identify between the two?
- 2) What are the strengths and limitations of the traditional approaches to work organisation?
- 3) "The way work is organised has a significant effect on employee behaviour and performance at work." Elaborate and discuss.
- 4) Why are employee feelings of alienation from work higher in assembly line jobs than in other jobs?

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## 5.11 KEY WORDS

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**Work Simplification** : the systematic analysis of all factors that affect work (or that will affect work) in order to save effort, time or money. The technique allows work to be classified as a series of small units of work.

**Standardisation** : scientifically determined method for performing a job.

**Specialisation** : fragmentation of operative tasks into limited specialised constituent activities.

**Rationalisation of work** : a logical or rational work system where conformity to prescribed patterns of action (rules) is demanded. There is no place for personalised relationships.

**Scientific Management** : a body of literature (developed by Frederick W. Taylor) which reports the ideas and theories of engineers concerned with such problems as description and analysis of jobs, incentive systems and selection and training.

**Bureaucratic Theory** : the theory developed by Max Weber that defined the characteristics of an organisation which maximises stability and controllability of its members. The ideal type bureaucracy is an organisation which contains all the elements to a high degree.

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## 5.12 FURTHER READINGS

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# UNIT 6 NEW FORMS OF WORK ORGANISATION

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## Objectives

After going through this unit, you must be able to :

- examine the contribution of research to the development of new principles of organising work.
- review and learn from the experiments conducted in India and abroad with different approaches to work organisation.
- examine the impact of work redesign on different aspects of the organisation e.g. role of the supervisor, top management, reward system, etc.

## Structure

- 6.1 Introduction
- 6.2 Emerging Principles of Organising Work
- 6.3 Systems Approaches to Work Design
- 6.4 Alternative Forms of Work Restructuring
- 6.5 Current Attempts at Work Structuring
- 6.6 Introduction of a New Form of Work Organisation
- 6.7 The Impact of Work Structuring
- 6.8 Summary
- 6.9 Self-assessment Test
- 6.10 Key Words
- 6.11 Further Readings

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## 6.1 INTRODUCTION

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In unit No. 5 we had highlighted the problems with traditional approaches to organising work and how attempts to increase efficiency through specialisation and control have frequently undermined employees' motivation and produced alienation from work. In this unit we will focus on approaches to structuring people's jobs and work such that their needs as well as those of the task and organisation are met.

We shall first briefly trace how research and experience have influenced thinking in this area and have led to the development of new principles of organising work. The latter section will present and examine some of the experiences in introducing new forms of work organisation.

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## 6.2 EMERGING PRINCIPLES OF ORGANISING WORK

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The problems with traditional approaches to work design led to a development of a number of behavioural approaches to the design of work. Special mention, here, must be made of the developments in the theories of motivation, e.g. of Herzberg, McGregor and Maslow. Herzberg's research in 1960s on motivation/hygiene theory led to efforts to improve job content through job enrichment (where added responsibility or vertical loading) created opportunities for employees to plan, organise and control their own work. The most recent development of the job content theory is Davis' work on job design.

The focus of much of the recent research has been on identifying the characteristics or attributes that are desirable in jobs and those which lead to improved motivation and employee involvement. Turner and Lawrence, in 1965, had developed operational measures of six characteristics that they described as requisite task attributes (which were predicted to be positively related to worker satisfaction and attendance). These characteristics were:

- a) variety in work
- b) level of employee autonomy in performing the work.

- c) amount of interaction required in carrying out task activities
- d) number of opportunities for operational interaction
- e) level of knowledge and skill required
- f) amount of responsibility entrusted to the job holder.

Working from the findings of Turner and Lawrence, Hackman and Lawler (1971), in a study of telephone company jobs, focused on four job characteristics: (a) variety (b) task identity (doing a whole piece of work) (c) autonomy and (d) job based feedback. They predicted that if these characteristics were present in a job, then jobholders would experience a positive, self-generated effective "kick" when they performed well and this internal reinforcement would serve as an incentive for continued good performance.

The approach was further extended by Hackman and Oldham, with emphasis on ways the job characteristics theory can be made most useful in carrying out work redesign activities. In order to implement improved work designs they suggest five implementing concepts, each aimed at improving the quality of work experiences and productivity. These are:

- a) forming natural work units
- b) combining tasks
- c) establishing client relationships
- d) vertical loading
- e) opening feedback channels

A review of the traditional and the psychological approaches to work design indicates some lacunae. Traditional approaches often ignored the personal needs of people who carry out work and thus oriented towards the efficiency of the technical system so much so that critical aspects of the social system may be ignored. Psychological approaches, such as the motivational theories, etc. tend to give insufficient attention to the operation of the technical system when work is designed and also under estimate the importance of group relations and organisational environment in affecting what happens in the work place. What is, therefore, needed is an alternative approach that would address social, technical and situational factors that affect how work systems function. Such an approach is discussed below:

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### 6.3 SYSTEMS APPROACHES TO WORK DESIGN

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Since work is performed in organisations it is important that we understand how organisations, as social systems, influence the way work is designed and managed. Of the numerous useful system-oriented approaches to the analysis of work organisations, the theory having the most relevance to the design of work is the socio-technical systems theory based on the work of Tavistock Institute and of Rice, Trist, Bamforth, Emery and Thorsrud.

#### The Socio-technical Approach

The socio-technical approach to work design focuses on creating work systems in which the social and technical aspects of those systems are integrated and supportive of one another. Essentially the socio-technical approach to work design follows the following principles.

- 1) Jobs and work groups need to be designed according to task requirements. Since, in modern industry, one finds tasks to be highly related, such tasks cannot be performed well by people in segmented unrelated work roles.
- 2) Jobs need to fulfil certain psychological and social requirements, besides task demands (and beyond safety, security and wage demands as stated by agreement or law). Consequently, it was essential to make jobs more meaningful, as also to enable workers to learn more and to exercise control over their own work. Planning, decision making, mutual help and social support were also put back into jobs and work groups.

Through the application of this socio-technical approach in the Norwegian participation projects a new design principle emerged. It was based on building additional functions for learning, planning, etc. into people and organisations. Interest in new forms of work organisation grew in countries like Norway and Sweden mainly because they were associated with reforms like workers' participation and industrial democracy. In other countries such concepts caused increased scepticism.

The most basic principle of socio-technical design is that a work organisation is seen as an open system. This means that changes in the environment of the enterprise have a continuous impact upon the organisation and lead to internal changes over time. In turn, the organisation also has an impact upon its environment and influences its markets, local community etc. For example, the impact of new industrial nations like Japan was felt on world-wide trade. Companies were forced to review their product and pricing policies as well as their organisation policies.

#### Development of Socio-Technical Theory

The first practical application of the socio-technical systems design was conducted by A.K. Rice in the Calico Mills in Ahmedabad, India in 1953 (mentioned in the last unit too). Here a controlled experiment was established in which it was demonstrated that while it had been necessary to break down the task of weaving into its component operations, each performed by a different worker, it was possible to re-integrate the workers into a work group that performs the whole task on a group of looms. This change resulted into an increase in the earnings of the experimental group which were 55% higher than other groups. Although the costs in the experimental group were 13% higher, output was 21% greater than in other sheds and the number of damages 59% less. The experiment also demonstrated the importance of establishing collaborative relationships between all concerned in arriving at the 'best fit' between the needs of the technical and social systems.

The next phase in the development and application of the socio-technical system theory came as part of the Norwegian industrial democracy programme. In one of the experiments initiated in the above programme in wire drawing, for example, it was successfully demonstrated that workers on the shop floor, with the aid of outside action researchers and the backing of their shop stewards and plant management, could effectively reorganise their own work. They changed from one man/one machine fragmented jobs paid on work-studied piece rates to a group system of work where a group of men took responsibility for a group of machines. They started to take the initiative and make decisions that had previously been beyond their control and increased productivity and earnings by upto 20%.

Norwegian experiments led to new criteria for job design and work organisation which have received wide degree of acceptance. These take the form of a broad set of psychological requirements that a job must fulfil relating to its contents, its design and meaningfulness in the wider settings:

- a) the need for the content of a job to be reasonably demanding in terms other than sheer endurance and yet to provide a minimum of variety (not necessarily novelty).
- b) the need for being able to learn on the job (which implies standards and knowledge of results) and to go on learning — again a question of neither too much nor too little.
- c) the need for some minimal area of decision-making that the individual can call his own
- d) the need for some minimal degree of social support and recognition in the workplace.
- e) the need to be able to relate what the individual does and what he produces to his social life.
- f) the need to feel that the job leads to some sort of desirable future.

The above requirements, being rather broad, provide a general guide for designing work. More specific requirements were developed by F.E. Emery and E. Thorsrud. These are:

- i) Optimum variety of tasks within a job. Too much variety can be inefficient for training and production, while too little variety can be conducive to boredom or fatigue.
- ii) A meaningful pattern of tasks that gives to each job a semblance of a single overall task. Tasks need to be related, i.e. completing one task helps the next task or produces a better end result.
- iii) Optimum length of work cycle: Too short a cycle means too much finishing and starting; too long a cycle makes it difficult to build up a rhythm of work.
- iv) Quantity and quality: There should be some scope for setting standards of quantity and quality of production and a suitable feedback of knowledge of results.

- v) A whole job : The inclusion in the job of some of the auxiliary, preparatory and finishing tasks in order to bring overall control into the jobs ... giving responsibility and involvement in the job.
- vi) Respect: The tasks included in the job should include some degree of care, skill, knowledge or effort that is worthy of respect in the community.
- vii) Contribution: The job should make some perceivable contribution to the utility of the product for the consumer.
- viii) Formation of semi-autonomous or autonomous groups based on the above principles: Providing for 'interlocking' tasks, job rotations or physical proximity where there is (a) interdependence between jobs for technical or psychological reasons; (b) high or sudden stress in the job; and (c) little perceivable contribution to the end product contained in the individual job.

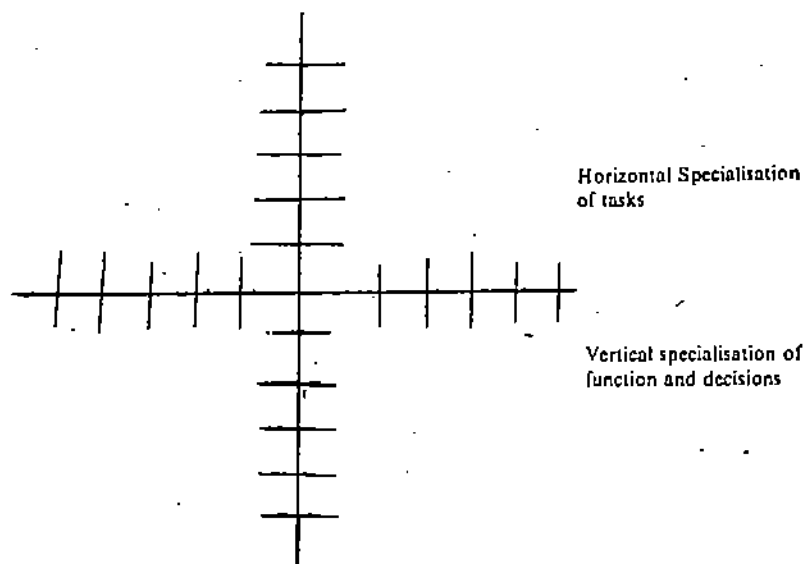
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## 6.4 ALTERNATIVE FORMS OF WORK RESTRUCTURING

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Work structuring can take different forms. In this connection it is useful to recognise the opportunities that exist for work structuring on the horizontal and vertical planes. (See Figure 1 below)

Figure 1 : Types of Specialisation in Organisations.



As indicated in the above Figure specialisation takes place in organisations both on a horizontal plane in terms of specialisation of tasks at the same level and vertically in terms of specialised functions and decisions. This helps to identify the alternative categories and types of work structuring that are possible.

- a) **Job Rotation:** This involves rotating people between jobs on the same horizontal plane, either in an agreed or informal basis. It goes some way to achieving some of the desirable job characteristics of increased variety, use of different skills and the opportunity to learn. However, it makes only a limited contribution to improving the motivational content of the jobs.
- b) **Job Enlargement:** This involves combining a number of tasks on the horizontal plane to increase the cycle times and create more complete and hence meaningful jobs. It reduces the degree of specialisation involved and may reduce the degree of pacing in an individuals job. However, as with job rotation, some of the other characteristics of autonomy in decision making, interaction and responsibility are not fulfilled.
- c) **Job Enrichment:** This introduces changes in the vertical plane by giving operators greater responsibility for decisions relating to their work. Thus, they may be involved in the planning and organisation of their work, for checking

and quality control or for auxiliary tasks such as record keeping, etc. The aim of this change is to enhance the motivational content of the jobs in terms of increased autonomy, decision making, responsibility, recognition, etc. This can be achieved to some extent by changes on the horizontal plane, i.e. giving employees total task and control over their pace of work. However, vertical job enrichment does have implications in terms of organisation, since it gives employees greater involvement in decisions which traditionally have been the responsibility of management.

- 1) **Group Working:** This recognises the significance of groups at work. The advantages of group working are seen as increasing the confidence of workers through recognition of important skills, development of social skills and the opportunity to influence and exercise leadership. The group provides support, encouragement and security and since individuals are interdependent, there is more scope for delegating complete task responsibility to the group.

## 6.5 CURRENT ATTEMPTS AT WORK STRUCTURING\*

Attempts at work structuring have shifted from the individual jobs as a unit of analysis and design, towards the group and a more holistic approach to work organisation design and development. The earlier technique of job rotation, job enlargement and job enrichment are perhaps now recognised as having somewhat more limited application, while the broader approaches involved in group working and socio-technical system design can often provide an umbrella under which the objectives that the earlier techniques sought to achieve are fulfilled.

### Examples of Work Structuring from India and Abroad

Many organisations, in India and abroad, have attempted work restructuring with varying degrees of success. We shall review here a few such attempts.

#### Post office, Shimla

A staff group of the National Labour Institute, based on on-the-spot studies of post offices, selected the Chaura Maidan post office at Shimla to conduct an experiment on work reorganisation. The post office in question had 44 employees, 43 full time and one part time. Among these three were union leaders, two being postmen and one a telegrapher. Some of the active employees, including the sub-postmaster in charge of the post office, were involved in the preliminary diagnostic study, which showed that :

- the working space in the office was inadequate and congested with abundant antiquated and dysfunctional furniture and old records.
- the lighting was poor.
- there was no physical facility at the counters for customers who had to fill in forms or sitting accommodation for the old and infirm.

It was felt that before any new form of work organisation was created, these problems should be resolved. Action was immediately taken, more space was created, functional furniture was brought in, the old stock of records was disposed of and a recreation room for the staff was created. Simultaneously, a more careful analysis of the work system was carried out by the employees who were encouraged to come forward and work with the change agents. The analysis showed that the activities of the post office consisted of :

- Collection and delivery of mail, including accountable items such as registered letters, money orders etc.
- Counter services, which included savings bank function, booking of money orders, registration of letters and parcels, the sale of postage stamps and postal orders, registration of broadcast receiving licences, etc. Each function was performed at one counter, while postage stamp selling was carried out at another counter.
- Cable and telephone activities, including receipt and despatch of telegrams, settlement of telephone bills and maintenance of telephone booth.
- Control functions, including treasury and correspondence activities.

Work in the post office was typically bureaucratic along strictly one-man, one-job

\* The Indian case studies discussed in this Unit are based on the work of Nitish R. De referred to at the end.

lines. Sorting postman carried out sorting activities, delivery postman did the detailed sorting and delivery clerks maintained records of accountable items and so on. The result was that the same customer, depending on the nature of his needs, would have to go to different counters, one after another, and in the process stand in line and take his turn for the particular service provided at each counter. Apart from delay, this was a cause of irritation resulting in negative image for the postal system.

A series of meetings were held with the employees and the change agent in search of a better system that would relieve them from undue pressure of work and at the same time render better customer service. It was decided that the delivery personnel would start working as a group instead of individually. Consequently, a delivery group was created consisting of the sorting postmen, the delivery postmen, the clerks concerned with maintenance of records and assistant postmaster. The work layout was redesigned and the group decided to reallocate work itself. Gradually the system became stabilised, with the result that sorting and delivery of mail was cut down by about three quarters of an hour per shift.

Encouraged by this experience, the employees decided that the four counters meant for the public should become multiple counters, each one providing all the counter services except savings bank accounts which was retained as a separate service provided at one counter only. Apart from being helpful to the clients this arrangement distributed equitably the pressure on the counters and variety was introduced in the work itself. It was also possible for the counter clerks to take their lunch break in turn, closing down one counter at a time. There were occasional problems but the employee groups were advised to sort out their own problems with the sub postmaster.

Encouraged by the results of this group system of working the experiments were tried out in two other post offices in Shimla.

#### **Bharat Heavy Electricals Ltd., (BHEL) Hardwar**

BHEL is one of the largest public enterprises in India with six major manufacturing plants and several divisions. The Hardwar unit, employing over 10,000 employees is mainly concerned with manufacture of heavy electrical equipment such as steam and hydraulic turbines, generators and other related equipment. Though it was 10 years old, the unit was not coming as expected and production was not satisfying.

Survey undertaken in the unit to diagnose the training needs of the middle management level, it was found that in some of the key areas managers were lacking knowledge and there were information gaps. The situation was not conducive for an effective performance of their supervisory functions. Another study to find out the linkages between the quality of family and community life and the quality of workers' life, showed a clear dichotomy between the life of the workers at the workplace and their life around the family.

The above were some of the factors which contributed in undertaking a work design experiment at a favourable work site. Block V, where 25 workmen were engaged in fabrication of the upper part of condenser unit was selected, in view of its compact character, reasonable layout and the positive attitude of the manager and the shop floor trade union leaders. The reasons for selecting the group were: (1) the condenser was an expensive piece of equipment, (2) for the setting up of the power status it was necessary that a condenser unit should be placed at the site before the steam turbine was installed and as such it should be manufactured and dispatched at least two months ahead of the completed steam turbine and (3) the productivity in the shop was not of a high order.

The workers agreed to undertake the work redesign experiment after a series of talks with internal and external consultants. The total complement of 25 workers in Block V was made up of 9 fitters, 3 fettlers, 3 welders, 2 gas-cutters, 1 crane operator, 2 riggers, 2 helpers and 3 workmen involved in materials supplies.

The study of the social system of work imposed by the work organisation indicated that (a) each worker was concerned with his own trade and that none identified himself with the product itself, (b) there was invariably forced idle time because when a particular worker was working at a spot, another worker who was required to do his job in close proximity, had to wait till the first worker had finished his job and (c) there was uneven demand on the services of the materials supplies group, crane operators and riggers. When the study was undertaken in April-May 1975, productivity was certainly very low. Part of the low productivity was on account of

high rates of absenteeism during the summer months. The workers, after analyses of data generated from their own experiences, decided on two steps:

- 1) To set up a task force with representatives of each category of workers and the supervisor. The shop manager would also participate in the meeting if the group so wanted and an industrial engineer was also associated with the group as a resource person. The task group had a membership of 8. Two of the members would be on it permanently because of their leadership abilities and the other members would rotate (except for supervisor).
- 2) A new work-system which would take care of the workers motivation as well as overcoming the persisting culture of low productivity was to be formulated. Consequently, work system was evolved in which the direct production group would consist of one welder, three fitters and 1 fettler. The functions of the group is to take charge of the complete task and gradually take up one another's skills by undergoing on-the-job training. The same is with the crane operator and the riggers. It was decided that the gas cutters and helpers on the one hand and materials supplies group on the other would be integrated into the new work system at a later stage.

With more experience and confidence, the workers brought about another redesign of their work organisation in the month of September 1975. Here the workforce was distributed in two shifts in the following manner:

	Shift 1	Shift 2
Fitters	5	4
Welders	5	6
Gas-cutter	1	1
Fettler	1	1

In addition, crane operators were there in both the shifts. Each shift group became an integrated group with one group fabricating the right side of the upper part of the condenser unit and the other fabricating the left side. The same process was started in Block II concerned with the manufacture of the lower part of the condenser unit. A similar small-group module was designed with the task force consisting of eight members with the provision of monthly rotation.

The results of these experiments were encouraging. There were steady increases in productivity. Further, the old culture of one man-one function was replaced by the acquisition of multiple skills leading to the development of a group system of working with internal monitoring of group norms, internal control of work flow and work allocation, identification with the product and its quality and the gradual drop in personal idle time on account of toitering, etc. The old culture that higher status work like that of welder or a fitter would stand in the way of taking up a low status job could be overcome.

The minutes of the meetings of the task force indicate a high degree of orientation towards work-interest issues such as delay in the repair of cranes, etc. as against the usual union management type of meetings in which interest related issues assume importance, one could discern a distinct qualitative shift towards problem solving orientation with a view to looking at a problem as a collective one instead of making a scapegoat of the other group.

The work reorganisation experiences also led to a new supervisory role in the form of liaison with the input and output departments, service units and involvement with central planning. This became possible as a result of work groups taking substantial control over the production process including routine inspection and maintenance activities in addition to maintaining discipline.

The success of these experiments led to an introduction of the work redesign culture in several other blocks of the unit too.

#### Hindustan Machine Tools Ltd.

Hindustan Machine Tools (HMT), a major public enterprise, has several manufacturing establishments located in different parts of the country. One of the more complex, called HMT-V, is located at Hyderabad. Among other products, it specialises in the manufacture of special-purpose machine tools.

The general manager of the plant, had been seeking to improve its operation since he had become responsible for production activities, and had brought various innovations into effect in the early 1970s. When the production target for 1974-75

was drastically raised to give over-all financial viability to the plant, and it was found necessary to optimise the utilisation of certain scarce production equipment, he introduced a novel "component centre" approach. The "component centre" concept rests on the idea that components produced with a similar technology and a similar sequence of operations should be manufactured at one centre. The placing of the machines in a component centre corresponds to the sequence of operations. There is, thus, a simplification of the manufacturing process. In one case the advantages of the new system were:

- a) a saving in movement to the extent of 180 metres and eight occasions;
- b) inspection reduced from three times to one; and
- c) delays reduced from 16 times to zero.

After the component centre scheme had been introduced at 22 locations in the plant, a survey was undertaken in 1976 to determine the effectiveness of the new form of work organisation. The positive results obtained were as follows:

- 1) The new approach was felt (by 62 per cent of the supervisory and managerial staff and 67 per cent of the operatives) to have simplified and improved operational layout.
- 2) Machine utilisation under the new scheme reached between 75 and 80 per cent.
- 3) Manufacturing cycle time showed an appreciable improvement.
- 4) There was also a substantial improvement in performance. While improved performance cannot be due to a single factor, particularly when additional elements such as an incentive bonus scheme were introduced simultaneously with the component centre system, 60 per cent of the supervisory and managerial personnel and 74 per cent of the operatives felt that improved performance was due to the introduction of the component centre scheme itself.
- 5) It was also felt by 80 per cent of the operatives that the supervisors had become more versatile because of the varied responses their tasks entailed.
- 6) Another major positive gain was found to lie in a sense of meaningfulness: the workers in a component centre could see the end product of their efforts even though an identification with the product could not be established directly.

Certain negative findings were also brought to light by the survey:

- 1) The workers felt that the pressure for target achievement was so high in each component centre that the centre put a high priority on its own task and would not respond to urgent demands from other groups. Selfishness was seen as a major factor causing delay in responding to the requirements of other component centres.
- 2) Absenteeism continued to be a problem, and there was no improvement on the previous rate.
- 3) Work monotony was seen as having increased: 30 per cent of the supervisory and managerial staff and 40 per cent of the operatives felt that their work was more routinised than it had been before.
- 4) Records indicate that there was no appreciable quality improvement under the new system.
- 5) Non-availability of tools was also regarded as a serious problem for each component centre.

The main conclusions drawn from the evaluation study in respect of the operation of the component centre system were as follows:

- 1) Competitiveness among the component centres caused delays, and would have to be overcome. It would be desirable to foster co-operation.
- 2) It was felt by 60 per cent of the supervisory and managerial personnel and 40 per cent of the operatives that the problem of monotony and absenteeism could be overcome by introducing a group system of working in the component centres instead of having each individual operating a single machine with a single specialised skill. Multi-skilling with rotational opportunities and work allocation by the group itself on internally evolved norms would make the work more attractive for operatives and supervisors.
- 3) A substantial number of operatives felt that the job instructions issued tended to be excessively detailed and that they themselves could draw up operational instructions that would not lead to a reduction in product quality.

The management of the plant was seeking to take steps to rectify the negative aspects revealed in the research findings by introducing group working in the component centres.



### **The Dalmine Tube Mill at Apuania, Italy**

Under a quality improvement and product diversification programme, the Dalmine company decided in 1972 to instal new tempering, sizing, straightening and finishing equipment in its tube mill at Apuania. The new equipment comprised technologically advanced machinery, which was never used in Italy, and took the place of an old heat treatment shop of a very rudimentary character. The management decided that this innovation should be accompanied by a new form of work organisation directed at achieving a high level of efficiency by optimising the combination of technological and human or social variables.

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## **6.6 INTRODUCTION OF A NEW FORM OF WORK ORGANISATION**

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For the new form of work organisation to be introduced at the Apuania mill, a working party was set up consisting of experts from the personnel, time and methods study, quality control and production divisions of the general and works management. The working party carried out a preliminary analysis of the situation and agreed on a methodology. It was then enlarged by the addition of workers' representatives nominated by the works council.

The working party held its first meetings when the new equipment was undergoing its trial run. The shop as a whole was divided into a number of areas each physically distinct and devoted to operations having an ascertainable result and including inspection functions. The analysis covered heat treatment; sizing; straightening; Magna test I inspection; ultrasonic inspection; magnetisation, surface inspection and grinding; cutting to length; and functional relations with the programming, quality control and maintenance departments. About 30 work posts and 150 workers (on shifts) were involved.

Once the analysis was completed various possible forms of organisation were worked out. The working party's final proposals embodied alternative forms of semi-autonomous group working, one based on stages in the production process and the other on homogeneity of functions. Under both alternatives quality control and day-to-day maintenance would be assigned to the groups while production planning would be left to the planning department and the shop foreman.

Under the arrangement ultimately adopted, there are four groups, each corresponding to a stage of the production process, as follows: heat treatment, sizing and straightening, quality control and grinding, cutting to length. Each group is multi-skilled, every member being available to perform any of the functions assigned to the group. The arrangement had been negotiated with the trade unions, and a works agreement of April 1975 provided that after the initial phase each group would be qualified for inclusion in class V. A new entrant would be given 21 months to become fully multi-skilled; theoretical and practical training would be available after working hours.

Group A (seven workers at any one time, out of a total of 37 for 16 shift periods a week) carries out all the tasks involved in the efficient operation of the heat treatment equipment. It has sole responsibility for taking delivery of the raw material, stock control in that respect, the feeding and operation of the machinery (in accordance with standard operating procedure) maintenance of the electrical and electronic systems, keeping the records required for production control purposes, and arranging job rotation within the group and all scheduled rest periods (including holidays).

Group B (four workers at any one time, out of a total of 18) sets, adjusts and maintains the sizing and straightening machines, and arranges job rotation and scheduled rest periods. Group C (11 workers at any one time, out of 51) is in charge of non-destructive testing by electromagnetic and ultrasonic means. It sets and adjusts the necessary equipment, makes the sampling arrangements and carries out the grinding operations required; it maintains a detailed record of flaws, and arranges job rotation within the group and scheduled rest periods. Group D (also 11 workers at any one time out of a total of 51) is in charge of cutting, trimming and blunting, size control, and the stocking and despatch of the tubes. Like the other groups, this one also adjusts and maintains the necessary machinery and arranges job rotation and scheduled rest periods.

On each shift the work of the groups is co-ordinated by a foreman, who is also

responsible for liaison with the functional departments (e.g. production planning, metallurgical standards), suggests improvements to the equipment and checking attainment of quantity and quality targets. He also takes any necessary steps to facilitate the work of the groups.

#### Results

An initial assessment of results after the first 18 months is as follows. From the technical and economic points of view it is noted that the equipment, which was expensive and of an entirely novel kind for the Dalmine company, reached the required level of performance very quickly and without any major difficulty.

As regards the effects on the workforce it should be borne in mind that 70 per cent of the workers concerned came from another shop mostly production workers within the Apuania works; their age, length of service and skill were about average. Skills were very evenly developed and it can be said that each group rapidly became multi-skilled. Multi-skilling, led to group consciousness, with favourable results in terms of productivity.

On the other hand this behavioural change also had negative results. Extreme mobility within the groups is a remarkable advantage in view of the growing lack of flexibility in other shops, but the mobility is offset by some reserve in dealings with outsiders: each group is now somewhat reserved in its relations with other groups, the foremen and the functional departments. The immediate negative repercussions on the foreman's role can be remedied only by giving the groups collective co-ordination duties in relation to the shop as a whole. At the moment such a change is ruled out for technological and vocational training reasons, but there is no other way of enabling the new form of work organisation to develop.

#### Volvo Car Manufacturing Factory at Kalmar, Sweden

The most publicised efforts on job design and work restructuring have occurred in Volvo in Sweden. Volvo is considered, in some senses, as the ultimate example of work restructuring. At its Kalmar plant this involved the complete redesign of a factory and the abandoning of traditional assembly lines for group methods of production.

At Kalmar there is no conventional assembly line system. Instead, work is carried out in 30 different workshops each with 15-20 workers who form themselves into work groups depending upon the tasks to be performed. Car bodies are transported from one shop to another on flat trolleys which allow the body to be lifted to 90° and raised to ease working on the underside. Workers are able to control their rate of work through the introduction of buffer bays where the trolleys can wait while workers take rest breaks in their own time. Every workshop has its own separate entrance from outside, changing and rest rooms and a view of the surrounding countryside.

Significant benefits have been achieved on the behavioural side. Group working has encouraged a collective feeling of more mutual tolerance and greater independence for work people. Employees are more involved in the planning and organisation of their work and with the aid of job rotation within the group, experience more variety of tasks. They are also involved and feel more responsibility for solving the work problems. Many feel that job variation and involvement in problem solving gives them better insight into the overall production process in the factory. Some aspects created problems for workers, especially where absenteeism meant having to work in another workshop or section. There was also some social pressure to work on cars in the buffer zones in order to gain longer rest periods.

The economic results of the experiment were, however, less encouraging. For example, the anticipated improvements in quality control had not fully materialised. This may, however, be partly due to failure to use the quality feedback system properly and also social pressure to work on buffer stock cars. Absenteeism and turnover were both marginally better than other Volvo Plants.

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## 6.7 THE IMPACT OF WORK STRUCTURING

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The examples quoted in the previous section indicate that changes at the level of the individual jobs do have considerable impact on other levels and aspects of the organisation. The most obvious impact of the delegation of responsibility for

decisions is in the role of the immediate supervisor. The increasing trend towards forms of group working also affects the top management, the trade union, the reward structure, etc.

#### Role of the Supervisor

The roles that are emerging for the supervisory personnel specially at the Indian experimental sites, have a number of common features:

- 1) The intensity of quality of interaction between the supervisory personnel of the experimental groups and their counterparts in other departments have invariably increased. In practically all the cases the interaction has been positive.
- 2) The supervisory personnel have been involved in somewhat longer-term planning, which has given a stamp of distinction to their position. In units, like the Hardwar plant of Bharat Heavy Electricals supervisory personnel have found themselves more and more involved in production planning and in scheduling programmes for a period of two to four weeks.
- 3) The control function of the supervisors had undergone a change, although not in equal measure in all cases. The extent of the change is conditioned partly by the supervisor's leadership qualities and partly by the ability of the experimental group to develop internal norms of work, including handling of the problem of discipline.
- 4) The supervisors' interest in their own development had increased perceptibly in most of the cases. They now saw their own training and developmental needs in a better perspective than they had been able to see them before.

#### Role of Top Management

The character of the existing organisation, as reflected in the over-all leadership of management and labour on the one hand, and their inter-relationships on the other, is an important factor in generating interest in work redesign. It is also relevant to the diffusion process. In the Hardwar factory the leaders of the unit were playing a supportive role without direct involvement. The General Manager (Production) and his counterpart in the administration, two key men next to the Executive Director, were also involved in an indirect way, through contact with the external consultants rather than in the day-to-day working out of the project. The shop managers and supervisors were thus given an opportunity to operate autonomously on the demonstration sites as members of the task forces.

#### Role of Trade Unions

On the whole, the Indian data so far indicate that grass-roots trade union leaders who have been involved in demonstration projects have not only responded positively, but are also playing a role in diffusion efforts, as at the Hardwar unit. At the national level, however, the trade union leadership is still not involved in the process of overcoming work alienation, and continues to be chiefly concerned with bargainable issues.

#### Reward Structure

In India it is definitely more complicated to create new forms of work organisation if the existing organisation is plagued by a high degree of frustration among employees and if they have a strong negative image of the organisation. The immediate establishment of better reward structures would be an important requirement in such cases. However, the designing of appropriate reward structures continues to be an unresolved problem in India. It remains unresolved because there are too many variables that make the picture overly complex.

An example of the difficulties involved in changing reward structures is provided by the Hardwar unit. It has a group reward scheme, which, by itself, would have been satisfactory to the group working on work redesign demonstration sites. Unfortunately, however, in the other shops the continuing practice of overtime payments for extra work done is obviously so advantageous for the workers concerned that at times the workers who have volunteered for the participative system are puzzled about the inequities of the reward structure. Production shortfalls, partly if not mainly caused by the traditional work system, encourage overtime working, and vicious circle is established. There is no such problem at the Tiruchirapalli unit of Bharat Heavy Electricals, where various forms of tangible and intangible rewards directly related to efforts and performance were introduced; from the very beginning due acknowledgement was made for all the elements contributing to team work in the plant, with the result that the whole reward structure was seen to be fair and equitable.

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## 6.8 SUMMARY

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In this unit we have shown that the extent of work design is now quite significant. It has gone beyond mere experimentation into application by many organisations as a means of overcoming identified problems. We have also shown how thinking and experience on the forms and types of work structuring have progressed from simple approach of job rotation, through job enlargement and job enrichment, to the more complex and holistic approaches of group working and socio-technical systems design. It was also evident from the many examples quoted that changes at the level of individual jobs do have considerable impact on other levels and aspects of the organisation.

It is better to review the results of these experiments. As it appears, productivity and efficiency increased in all the experimental sites. In BHEL, Hardwar, the experimental work groups also took up additional routine maintenance work. De reports, "At the same time, the groups were unhappy that their earnings under the rewards system often fell short of earnings of some of the workers working under the traditional system as they could not get overtime earnings...(since) the experimental groups... practically did away with the need for overtime work". Other reports indicated that the workers also wanted a share in the productivity gain but management did not concede this demand which was one important reason for which the experiment ultimately failed. It can be concluded from this that the redesigned jobs increased the commitment of the workers, this commitment was essentially calculative rather than moral in nature. This means that the workers would produce more provided if there was a rise in their earnings.

From these experiments De suggests that "Management should perceive such experiments as not something in the nature of management techniques to improve upon operation management but as an effort at bringing about a new culture and style of management basically to humanise the work system and to de-bureaucratise the organisation culture. Unless this basic value is subscribed to by the management in the form of an explicit policy statement hopefully from the top management, the work redesign experiments could become one more management 'gimmick' and in the process the basic 'message' would be lost".

In addition to the productivity gains, De also claims specially on the basis of BHEL experiment, that the experience of a participative culture in the concreteness of work situation had also some impact on worker's family life and community life.

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## 6.9 SELF ASSESSMENT TEST

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- 1) In what ways are the new forms of work organisation different from traditional ones?
- 2) In what ways are the Maslow's and Herzberg's theories of motivation related to the design of work?
- 3) What characteristic of jobs do you value most highly? Explain and list them in order of importance to you.
- 4) How can the motivational contents of jobs be improved?
- 5) Briefly describe the socio-technical approach to work design. In what ways is it an improvement over the traditional and psychological approaches to work design?
- 6) What problems can group working overcome? Give examples from cases cited.
- 7) In your opinion, was the BHEL experience with work redesign a success or a failure? Explain.
- 8) What is the impact of work redesign on the supervisory role? Explain with the help of examples from cases reported.

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## 6.10 KEY WORDS

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**Work Design/Redesign or Work Structuring/Restructuring:** Designing or making alterations in the organisation and content of work.

**Socio-Technical Systems:** Integrating the social and technical aspects of the system.  
**Autonomous Groups:** Developing groups and teams of employees who can be given the discretion and autonomy regarding various aspects of their work.

New Forms of Organisation

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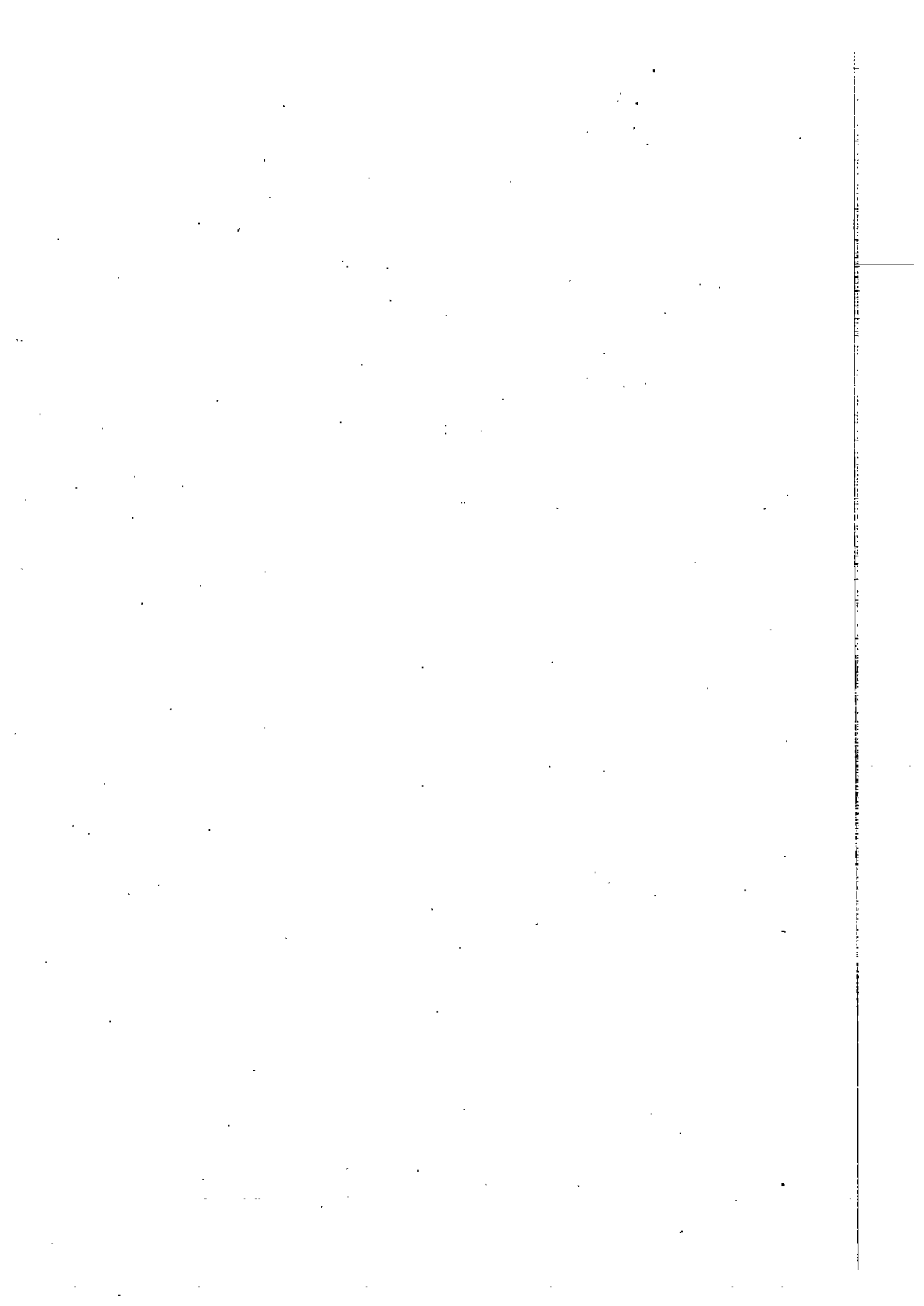
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## UNIT 7 QUALITY OF WORKING LIFE

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### Objectives

When you have completed this unit, you should be able to :

- understand the concept of Quality of Working Life in broader societal perspective.
- appreciate the centrality of the institution of work and its effects on the quality of life of employees.
- identify organisational and environmental forces necessitating change in the way work has been traditionally designed.
- develop awareness of various approaches in improving quality of working life.
- appreciate implications of quality of working life movement in Indian context.

### Structure

- 7.1 Introduction
- 7.2 The Institution of Work
- 7.3 Need for change : Socio-cultural Conditions
- 7.4 Quality of Working Life : Approaches
- 7.5 Quality of Working Life in the Indian Context
- 7.6 Summary
- 7.7 Self-assessment Test
- 7.8 Further Readings

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## 7.1 INTRODUCTION

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One of the major problems facing the developing and the developed world is the quality of working life of a vast majority of employees engaged in productive pursuits. This issue is not just one of achieving greater human satisfaction but it also aims at improving productivity, adaptability and overall effectiveness of organisations. The equality of working life movement in a broader sense seeks to achieve integration among the technological, human, organisational and societal demands which are often contradictory and conflicting.

Quality of Working Life is not based on a particular theory. It does not advocate a particular technique for application. Instead, Quality of Working Life is more concerned with the overall climate of work and the impact that the work has on people as well as on organisation effectiveness. Direct participation of employees in problem solving and decision making particularly in areas related to their work is considered to be a necessary condition for providing greater autonomy and opportunity for self direction and self control to workers with the ultimate objective of upgrading the quality of life at work. The recognised purpose is to change the climate at work so that the human-technological-organisational interface leads to a better quality of work life and eventually to an improved quality of life in community and society.

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## 7.2 THE INSTITUTION OF WORK

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The workplace for most people in organised sector of human activities is confluence of the organisation's objectives, values and practices; the individual's attitudes, potentials and aspirations; and the larger objectives of the society and the demands that the society places on him. There are multiple interlinkages among the work system, the organisation, the individual and the society at large. It is necessary to look into the institution of work and examine the nature of inter linkages between work and some aspects of socio-cultural and psychological milieu.

In recent years a growing interest among concerned professionals in bringing about improvement in quality of working life in organised sectors is indicative of their efforts to exercise the choice in a deliberate and planned manner in designing new work systems which alone can meet the aspirations of the people in a given socio-cultural context. Work system changes have wider implications for society as a whole because improvement of quality of life in any society presupposes enhancement of

quality of working life.

Although physical and technical conditions of work and their effects on individuals and on productivity have been a subject matter of study for the past few decades, it is only recently that socio-psychological dimensions of work and their relationship with socio-cultural environment of people have received systematic attention. A growing body of knowledge has made it possible to draw certain broad conclusions with regard to the meaning of work to an individual and the relationship between work life and other aspects of life.

Work plays a central role in the life of most people engaged in productive activities. Jerome M Rosow (1974 : 2-3) with long experience in government and business has summed up the centrality of work in following statements:

"Work is at the core of life. Consider the deeper meaning of work to the individual and the life values; work means a good provider, it means autonomy, it pays off in success, and it establishes self-respect or self-worth. Within this framework, the person who openly confesses active job dissatisfaction is virtually admitting failure as a man, a failure in fulfilling his moral role in society. Since work resides at the very core of life values, self-esteem colours the response to job satisfaction attitude surveys. A negative answer may negate the life style and the very ego of the individual. It may well involve a painful, if not impossible, denial of basic goods in life. It is tantamount to an admission of an inability to achieve and perform an economic, useful, and productive role in society, in the family, in the church, and in the community."

Commenting on the impact of routine work on individuals and its subsequent dysfunctional manifestations, George Strauss (1972 : 75) sums up the research finding as follows :

"There is overwhelming evidence that many (but not all) workers react negatively to work that is routine and without challenge. A whole series of studies from mass production industry shows, for example, that dissatisfaction appears directly related to short job cycles, lack of autonomy and control over work place, and jobs which require attention but not challenge. Such factors also relate to absenteeism, turnover, strikes and even poor mental health."

With regard to the adjustment of individuals to non-challenging jobs, the same author (1974) based on the reviews of numerous literature comes to the conclusion:

"Challengeless bureaucratic jobs inhibit the normal development of human personality, thus leading to poor mental health, apathy, and even the delusion that one prefers highly structured work. Workers suffering from such conditions attempt to redirect their limited energies to activities off the job, to social life on the job, or to sheer fantasy-but never with great success and always with considerable emotional cost."

What is of great significance in Strauss' observation is that "whole cultures may adjust to job opportunities which call for little challenge and so change "personality". Although such adjustment may be unhealthy, it can be stable and not leading to revolt unless the underlying conditions change." Responses of such culture with changed personality to challenges in other aspects of life are likely to be one of inaction, apathy and withdrawal rather than of positive action, commitment and involvement.

An in-depth study of the automobile workers by Kornhauser clearly shows the psychological salience of the job within the factory population studied. Job remains very much in the forefront of workers at least on par with family interests and decidedly more prominent than other segments of their lives. Kornhauser's (1965) conclusions which are highly relevant for appreciating the effect of jobs on mental health of workers are summarised below:

- 1) Large numbers of automobile workers manifest feelings, attitudes and behaviour that signify none too satisfactory life adjustments or mental health. Their responses reveal feelings of adequacy, low self-esteem, anxiety, hostility, dissatisfaction with life, and low personal morale.
- 2) Mental health varies consistently with the level of jobs the workers perform. That is, higher the occupation (in respect of skill and associated attributes of variety, responsibility and pay), better the average mental health.
- 3) By far the most influential attribute in determining job satisfaction and



dissatisfaction is the opportunity the work offers-or fails to offer-for use of the worker's abilities and for associated feelings of interest, sense of accomplishment, personal growth, and self-respect.

There is enough evidence to indicate a high degree of inter-connectedness between work life and community life. Thus according to Harold Wilensky (1961), "where the technical and social organisation of work offer freedom — e.g. discretion in methods, or schedule, and opportunity for frequent interaction with fellow workers ... then work attachments will be strong, work integrated with the rest of life, and ties to the community and society solid. Conversely, if the task offers little workplace freedom ... then work attachments will be weak, work sharply split from leisure and ties to community and society uncertain."

If a person is to be considered whole and not segmented or a set of fragmented parts then the natural corollary is that work life and community life cannot be seen as disjoined either. They form a continuum. In the context of traditional societies moving towards modernisation it is all the more important to take into account the interplay of forces in work and non-work lives of the individual and to examine the structural and dynamic action properties of the multiple interlinkages between them.

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### 7.3 NEED FOR CHANGE : SOCIO-CULTURAL CONDITIONS

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It is not a question of affluence or reaching certain stage in the development of technology as in the western countries, it is more a question of seeking to build such systems which are adaptable and therefore sensitive to their environmental realities. In transitional societies with an elaborate system of social stratification, innumerable number of interest groups interdependencies among which will increase as the society modernises, and sets of differential values, attitudes and practices which are deeply rooted in the past, it is all the more necessary to devise such systems of organisation as are capable of generating appropriate responses to meet the uncertainties of the environment.

Some of the characteristics of socio-cultural conditions which may necessitate change in work system can be stated as follows :

- 1) Work organisations are open systems and thus do not operate in isolation. On the contrary, they operate on a high level of interaction through multiple linkages with other systems. This gives rise to multiple organisational connectedness and individuals who enjoy membership in multiple organisations tend to bring in properties and values of those organisations as well. A work organisation superimposed on a socio-cultural system with different structural and dynamic action properties, therefore, is likely to have negative consequences on the system as a whole unless a planned effort is made to deal with these consequences. In India as in other developing countries it is not only technology that has been borrowed but also the associated organisation of work which do not necessarily fit within the prevailing socio-cultural framework.
- 2) A number of studies relating to introduction of an alien form of organisation and technology have shown the shattering effect it can have on the social structure and system of values of a people. Sharp's analysis of introduction of steel axes among the stone age tribe of Australia and its consequences in terms of the total disintegration of the social system is a well known example. Linton's analysis of introduction of wet rice cultivation system in a Madagascan tribe is yet another case where the tribe accepted it and then went back to the old dry rice cultivation as the former was not in consonance with their value system and ways of life. Our experiences in India are too well known to be mentioned here. Consequences of this kind can be discerned in one form or another in complex societies as well.
- 3) Rural societies in India place high premium on group cohesiveness and solidarity and the role of competition within a group — be it a joint family, caste or village — is minimised through such institutional arrangements as "jajmani system" reinforced by social, moral and religious sanctions. Competition in occupational spheres is minimised by emphasis on ascription. Collaborative orientation, therefore, seems to be a predominant value.
- 4) Concepts of time and space and their structuring in rural societies differ

- considerably from the prevailing concepts in urban-industrial areas. In so far as space is concerned, sense of territoriality — desire to own and identify with definable space — is very high in rural areas. The village for example has been an important source of identity for the rural masses. In some castes, particularly in the southern parts of India, name of the village to which one belongs is added to one's name. Concept and structuring of time is yet another important variance. The tribal/rural workers, particularly in the coal mines, construction industries etc., tend to be absent from their work immediately following the pay day, their own festivals or during sowing, plantation and harvesting season. In a sugar factory located in a tribal area in Maharashtra, the organisers of tribal workers entered into agreement with the management to regulate working hours to eight hours a day. The tribal workers, however, continued to work longer hours as in the past unmindful of the superimposed time structure.
- 5) In the last one decade or so there has been a qualitative change in the nature of work force particularly in those industries where skill requirements are high. Most workers in these industries are young, educated and have relatively high level of aspiration than their counterparts of older generation. The young workers look for opportunities to utilise and develop their potentialities. They look for intrinsic factors in their work. Our finding among a cross-section of young workers from a large public sector undertaking confirms this.
  - 6) The presence of two cultures side by side — one having its roots in the traditional modes of living with emphasis on "ascribed statuses" where the primary sources of one's identity are social groups, and the other associated with advanced technology with emphasis on "achieved statuses" where the primary source of one's identity are the formal work groups and organisation, creates problems of its own. People who live in these cultures tend to adjust to the new demands of production processes not by accepting their imperatives but by creating informal groups based on caste, language, religion and region which in most cases are detrimental to the realisation of organisational and social objectives. The needs for status and for seeking identity if not satisfied by the given organisation of work in a production system, it is only logical for the workforce to seek the satisfaction of these needs by extra organisational means.
  - 7) Social and economic relations that are prevalent in most rural and semi urban areas particularly in eastern and central India provide useful insight in the dynamics of adjustment and adaptation of a population to the demands of changing technology. Most dramatic example comes from the coal mining belt in eastern India. An excerpt from the editorial in a leading weekly throws light on this problem: "More dramatically, than anything else, the happy co-existence of the advanced technology of deep-shaft coal-mining with the most ferocious forms of accumulation involving bribery, extortion and terror, only proves how we too are able, in our own way, to resolve contradictions."
  - 8) The near absence of work culture among practically all levels of employed workforce has been yet another important characteristic of the prevailing socio-cultural reality. Loss of interest in one's work and consequent apathetic responses to diverse situations is not confined to blue collar workforce only; manifestations of these can be seen among all sections and in all sectors including the educational institutions. Even among the white collar workers in relatively affluent sectors such as banking, insurance etc., one can discern a growing apathetic response to work situations provided one looks into the pattern of work behaviour over a period of time.

Some of the obvious characteristics of the existing socio-cultural realities in India highlight the need to have a fresh look at the way in which we have organised our work in industrial and government sectors. To the extent organisational processes are geared to deal with and channelising the contradictions and conflicts prevalent in the socio-cultural system in the direction of innovative and constructive pursuits, these will obviously contribute to the enhancement of quality of life of millions of people at work place and in the community. And it is here that exercise of choice on our part in designing work organisations geared to these needs is profound significance.

It is all the more important in our context to design alternative forms of work organisation because the western industrial model based on bureaucratic principles has already begun to disintegrate. In case of developing countries observations of the Eric Trist (1975) based on his experiences in Peru are quite relevant:

"It (bureaucratic model) would retard development of their productivity,

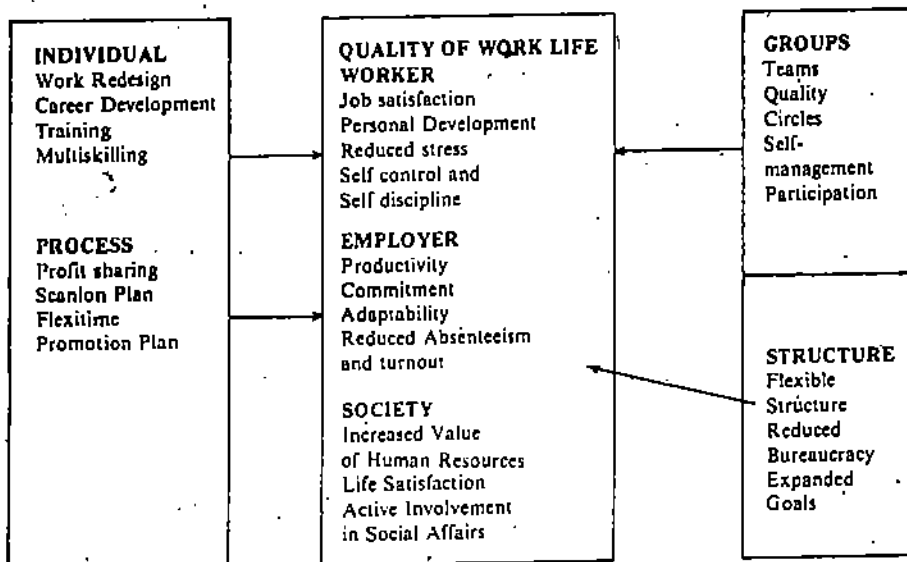
increase their comparative economic disadvantage, and all too rapidly create alienated workers likely to cause severe political problems. Their best strategy would be to 'century skip'—to ignore nineteenth century models of industrial organisation and the dehumanising values embodied in them—and experiment in ways suitable to the conditions of the Third World, with new forms of organisation that give first importance to the quality of life in the work place."

In a developing country where increased productivity and quality of life of the people are legitimate and desirable goals, one cannot sacrifice one for the sake of the other. If one, however, does sacrifice then in the process, experience has shown, one gains neither.

## 7.4 QUALITY OF WORKING LIFE : APPROACHES

The quality of working life movement traditionally has been closely identified with the job redesign efforts based on socio-technical systems approach. However, during the 80s the concept of Quality of Working Life has been broadened to include a number of approaches aimed at joint decision making, collaboration and mutual respect between management and employees, increased autonomy at work place, and self management. Thus the Quality circles adopted by Japanese and Indian industries as well as democratisation of work process through self regulating autonomous groups in the scandinavian countries and the U.S.A. are all considered part of the Quality of Working Life movement. The following table outlines the elements of quality of working life efforts:

Quality of Work Life Elements



Adapted from SZILAGYI, A.D Jr + M J Wallace Jr.  
*Organisational Behaviour and Performance*, 4th edition.

## 7.5 QUALITY OF WORKING LIFE IN THE INDIAN CONTEXT

In conclusion, then, there are several pertinent aspects of quality of working life movement particularly in the context of India and other developing countries that merit consideration.

1. The quality of working life of people depends on the extent to which men-work-environment relationship forms and integral whole and where the level of interaction among the three is very high resulting in a state of dynamic equilibrium. It is only in a state of dynamic equilibrium and an awareness of it

that the status quo orientation of people in organisations can be replaced by adaptive action orientation.

2. The design of work systems in developing countries, therefore, will have to be such as to take into account the mutuality of relationship between work organisation and the socio-cultural realities. There will, inevitably, be the need to initiate action research in variety of settings and on a large scale which alone can provide insight into the nature and dynamics of interlinkages between the work system and the socio-cultural system.
3. In most developing countries, work redesign can become a powerful instrument of cultural and attitudinal change. Certain values, attitudes and cultural attributes acquired in the new work system can manifest themselves in the socio-cultural and political system as well. Thus, while in the case of India, the bureaucratic form of work organisation reinforces the authoritarianism of traditional society, the redesigned work system based on participative principles will tend to foster democratic values in the society at large.
4. While it will be necessary to inculcate new values and attitudes in the work place, it will also be equally desirable to design such systems which will sustain and strengthen the predominant patterns of behaviour that already exist in a given culture. Thus, in case of India, proposed alternative form of work organisation with semi-autonomous groups as unit is more geared towards incorporating the main orientations of people as also some of the characteristics of socio-cultural conditions obtaining today.
5. In our context, the quality of working life movement, if confined to the organised sectors of industry and government, which constitute or significant but very small percentage of the total working population, will not be able to contribute towards its ultimate goal of enhancing the quality of life of people in general. It will be necessary, therefore, to broaden its framework so as to encompass the vast majority of men and women who either work in unorganised sectors or as agricultural labour in rural areas and to whom even some of the basic rights have been denied. Maccoby's (1975) enunciation of four principles: security, equity, democracy and individuation in the context of democratisation of work process is highly relevant here. For most people working in unorganised sector and as agricultural labour, principles of security and equity are not applicable as in the organised sectors. Obviously then ensuring fulfilment of these basic need becomes a pre-condition for improvement in the quality of working life in the rural areas. Organisations of rural labour which can ensure security and equity for its members is the first step towards moving in the direction of improvement in the quality of working life. And also it is here that exercise of choice in form of appropriate technology becomes inevitable.

It is our hope that as we gather experiences in redesigning work systems in India, we shall be able to develop models for socio-technical assessment of developing countries and for planning for the future. The philosophy of work redesign does have long term implications for the evolution of social policies of a nation. Our biggest challenge in the coming years will be to design such systems as will be able to resolve for the individual and for the society 'cultural contradictions' which Daniel Bell has described as the 'double bind of modernity' that is, effect on personality of receiving simultaneous, contradictory injunctions, if contradictory injunctions pervade through the fabric of the entire society, the result might be what Bell calls social schizophrenia.

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## 7.6 SUMMARY

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The Quality of Working Life movement aims at integrating the socio-psychological needs of human beings, the unique requirement and constraints of a particular technology, the structure and processes of the organisation and the existing socio-culture milieu. The purpose of the movement is to create a culture of work commitment in organisations and society at large so as to ensure higher productivity, greater job satisfaction and active involvement in community and social life.

Work plays a central role in the life of people engaged in productive pursuits. The nature of work one is involved with, has therefore, profound impact on not only

shaping his personality or determining his performance level in the organisation but also on his commitment to his fellow men in the society. Thus it is imperative to bring about improvement in the quality of life at work which can and even does lead to qualitative improvement in other facts of one's life. The prevailing socio-cultural conditions in India leave no option but to bring about such a change.

Various approaches have been adopted in different socio-cultural contexts to improve the quality of work life such as quality circles, team work, autonomous group working, flexitime, self-management and the like. Central to all these approaches has been the direct participation of employees in affairs relating to their work leading to increased autonomy, self control and self direction.

In developing countries such as India only lip service has been paid to such a vital area of concern. The quality of Working life movement provides a value framework and a philosophy which has a long term implication for the evolution of social policies relating to technological choice and human resources development in countries like India.

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## 7.7 SELF-ASSESSMENT TEST

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- 1) How does Social cultural conditions affect the Quality of working life?
- 2) Explain Quality of working life from Indian context?
- 3) Take an example of your organisation and describe how do you improve the Quality of working life?

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## 7.8 FURTHER READINGS

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## NOTES



Uttar Pradesh  
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MBA-1.5

## Organisational Design, Development and Change

Block

# 4

### ORGANISATIONAL ANALYSIS

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#### UNIT 8

Organisational Diagnosis—Tools and Techniques 5

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#### UNIT 9

Questionnaire as a Diagnostic Tool 13

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#### UNIT 10

Interview as a Diagnostic Tool 29

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#### UNIT 11

Workshops, Task-forces and other Methods 37

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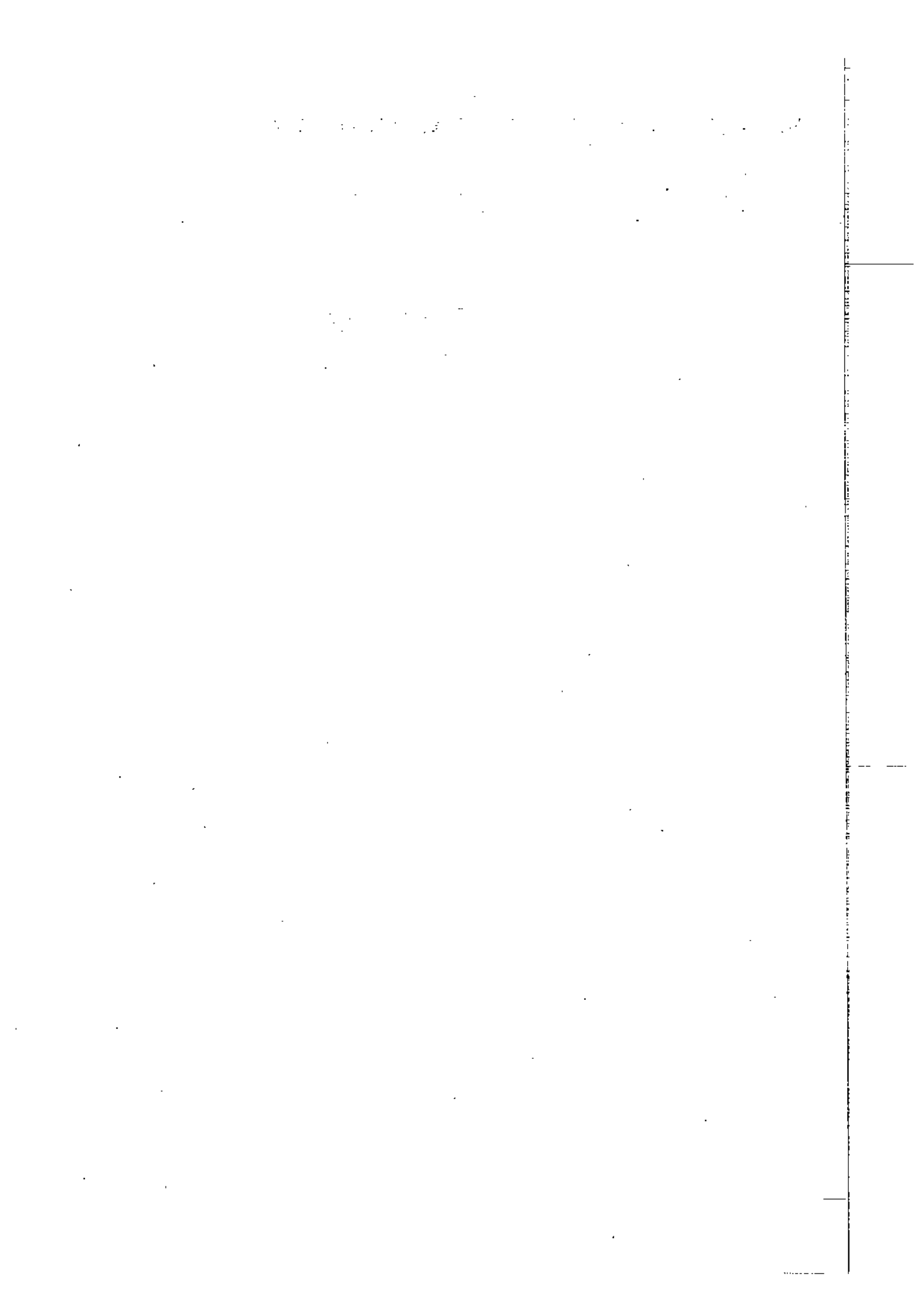
## **BLOCK 4 ORGANISATIONAL ANALYSIS**

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An understanding of organisations and their nature is important to bring about any improvements in organisations. The various units under organisational analysis attempt to equip the reader with an understanding of organisations, including various elements and processes of organisations. The first unit aims at helping the reader to know about the various methods of diagnosing organisations. Second unit deals with Questionnaire measures of organisational phenomena in view of the large number of questionnaires available and their importance to the understanding of organisational phenomena.

The third unit deals with Interview as a diagnostic tool. Within a short span of period interview technique helps in understanding the issues involved in an organisation. The third unit deals with workshops, Task-forces and other methods. These methods also help in diagnosing instead of relying only on questionnaire and interview methods.





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# UNIT 8 ORGANISATIONAL DIAGNOSIS TOOLS AND TECHNIQUES

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## Objectives

After going through this unit, you must be able to understand:

- the concept and purpose of organisational diagnosis
- steps and methods of organisational analysis.

## Structure

- 8.1 What is organisational diagnosis?
- 8.2 Organisational analysis as first step in diagnosis
- 8.3 Illustrative list of organisational subsystems
- 8.4 Illustrative list of organisational processes
- 8.5 Purpose of organisational analysis
- 8.6 Organisational analysis perspectives
- 8.7 Methods of organisational analysis
- 8.8 Summary
- 8.9 Self-assessment Test
- 8.10 Further Readings

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## 8.1 WHAT IS ORGANISATIONAL DIAGNOSIS?

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In some ways organisations, their structure and functioning can be compared to structure and functioning of the human system. Just as an organism has several parts an organisation is also structured with several subsystems. Effective functioning of the human sub-systems depends on the effective functioning of all the constituent parts. When the human system is in trouble it is either due to a problem in a part that could be located or due to problems that affect the entire system. In any case when there is trouble the entire system gets affected.

Just as a doctor diagnoses the problem with the human system on the basis of the symptoms and analysis of the system using some tests (standard tests like pulse rate, BP etc. as well as special tests) an organisation facing problems could be diagnosed by an organisational specialist on the basis of noticeable (visible) symptoms and using tests to bring out what is not evident. The only difference is that the human organism normally functions as a whole as it has a single mind. An organisation has several parts each having its own independent minds and they may not always function in a fully unified way. So even when the top management think that there is a problem other systems may not think so or *vice versa*. Organisation has several minds and that is what adds to the complexity of the organisation.

Another parallel between the diagnosis of the human being and an organisation is the need to go through a diagnostic check up periodically even if there are no problems. Fitness tests are quite common for the human being. From the time a child is born there are periodic check ups that are conducted which are used as diagnostic instruments. The size, growth, activity level, heart rate etc. are all assessed. Even in the school it is common to put a child through fitness tests. As the person grows into his forties he is advised to get annual check ups done. Similarly an organisation can put itself through periodic check ups or diagnostic exercises to assess its growth, dynamism, strengths, weaknesses etc.

Thus organisational diagnosis is an exercise attempted to make an analysis of the organisation, its structure, subsystems and processes in order to identify the strengths and weaknesses of its structural components and processes and use it as a base for developing plans to improve and/or maximise the dynamism and effectiveness of the organisation.

Organisational diagnosis could be done as a periodic routine exercise like the case of periodic medical check up of an individual or may be undertaken whenever there is a cognizable problem that is affecting the functioning of an organisation.

Just as in the case of the medical sciences there is a lot more unknown about the human being and quite a few things cannot either be diagnosed or cured, management science also

has gaps and quite a few problems of organisations are not easy to diagnose or cure. But an equally good number of problems can be solved and the organisational effectiveness improved if the diagnosis is done well by competent people.

These units on diagnosis, development, and change are not intended to make the reader into an organisational specialist. Such a thing requires different training. These units are intended to develop a basic understanding about the organisational analysis, so that when a need or an opportunity arises the reader is aware of what is to be done and whom to approach. In addition when his organisation undertakes a diagnostic exercise he may be able to contribute better.

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## 8.2 ORGANISATIONAL ANALYSIS AS A FIRST STEP IN DIAGNOSIS

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Analysing the organisation, in terms of its components and their functioning is the first step in a comprehensive diagnosis.

Every organisation can be conceived as consisting of various subsystems or parts. Effective functioning of each of these parts is essential for effective functioning of the organisation. In addition the coordinated functioning of these subsystems also contributes to organisational effectiveness. For making organisational diagnosis the strengths, weaknesses and potential of each of the subsystems need to be examined. In addition the various processes that contribute to the effective functioning of the organisation as a whole need to be examined.

As emphasized by Bechard "The development of a strategy for systematic improvement of an organisation demands an examination of the present state of things. Such an analysis usually looks at two broad areas. One is a diagnosis of the various subsystems that make up the total organisation. These subsystems may be natural "teams" such as top management, the production department, or a research group; or they may be levels such as top management, middle management or the work force.

"The second area of diagnosis is the organisation processes that are occurring. These include decision-making processes, communication pattern and styles, relationships between interfacing groups, the management of conflict, the setting of goals and planning methods"

Thus organisational analysis may either focus on the structural aspects (subsystems, various components etc.) or on processes. The following is an illustrative list of the various subsystems of an organisation and the processes which could form a focus of diagnosis.

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## 8.3 ILLUSTRATIVE LIST OF ORGANISATIONAL SUBSYSTEMS

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Various departments/sub-units of an organisation (e.g. Production, Personnel, Materials, Marketing, Accounts, Maintenance, Training etc. or in an educational institution the various subject based units, the establishment section, library, hostels, examination unit, registrar's office etc. or in a bank the branches, regions, zones, headquarters etc.)

- Various levels in the organisation (e.g. top management, middle management, first level supervisors, skilled workers, unskilled workers etc. or gradewise like Grade I, Grade II, Grade IV etc. or designation based categorisation like officers, managers, executives, general managers, vice-presidents, directors, etc.).
- Geographic units (e.g. North, East, West, South Zones or Madras region, Calcutta region, Delhi region, Bombay region etc.).
- Functional background based subsystems (e.g. engineering services Vs. non-engineering group; teaching faculty Vs research staff; line Vs. staff etc.).
- Experience and education based subsystems (e.g. new recruits Vs. experienced employees, or employees joined one year ago, two years ago, three years ago, five years ago, 10 years ago etc., undergraduates, graduates, post-graduates etc.).
- Division-based subsystems (e.g. product based division such as agricultural product division, chemicals division, automobile accessories division etc.).
- Personnel and HRD Policies (e.g. recruitment, rewards, induction, performance appraisals, promotions, training, job rotation etc.).

- Research and Development (e.g. interest in new technology and investments in R&D, structure of R&D, linkages with other subsystems),
- Stake holders and their contribution (share holders, unions, top management, board members, government employees etc.).
- Financial Management (e.g. sources of finance, investment decision who makes them and how they are made, accountability etc.).
- Marketing Management.

This is only an illustrative list and not an exhaustive list.

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## 8.4 ILLUSTRATIVE LIST OF ORGANISATIONAL PROCESSES

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- **Communication**  
Is it one way or both ways (upward and downward)? How is the sharing of information?  
How much openness exists in communication?  
Who has information? Is it loaded in some pockets?  
How is the information used?  
How much of distortion takes place when messages are sent?  
What channels are used to send messages to people? How good are these?  
Do people who need information get it on time?  
Is it formal or informal?  
What kinds of information is shared?  
Are people's expectations met in terms of availability of information etc.?
- **Goal Setting**  
How are goals set?  
Is there clarity of tasks and objectives?  
Who provides clarity? How frequently?  
What is the process of goal setting? Is it participative or autocratic?  
Does the process of goal setting ensure commitment to tasks?
- **Role Clarity**  
Do employees know well what they are expected to do?  
Is there a discipline to plan their work?  
To what extent is there ambiguity of roles resulting in tensions, *ad hocism* etc.?  
Is there periodic dialogues between supervisors and their subordinates to increase role clarity?  
What is the extent of flexibility/rigidity in defining roles for employees? Is it functional or dysfunctional?
- **Culture**  
What are the norms and values in the organisation that are widely shared?  
To what extent openness is valued?  
Do people trust each other generally?  
Is there general collaborative attitude among staff?  
Do people value experimentation, risk-taking and initiative?  
Is punctuality valued?
- **Management Styles**  
Is the management bureaucratic or entrepreneurial or professional or conservative?  
What is the style of decision-making in relation to new investments, people, technology, structure and the like?
- **Conflicts and their Management**  
How frequently do conflicts occur?  
How are they dealt with?
- **Management of Mistakes**  
When people make mistakes how are they handled?
- **Organisational Learning Mechanisms**
- **Teams and Team work**  
(How much is team work valued? Are there committee systems? How do they function? What are the attitudes of employees to them? etc.).

- **Work Motivation**

- Are people generally satisfied with work and their job?
- What is the level of their involvement?
- Do they take pride in what they do?
- What is the level of loyalty to the organisation?

This is an illustrative list and the questionnaire measures described in the next unit provide more dimensions for organisational analysis.

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## 8.5 PURPOSE OF ORGANISATIONAL ANALYSIS

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Organisational analysis may be done for different purposes. These include:

- 1 **Enhancing the general understanding of the functioning of organisations (i.e. educational or research purposes.)**  
(The direct beneficiary is the researcher or the analyst rather than the organisation). Such a study may aim at enhancing the understanding of human behaviour through a study of it in organisations, or to enhance the understanding of the society as reflected in organisational life.
- 2 **Planning for growth and diversification**  
An analysis or a diagnostic study may be necessary for planning growth, diversification, expansion etc. Organisational analysis may reveal the strengths that could be used for growth and diversification, weak spots that need to be removed in the new plans, the precautions to be taken, structural dimensions to be kept in mind etc. Several insights may be provided on structure, people, systems, styles, technology etc. that have implications for growth.
- 3 **Improving Organisational Effectiveness or Planning General Improvements**  
Organisational Analysis may be used also for improving the general efficiency of an organisation. On the basis of a diagnosis made out of the analysis action steps could be initiated in terms of toning up administration, introducing new management systems and processes, reduction of wasteful expenditure, introduction of time savers, change of personnel policies to enhance employee motivation, restructuring of some parts, training, elimination of unwanted structures and teasers, improvements in general health of the organisation etc.
- 4 **Organisational Problem Solving**  
Whenever some subsystems departments, units etc. fall sick or start creating problems a diagnosis may be undertaken with a view to identify the source of the problem and take corrective action. A sick unit, a bottleneck, a communication block, a poor performing department, frequently occurring conflict between two departments, repeated failures of a management system or an organisational process, a frequent violation of an organisational norm, fall in discipline, reduction in output absenteeism, increase in conflicts etc. can all lead to the need for an organisational diagnosis of a part of the organisation or the entire organisation.

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## 8.6 ORGANISATIONAL ANALYSIS PERSPECTIVES

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Organisations can be analysed with different perspectives in mind. The perspectives one takes depends both on the purpose for which the analysis is being done and the professional background of the people doing organisational analysis. The following perspectives could be used for analysing organisations:

- 1 Economics Perspective
- 2 Political Science Perspective
- 3 Sociology and Social Psychology Perspective
- 4 Management Perspective
- 5 Applied Behavioural Science or OD Perspective

### **Economic Analysis of Organisations**

The economic analysis focuses primarily on the use of money, allocation of resources, distribution and consumption patterns, pricing decisions etc. The following is a sample of questions that are usually asked in the Economic Analysis of an Organisations:

- How are the resources allocated?
- What is the market structure? (Is it competitive, monopolistic, oligopolistic? etc.)
- What is the organisation's market and its characteristics?
- Are the products and services in the industry homogeneous or differentiated?
- What is the nature of demand for organisation's services?
- What is the cost of making the product or service?
- How are the various elements in the process of making it related? Are there substantial economies of scale?

Economic analysis of organisations is particularly helpful for the first three objectives mentioned earlier. It helps streamlining the organisational efficiency, eliminating wastes, and gives insight while planning for growth, diversification etc. However, when it comes to problems not all types of organisational problems can be answered by economic analysis.

#### Political Analysis

Political analysis deals with the tactics and strategies employed by the individuals and groups in the organisation as well as the organisation itself in the quest for power. The following is a sample of questions asked in this analysis:

- Who is most influential in the organisation? (individuals, groups, departments, etc.)
- What is the power base of each of the categories of people in the organisation (Is it position based, competency based, collectivity based like in unions, is it because of closeness to top executive or ruling party? Is it due to the ability of the person to reward, hire and fire?)
- How is the power distributed among individuals, groups and departments?  
What strategies do people use in influencing or controlling each other?
- How is the power used? How much for organisational purposes? How much for expanding one's power base? etc.
- What are ideologies of different groups? What implications do these have for organisational functioning? Is there congruence with organisational goals?
- How much is there a commitment for organisational goals?  
Is decentralisation functional or centralisation useful?
- What kinds of control are needed to regulate the behaviour of people?

Like Economic analysis, political analysis of organisations is useful for understanding the organisation. Political analysis helps understanding many softer and strategic dimensions of an organisation.

However, it has limitations in providing guidelines for the planning of growth and diversification of an organisation. It helps immensely in understanding organisational dynamics. However, such an understanding may become one-sided unless it is enriched with other perspectives.

#### Sociological and Social Psychology based Analysis

Sociological and social psychological perspective focuses on the social behaviour of individuals and groups in the organisation. The formation of groups, habits, norms and values of the organisation, the process of socialisation, conflicts, strikes, protest behaviour etc. issues are studied. The influence of the society on the organisation is also focused. The following is a sample of questions that are normally asked with sociological and social psychological perspectives:

- What is the nature of the work force and different categories of employees? Where do they come from and what personality, attitudes and values do they bring with them that influence organisational functioning?
- What are the groups? What interests do they serve? What binds them together?
- What are the formal and informal sources of socialisation? How are people being socialised? How is this affecting the organisation?
- What structural forces ensure stability and order in the functioning of the organisation? What causes disorder? What forces contribute to change?
- What forces bind different groups/departments/units together?
- What is the distribution of power and authority?
- What are the attitudes of people to work? What are the attitudes of people to each other?
- Is there alienation? What seems to contribute to it if it is there? How could it be reduced?
- How frequent are the strikes? What is the incidence of absenteeism, accidents, alcoholism, indiscipline etc. phenomena? What seems to cause it?

- How do members relate to each other outside work hours? How do their interactions affect their work behaviour?

Sociological and social psychological analysis helps in understanding organisations for research and study purposes, for planning growth and expansion (especially location decisions, recruitment, structural decisions, departmentation) and for organisational problem solving.

#### **Professional Management Perspective in Organisational Analysis**

For a long time management was not accepted as a separate discipline. With rise of management schools all over the world a new class of people with professional management background and skills have emerged. With the availability of a large number of professionally trained managers and management scientists there is a professional management perspective that is emerging. This perspective focuses on various management dimensions of organisational life. Each branch of management can analyse a significant part of organisation's functioning. The branches normally include Business Policy and Strategy Management, Production and Operations Management, Personnel Management, Marketing, Finance and Accounting, Organisational Structures and Dynamics and Managerial Economics. The following are the sample questions that could be asked with this perspective for organisational analysis:

- What are the strengths, weaknesses, opportunities and threats facing the organisations with respect to its business and its functioning?
- What are the business goals? Is there a long term plan? What are the strategic considerations the organisation has in planning its business activities?
- Is the structure best suited for its goals?
- What is the technology being used? Are better technologies available? What are the problems in changing technology?
- How is the production planned? What is the capacity utilisation? How could it be improved? How frequent are the break-downs? What is the level of inventory? Are materials available on time? What is the rate of rejection of products? What is the wastage? How could it be reduced?
- How are people recruited? How are they trained? What attracts people to this organisation? What retains them? What reward and punishment system exist? Are there unions? How many? What are their attitudes? How satisfied are the people with the work? What are personnel policies? What is unique to this organisation? How do they suit the technology and business of this organisation?
- What is the financial position of the organisation? What are the sources of finance? How are the surplus used? What are the investments made by the organisation? What control systems exist?
- How are the products priced? What are the marketing strategies being used? How much of competition exists for the organisations products and services? What new products are planned to be introduced? What is the experience with the existing product? Has the organisation established its name in the market?
- Is the structure functional, divisional or matrix? Does it suit the organisation requirements? What are the characteristics of employees? How are the interpersonal relations? What is the source of conflicts? Do people take initiative and show leadership qualities? How is team work and collaboration?

Professional management perspective helps in a thorough analysis of an organisation. However, most often such exhaustive case studies may not be required of all functions. Normally organisation analysts are interested in some functions more than the others. A professional management perspective is the most useful perspective for overall improvements in organisation and for demonstrable results in terms of output, cost reduction, profits and the like. It helps besides for problem solving in designing organisations for future growth and diversification.

#### **O D or Applied Behavioural Science Perspective**

While applied behavioural science is a part of the Professional Management Perspective, with the availability of specialised knowledge in the field and the extent of human issues occurring in organisational life has made it a distinctive necessity. Most often when a managerial perspective is taken an analyst is tempted to focus on dimensions like the materials and money as they are easy to deal with and get concrete results. It is easy to talk of investment decisions, introduction of computers, streamlining information systems,

introducing performance budgeting, advertising, pricing decisions etc. There are so many such variables the human processes and up becoming one such set. In reality it is an important set because it is people who are behind these decision and who need to implement them. Fortunately a lot of technology and skills are available from the applied behavioural science field. The OD perspective focuses on the human process dimensions of organisation's functioning. These human process dimensions deal with the individual *per se*, the individual in relation to the role he is expected to perform, the team work, inter-team collaboration, organisational culture and health. The OD perspective primarily focuses on examining the attitudes, norms, values, systems, processes etc. that exist in the organisation. The question asked is "Are they facilitating the utilisation and development of human competence available individually or collectively in the organisation? Is the organisational culture facilitating people to contribute their best to the organisation?" Some of the questions asked in this perspective are as follows:

- What is the extent Openness, Collaboration, Trust, Autonomy; Pro-action, Authenticity, Confrontation characterising the organisations' culture?
- What is the profile of people who join the organisations? What values do they have? What is their view of the human being?
- What is the level of organisational health as reflected in communications, conflicts, role clarity, job-satisfaction, work motivation, team work, participative decision-making, goal setting, discipline, management of mistakes etc.?
- What is valued by most people in the organisation? Is it excellence, power, relationships, status, helping each other control or what? In what order are they valued?
- How much of creativity is there and is encouraged? Do people take initiative and risks? What processes encourage/prevent creativity and initiative?
- Are jobs defined clearly? What mechanisms are there to communicate expectations and difficulties? What mechanisms exist to solve problems?
- Do people experience a sense of growth?
- What processes seem to generate organisational identity and 'we feeling'? What processes create problems for team work?
- What characterises various groups and their functioning?

The OD perspective is essentially useful for organisational problem solving and organisational renewal. It is useful for every organisation to undertake periodic renewal exercises so that they can examine various organisational processes and strengthen the functioning of an organisation.

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## 8.7 METHODS OF ORGANISATIONAL ANALYSIS

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Of the various perspectives presented so far the Professional Management and the OD perspective encompass the Economic, Political and Sociological and Social Psychological perspectives. These are also more modern and are being more frequently used. Among these two of the professional management perspective is vast and covers the entire management field. Since the focus of this course is on Organisation Design and Development, the OD or the Applied Behavioural Science Perspective is more appropriate for discussion here. Hence in the subsequent part of this unit and subsequent unit more details are presented relating to the organisation development.

There are many ways of analysing and diagnosing organisations and their phenomena. The following are the most frequently used methods:

- 1 Questionnaires
- 2 Interviews
- 3 Observation
- 4 Analysis of records, circulars, appraisal reports and other organisational literature
- 5 Analysis of hard data of organisations and various units
- 6 Task forces and task groups
- 7 Problem identification/problem solving workshops
- 8 Seminars, symposia and training programme
- 9 Recording and examining critical incidents, events.



These methods are described in some detail in the subsequent units of this block. The purpose of the analysis is "Organisational Diagnosis". Diagnosis gives the state of the organisation or one or more of its subsystems and points out the scope for improvements that could be made for achieving organisational effectiveness. Hence the methodologies presented in the subsequent sections are limited to this goal.

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## 8.8 SUMMARY

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In this unit we understood that organisational diagnosis is a method which analyses an organisation, its structures, subsystems and processes, in order to identify their strengths and weaknesses and to improve the effectiveness of the organisation. Perspectives which could be used for analysing an organisation and different methods by which an organisation could be analysed were discussed.

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## 8.9 SELF-ASSESSMENT TEST

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- 1 Explain what is organisational analysis and organisational diagnosis. Why are they necessary?
- 2 In order to analyse an organisation what should one identify in an organisation?
- 3 What are the different perspectives of an organisation analysis? Discuss.
- 4 What are the different methods of an organisational analysis? Discuss.

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## 8.10 FURTHER READINGS

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P.N. Khandwala, *The Design of Organisations*, Harcourt Brace Jovanovich Inc., New York, 1977 (Specially chapters 1 to 4).  
Harry Levinson, *Organisational Diagnosis*, Harvard University Press, Cambridge, Mass., 1972.

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# UNIT 9 QUESTIONNAIRE METHODS OF ORGANISATIONAL DIAGNOSIS

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## Objectives

After going through this unit, you must be able to understand:

- when to construct a Questionnaire
- how to construct a Questionnaire
- questionnaire is an important tool for analysing an Organisation

## Structure

- 9.1 Introduction
- 9.2 Dimensions Diagnosed through Questionnaires
- 9.3 Available Questionnaires
- 9.4 How to construct Questionnaires
- 9.5 How to administer and use them
- 9.6 Summary
- 9.7 Self-assessment Test
- 9.8 Further Readings
  - Appendix 1—Organisational Climate Questionnaire
  - Appendix 2—HRD Climate Survey

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## 9.1 INTRODUCTION

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Questionnaire, Interviews, Workshops and Task-groups are the most frequently used methods of organisational diagnosis in India. They are used separately or in combinations. Of the four, Questionnaires are more commonly used as they could be used with ease and by persons inside the organisation. In this section Questionnaire method is described in some detail.

There are a number of fairly standardised Questionnaire for Organisational diagnosis. It is also easy to develop Questionnaire to suit each organisation's requirements. A sample of standardised questionnaire are also described in this section. Choice of a questionnaire depends on the purposes of diagnosis and the indications available from a preliminary diagnosis of the dimensions needing in-depth study. Normally before the decision to use a questionnaire the person or the group, intending to use it should have identified the area of concern through interviews, complaints, observed symptoms or general opinions of interest expressed by the top management etc.

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## 9.2 DIMENSIONS DIAGNOSED THROUGH QUESTIONNAIRE

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There are many dimensions that could be studied through questionnaire. The following is a list of these dimensions more frequently studied for diagnostic purposes.

- **General Organisational Health**

The general well being of an organisation could be measured through Questionnaire. The general organisational health is indicated by a comprehensive index obtained through the measurement of perceptions of employees of the organisation. The comprehensive index deals with the health of the organisation on all possible variables (psychological, sociological, political, behavioural, managerial, organisational etc.) that affect the functioning of the organisation. These include the feelings of security, need-fulfilment, job satisfaction, scope for self-actualisation, extent of happiness with the organisation, power-distribution, working of groups, objectivity, favouritism, distortion of communications, trust, leadership, team spirit, tension in the organisation, conflicts,

prejudice, work-organisation, effectiveness of meetings, convenience of working hours and work atmosphere etc.

- **Organisational Culture**  
The commonly shared attitudes, values, beliefs, norms and behaviour of employees in the organisation constitutes its culture. Organisational climate variables are similar to organisational health variables. Organisational culture is studied normally in a descriptive way whereas organisational health is studied in an evaluative way. Organisational health variables indicate functional and dysfunctional aspects of the organisational processes.
- **Motivational Climate**  
Organisations could be diagnosed in terms of the prevailing motives that characterise the organisation's function. Does concern for excellence characterise its culture or control? or relationships? or dependence? or expert power? or helping each other? etc.
- **Role Oriented Variables**  
There are many "Role" related variables that influence the organisation's functioning. These include Role Efficacy, Role Ambiguity, Role Overload, Role Erosion, Inter-role linkages and the like. Some of these variables are explained later with illustrative examples of questionnaire.
- **HRD Climate**  
HRD climate questionnaire deal with the extent to which a development oriented climate or learning climate exists in an organisation. Openness, collaboration, trust, proaction, authenticity, confrontation, risk-taking etc. are normally characterised as facilitating development culture. Performance appraisals, training, feedback, counselling, job-rotation, group meetings, career development plans etc. are considered as instruments to facilitate change.
- **Leadership and Supervisory Styles**  
The human resources management philosophy as believed and practiced by the supervisory and managerial staff determines also to a large extent the motivation and morale of people and thereby influences the organisational functioning. The general philosophy, beliefs, and behaviours can be measured through questionnaires. The variables measured may include Theory X Versus Theory Y Orientation; or task-centred and people-centred supervision; or authoritarian versus participative management; or benevolent, critical and developmental styles, etc.
- **Job-Satisfaction, Work Motivation and Work Commitment**  
With the decline of work ethic in some organisations, many diagnostic efforts are being focused on studies on job-satisfaction, work-motivation, job-involvement and the like. The variables measured give insights into the existing patterns as well as sources giving rise to dysfunctional behaviours. Questionnaire to measure elimination, work attitudes also fall in this category.
- **Specific Variables**  
In addition to these general variables the diagnostic questionnaire may focus on specific variables depending on the need of the organisation. For example, if communication is perceived as an issue there could be questionnaire to deal with all aspects of it. If team work is perceived as a problem there could be questionnaire developed to deal with. Thus any organisational process or human processes in organisational life can be taken up for diagnosis depending upon the preliminary investigations or need felt by the organisation.

In the subsequent section of this unit details are presented about some of the questionnaire available.

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### 9.3 SOME QUESTIONNAIRES AVAILABLE

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#### Organisational Climate Questionnaire

A typical organisational climate diagnostic questionnaire is given in Appendix 1. This questionnaire has 60 items. Each item has 5 alternative responses. The respondent is required to give his assessment of the organisational climate as it exists at the time of his answering it as well as the desired climate. The gap between the "actual" and "desired"

indicate the dissatisfaction level or scope for improvement. Smaller the gap more healthy the organisation is. This instrument reproduced in full because it gives a fairly comprehensive coverage of all the organisational variables that could be considered under organisational climate or organisational health.

The best way to learn about the variables used in this Questionnaire is for the reader to answer that Questionnaire. After answering the Questionnaire find out the gap between the actual and desired scores for each item by converting the ratings into a 5 point scale. You can assign a score of 5 points to alternative E, 4 to D, 3 to C, 2 to B, and 1 to A for positively worded items i.e. where A is least desirable and E is most desirable. For the asteriked items assign a score of 5 to A, 4 to B, 3 to C, 2 to D and 1 to E. For each item find the difference (ignore the sign while calculating difference). Add the differences on each item and calculate the overall difference on all the 60 items. It will give the overall index of dissatisfaction with organisational climate. There is no hard and fast rule about what can be considered as desirable or undesirable. A gap of 30 may be a tolerable gap as it may mean marginal variation between the actual and desired in 30 items or noticeable variation (about 2 points) on 15 items. A difference score of 30 can be obtained in many ways.

Total organisational climate score can also be obtained by adding the scores (A=5, B=4, C=3, D=2, E=1 respectively for asteriked items and A=1, B=2, C=3, D=4, and E=5 for other items) on the "actual" dimension. A maximum score of 300 is possible. Scores above 240 (i.e.  $60 \times 4$ ) indicates a healthy organisational climate. Scores between 180 and 240 indicate a moderately good organisational climate with some scope for improvement. Scores below 180 indicates substantial scope for improvement.

This questionnaire can be administered to a large sample of employees in an organisation (at least 10% in large organisations employing several thousands of people or for the entire population in smaller organisations employing only a few hundreds). Item-wise scores can be tabulated. Those questions or items on which there are low scores and high degree of consensus (low variations) could be taken up for working out corrective mechanisms.

#### **HRD Climate Questionnaire**

With the recent emphasis on Human Resources Development, many organisations are focusing their attention on HRD culture of their organisations. The Centre for HRD at XLRI Jamshedpur have developed a simple diagnostic questionnaire to diagnose HRD climate. This questionnaire is presented as Appendix 2 in this unit.

The HRD climate of the organisation is characterised as consisting of the following tendencies on the part of the organisation:

- A tendency at all levels starting from the top management to the lowest levels to treat people as the most important resource.
- A perception that developing the competencies of employees to the job of every manager/ supervisor.
- A belief that employees can change and acquire new competencies at any stage of life.
- A tendency on the part of all employees be open (encouraging free expression of ideas, opinions and even feelings) trusting, encouraging experimentation, collaborating, authentic and pro-active.
- Team spirit.
- Tendency to discourage stereo-types and favouritism.
- Supportive personnel policies and HRD practices including performance appraisals, job-rotation, training, reward administration, career planning etc.

This questionnaire consisting of 38 items can be modified to suit the requirements of any organisation intending to use it. The Centre for HRD at XLRI has data on a large number of organisations. These data are available for organisations interested in comparing themselves with others.

The questionnaire uses a 5 point scale. The overall HRD climate score can be obtained by adding the scores on all the 38 items. Scores between 152 ( $38 \times 4$ ) and 190 ( $38 \times 5$ ) indicate a good HRD climate existing in the organisation. Scores less than 152 but higher than 114 ( $38 \times 3$ ) indicate a moderate HRD climate with some scope for improvement and scores less than 114 indicate poor HRD climate with substantial scope for improvement. Norms for comparison purposes are available from published sources given at the end of this chapter (Rao and Pereira, 1985).

For diagnostic purposes the questionnaire should be administered to a representative sample of employees and organisation wide scores should be computed on each item. Items that show low scores indicate areas for intervention or corrective action. There are organisations that have changed their HRD policies and practices and improved their HRD culture after getting to know their HRD climate diagnosis.

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## 9.4 HOW TO CONSTRUCT QUESTIONNAIRE

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Ready made questionnaire have some limitations and some advantages. One advantage is that they are normally standardised and data from other organisations (norms etc.) may be available for interpretation and comparison purposes. The main disadvantage is that they may not suit the needs of an organisation seeking diagnosis. For example, most of the available questionnaire are developed in business settings and hence may be of limited value to educational and such other organisations. Secondly an organisation may be interested in having a look at a few specific aspects than studying everything outlined in the questionnaire.

In such cases it is useful to construct separate questionnaire exclusively for a given organisation/situation. The following are some considerations that could be kept in mind while preparing the questionnaire.

- Questionnaire for organisational diagnosis normally measure the perceptions of employees or participants in an organisation. It is the aggregate of these perceptions that indicate the organisational strengths and short-comings.
- The employees/participants of an organisation sometimes are in a good position to provide dimensions/variables on which questionnaire can be framed. For example, to diagnose the organisational health of an agriculture university a group of scientists of that university were assembled and requested to make statements about what in their opinion is good and bad in the university. All their statements were collected, edited and a questionnaire was made. Subsequently it was administered to all the scientists in that university. Thus interviews/group discussions/meetings/workshops help in developing questionnaire.
- Another form of developing a questionnaire is to sample test any standardised questionnaire on a group of respondents. The respondents could be asked to indicate variables/items that should be used for diagnosis.
- In preparing a questionnaire, structured questionnaire are more easy to analyse data and for providing statistical information.

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## 9.5 ADMINISTERING AND USING QUESTIONNAIRE

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Since organisational diagnosis questionnaire measure perceptions of employees, and in giving their perceptions employees are giving sensitive data care should be taken to prevent distortions in data collection. Employees may distort data depending on their perceptions of those who collect data and the purposes for which data are being collected. The following points may be kept in mind for collecting data.

- When the respondent knows the purpose the quality of data he gives will be better. Hence it is important to explain the purpose (in the questionnaire itself or through other media).
- If the respondent trusts the person(s) collecting data and subscribes to the purposes for which data are being collected, the quality of information he supplies may be better. Hence it is important to use consultants, teams, individuals or firms that are 'known' and trustworthy for organisational diagnosis. Partly such trust can be built by proper use of data and taking action on the basis of diagnosis. If an organisation or the top management keep on diagnosing and take no action the employees may lose faith in such exercises.
- If the respondents have any fear of identification they are not likely to express opinions freely. Hence it is useful to collect data without the respondent having to reveal his identity. Sometimes organisations may find it important to collect some basic information about the respondent like his Grade, Educational Qualifications, years of service with the company, department, section etc. Such details are useful for a meaningful analysis of the diagnostic data. For example it is useful to know if organisational health or work motivation or distortion of communications etc. are high in some departments than others. Similarly, it is useful to know if the organisation is perceived as healthy by the senior employees rather than juniors. Therefore, for such comparisons it is useful to

collect some minimum background information from the respondents. However, the designer of the questionnaire has to give sufficient thought before deciding on what information to collect. It is useful to test out the thoughts on some employees to ensure that no identity data is obtained that distorts responses.

- Another dimension that affects the quality of data is the length of the questionnaire. It is useful to have questionnaire that could be completed by a respondent before fatigue sets in. Questionnaire that take more than an hour are normally perceived by respondents as fatigue setting. It is preferable to have questionnaire that could be completed in less than an hour.
- The administration of questionnaire becomes easy in groups than individually. Respondents could be gathered in small groups and administered the questionnaire. It also provides an opportunity for those conducting the diagnostic study to explain in detail the purposes of the study.
- Timing of administering the questionnaire is another factor that should be kept in mind. If questionnaire are administered immediately after a significant event has occurred in the organisation, to some extent the perceptions may get distorted. It is useful to administer the questionnaires after their impact settles down.

Use of diagnostic data obtained from questionnaire also require some skills. As will be explained in the subsequent units "Survey Feedback" is a frequently used OD intervention. The tabulated data when fed back to the respondents in an aggregate form and an opportunity is provided to discuss the data and their implications already the seeds get sown for the change process.

In analysing and presenting data it is useful to focus on every single item of the questionnaire rather than aggregate score. Total scores often conceal a lot than reveal. Hence item-wise analysis is more useful. Even while analysing item-wise responses, computing percentage or respondents giving extreme responses on each item reveal more about that variable rather than mean scores.

Wherever qualitative responses are sought content analysis and categorisation of responses is necessary. The use of diagnostic information partly depends upon the way it is presented. Hence attention should be paid to the analysis and presentation aspects even at the time of designing the questionnaire.

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## 9.6 SUMMARY

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Questionnaire is a very useful diagnostic tool. There are several questionnaire developed by organisational scientists in our country that are useful for diagnostic purposes. These questionnaire could be used with appropriate modifications to suit the diagnostic needs of each organisation. It is advisable to develop organisation specific questionnaire for diagnosing problems unique to the organisation. Comparative data may be available if standardised questionnaire are used for general diagnosis purposes. Participative methods of developing questionnaire enhance the quality of questionnaire through increasing the organisational relevance of items. Survey feedback, maintaining organisational health profiles, designing other interventions are some of the useful purposes served by questionnaire. Care should be taken to ensure getting good quality data through proper administration (clarifying purposes, maintaining anonymity of respondents, administering in groups etc.) of questionnaire.

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## 9.7 SELF-ASSESSMENT TEST

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- 1 What are the dimensions which could be diagnosed through Questionnaire?
- 2 How do you construct a Questionnaire? Discuss this with reference to your Organisation?
- 3 How is Questionnaire an important tool for Organisational diagnosis?

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## 9.8 FURTHER READINGS

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D.A. Nadler. *Feedback and Organisation Development: Using Data-Based Methods.*  
Addison Wesley Publishing Company, Inc. 1977.

# APPENDIX I ORGANISATIONAL CLIMATE QUESTIONNAIRE

Sixty statements are given below about organisations. With each statement are given 5 alternatives. Read each statement and select one of the alternatives which describes most accurately your organisation. Write down the letter of that alternative (a, b, c, d, or e) under A (i.e. actual). Then choose an alternative which in your opinion is desirable for your organisation. Write down the letter of the alternative under D (i.e., desirable). Against each statement complete both A and D columns.

**ACTUAL DESIRED**

- How often do you feel that an employee's career is harmed in the organisation?
  - A. Almost always
  - B. Usually
  - C. Sometimes
  - D. Rarely
  - E. Almost never

2. How are the targets set in this organisation?

- A. Orders are issued with no opportunity to raise questions or give comments.
- B. Orders are issued and explained and then an opportunity is given to ask questions.
- C. Orders are drawn up, but are discussed with subordinates and sometimes modified before being used.
- D. Specific alternative objectives are drawn up by supervisors and subordinates are asked to discuss and choose the one they prefer.
- E. Problems are presented to those persons who are involved and objectives are then set up by the subordinates and the supervisors jointly by group participation and discussions.

3. "Serious anomaly" does not exist in the way benefits are awarded to persons in the organisation. To what extent do you agree with the statement?

- A. Strongly disagree
- B. Disagree
- C. Neither agree nor disagree
- D. Agree
- E. Strongly agree

4. For important decisions to be taken regarding any work, the tendency here is to pass the files on to somebody else for making the decisions. How often does it happen here?

- A. Almost always
- B. Usually
- C. Sometimes
- D. Rarely
- E. Almost never

5. To what extent do the superiors and knowledgeable colleagues take pains to help an employee who wants to learn more about his job?

- A. Almost always
- B. Usually
- C. Sometimes
- D. Rarely
- E. Almost never

ACTUAL DESIRED

- 12.00 1.11.00A
- A. To a great extent  
B. To a considerable extent  
C. To some extent  
D. To a little extent  
E. Not at all
6. Attempts to do things in better ways are encouraged in this organisation. How often does it happen here?  
A. Almost never  
B. Rarely  
C. Sometimes  
D. Usually  
E. Almost always
7. Do people here get an opportunity to develop their skills further to do their jobs?  
A. Almost all the people  
B. Most of the people  
C. Some of the people  
D. A few people  
E. Almost none
8. How often do the employees here try to do things better than what they have done last time  
A. Almost never  
B. Rarely  
C. Sometimes  
D. Usually  
E. Almost always
9. How much do you agree with the statement that this organisation is better than other similar organisations in the country to work in?  
A. Strongly agree  
B. Agree  
C. Neither agree nor disagree  
D. Disagree  
E. Strongly disagree
10. How often are your ideas for change given a good hearing?  
A. Never  
B. Sometimes  
C. Often  
D. Almost always  
E. Always
11. Is it true that remaining busy is not enough in this organisation? One has to show results?  
A. Yes, it is true here to a very great extent  
B. Yes, it is true here to a great extent  
C. Well, it is true to a negligible extent  
D. No, it is not quite true  
E. No, it is not true at all
12. To what extent do you agree that quite often a subordinate here has to attend to orders issued by more than one person at a time.



	•ACTUAL	DESI.
A. Strongly disagree	.....	.....
B. Disagree	.....	.....
C. Neither agree nor disagree	.....	.....
D. Agree	.....	.....
E. Strongly agree	.....	.....
13. To what extent do you think that when decisions are being made about certain work that you are to do, you are asked for your ideas?		
A. Almost never	.....	.....
B. Rarely	.....	.....
C. Sometimes	.....	.....
D. Usually	.....	.....
E. Almost always	.....	.....
14. Somebody says, "There is so much work to do here every day that I have to do it somehow, and I don't have the time to think about how the quality of the work can be improved." How much would you agree with the statement?		
A. Strongly disagree	.....	.....
B. Disagree	.....	.....
C. Neither agree nor disagree	.....	.....
D. Agree	.....	.....
E. Strongly agree	.....	.....
15. To what extent do you receive correct information about your work, duties etc?		
A. Not at all	.....	.....
B. To a very little extent	.....	.....
C. To some extent	.....	.....
D. To a considerable extent	.....	.....
E. To a very great extent	.....	.....
16. "There is a general feeling here that grievances of the employees are handled properly." To what extent do you agree with this statement?		
A. Strongly agree	.....	.....
B. Agree	.....	.....
C. Neither agree nor disagree	.....	.....
D. Disagree	.....	.....
E. Strongly disagree	.....	.....
17. Do you agree that almost everyone here knows who is working under whom in this organisation?		
A. Strongly disagree	.....	.....
B. Disagree	.....	.....
C. Neither agree nor disagree	.....	.....
D. Agree	.....	.....
E. Strongly agree	.....	.....
18. To what extent do people in your department encourage one another in work?		
A. Not at all	.....	.....
B. To a little extent	.....	.....
C. To some extent	.....	.....
D. To a considerable extent	.....	.....
E. To a very great extent	.....	.....
19. How frequently do you think it is true that in this organisation it is easier to deal with those things that have a precedence?		
A. No, it is not true in any case	.....	.....

	ACTUAL	DESIRED
B. Yes, in some cases	.....	.....
C. Yes, in many cases	.....	.....
D. Yes, in most of the cases	.....	.....
E. Yes, in almost all the cases	.....	.....
20. Is the organisation receptive to new ideas?		
A. It is never receptive	.....	.....
B. It is sometimes receptive	.....	.....
C. It is often receptive	.....	.....
D. Almost always receptive	.....	.....
E. Always receptive	.....	.....
21. "The general feeling here is that people do not get fair hearing from those who are higher up". How much do you agree with it?		
A. Strongly agree	.....	.....
B. Agree	.....	.....
C. Neither agree nor disagree	.....	.....
D. Disagree	.....	.....
E. Strongly disagree	.....	.....
22. How adequate is the amount of information you get about what is going on in other departments and units of this organisation?		
A. Very inadequate	.....	.....
B. Inadequate	.....	.....
C. Neither inadequate nor adequate	.....	.....
D. Adequate	.....	.....
E. Very adequate	.....	.....
23. To what extent do you feel that the employees here are allowed to make decisions to solve their problems without checking them with their superiors at each stage of the work?		
A. To a very great extent	.....	.....
B. To a great extent	.....	.....
C. To some extent	.....	.....
D. To a little extent	.....	.....
E. Not at all	.....	.....
24. Is there a general feeling amongst the employees of your level that anybody can be removed from his job at any time?		
A. Almost all the employees feel so	.....	.....
B. Most of the employees feel so	.....	.....
C. Some of the employees feel so	.....	.....
D. A few employees feel so	.....	.....
E. None of the employees feel so	.....	.....
25. How often are the rewards (such as raise in salary and promotions) given strictly on the basis of valid reasons?		
A. Almost always	.....	.....
B. Usually	.....	.....
C. Sometimes	.....	.....
D. Rarely	.....	.....
E. Almost never	.....	.....
26. "In order to stay here, one just can't perform work somehow: work has to be well done." To what extent do you agree with it?		
A. Strongly agree	.....	.....
B. Agree	.....	.....
C. Neither agree nor disagree	.....	.....
D. Disagree	.....	.....
E. Strongly disagree	.....	.....

27. To what extent are there facilities and opportunities for individual creative work in this organisation?
- A. Not at all
  - B. To a little extent
  - C. To some extent
  - D. To a considerable extent
  - E. To a very great extent
28. In your observations, how often do the employees in this organisation seem to be bored with their work?
- A. On all occasions
  - B. On most occasions
  - C. On some occasions
  - D. On a very few occasions
  - E. Not at all
29. "The nature of things that an employee is supposed to do in this organisation are so varied that it is logically difficult to put them together." How much do you agree with this statement?
- A. Strongly agree
  - B. Agree
  - C. Neither agree nor disagree
  - D. Disagree
  - E. Strongly disagree
30. To what extent are people in the higher levels aware of the problems of lower levels in this organisation?
- A. Not at all
  - B. To a very little extent
  - C. To some extent
  - D. To a considerable extent
  - E. To a very great extent
31. How often do you have advance information of any changes which are planned?
- A. Almost always
  - B. Usually
  - C. Sometimes
  - D. Rarely
  - E. Almost never
32. To what extent is the information passed from one person to another in this organisation distorted or deliberately made inaccurate?
- A. To a large extent
  - B. To a considerable extent
  - C. To some extent
  - D. To a little extent
  - E. Not at all
33. Are discussions at meetings in this organisation free and open?
- A. No, they are very guarded and defensive
  - B. Quite guarded and defensive
  - C. Slightly defensive
  - D. Quite free and open
  - E. Very free and open
34. One cannot simply go ahead and do a thing here unless one has discussed it with one's superiors before: How often does it happen here?
- A. Yes, it is almost always the case here
  - B. Agree
  - C. Neither agree nor disagree
  - D. Disagree
  - E. Strongly disagree

	ACTUAL	DESIRED
B. Yes, it is usually the case here	.....	.....
C. Yes, it is sometimes the case here	.....	.....
D. No, it is rarely the case here	.....	.....
E. No, it is almost never the case here	.....	.....
35. If someone of your colleagues does his job in a more improved way than it is usually done, does he get proper recognition for it?	.....	.....
A. Almost never	.....	.....
B. Rarely	.....	.....
C. Sometimes	.....	.....
D. Usually	.....	.....
E. Almost always	.....	.....
36. Which of the following best describes the manner in which problems between departments are generally resolved?	.....	.....
A. The problems are worked out at the level, where they appeared, through mutual effort and understanding.	.....	.....
B. Very few of them feel happy to leave this organisation	.....	.....
C. Some of them feel happy to leave this organisation	.....	.....
D. Most of them feel happy to leave this organisation	.....	.....
E. All of them feel happy to leave this organisation	.....	.....
37. How much do you think the top management of this organisation is aware of the working condition of its employees?	.....	.....
A. Not at all aware	.....	.....
B. Very little aware	.....	.....
C. Somewhat aware	.....	.....
D. Much aware	.....	.....
E. Very much aware	.....	.....
38. How often are the employees in this organisation helpful to each other?	.....	.....
A. Almost never	.....	.....
B. Rarely	.....	.....
C. Sometimes	.....	.....
D. Usually	.....	.....
E. Almost always	.....	.....
39. How much do you think your organisation has interest in the welfare of the employees?	.....	.....
A. They are not at all really interested	.....	.....
B. They are not very much interested	.....	.....
C. Only in certain ways they are interested	.....	.....
D. They are somewhat interested	.....	.....
E. They are very much interested	.....	.....
40. In some places, anybody can go to anybody else to discuss any problem he faces. In your opinion, how often does it happen here?	.....	.....
A. Almost never	.....	.....
B. Rarely	.....	.....
C. Sometimes	.....	.....
D. Usually	.....	.....
E. Almost always	.....	.....
41. How much influence do you think your colleagues have in making decisions in this organisation?	.....	.....
A. Very much	.....	.....

	ACTUAL	DESIRED
E. Almost always	.....	.....
41. Do you agree that in this organisation the capabilities of its employees are fully utilised		
A. Strongly agree	.....	.....
B. Agree	.....	.....
C. Neither agree nor disagree	.....	.....
D. Disagree	.....	.....
E. Strongly disagree	.....	.....
42. How often do you think the professional jealousies obstruct the performance of duties in this organisation?		
A. Almost always	.....	.....
B. Usually	.....	.....
C. Sometimes	.....	.....
D. Rarely	.....	.....
E. Almost never	.....	.....
43. Do the employees here work with a team spirit?		
A. Team spirit does not exist at all	.....	.....
B. Team spirit exists in a few members	.....	.....
C. Team spirit exists in quite a few members	.....	.....
D. Team spirit exists in many members	.....	.....
E. Team spirit exists in almost all the members	.....	.....
44. Are there things around your working environment (people, policies, conditions) that discourage you from working hard?		
A. Yes, practically everything around here discourages me from working hard	.....	.....
B. Yes, a great many things around here discourage me from working hard; only a few do not discourage me	.....	.....
C. About as many things discourage me as encourage me to work hard	.....	.....
D. No, most things around here encourage me to work hard	.....	.....
E. No, practically everything around here encourages me to work hard.	.....	.....
45. Considering the busy schedules and workload here, the employees seldom find time to share their concerns with each other. How much do you agree with it?		
A. Strongly agree	.....	.....
B. Agree	.....	.....
C. Neither agree nor disagree	.....	.....
D. Disagree	.....	.....
E. Strongly disagree	.....	.....
46. How often do superiors invite their subordinates for an informal discussion?		
A. Almost never	.....	.....
B. Rarely	.....	.....
C. Sometimes	.....	.....
D. Usually	.....	.....
E. Almost always	.....	.....
47. How much influence do you think your colleagues have in deciding what should be done in this organisation?		
A. Very much	.....	.....

- B. Much .....
- C. Some .....
- D. Little .....
- E. Not at all .....
  
- 48. To what extent do you have confidence in the people you work with?
  - A. Not at all .....
  - B. To a very little extent .....
  - C. To a some extent .....
  - D. To a considerable extent .....
  - E. To a great extent .....
  
- 49. How often do the employees here trust one another?
  - A. Almost always .....
  - B. Usually .....
  - C. Sometimes .....
  - D. Rarely .....
  - E. Almost never .....
  
- 50. Are suggestions often solicited from employees here?
  - A. Yes, from senior officers only .....
  - B. Yes, from some officers only .....
  - C. Yes, from all the officers only .....
  - D. Yes, from all the employees except Class IV .....
  - E. Yes, from all the employees .....
  
- 51. How often does a person in this organisation receive credit and appreciation if he finds out a different way of doing things which nobody has ever done before?
  - A. Almost always .....
  - B. Usually .....
  - C. Sometimes .....
  - D. Rarely .....
  - E. Almost never .....
  
- 52. How much is your job important in this organisation?
  - A. Very much .....
  - B. Much .....
  - C. Somewhat .....
  - D. Little .....
  - E. Not at all .....
  
- 53. This organisation facilitates the self-improvement of its employees. Do you agree with this statement?
  - A. Strongly disagree .....
  - B. Disagree .....
  - C. Neither agree nor disagree .....
  - D. Agree .....
  - E. Strongly agree .....
  
- 54. How often is a conscientious attempt made to consider the views of people concerned?
  - A. Almost never .....
  - B. Rarely .....
  - C. Sometimes .....
  - D. Usually .....
  - E. Almost always .....

# APPENDIX II HRD CLIMATE SURVEY

Organisation.....  
Designation.....

Date:.....  
.....

Any organisation that would like to be dynamic and growth oriented has to pay attention to the development of its human resources. People must be continuously helped to acquire capabilities for effective performance of new roles/functions/tasks that may arise in the process of organisational growth and change in the environment. Thus HRD becomes crucial for organisational dynamism and growth. In the recent past, mechanisms like performance appraisal, counselling, OD, potential appraisal, job enrichment have been introduced in various organisations. A minimal positive developmental climate is essential for the success of these programmes. This survey is to find out the extent to which such developmental climate exists in your organisation.

We propose to combine the responses received from several employees of your organisation and prepare profiles of developmental climate for your organisation. As these profiles may form the basis of your organisation taking further step with regard to its HRD practices, we would appreciate your frank responses.

A number of statements are given below describing the HRD climate of an organisation. Please give your assessment of the HRD climate in your organisation by rating your organisation on each statement using the 5 point scale. A rating of 5 indicates that the statement is almost always true with your organisation; a rating of 4 indicates that the statement is mostly true; a rating of 3 indicates that the statement is sometimes true; a rating of 2 indicates that the statement is rarely true about your organisation. Give your assessment by encircling the appropriate number.

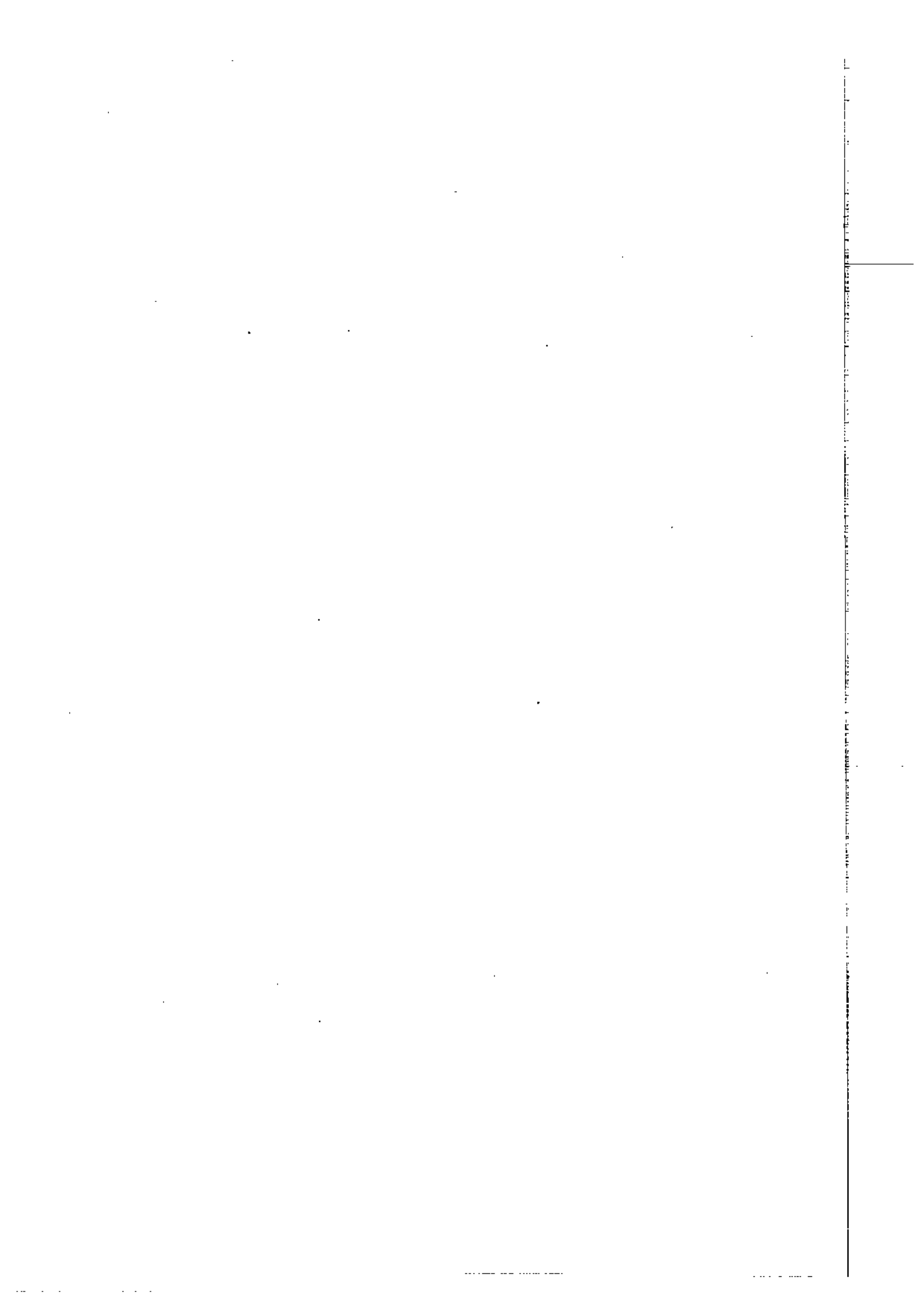
5 = Almost always true                      4 = Mostly true                      3 = Sometimes true  
2 = Rarely true                                      1 = Not at all true

1. The top management of this organisation goes out of its way to make sure that employees enjoy their work. 5 4 3 2 1
2. The top management believes that human resources are an extremely important resource and that they have to be treated more humanly. 5 4 3 2 1
3. Development of the subordinates is seen as an important part of their job by the managers/officers here. 5 4 3 2 1
4. The personnel policies in this organisation facilitate employee development. 5 4 3 2 1
5. The top management is willing to invest a considerable part of their time and other resources to ensure the development of employees. 5 4 3 2 1
6. Senior officers/executives in this organisation take active interest in their juniors and help them learn their job. 5 4 3 2 1
7. People lacking competence in doing their jobs are helped to acquire competence rather than being left unattended. 5 4 3 2 1
8. Managers in this organisation believe that employee behaviour can be changed and people can be developed at any stage of their life. 5 4 3 2 1
9. People in this organisation are helpful to each other. 5 4 3 2 1
10. Employees in this organisation are very informal and do not hesitate to discuss their personal problems with their supervisors. 5 4 3 2 1
11. The psychological climate in this organisation is very conducive to any employee interested in developing himself by acquiring new knowledge and skills. 5 4 3 2 1
12. Seniors guide their juniors and prepare them for future responsibilities/roles they are likely to take up. 5 4 3 2 1
13. The top management of this organisation makes efforts to identify and utilise the potential of the employees. 5 4 3 2 1
14. Promotion decisions are based on the suitability of the promotee rather than on favouritism. 5 4 3 2 1
15. There are mechanisms in this organisation to reward any good work done or any contribution made by employees. 5 4 3 2 1
16. When an employee does good work his supervising officers take special care to appreciate it. 5 4 3 2 1
17. Performance appraisal reports in our organisation are based on objective assessment and adequate information and not on favouritism. 5 4 3 2 1

18. People in this organisation do not have any fixed mental impressions about each other	5 4 3 2 1
19. Employees are encouraged to experiment with new methods and try out creative ideas.	5 4 3 2 1
20. When any employee makes a mistake his supervisors treat it with understanding and help him to learn from such mistakes rather than punishing him or discouraging him.	5 4 3 2 1
21. Weaknesses of employees are communicated to them in a non-threatening way.	5 4 3 2 1
22. When behaviour feedback is given to employees they take it seriously and use it for development	5 4 3 2 1
23. Employees in this organisation take pains to find out their strengths and weaknesses from their supervising officers or colleagues.	5 4 3 2 1
24. When employees are sponsored for training, they take it seriously and try to learn from the programmes they attend	5 4 3 2 1
25. Employees returning from training programmes are given opportunities to try out what they have learnt.	5 4 3 2 1
26. Employees are sponsored for training programmes on the basis of genuine training needs.	5 4 3 2 1
27. People trust each other in this organisation.	5 4 3 2 1
28. Employees are not afraid to express or discuss their feelings with their superiors.	5 4 3 2 1
29. Employees are not afraid to express or discuss their feelings with their subordinates.	5 4 3 2 1
30. Employees are encouraged to take initiative and do things on their own without having to wait for instructions from supervisors.	5 4 3 2 1
31. Delegation of authority to encourage juniors to develop handling higher responsibilities is quite common in this organisation.	5 4 3 2 1
32. When seniors delegate authority to juniors, the juniors use it as an opportunity for development.	5 4 3 2 1
33. Team spirit is of high order in this organisation.	5 4 3 2 1
34. When problems arise people discuss these problems openly and try to solve them rather than keep accusing each other behind the back.	5 4 3 2 1
35. Career opportunities are pointed out to juniors by senior officers in the organisation.	5 4 3 2 1
36. The organisation's future plans are made known to the managerial staff to help them develop their juniors and prepare them for future.	5 4 3 2 1
37. This organisation ensures employee welfare to such an extent that the employees can save a lot of their mental energy for work purposes.	5 4 3 2 1
38. Job-rotation in this organisation facilitates employee development.	5 4 3 2 1

Source: Rao, T.V. and Pereira, D.F. (Eds). Recent Experiences in Human Resource Development. New Delhi: Oxford & IBH, 1985





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# UNIT 10 INTERVIEW AS A DIAGNOSTIC TOOL

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## Objectives

After going through this unit, you must be able to understand:

- the process of interview
- importance of Interview as a diagnostic tool.

## Structure

- 10.1 Introduction
  - 10.2 Purposes of Interview
  - 10.3 Forms of Interviews
  - 10.4 How to conduct Interviews
  - 10.5 How to Analyse and Use Interview data
  - 10.6 Group Interviews
  - 10.7 Variables Studied
  - 10.8 An Illustrative Example of a Diagnostic Report From Interview Data
  - 10.9 List of questions for Interviews
  - 10.10 Summary
  - 10.11 Self-assessment Test
  - 10.12 Further Readings
- Appendix

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## 10.1 INTRODUCTION

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Interview methods of data collection for organisational diagnosis purposes is used mostly when an organisation engages outside consultants for diagnostic and development purposes. Sometimes interview methodology is also used by internal teams and/or change agents. Interviews have the major advantage of providing an opportunity for face-to-face interaction with the participants of the organisation. Infact in medical diagnosis interview is the first step and forms the basis for subsequent testing. In organisational diagnosis studies, interviews may form the first step as well as the last stage of diagnosis. They could be exploratory interviews, hypotheses testing interviews, change inducing/idea testing interviews. There could be individual interviews or group interviews. Some details of interview methods of organisational diagnosis are presented in this section.

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## 10.2 PURPOSES OF INTERVIEWS

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Interviews can be used for the following purposes:

- Sensing the organisation and identifying general areas of strengths and weaknesses for further diagnosis.
- Probing for details and getting deeper insights into a given problem or issue bothering an organisation (e.g. Why team spirit is low? What are the bottlenecks in fast decision making? Why are people unhappy with a particular policy or issue? Why absenteeism is going up? etc).
- Testing out the success potential of new ideas/actions/decisions and assessing organisational preparedness (e.g. what are the attitudes of people to an open appraisal system? How do they react to computerisation of personnel information system? What are their reactions to a newly proposed reward system? etc).
- Generation of ideas for strengthening the existing systems and processes. (e.g. How to improve the suggestion scheme? How to improve work environment etc.)
- Assessing the general level of health and climate of the organisation using structured or semi-structured interviews/questionnaire.

Thus the interview data may form the beginning of organisational diagnosis of the last step in organisational diagnosis.

### 10.3 FORMS OF INTERVIEWS

The interviews may range from highly structured forms to totally unstructured forms. Normally unstructured interview methodology is used for exploratory diagnosis purposes. In exploratory diagnosis the interviewer may simply open the interview session by saying that he is trying to identify the strengths and weaknesses of the organisation and the interviewee may talk about anything he sees as the strength or weakness. In such cases the interviewee may reveal a lot of significant information about strengths and weaknesses. The issues he chooses to speak themselves may reveal the concerns of employees. Unstructured interviews also could be used for probing in relation to specific issues. In such probing every question asked by the interviewer depends on the responses given by the interviewee earlier. Unstructured interviews require skilled interviewers.

Semi-structured interviews may consist of a list of pre-determined set of questions the interviewer has with him and seeking answers to these questions. These interviews are useful for hypothesis testing and probing.

Highly structured interviews are almost like questionnaires. They may in fact take the form of verbal administration of questionnaires or asking a series of open-ended questions which are pre-determined. These forms of interviews are useful if the respondent cannot answer questionnaire or if the respondent is likely to give better quality responses in interview settings than in writing, idea generating, influencing, probing for more insights etc.

### 10.4 HOW TO CONDUCT INTERVIEWS FOR ORGANIZATIONAL DIAGNOSIS

In the case of medical diagnosis the patient goes to the doctor with a problem and hence in his own interest he gives all information whereas in organisational diagnosis although the top management who goes to the consultant may give all information, the other interviewees may not have the same need as the top management and hence may not be willing to volunteer information. Alternately they may distort data depending on their attitudes to top management, the consultant and the study. Therefore it is very important for the interviewer to establish credibility and build rapport.

Before interviews are conducted it is useful and even necessary for the top management to legitimise the diagnostic study by informing all those who are to participate in it. Such a legitimisation could be done either through an announcement giving details of the study, its purposes, the consultants or interviewing team members and the help they need from the employees etc.

After such a legitimisation, in the interview process itself the interviewers should clarify once again the purposes and assure the confidentiality of responses. Aggressive postures like trying to impress the interviewee by talking about the closeness of the interviewer to top management, lecturing, demanding, criticising others, expression of interviewers opinions, even before the interviewee starts etc. are behaviours that hinder rapport building. Starting with general and non-threatening issues, talking about the background of the interviewer himself, getting to know each other, pleasantries etc. help in establishing rapport.

Using open-ended questions, information seeking questions and suggestive questions helps in probing and discovering many unknowns. Sometimes during the interview process paraphrasing the responses given by the interviewee may help improving the listening process and understanding process.

It is useful to conduct diagnostic interviews in settings which are free from noise and other disturbances. A peaceful atmosphere always enhances the quality of data collected. In case of probing interviews the interviewer should constantly guard himself against the danger of putting ideas into the mind of the interviewee. Normally after interviewing a few, the interviewer starts developing hypothesis. Presenting these hypothesis impatiently to the subsequent interviewers may endanger the diagnostic process.

## 10.5 HOW TO ANALYSE AND USE INTERVIEW DATA

Interview data are relatively more difficult to code and analyse as compared to questionnaire data. Since interview data are qualitative data after a few interviews are completed it may be useful to develop a coding/analysis scheme. It is useful to categorise all responses into those coding categories. Number of persons giving a particular response, pointing out a particular weakness, or suggesting a particular hypothesis etc. can be indicated.

The greatest advantage of interviews is the amount of insight it can provide into organisational processes. Many hypothesis can be generated and tested spontaneously during interviews. Interview data obtained from a small sample of individuals using semi-structured interviews is presented at the end as an illustration. The reader may have a feel of a diagnostic report given in the appendix.

## 10.6 GROUP INTERVIEWS

When there are a large number of employees to be covered for diagnostic study, it is quite a common practice to use group interviews. For group interviews the interviewer invites a group of people and interviews them. The group interviews may be conducted department-wise or grade-wise across the departments. Respondents may feel inhibited to give their views in front of others and specially seniors or their supervising officers. Hence if group interviews are planned care should be taken to compose the groups in such a way that the interviewees feel free to give their opinions, reactions, etc. Normally respondents of the same grade/background from different departments are assembled for group interviews.

For group interviews some extra effort needs to be made by the interviewer to create an open climate so that the interviewees give diagnostic information freely. The size of the group should not be too large for group interviews. About 6-8 is a good size for interviews. Normally some participants tend to speak more in such interviews. In such cases the interviewer should occasionally ask those who are not talking to express their points of view. Group interviews could also be used to select a few employees for in-depth interviews.

Normally in any organisation, once it gets known that employees are being interviewed in groups, much of the inhibitions get removed and employees start giving a lot of information.

## 10.7 VARIABLES STUDIED/DIAGNOSED

Interviews can be used to study any variables/dimensions for diagnosis. All the variables mentioned in the earlier units can be studied using interviews. More so for the dimensions more useful are the interviews. Organisational norms, values, management styles, communication, decision-making, job-involvement, team work etc. are the variables that are normally studied using interview methodology.

The illustrative example of 'Air Conditioners International' illustrates the variety of variables that may come up during the diagnostic study. From among the variables that come up during interviews, any significant variable (e.g. *ad hocism*, insecurity, long range planning, lack of co-ordination etc.) could be taken for an in-depth analysis if necessary.

## 10.8 COMMENTS ON THE ILLUSTRATIVE EXAMPLE OF A DIAGNOSTIC REPORT ON THE BASIS OF INTERVIEW METHODOLOGY

The Appendix presents illustrative example of a diagnostic report prepared by a consultant on the basis of 24 interviews conducted by him. The interviews were all conducted in a few days time. They are unstructured interviews. The consultant took notes for each interview. By the time the consultant completed interviewing he has gathered a good deal of diagnostic data. The interviews were open ended to assess generally the strengths and weaknesses of the organisation. After completing the interviews the consultant decided to include only those observations that are mentioned at least in 3 different interviews. The consultant also

decided not to mention the number of people making a particular comment as the interviews are unstructured and therefore the numbers may be misleading. The report given in the appendix is intended to give a flavour of a diagnostic report that emerges out of interviews. The following points may be noted from this report.

- This is a quick diagnostic study but a lot of information got generated in a short visit of four days and 24 interviews. Which means every day about 6 interviews may have been conducted.
- The diagnostic study only brings out major issues but does not go into details of the sources of these issues. This study is therefore a first level diagnosis.
- No individual's name or identity is mentioned in the report. Only general diagnostic statements are made.
- The analysis from interviews is presented in the form of weaknesses, strengths and recommendations.
- The interviews are limited to executive levels and the diagnosis does not go to lower levels.

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## 10.9 LIST OF COMMONLY ASKED QUESTIONS FOR DIAGNOSTIC INTERVIEWS

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The following is the list of questions that are commonly used in interviews:

- 1 What is your job? How satisfied are you? What contributes to your satisfaction? What contributes to your dissatisfaction?
- 2 What are some of the strengths of this organisation? What is going on well and what good things exist in this place?
- 3 What are some of the weaknesses in this organisation? What improvements can be made?
- 4 What factors provide you satisfaction?
- 5 What things frustrate you? What are some of the irritants or dissatisfying things?

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## 10.10 SUMMARY

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Next to questionnaire, interview is a potential tool for organisational diagnosis. A lot can be achieved in a short period of time using this method. Interview skills are very crucial for an effective use of this method. Unstructured interviews are useful for general diagnosis as given in the illustrative example. Structured interviews are useful for in-depth explorations. Interviews are used in combination with other methods as explained in subsequent sections.

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## 10.11 SELF ASSESSMENT TEST

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- 1 How interview is an useful method for Organisational Analysis?
- 2 What are the different forms of interview and how the interview has to be conducted?
- 3 How do you analyse and use interview data?
- 4 How do you conduct interviews for analysing your Organisation or any other Organisation which you are familiar with?

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## 10.12 FURTHER READINGS

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D.A. Nadler, 1977, *Feed back and Organisation Development : Using Data Based Methods*, Addison Wesley Publishing Company.

## **APPENDIX: AIR CONDITIONERS INTERNATIONAL: A DIAGNOSTIC STUDY REPORT**

Interview as a Diagnostic tool

### **Introduction**

At the request of the Chief Executive and Managing Director (MD) of the Air Conditioners International (ACI) to make a quick diagnostic study and prepare proposals for assisting the company, the consultant visited ACI from May 4-7, 1988. Interviews were held with 24 executives including two of the General Managers. The following is a diagnostic report emerging out of the discussions and interviews with these executives. This is followed by a set of recommendations in the form of preliminary proposals for consideration.

### **Background**

ACI was started in the year 1958. In the early years when it started with foreign collaboration it took pride in the products it manufactured. Till around the year 1975 the company did well and maintained a considerable degree of market stability. Its sales turnover ranged between Rs. 15 to 20 crores consistently with a capital investment of about Rs. 6 crores. During 1975-76 the company suffered a set back due to economic recession and fall in demands for Air Conditioners. During 1980-81 there was a major industrial unrest for several months. A number of employees had to be retrenched. From 1983 onwards the company started making profits again.

However, what was considered monopoly items (mixers and grinders and air-coolers) started getting made by competitors and a number of others setting up small scale units. 1985 onwards the company again started making losses. An analysis indicated that the Air-Coolers and mixers division of the company is contributing greatly to the losses along with a high demand for managerial time and resources. As a result it was decided to close down this division in 1987. By mid 1987 this was closed down and about nearly 600 employees had to be removed in an operation to retain only those who are competent and needed. This pruning included parting with a sizeable number of managerial staff who were considered redundant. According to one of the Senior Managers the company was doing around 1974 about the same amount of work with half the staff in 1986-87. So the pruning operation was badly needed.

### **Diagnostic Observations from Interviews**

From the interviews and discussions with the 24 executives the following observations could be made.

- The general morale of the executives appeared to be low. This is mostly traceable to the events in the last few months where a number of employees were asked to leave and the Air-coolers division was closed. While several of them appear to appreciate and support the decisions to close the Air-coolers division and removing employees some of the executives have a lurking fear that their turn may also come sometime. Job-insecurity seem to haunt several of them.
- It appears that when decisions are taken, they are not given enough time to implement and they get changed soon. Several executives mentioned that in the eagerness to improve things the top management may be changing decisions too fast without giving themselves enough time. There also seem to be quite a bit *ad hocism* perceived by the executives in the way the decisions are taken. "To-day something appears important so a decision is taken on the basis of 'appearance' rather than on the basis of an in-depth study and a professional approach. A few days later the decision appears to be of doubtful impact and something else appears to be better, and immediately it is changed". This adds to the feeling of insecurity and uncertainty in the minds of employees. This also brings down their motivation.
- The changes in decisions is aggravated by lack of communication and a high degree of grapevine adding to the insecurity and confusion according to some employees. Employees do not get any information about why decisions are changed and they are left to guessing. Executives would like to feel that they are a part of the company and the company is theirs. As a result of lack of communication their commitment and "we" feeling are very low.
- There is no professional way of appraising the employees — particularly executives. These are considered very subjective.

## Organisational Analysis

- The top-management seem to think more of the short-term goals and the longest term they can think of is 6 months. Such short-term goal orientation hampers organisation building and promotes *ad hocism*. For example, acceptance of defective raw material for fear of loss of production.
- On the marketing side packaging is considered poor while the product is good. There is no formal way in which the production department gets feedback from branches.
- Most executives resent too frequent changes at top level-particularly at the General Managers level. By the time a General Manager settles down and tries to find his way he is out. The next man comes out with his own policies and people down the line have to change their thinking all of a sudden, not knowing for how long. As a result there is a high sense of instability resulting in low motivation.
- The top-management and senior executives seem to spend time on small routine issues rather than concentrating on strategic plans. For example even the finance department's time is spent more on employee finance than company finances.
- Tasks are assigned informally rather than after careful thinking and planning. Accountability is not fixed.
- The company has not been adding any new products. R&D's contributions are side tracked by asking them to concentrate on small things.
- People are not at the same wavelength. Due to insecurity and personalised dealings everyone tries to impress the top management rather than showing concern for work. In this process openness and frankness gets eroded. Team spirit comes down and complaints against one another increase. There is a need to bring everyone at the same wavelength through frequent communications and get together. One of the executives remarked "we need to generate a 'May I help you' feeling in staff. We need energy tablets and a common goal".
- Employees are afraid to take risks for fear of failure.
- Too frequent change in systems (e.g. procurement system changes with change of hands).
- No periodic meetings (monthly or weekly) to discuss various issues.

## Strengths

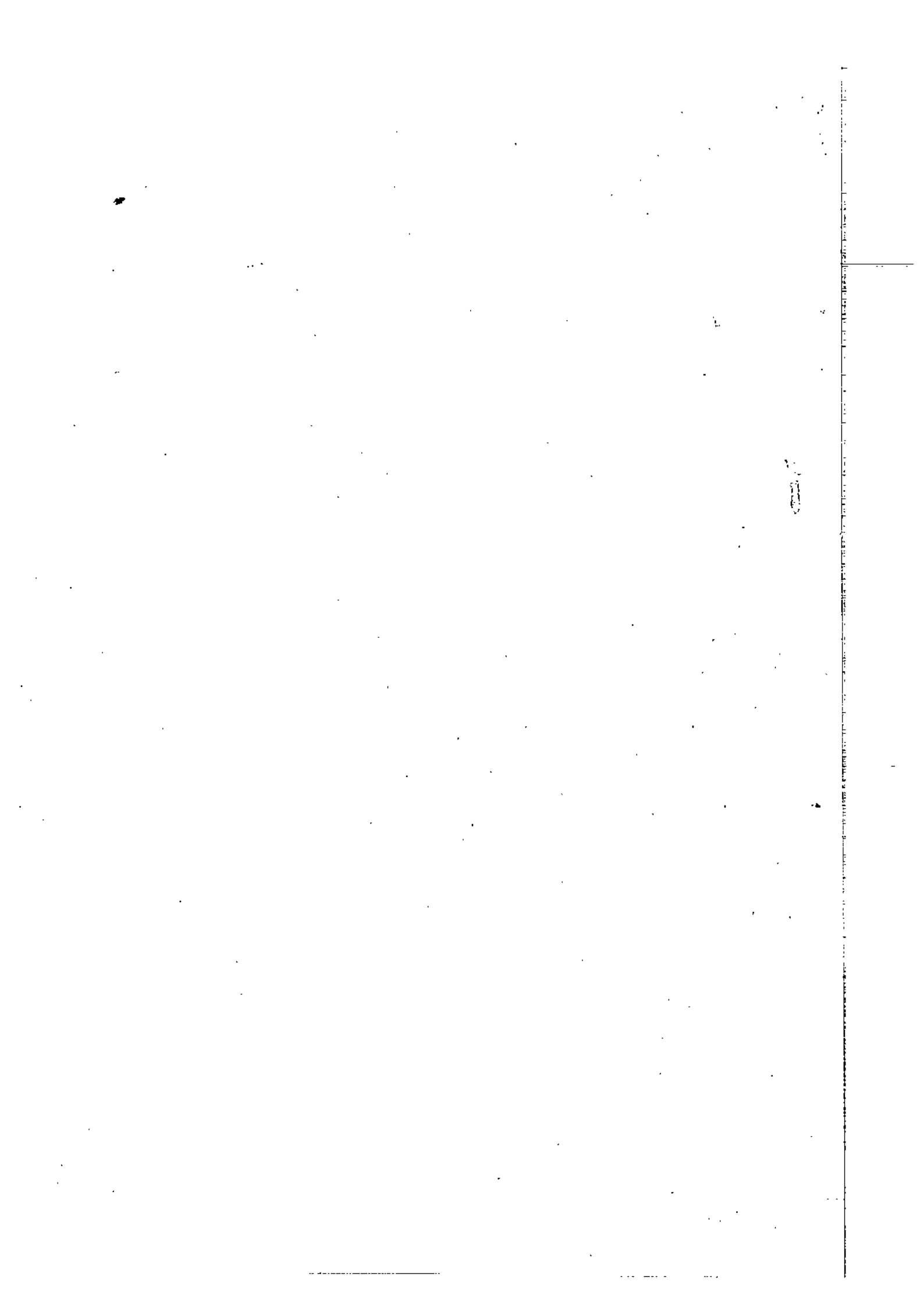
- Against all these problems and issues ACI has strengths. The executives are more or less unanimous in identifying these strengths and feel that they should be cashed on. These include:
- A dynamic and professional-minded chief executive who means business, and is committed to make ACI more dynamic.
- Staff with extremely good potential and competencies. These, however, need to be used rather than stagnated.
- High quality of the products they make and the sense of pride the executives have in their product.
- Good product image.
- The care company takes of its people. Liberal welfare policies and incentives given to executives and other staff.
- Small size of the company giving opportunity to promote family orientation and cohesiveness. This needs to be cashed on.
- Capacity to take tough decisions when required.
- Technical support of foreign collaborators.
- Large scale operations of the company, small size of competitors, past image and collaborators and capability to delivery large quantities in short periods.
- Variety of products being manufactured.
- Past experience and well chalked out market which can be further expanded with some imaginativeness and hard work.

## Recommendations and Proposals

- The above report makes it clear that there is a need to do a number of things to lift up ACI to its potential heights. On the organisational front it may be useful to prepare a long term plan and follow it up. Such a plan should visualise ACI in a 5 to 10 year perspective and attempt to take it from 20 crores turnover to 30-50 crores or even more. It may be useful to take the help of a corporate planning expert who could work with the internal team of General Managers and other Senior Executives.
- Regarding the internal functioning of the organisation there is a need to improve communications and trust. This cannot be done through a training programme as envisaged earlier but through establishment of a number of systems and processes around organisational tasks. Some of these systems are suggested below.

- **Weekly Review Meetings of Production and Marketing:** Every week on a specified day all the senior managers (about 10-15) should get together and review the progress in the week and discuss plans for the next week. Each head of the department or one of his managers should present a review of the previous week's activities, accomplishments, difficulties as well as plans and suggestions for the next week. The Chief Executive can share any information he has about the external environment and also use this meeting as a mechanism of understanding problems, solving them, fixing accountability and reviewing progress. In subsequent years the frequency of such meetings could be reduced.
- Every manager/officer should have his key accountability areas identified and should be given full responsibility. Every manager should have a specific task not overlapping with his boss or subordinate as far as possible and he should be assessed for it once a year. A formal system of performance appraisal should be introduced in the company. Each manager may be encouraged to write down his own performance and accountability areas and these could be discussed generally in a seminar form.
- The present efforts to consolidate human resources has reached a meaningful stage. Before any one else is recruited it is necessary to do prepare a manpower needs and utilisation plan. This exercise may become meaningful if done along with recommendation.
- A number of management systems need to be introduced that can reduce costs and increase efficiency. On the basis of the interviews it is difficult to pin-point what is lacking but it may be worthwhile examining the scope for improvements in the following areas.
  - i) Management Accounting and Control Systems (The finance Department with its computer cell may be capable of doing it. Their time utilisation for productive matters need an examination. Their potential is probably not being well utilised now).
  - ii) Materials Management (although managers claim substantial improvements, there are reasons to believe that this needs some attention, specifically the inventory management for raw materials).
  - iii) Improvements in packaging and company image.
  - iv) Strengthening the competencies of marketing staff. It may be useful to get them together once in a while and then promote their initiative-taking and aggressive selling qualities.
  - v) Exploring new product lines. Specially the R&D efforts have to be streamlined. Their accountability should be fixed. They should be given freedom and some working arrangements to test out the products evolved by them need to be made.
- It is useful to stop all further retrenchment, specially at higher levels. Identify clearly the areas where very manager has to contribute, fix up their accountability, given them freedom and time to demonstrate their competence and have trust in them till then.
- The company has given enough financial and other welfare incentives, whose value is probably not seen due to job insecurity. It is time that they are provided with job-securities.
- The Chief Executive and the General Managers should spend their time on larger issues relating to the company and its future and leave the day-to-day operations management largely to its managers.





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# UNIT 11 WORKSHOPS, TASK-FORCES AND OTHER METHODS

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## Objectives

After going through this unit, you should be able to understand the process of:

- workshops in analysing the problems involved in the organisation
- task-forces, i.e., a group of employees constituted by the top management help in analysing an organisation
- observation method helps in diagnosing the problems of an organisation.

## Structure

11.1 Introduction

11.2 Diagnostic Workshops

11.3 When to Use Workshops

11.4 Task-forces and Internal Teams

11.5 Other Methods

11.6 Summary

11.7 Self-assessment Test

11.8 Further Reading:

Appendix 1—Workshop Method: An Illustrative example of a Fast Food Chain

Appendix 2—Force Field Analysis

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## 11.1 INTRODUCTION

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While questionnaire and Interviews are very popular and most commonly used methods, in the recent past workshops and internal-task forces, are also becoming very popular. There is greater involvement and team-work involved in workshops and task forces as compared to questionnaire. External help is minimised in task-forces and workshops and sense of purpose is high as teams of employees are involved in diagnosis. Hence these two methods are explained in some detail with illustrative examples. Observations and other unobtrusive measures are additional diagnostic tools. They are also described briefly here.

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## 11.2 DIAGNOSTIC WORKSHOP METHODOLOGY

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In the Workshop Methodology participants (employees) of an organisation are assembled in groups (usually ranging between 20 to 30) for purposes of diagnosis. They are divided further into small groups (usually with a size of 6 to 8) and are requested to discuss a particular issue and diagnose the situation. SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) or Force Field Analysis or Symptoms - Sources - Solutions - Action Plans analysis are conducted by the small groups with respect to a given issue/problem/dimension needing the study. The following procedure is normally followed in the workshop methodology.

**Defining the Problem/Issue for Diagnosis:** First it is important to clearly state the problem or issue at hand before the decision to use workshop methodology is taken. The problem may be general or specific.

### Examples of General Diagnosis

- a) The organisation is wanting to improve its general performance through improving the productivity and motivation of its employees. The present level of motivation and efficiency of employees at all levels is considered to be good but there is a feeling expressed by several categories of people that it can be still better. What is contributing to the present level of efficiency and what would help improving it.
- b) The organisation is wanting to diversify. New units are expected to be added in the same locations. Some of the existing staff may have to look after the new units also with appropriate rationalisation of work loads. What are the factors that should be taken into consideration for implementing the diversification decisions?

- c) There is general feeling that the employee motivation is low and organisational health is poor. What are the reasons? What are the critical variables that could be dealt with?
- d) The organisation is simply interested in improving itself. What are the ways in which the organisational functioning could be improved?

**Examples of Specific Issues**

- a) The organisation is interested in changing the performance appraisal system and strengthen the open culture. What are the problems and possibilities? What do people feel about the existing appraisal system? What changes do they want?
- b) The absenteeism is on increase in some departments. What are the reasons? What could be done?
- c) The organisation would like to improve the team spirit and interdepartmental collaboration. What is contributing to team spirit to-day? How to enhance it?
- d) The organisation would like to introduce computers in several sections. What is the existing situation and what steps/variables should be considered for an effective implementation?

The process of defining the problem itself is important. To define the problem itself the top management team may need to have a meeting or a series of meetings. Some times even outside consultants could be used who may conduct a few preliminary interviews and make an assessment of the problem. While it is important to define the problem/issue before the workshop is convened, the facilitator of the workshop should be open enough to go beyond the stated problem if the workshop participants indicate the need for the same

- **Preparatory Work** In addition to developing clarity about the problem it is necessary to plan for the workshop in terms of the composition of the groups, introducing the problem, presentations, class-room facilities etc. The participants called for the workshop should be those concerned with the problem/issue, those affected by it and those who are likely to contribute to the diagnosis and subsequent improvements. The workshop participants should be selected in such a way that there are not too many levels of hierarchy present in the same workshop. This is because juniors may feel inhibited to talk about the problems in the presence of seniors. If the group is small and if people of different hierarchical levels get included the sub-groups in the workshop may be so composed to take care of any inhibitions.

- **Workshop Itself** The workshop may begin with an introduction by the Chief Executive/ Unit Head/Sponsor of the diagnostic study. However, after the introduction it should be left for the facilitator to conduct the session. It is advisable if the sponsor of the study is not present during discussions in order to facilitate free expression of views. However, he could join the workshop at the end to listen to presentations. Some times the culture of an organisation may not be open enough even for that. In such cases, the sponsor of the study could be given a presentation by the facilitator himself.

Thus the workshop itself would consist of four groups of activities:

- i) Legitimisation by the top management in terms of introducing the study, the facilitators, plans for use of diagnostic data etc.
- ii) Rapport Building by the facilitators in the form of explaining the meaning of diagnosis, sharing experiences of other organisations, explaining importance of the data they generate, assuring confidentiality, explaining the rationale for group formation, announcing the groups or forming the groups there itself on the basis of suggestions by the members, and introducing the methodology.
- iii) Group work where the groups will use Force Field Analysis, SWOT Analysis or Source-symptoms-Action Plan Analysis.
- iv) Presentation by groups consolidation of data and prioritisation of variables for action etc. and closing.

The atmosphere in the workshop should be free, open and informal.

The facilitator has to play a major role in creating this atmosphere.

Some examples are presented in the Appendix explaining SWOT Analysis and Force-Field Analysis, Plans Analysis. All the three are good diagnostic tools and throw up a lot of useful diagnostic information.

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## 11.3 WHEN TO USE WORKSHOP METHODOLOGY

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Workshop methodology could be used under the following conditions:

- If the problem/issue to be discussed is believed to be amenable for improvements, solution.
- The decision-makers or the top management of the organisation are committed to bring about change/improvements in the situation and are willing to invest some resources for it.
- The organisation values participative processes and there is some amount of openness or willingness to participate and share organisational concerns.
- Involvement of employees becomes important for solving the problem.

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## 11.4 TASK FORCES AND INTERNAL TEAMS

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In India many organisations use internal task forces for organisational change. A number of Organisational Designers and OD Consultants make it compulsory for the organisation to appoint an internal task force to assist the facilitator in the change process. A task force is a group of employees of an organisation constituted by the top management and charged with the responsibility of working on a specific task/assignment in addition their formally assigned job specific roles. The task force when constituted should have terms of reference. Normally, each task force has a convenor, a secretary and a set of resources to complete the task. The terms of reference should contain the details of the purpose why the task force is constituted, the methodology they can use, the flexibility they have in reformulating or redefining the job given to them, the resources they have, the assistance they need/expect from other employees, the time frame and office bearers. When such task forces are constituted, it is customary to make an announcement of the task force and its terms of reference (at least a summary of it) to all employees (at least to all those concerned with the issues) of the organisation.

The task forces may work independently or under the general direction/guidance of the Chief Executive a Top level Manager (like a Director) or a Consultant or Facilitator.

The work of the task force is time-bound. Thus an organisation can use any number of task forces depending on the problems/issues are willing to take up.

Normally, the task forces are constituted for diagnosis of specific problems and working on specific issues. General organisational diagnosis is not entrusted to task forces as such diagnosis can be done better through the earlier outlined methods. However, OD Consultants are known to use task forces as sounding bodies when they use questionnaires, interviews and the workshop method. The task force can be used as an overseeing mechanism, guidance mechanism for analysis of data and presentation of the data gathered from other sources and preparing action plans. The following steps used by a Performance Appraisal task force are illustrative of the way the task forces function.

**Appointment** The top 20 Executives including the Chief of an Engineering company constitute an "Organisation Development" or OD Group. They meet every quarter to review the progress of the organisation specially with reference to its human processes. Every time they meet, they meet for about 2 full days to discuss all issues. In one of the meetings they identified a large number of areas needing changes, improvements for better functioning of the company. Of the 20 and odd issues/areas/problems identified size issues were listed as priority items (e.g. Performance Appraisal, Rewards, MIS etc.). They constituted six different task forces, one each to deal with the six areas. While the Convenor and Secretary of each of the task forces are drawn from these 20 the membership of the task force went beyond the top 20. In some of the task force junior level executives were also included. Each task force was given a terms of reference and target date for completion of their diagnosis and preparation of recommendations. The task forces were required to keep presenting their interim reports to the OD Group.

**Performance Appraisal Task Force** This task force consisted of three senior executives. They were given the freedom to engage a consultant to help them. The task force is to evolve a open system of performance appraisal. They were also required to design a format and a manual keeping in mind the concerns expressed by the OD Group. They are also required to assist in implementing the system the operational aspects of which will be taken up by the personnel department.

**Initial Meetings** The task force had a few initial meetings to clarify their own role and list various activities they need to undertake. They decided to commission a quick study of the attitudes of employees (officers and executives) to the existing appraisal system and their preferences for what should be included in the new system. They decided to put a couple of young MBAs to design the questionnaire administer it, analyse it and prepare a status report. They simultaneously decided to take the help of a consultant to help them design and implement the system.

**Evolving a Format and Objectives** After the survey was conducted the task force had a series of meetings and identified the main and sub-objectives of the appraisal system. They have also identified the components and prepared a format incorporating these objectives.

**Testing out the Format** The task-force then identified a representative sample of executives and contacted them individual for testing out the format. Each member interviewed a few executives. The interview consisted of explaining the objectives and format to each executive and taking their views and reactions to it.

**Preparing a Manual** On the basis of this preliminary try out the task-force prepared an accompanying manual and also finalised the performance appraisal system.

**Preliminary try-out** The task force then conducted a series of orientation-cum-trial workshops to introduce the new system. After such workshop again views and opinions of executives were obtained. Six members after the workshop another series of interviews were conducted to diagnose the difficulties experienced by executives in implementing the system.

**Reporting to OD Group** Periodically the task force went on reporting to the OD Group. After the first round of trials a decision was taken to implement the new system and the task force was dissolved and other monitoring mechanisms were worked.

• Although all details of the working of the task-force are presented here, the above description may make it clear the way task-forces function. Since they are drawn from the practicing world and their time is valuable, the task forces mean business. Their diagnosis may be continuous and forms a part of the action plan. The task-force mentioned above went on diagnosing the mood of the people and the process support required to implement the new appraisal system. They used interviews, workshops, surveys, informal discussions and their own observations as diagnostic tools. They have also combined diagnosis with continuous action.

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## **11.5 OTHER METHODS**

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Other methods like observation and analysis of factual information records etc. could also be used for organisational analysis. However, they have serious limitations and are not very popular in India.

### **Observational Methods**

This method is most useful when an outside consultant is used for diagnosis. Insiders are most often blind to the events and data that are a part of the organisation. An outsider could observe a number of things. For example, the behaviour of people when the work hours begin in the morning, at the time of the close of working hours, the notices displayed, the work organisation, the behaviour of people in meetings, the kind of memos written to each other, tea and lunch breaks, canteen and the way it is organised, behaviour of employees in the organisation etc. could be observed and inferences made.

**The main limitations of this method are:**

- i) Not all processes are amenable to observation and the observer's own biases get reflected in observations. Observation methods could be used as preliminary diagnostic tools. Unless they are supplemented with interviews or other methods a good quality diagnosis may be different, Nadler (1977).
- ii) The basic strength or weakness of observation as a tool is that the observer is the data-collection instrument (as opposed to the questionnaire as the observation instrument). A sensitive observer making use of an effective structure for observation can be an effective data-collection tool. An observer who has little sensitivity and no guiding structure may spend hours observing, see nothing, and report no usable data.

### Secondary Data and Unobtrusive Measures

Records maintained by organisations can be very useful sources. Now-a-days with easy accessibility of computers most organisations collect and store a lot of data. Absenteeism rates and patterns, grievances, costs, delays, work performance records, attendance at meetings, circulars and other office communications provide ample opportunities for diagnosis.

Minutes of meetings, points of view expressed in meetings etc. also offer enough insights. These methods unfortunately are less frequently used. For example, analysis of performance appraisal reports can give a lot of significant data about the problems and difficulties of employees, their competency gaps and so on. Similarly an analysis of the delays in submitting reports (MIS, budgets, appraisals, reward recommendations), leave applications complaints etc. may also provide significant insights.

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## 11.6 SUMMARY

Every method has some advantages and some limitations. Interviews have the advantage of studying the problems in depth and offering scope for generating and testing many hypothesis. Task-forces are very useful in continuous diagnosis and implementation. Questionnaire provide systematic information and comparability with other organisations and of the same organisation at different points of time is enhanced. Observations and secondary data provide direct insights into the existing situation and are factual. The quality of diagnosis is likely to improve if a number of methods are used simultaneously than relying on a single method.

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## 11.7 SELF-ASSESSMENT TEST

- 1 When do you use Work-shop method for Organisational diagnosis? Explain in detail the process of Work-shop method?
- 2 What are Task forces and Internal teams?
- 3 Explain the method of observation and its limitations.

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## 11.8 FURTHER READING

D.A. Nadler, *Feedback and Organisation Development: Using Data Based Methods*.  
Addison Wesley Publishing Company, 1977.

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## APPENDIX 1: WORKSHOP METHOD FOR ORGANISATIONAL DIAGNOSIS: AN ILLUSTRATIVE EXAMPLE OF A FAST FOOD CHAIN

The Fast Foods Chain (FFC) is located in a metropolitan city. It has over a 100 outlets in the city and is planning to open at least another 200 in the next 2-3 years. The FFC has become so popular in the city that there are demands from other cities to open their branches. There is a master kitchen in the city where some of their popular items are made and distributed every day to the restaurants. Their Pizzas, Juices and Ice Creams are very popular. Their head office consists of about 20 officers and 30 support staff. Their employee strength is about 100 in the master plant and about 2,000 in the restaurants. Each restaurant has an officer in-charge and reports to the area manager. There are 8 area managers in the head office looking after the various restaurants. The FFC is a partnership firm. The organisation is in the process of expansion but problems are already in the rise in some of its restaurants and in the master kitchen. In order to plan better for expansion the headquarters team decided to take stock of the existing situation. An OD Consultant was appointed to study the existing strengths and weaknesses of the organisation, its ability to cope with increasing business in the coming years and the preparation required for the same. For this diagnosis

the consultant interviewed all the headquarters staff individually and a sample of restaurant managers. Since he could not get to interview all restaurant managers and at the same time interested in getting as many views as possible he requested for a workshop of the restaurant managers. 3 managers were called from each region for the first workshop.

After explaining the purpose of the workshop they were divided into 3 groups distributing the managers from each region into different groups. Some of the managers worked earlier in the head-quarters office as their jobs are transferable. The following is a sample of items mentioned by the 3 groups as a part of their SWOT analysis. The list is illustrative and not exhaustive.

#### Strengths

- 1 Informality and accessibility of top management. Any one can approach them at any time.
- 2 Fast decision-making at the top.
- 3 Moderate pricing of all food items.
- 4 Good quality of food items supplied by them.
- 5 Committed managers of restaurants.
- 6 Good advertisements and publicity.
- 7 Excellent co-ordination between master kitchen and restaurants.
- 8 Honest and sincere top management.
- 9 Concern of management about the Welfare of Staff.

#### Weaknesses

- 1 Top management is conservative in financial investments.
- 2 Outdated kitchen machinery.
- 3 Lack of cleanliness in master kitchen, partly due to outdated machinery.
- 4 Top management is too flexible. Today's decisions may get changed tomorrow.
- 5 Too low salaries for staff.
- 6 Unionism setting in the employees.
- 7 No autonomy to Restaurant Managers. For every small decision they have to go to top management.
- 8 Too much of paper work as too many daily returns are to be submitted to headquarters office.
- 9 Understaffing of some restaurants.
- 10 No one looks after personnel development and training needs of staff.
- 11 Poor facilities in restaurants for staff.
- 12 No reward system for better performing restaurants.
- 13 Some of the staff are not motivated. At the same time it is difficult to get new staff.
- 14 People have to work too hard. No time for relaxation for restaurant managers and no compensation. Head-quarters people are less burdened.

#### Opportunities

- 1 Demand from other cities to open their chain.
- 2 Diversification into frozen foods vegetables, bakery, cool drinks and other areas.

#### Threats

- 1 Break-up in the partners in the event of conflict. The FFC cannot afford it.
- 2 Competitors may enter the market and may be able to offer better environment to customers.
- 3 Deterioration in quality of foods with expansion.
- 4 Unionization of staff.
- 5 Increasing Fast Food restaurants in number and quality.

## APPENDIX 2: FORCE FIELD ANALYSIS AS A DIAGNOSTIC TOOL\*

Force field analysis is a systematic way of analysing any given problem situation with the objective of identifying the possible solutions to improve the existing situation. Force field analysis is based on the assumption that any given situation at a given point of time can be understood as a resultant of two types of forces acting on it. The first type of forces are called the driving forces (or facilitating forces), and the second type are called the restraining forces (or inhibiting forces). Every situation or a given problem has an objective or an end state which is desirable. In order to reach the end-state a number of things may have to be done. At a given point of time the movement towards the goal or the end-state can be assumed as stationary. This equilibrium can be understood as a resultant of the two types of forces mentioned above. Driving forces are those that push the existing situation towards the ultimate goal that is desired. These forces facilitate the movement towards achieving the goals. The restraining forces are those which hinder the movements towards the goal or act against it.

A force field analysis of the marketing of handloom products is presented in Exhibit 1. The goal the group had in mind was to increase the marketing of handloom products from 40 to 80 per cent in a single year. The analysis was done in a workshop of Managers and other Executives in charge of Handlooms.

### EXHIBIT 1

Driving and Restraining Forces Operating on the Marketing of the Handloom Products  
Analysed Using Force Field Analysis.

Rating	
Very Strong	- 5
Strong	- 4
Somewhat Strong	- 3
Weak	- 2
Very Weak	- 1

<b>Problem :</b>	Handloom Marketing
<b>Goal Desired :</b>	To achieve 80% marketing of the products from the present level of 40% within a year and to continue it. Figures within the brackets indicate the strength of the force; 5 represent a strong force and 1, a weak force.

Driving Forces	Restraining Forces
1 Good foreign market available for handlooms (4)	Lack of improved designs and colour schemes (5)
2 Liking for Indian handloom (3)	High cost of yarn (3)
3 Delicacy in handloom texture and still in production (3)	High price of products (4)
4 Handlooms can cater to the needs of small requirements (4)	High cost of inputs (3)
5 Handlooms can cater to the need for special designs as per individual requirements (4)	Exploitation by master weavers (4)

\* Reproduced with permission from Udai Pareek, TV Rao and DM Pestonjee. *Behavioural Process in Organizations*, New Delhi, Oxford & IBH, 1981, Pages 262-269.



Driving Forces		Restraining Forces
6	Providing greater employment with less investment (4)	Lack of publicity (4)
7	Local market readily available (4)	Lack of appreciation of handloom products (4)
8	Availability of traditional craftsmanship (5)	Lack of purchasing capacity (4)
9	Use of new fabrics in handloom (3)	Competition from powerloom mill sectors (5)
10	Flexibility and wide range of production (3)	Lack of good finishing facilities (4)
11	Availability of sales subsidy (4)	Government requirement being met from powerloom and mill sector (3)
12	Availability of export incentives (3)	Non-availability of yarn (2)
13	Good demand in handloom garments and make-ups (3)	Fluctuation of yarn price (3)
14	Government encouragement in various forms (3)	Outdated looms in utilisation (4)
15	Preferential government purchases (3)	Lack of market research (5)
16	Lack of standardisation(5)	
17	Lack of quality control (5)	
18	Lack of quality consciousness(5)	
19	Inadequate salesmanship (4)	
20	Lack of window displays (4)	
21	Lack of holding capacity (3)	
22	Lack of incentives to salesmen (4)	
23	Lack of commission agents (4)	
24	Lack of sales drives and exhibitions (4)	

Exhibit 2 deals with the objective of bringing as many weavers as possible into the hold of weavers' cooperatives. At present weavers are reluctant to join cooperatives. It is aimed at getting at least 60 per cent of the weavers into cooperatives.

## EXHIBIT 2

### An Analysis of the Factors Influencing Weavers in Joining the Cooperative

Driving Forces	Rating of the strength of the force
1 More average income	(4)
2 Sense of ownership	(2)
3 Participation in democratic management	(2)
4 Government assistance in the form of loans and subsidies	(4)
5 Package of incentives for modernisation	(4)
6 Continuous employment	(5)
7 Provision of housing facilities	(4)
8 Training and education facilities	(3)
9 Sharing of surplus in the form of dividend	(3)

- |    |  |     |
|----|--|-----|
| 10 | Elimination of middlemen                                     | (4) |
| 11 | Collective bargaining powers in the purchase of raw material | (3) |
| 12 | Supply of quality inputs which facilitates weaving           | (4) |
| 13 | Open and voluntary membership                                | (1) |
| 14 | Availability of processing facilities                        | (3) |
| 15 | Assured marketing facilities                                 | (3) |
| 16 | Financial assistance for marketing in the form of rebate     | (4) |
| 17 | Institutional finance at concessional rate                   | (4) |

**Inhibiting Forces**

- |    |  |     |
|----|--|-----|
| 1  | Ignorance about the benefits of the cooperative form of organisation   | (5) |
| 2  | Sentimental and traditional attachment to master weavers   | (4) |
| 3  | Financial loyalty to master weavers  | (3) |
| 4  | Mismanagement of cooperative societies   | (4) |
| 5  | Dormancy of cooperative societies  | (4) |
| 6  | Obligation to contribute share capital   | (3) |
| 7  | Non-availability of consumption finance  | (5) |
| 8  | Weavers lured by higher wages by master weavers during peak season   | (3) |
| 9  | Strict insistence of quality control in cooperative societies and likely discontinuance of work for substandard work | (3) |
| 10 | Compulsory deduction from wages for contribution to thrift fund  | (2) |
| 11 | Politicisation of managements of cooperative societies   | (2) |
| 12 | Economic non-viability of cooperative societies  | (4) |
| 13 | Availability of finance under DPI scheme   | (4) |
| 14 | Lack of interest shown by the government in managing cooperatives  | (4) |
| 15 | Lack of managerial capabilities in those managing cooperatives   | (4) |
| 16 | Lack of personal touch   | (5) |

**New Forces (Brainstorming)**

- 1 Enrolment of project weavers wherever feasible.
- 2 Provision of consumption finance from government through cooperative societies.
- 3 Obtaining contribution by government to the thrift fund contribution by weavers.
- 4 Director of handlooms to be vested with all powers of Registrar of Cooperative Societies in relation to Weavers Cooperative Societies
- 5 Fixation of minimum wages for weavers.
- 6 Extension of Bonus Act to handloom weavers.
- 7 Extension of gratuity and old-age benefits to weavers.
- 8 Extension of ESI benefits to weavers
- 9 Strict enforcement of reservation orders.
- 10 Director of Handlooms to be delegated with enforcement powers in relation to reservation orders.
- 11 Compulsory purchase by government and semi-government organisations from cooperative societies.
- 12 Liberalisation of managerial subsidy and caderisation.
- 13 Matching contribution for rebate by centre for the duration the states give.

The above analysis was done by a group of managers employed in the handlooms sector. After the analysis the managers decided that they can not do anything about the following forces as they are not within their control:

Driving forces: 7, 8, 9, 10, 13, 16 and 17.

Inhibiting forces: 2, 3, 6, 7, 10 and 11.

From among driving forces they chose the following forces for strengthening further: 3, 11, 14 and 15.

They also chose the following inhibiting forces for weakening them:

1, 4, 8, 13, 14; 15 and 16. In addition they decided to explore the possibility of adding some of the new forces suggested. On the basis of these further action plan were worked out for implementation.

The forces identified in force-field analysis may have different strength. Some forces may contribute highly towards the movement in the forward or backward direction in achieving the goal. Some forces may be very weak. Some forces may be irreversible or unchangeable. Some other forces may be easy to change.

In using force field analysis as a technique of organisational diagnosis and problem solving the following steps are followed:

- 1 Define the ultimate goal or objective or the desired end-situation.
- 2 Locate the existing situation diagrammatically on a straight line where one end of the straight line represents the desired goal state and the other end represents starting point (for example see Exhibit 3 which presents data from Exhibit 1).
- 3 List the various forces that are blocking the movement towards its goal and those that are acting against the movement. Brainstorming in group settings has been found to be very useful in making an exhaustive list of restraining forces. As many forces as possible should be listed without debate. There could be differences of opinion on some but it is useful to list even controversial forces.
- 4 Make an exhaustive list of driving forces as above using brainstorming techniques. Some of the driving forces may be just opposites of the restraining forces.
- 5 Using brainstorming techniques add as many new forces as possible to the existing list of driving forces. At this stage do not think of the possibilities. It is useful to suspend rationalistic thinking in brainstorming and merely list them.
- 6 Quantify the strength of each forces (both restraining and driving forces) a 5-point scale (where 5 indicates that the force is very strong and point 1 indicates a weak force in the direction indicated).
- 7 Remove all the forces one by one through discussion about which the problem-solving group has no control or can do nothing about it.
- 8 Select those driving forces which are very weak. Identify the mechanism of strengthening these forces through discussion.
9. Select new forces which could be added and identify the mechanism of introducing these forces through discussion.
- 10 Select the strong forces among the restraining forces. Identify the mechanisms of weakening these forces.
- 11 Identify the mechanisms of removing some of the restraining forces.
- 12 Work out an action plan to introduce change to bring out the desired end-state.

Force field analysis does not require any special skills for using it. It is a systematised approach towards problem solving. The use of force field analysis in groups has been found to be an effective way of bringing about change. There have been several experiments conducted in the past which indicate that through a systematic analysis of this kind, change can be brought in easily.

Managers and administrators when faced with problems or when they find that they have not been able to achieve targets they desired, it is useful to have a group meeting of their staff or team members and do a force field analysis of the situation. They should be prepared to spend at least half a day to one day on this. Familiarisation with brainstorming techniques

would help greatly in conducting such sessions effectively. Force field analysis helps in systematically analysing the problems and the involvement of those who are expected to implement change in identifying the change strategies increases commitment. It has other advantages of increasing morale, getting people to know to solve their problems at their levels, enjoyment of work and so on. A great degree of resistance to change can be countered with this techniques.

The driving and restraining forces are diagnostic dimensions of the problem or situation. This technique could be used for a specific situation or for general diagnosis of an organisation.

# NOTES



Uttar Pradesh  
Rajarshi Tandon Open University

MBA-1.5

situation Building

# Organisational Design, Development and Change

Block

# 5

## ORGANISATIONAL DEVELOPMENT AND CHANGE

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Organisation Development 5

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## **BLOCK 5 ORGANISATIONAL DEVELOPMENT AND CHANGE**

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Organisation development is a long-range effort to improve an organisation's problems. Unit 12 deals with organisational development, i.e., what is the necessity for organisational development. Unit 13 describes different intervention techniques which help in improving an organisation's problem. Unit 14 presents the skills required for a change agent in the O.D. Unit 15 gives information about how to implement the change and the last unit of the block describes how an organisation groups and becomes an institution.

1



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# UNIT 12 ORGANISATION DEVELOPMENT(OD)

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## Objectives

After studying this unit, you should be able to understand :

- the nature of organisation development
- the definition of OD
- the objectives of OD
- the models of OD, and the action research process of OD

## Structure

- 12.1 What is OD?
- 12.2 Definition of OD
- 12.3 Objectives of OD
- 12.4 Characteristic features of OD
- 12.5 Models of OD
- 12.6 OD—Action Research Process
- 12.7 Salient Issues in OD
- 12.8 Summary
- 12.9 Self-Assessment Test
- 12.10 Further Readings

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## 12.1 WHAT IS ORGANISATION DEVELOPMENT?

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An organisation is a system consisting of four interacting subsystems: structure, technology, people and task. Structure refers to the formal interactions within the organisation as evidenced in the organisational chart or *organogram*. Task refers to the set of activities to be performed. In other words, the behavioural specifications associated with a job. Technology relates to the level of sophistication determining the work-flow and performance of jobs in an organisation. Higher technology, most often, means higher job knowledge and skills of employees. Organisations may be classified as to their level of technology: high, medium, low or obsolete. People variable refers to the human input in the organisation i.e., individuals (in terms of their physical and mental skills, personality etc.) working in the organisation.

Organisation as a system can be changed and developed to achieve its goals in the best possible way. The goals of an organisation, generally are: survival, stability, profitability, growth and service to society. From one organisation to another, the goal or goals may differ depending upon at what stage of development the organisation is.

An organisation can achieve its goal if it is able to respond to changes within the external and internal environment. The external environment is in terms of forces in the social, political, economic and cultural factors. Competition from similar organisations, changing needs of the public, knowledge explosion, rapid growth of technology—all constitute threat to organisational effectiveness.

Organisation has also to take into cognizance its internal environment which includes existing structure, technology, needs and expectations of its people and the changing scenario of labour force.

Organisation development (OD) is a planned approach to respond effectively to changes in its external and internal environment.

Essentially there are two schools of thought in OD:

- 1) Programme—Procedure School
- 2) System—Process School

**The Programme—Procedure school:** It is an older approach. According to it, OD is the effective implementation of the organisation's policies, procedures and programmes. It is concerned with personnel activities that contribute to the overall growth and development of the organisation, such as: recruitment, training, career development, compensation, welfare and benefits, labour relations etc. Personnel development is primarily concerned with OD activities.

At present, it is being widely recognised that personnel functions contribute only partly to OD. They at best serve the organisational control or maintenance function.

**The system process school:** This school considers organisation development in the context of both its internal and external environment. Proponents of this approach view organisation as a system which can be changed and developed to best achieve its goals and objectives. Insights drawn from recent developments in behavioural sciences have contributed to the system-process school. An emerging role for OD is system based and focuses on total organisation effectiveness and hence goes beyond the traditional personnel programmes. The emphasis is much more on work groups within and across departments rather than individuals as such. While personnel programmes demand conformity for prescribed policies and procedures, the system process school encourages openness, and collaborative ways of solving problems so that the outcomes are advantageous to both the individual and the organisation. It is likely that the objectives of both the schools are contradictory to certain extent.

Programme Procedure School	System Process School
Internal	Internal & External
Personnel-oriented	Department-oriented
Individual	Group
Sectional	Holistic
Prescriptive	Open
System internal	Interdisciplinary

## 12.2 DEFINITION OF OD

OD may be defined as a systematic, integrated and planned approach to improve the effectiveness of the enterprise. It is designed to solve problems that adversely affect the operational efficiency at all levels (Koontz et. al. 1980). It is based on scientific awareness of human behaviour and organisation dynamics. Being an organisationwide effort, it is directed towards more participative management and integration of individual goals with organisation goals. OD is intended to create an internal environment of openness, trust, mutual confidence and collaboration and to help the members of the organisation to interact more effectively in the pursuit of organisational goals. Thus, the organisation is enabled to cope effectively with external forces in the environment.

## 12.3 OBJECTIVES OF OD

The objectives of OD may be stated as follows:

- improved organisational performance as measured by profitability, market share, innovativeness etc.
- better adaptability of the organisation to its environment
- willingness of the members to face organisational problems and contribute creative solutions to these problems
- improvement in internal behaviour patterns such as interpersonal relations, intergroup relations, level of trust and support among role members, understanding one's own self and others, openness and meaningful communication and involvement in planning for organisational development.

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## 12.4 CHARACTERISTIC FEATURES OF OD

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The roots of OD lie in the famous Hawthorne experiments carried out at the Western Electric company by Elton Mayo and his associates. These experiments highlighted the importance of employee attitudes and expectations, informal work groups, norms and values and participation in decision making as influencing performance—all these still central concepts in various techniques of OD.

Though there are divergent opinions and attitudes about the nature and practice of OD, among its practitioners, a general consensus may be noticed among them as to what the basic characteristics of OD are.

In any OD effort the totality of the organisation is to be taken into account. Organisation being an integrated system of sub-systems, changes in anyone sub-system tends to have consequences for the other sub-systems. The approach should be holistic either for identifying the need for change within or for planning and implementing a change. Until the intended change is absorbed in the total system, optimal collaboration, synergism and efficiency cannot be obtained.

The theoretical body of knowledge underlying the concept and practice of OD is eclectic. Recent developments in the area of behavioural sciences, especially psychology, sociology, anthropology etc., have influenced the OD thought and practice.

The intended changes in OD programmes may be carried out at any of the sub-system levels such as:

- organisation structure
- task accomplishment
- work climate (interpersonnel and intergroup relations, work values)
- methods of decision making and problem solving
- technology

The benefits of the planned effort to the organisation are measured in terms of improvements noticed in the performance of the sub-system where the change has been implemented, related sub-systems that have an interface with the changed sub-system, and the organisation as a whole.

a) Intended changes in the organisational structure should be initiated on the basis of a study of the existing structure—especially the formal relationships, span of control and functions performed by each individual in the context of the others. The planned change may be on the basis of what an ideal structure should be like. A better approach would be to take into cognizance the felt needs of the role incumbents. The employees may be involved in identifying problems in the existing structure and also in evolving a strategy for change. Such a participative approach would yield results as the employees are tuned to the intended change.

b) Another approach to OD is at the micro level i.e., at the job level, while the

above was at the macro level. What is of concern is the designing of jobs for better performance. Job related aspects such as authority, responsibility, activities performed, overlapping roles etc., are considered for modification in keeping with the attitudes, expectations of the role incumbents.

Research studies have shown that job attitudes and job satisfaction influence performance. Jobs may be redesigned to provide variety and opportunities for satisfying higher order needs. Jobs enlargement and job enrichment are the job design methods employed as part of OD techniques.

c) OD practitioners also aim at improving the interpersonal climate. The work climate of openness, trust and collaboration has positive influence on performance, while the climate of suspicion, distrust and hostility result in low or mediocre performance. The climate should be supportive, proactive and allow for opportunities to be creative and original.

d) Communication: is the life of an organisation and effective communication is basic to internal work climate. OD efforts may be directed to identify the gaps and problems in the formal communication network and improve the communication process. Communication network may be analysed in terms of the following methods.

- **Residential analysis:** It helps in understanding how a given organisation really functions. The analyst is a 'live in' observer of the communication process.
- **Participant analysis:** Data is collected about how communication is actually taking place in the network by interviewing the individuals or through a questionnaire.
- **Duty Study:** Like a cop of observing the traffic on a high way, the analyst positions himself in the communication network at any spot and studies the communication flow.
- **Cross-section analysis:** A time sampling of the communication process in the network may be carried out. However, the sampling must be repeated to get sufficient data.
- **E C C O (Episodic communication channels in organisation) analysis:** A trace element (i.e) a piece of communication is left in the communication network and its flow through the network is traced through time and space.

OD efforts to improve communication may deal with the elements of communication process such as 'source', 'message', 'channel', 'receiver', process of encoding and network, in addition to communication overload.

e) Decision making is another important area for OD intervention. What is a decision? Decision is 'commitment to action'. Decisions are basic to management process and link up the various activities of the organisation. While some of the decisions are routine and programmed, the other may be unprogrammed and ad hoc. While some of them are operating decisions that are routine, programmed and executed automatically, the others are administrative decisions that are either coordinative and routine, or exceptional and ad hoc while yield custom-made solutions.

Strategic decisions are also exceptional and have an influence on the overall organisation or a greater segment of the organisation. Necessity for strategic decision may arise due to forces in the external or internal environment, new technological input or at the initiative of the chief executive.

Involvement of the people concerned with the issue or problem in decision making leads to acceptable solutions, commitment to implement the decision and better utilisation of human resources. Decisions should be based on objective analysis that include identification of the problem, collection of relevant information and selection of an appropriate solution with a greater probability of achieving the expected outcome.

4 An OD strategy is an intended change at the relevant system or sub-system level.

The methodologies employed are a set of techniques or systematic procedures to

bring about an intended change. The techniques differ depending upon the sub-system that is considered for OD intervention. If the intended change is with reference to the 'people' variable, the methodologies employed are:

- **training or education** involving lectures, experiential exercises, simulation, T-group training etc.
- **confrontation**, where people are brought together to discuss the problem and evolve a strategy based on mutual trust and understanding of each other's position.

If the intended change is at the technological level, it is in terms of planned effort for bringing in new technology taking into account the likely consequences at the task, structure and people sub-system levels. The necessary environment for accepting and implementing the technological input should be created at the other sub-system levels.

OD interventions at the task level deal with job design parameters such as job enlargement, job enrichment, authority and responsibility considerations, human factor engineering etc.

At the structure level, the methodologies include: data feed back (systematic collection of information that forms the basis for diagnosis, premising, planning etc.) Problem solving and decision making, process consultation (watching and aiding on-going processes and improving them), and OD task force establishment (setting up of teams or groups to carry out OD efforts). These interventions may be carried out by a change agent.

5 Management practices and employee reactions to these practices form the basis for organisational analysis and diagnosis and determining the appropriate intervention. The success of an intervention depends upon the acceptance of it and willingness to implement or maintain the change and its outcomes by the employees within the organisation.

6 Organisational change is not a one shot affair but a complicated and lengthy process. The type of intervention sought for, the size of the organisation, constraints and facilities within the organisation, perceived organisational climate, attitudes and feelings of the employees and their commitment to change—all influence OD efforts. The typical value system of the organisation as a whole, of the management and of the individual, and the values underlying change are quite significant factors influencing the success of OD activity. Some of the generally agreed aspects of the value system underlying OD as suggested by Beckhard (1967) may be noted from

Table I Value System Underlying OD

- 1 Individual is and should be more independent and autonomous
- 2 Individual has and should have choice with regard to his work and leisure
- 3 Once the basic needs are met, individuals strive for realising self-worth and their potential
- 4 Where individual needs are in conflict with organisational requirements, individuals perhaps should choose to meet his own needs rather than submerge them in the organisation requirements
- 5 Work should be made meaningful and stimulating thus providing for intrinsic rewards in addition to adequate extrinsic rewards
- 6 Managers should manage by influence than through force or reward power. The power previously vested in bosses is and should be reduced

Source: Beckhard, R. 'The Confrontation Meeting', Harvard Business Review, 1967 March-April.

7 The change agent who plans for and implements the intervention can be an external consultant or an internal member trained in OD techniques. A change agent chooses appropriate methodology to help the client to help himself. Either to have a full time external consultant or a part-time internal member (someone in the staff or

line function to carry out OD efforts) is a matter of choice depending upon factors like organisational size, type of change and extent of change etc. A combination of external and internal consultant may be used. External consultant may be utilised to diagnose the problem and determine the change strategy, while internal member may be asked to implement the change programme and sustain it. To be successful, a change agent has to have:

- valid and necessary information about the client system
- objectivity and freedom to determine the appropriate interventions, and
- expertise and skills in group processes so that he can work effectively with groups and contribute to their growth and development.

## 12.5 MODELS OF ORGANISATION DEVELOPMENT

Three models of OD are quite popular, They are Kurt Lewin's Unfreezing—Changing and Freezing Model, Griener's Equential process and Leavitt's System Model.

Lewin's model organisations have an internal equilibrium. Before introducing a change, organisation should be prepared for the change, otherwise there will be resistance to change attempts. Readying for change would mean disturbing the existing equilibrium i.e., unfreezing or creating motivation to change. The change is then introduced which is a new or modified response to solve the organisation problems. The change moves the organisation to a new equilibrium at which the organisation has to be stabilised so that it does not revert to the earlier equilibrium. Refreezing refers to this process of stabilising and integrating the change into behavioural patterns, interpersonal relationships, and individual personalities.

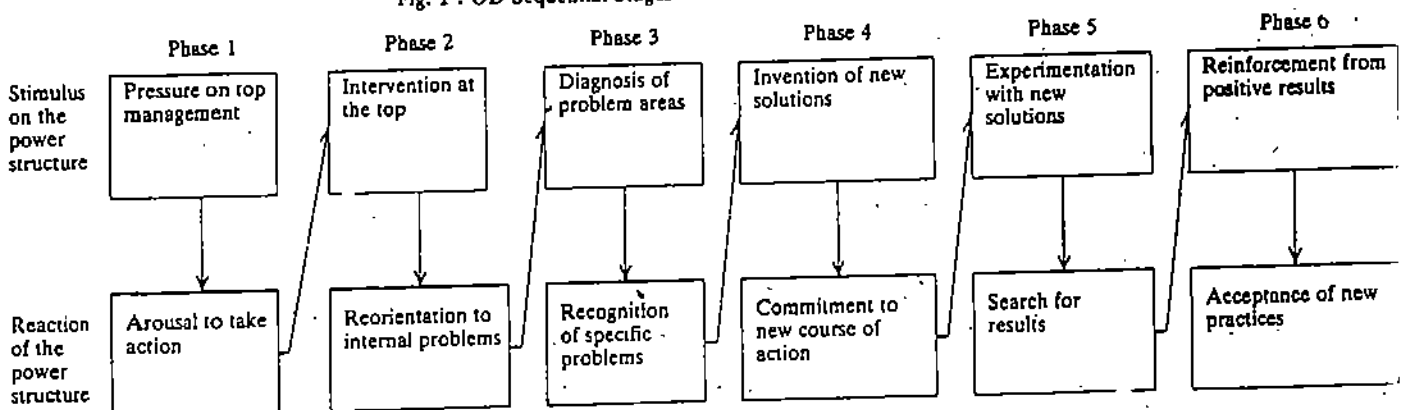
Table 2 Unfreezing-Changing-Freezing Model

Stage 1)	Unfreezing: Creating the need for change, motivating people for change and minimising resistance to change
Stage 2)	Changing: Transition from old behaviour to experimentation with new behaviour in terms of cognitive redefinition through identification (information from a single source) and scanning (information through multiple sources)
Stage 3)	Re-freezing: Stabilising and integrating the change by reinforcing the new behaviours and integrating them into formal and interpersonal relationships and in one's personality

### Larry Griener's Model

Change according to this model is in terms of certain sequential stages (Fig. 1). The change process is initiated by external pressure or stimulus on the top management and it is motivated to take action. The succeeding stages of intervention by a change agent are: diagnosis of the problem, invention of a new solution, experimentation with new solution and reinforcement from positive results.

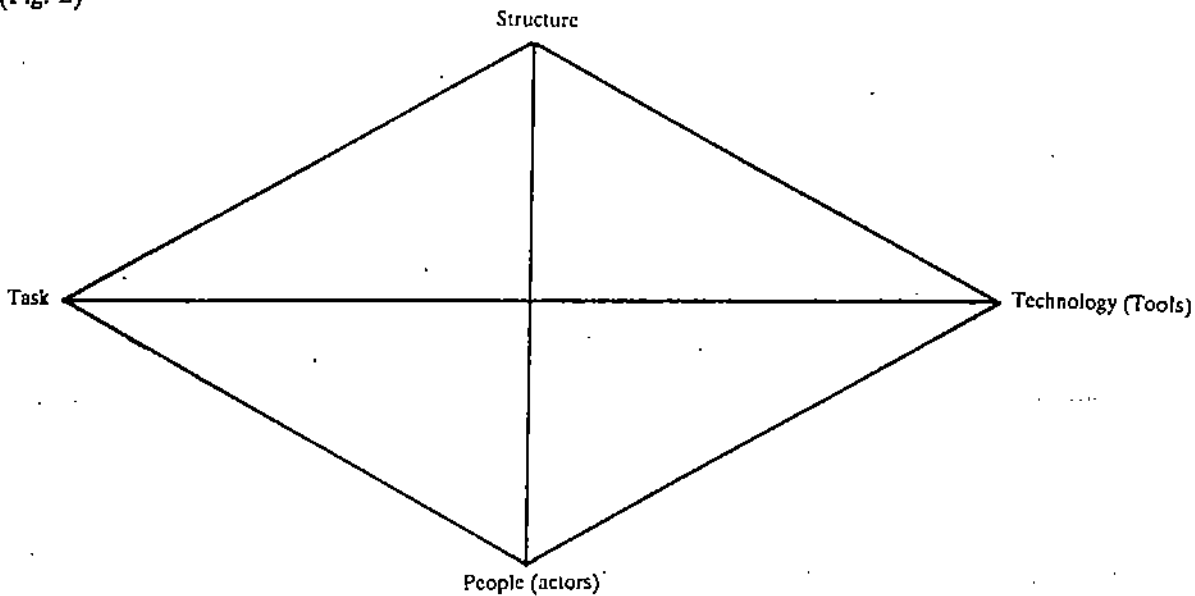
Fig. 1 : OD Sequential Stages



Source: Larry E. Griener, "Patterns of Organisation Change" in Dalton, Lawrence & Griener (eds.) *Organisational change and development*, Homewood Ill. Richard D. Irwin, 1970.

**H. J. Leavitt's model**

Leavitt's model focuses on the interactive nature of the various sub-systems in a change process. Organisation is a system of four interacting sub-systems: task, structure, people and technology. Change in any one of the sub-systems tends to have consequences for the other sub-systems. Hence OD effort should not only focus on the intended change but also the effects of change on the other sub-systems. Moreover, change can be brought out in any of the sub-systems depending upon the diagnosis of the situation. The planned change may be interpersonal training of the required sort or technological change or structural modification or task modification (Fig. 2)



Source: Harold J. Leavitt, *New Perspectives in organisation research*. John Wiley & Sons, New York, 1964.

**Building the Culture of Excellence. What did Culture mean to us at Richardson Hindustan**

In Richardson Hindustan, for four years of Organisation development, preceivable change was observed in the C.E. and also in a number of managers as a result of the feedback given.

A number of actions which are called 'interventions' were taken at the top layer, supervisory layer and among unions and workers in the company with equal emphasis given to all these groups of people. In other words, supervisors, union and workers were as high in priority as the other managers.

Monetary compensation, internal promotions and recognition of performance were amongst the first steps that were taken for supervisory and Executive staff. Gradually people were enrolled in task forces, special assignments and projects and for case writing. The live case studies developed were effectively used in training workshops. Emphasis was laid on 'on-the-job' training and slightly diverse work assignments before going into job rotation.

Through formal/informal diagnosis in the environment, it was observed whether a change in the style of work was evident to others.

The real test of whether the company will succeed in moving towards the objectives and philosophy that was stated was in the kind of spirit and willingness that is required in the chief Executive, the principal change agent in the company. In the context, the chief Executive has a kind of restlessness about the exercise and a unique quality of being open to feedback. It was found that changing organisation structure or design will not solve problems of collaboration but genuine support from all functions to an organisational objective will help.

### **Team Building Workshops**

Team building workshops have been conducted in each function and these have helped resolve interpersonal issues and helped arrive at a better understanding between peers, bosses and Subordinates.

Organisation plans which carry career development programmes, succession planning with specific inputs to various executives, is an annual activity conducted with deep concentration. OD committees recommended promotions at supervisory and executive levels. This reduces the inconsistency in assessment/judgement and therefore wrong decision-making about people.

### **Development of Workers**

Training as many people as possible in supervisory and executive ranks in counselling skills was done in development of workers. A model was set in moving industrial relations to supervisory levels and personnel has taken a supporting role than that of front line negotiator.

### **Supervisory Development**

Supervisory group was integrated into management and it was not treated as a different entity. This was made possible by making them participate in several management forums such as strategic planning, communication meetings, negotiations subcommittees for wage contracts, the annual dinner, by changing performance appraisal system to be in line with executives, giving them assignments which call for higher responsibility, permitting access to company information and giving authority for sanctions at shop floor level. Training was given to them through experiential workshops in resolving IR problems on the shop floor. Supervisors were allowed to act on their own and many times condoned their mistakes. Now a worker approaches a supervisor and not the personnel department or the works manager for his problems. Three workshops on IR strategy was held where line management and personnel have participated together.

To sum up a few radical things were done in organisation development and these are:

- a) Made people capable of coping with the reducing uncertainty. Examples : fighting the retail chemists' boycott in 1982 for seven months without disturbing the bottom line; pulling through a year of Advertising disallowance; built relationships with union committees each year and retained the field force identity as supervisors/consumer linkages.
- b) Learn the art of creating change in the environment. Examples : Chief Executive worked intensely for a year with external bodies to impress upon the government to remove the advertising disallowance. Competitive edge over comparable companies to retain the management staff was maintained and stock investment plan was worked for them. Workers are geared up to discuss simple productivity schemes and sharing gains of automation.

This foundation for a new culture RHL will certainly go a long way in creating an environment of strong people who will meet any challenge with perseverance and commitment regardless of who is the leader and it is motivated to take action. The succeeding stages of intervention by a change agent are : diagnosis of the problem, invention of a new solution, experimentation with new solution and reinforcement from positive results.

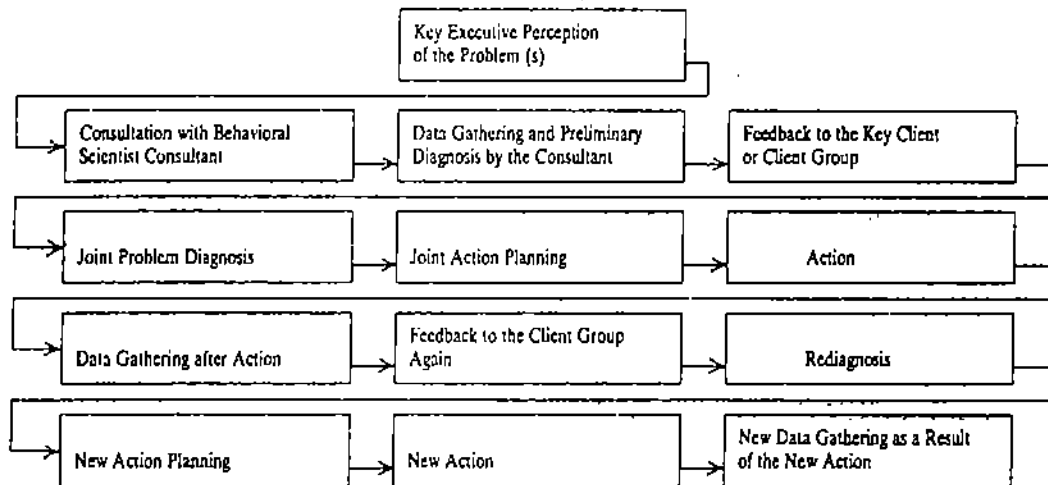
Source: Adapted from G.A. Shirodkar. "Building the culture of Excellence : What did culture mean to us at Richardson Hindustan"?—*Managerial Excellence*. August 1985, P.11-15



## 12.6 OD ACTION RESEARCH PROCESS

The action research process of any OD effort, basically, has the following components or stages (Fig. 3)

Fig III. OD—Action research Process



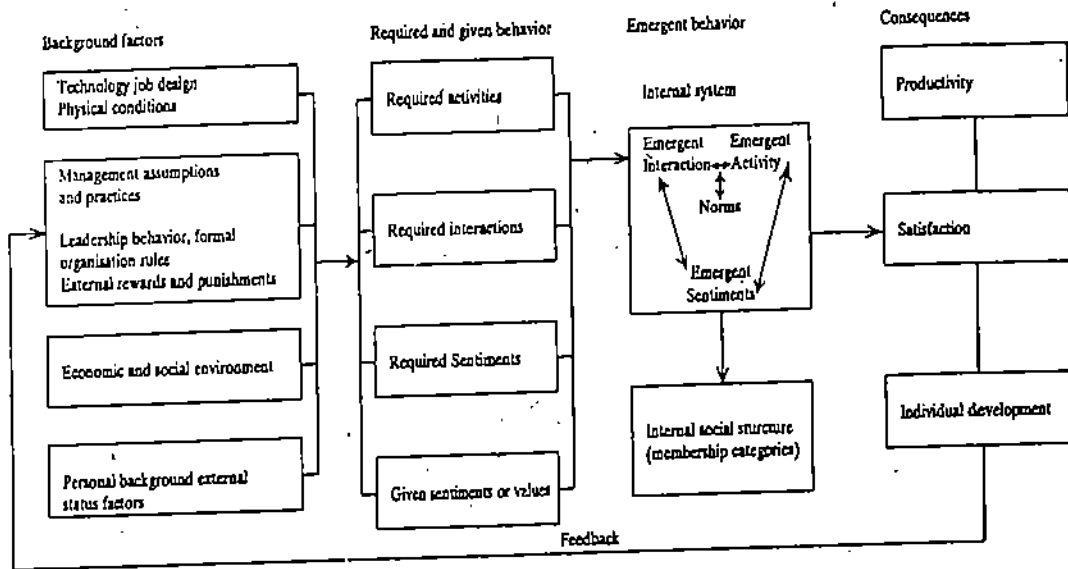
Source: W. French. "Organisation Development Objectives, Assumptions and Strategies," *California Management Review*, 12(1969), P. 26

The OD process starts with the perception of the problem in the organisation or a felt need for a change at the top management level. This sets the stage for intervention by a change agent who may be an external consultant or an internal change agent. The change agent needs to be relatively independent from the power structure of the organisation so that he can be unbiased, realistic and objective in the assessment of the problem. The change agent sets to work by gathering data for diagnosis of the specific problems and the organisation's ability to function effectively. Data may be collected either by interview method or Questionnaire method or by a combination of both. Interview may be used to identify the core problems which form the basis for Questionnaire. The latter may be used to collect information from a large number of executives. Data may be obtained with respect to various aspects of the organisation. Data thus collected forms the basis for the diagnosis of the organisation problem. The consultant discusses the data with some of the top executives and identifies the problem. He also proposes the next steps to be followed in the OD process and obtains the support of the management for their implementation.

For problem identification certain standard diagnostic procedures may be adopted. Any standardised diagnostic procedure takes into account the following:

- 1) Background variables that include
  - a) structural factors (such as design parameters, technology, working conditions etc.)
  - b) process factors (such as managerial practices, sanctions and reward systems, leadership behaviours etc.)
  - c) employee related variables (like attitudes, expectations, work values, and the organisational environment (the social, political and economic factors.)
- 2) Organisationally required activities that include the process variables and expected employee behaviours.
- 3) The resultant behaviours at the work, process and employee levels.
- 4) Consequences of these behaviours for organisational growth and development and individual satisfaction and development.

A conceptual scheme giving the detailed diagnostic procedure may be noted from (Fig. 4).



Source: Arthur Turner "A Conceptual Scheme for Describing Work Group Behaviour"

The next stage in action research is to prepare the organisation for developmental activities and identify appropriate intervention techniques.

Feedback is supplied to a larger number of executives for their comments. Planned action is confined to a given sub-system level, and greater participation of the members at that level is obtained. Once the data is discussed, problem identified, alternative courses of action evaluated and specific intervention programmes suggested, the consultant plays a supportive role to help the client to be fully geared to the developmental process.

The action intervention stage is the pay-off stage in the OD process. Hence choosing the appropriate intervention, keeping in view the problem, the sub-system and the organisational level, is important for bringing effective change.

After the intervention has been carried out it is necessary to evaluate its effectiveness. This entails gathering data, discussing the information obtained with the client system, checking against the expected outcomes and planning for corrective or remedial actions wherever necessary.

### SAIL

In order to improve the production in SAIL an attempt was made to collect feedback from the various sections of industry to identify the problems in the company, opinions and perceptions of people and how they felt that the company was doing and what could be done internally to further improve its operations.

Based on the feedback, the following areas were identified as priorities for action

- 1) Improve work culture
- 2) Optimise use of installed facilities
- 3) Increase productivity
- 4) Generate profits through control of costs, and
- 5) Customer satisfaction.

#### Improve work culture

The focus here was on team work, communication, discipline and operating consistency.

Apart from seeking a basic change in the attitudes of employees, improvement in work culture also meant building an organisation which had the flexibility and the resilience to accept changes. This meant reduction of the hierarchy and debureaucritization. Less of formal procedure and rules and more accent on results. This led to the conclusion that individual growth and promotions must result from good performance and contribution to the organisation.

#### **Making optimum use of installed facilities**

This was possible by better maintenance planning and upkeep of equipment and better use of captive resources.

#### **Increasing productivity**

The areas which needed attention were (1) Quality of raw material (2) Adherence to technological discipline (3) Process control for quality enhancement (4) Improvement in productivity through improved performance of the employees.

#### **Generating profits through control of cost**

The need to develop cost consciousness as a culture in the organisation.

#### **Providing better customer service**

Workshops were held and there was a tremendous effect in the organisation.

- 1) The goals of the organisation were clarified and made know to all. It gave a sense of direction.
- 2) The crisis facing the industry was understood and the need for changes appreciated.
- 3) There was a sense of oneness and participation
- 4) A large number of concrete action plans were drawn up in each priority area. In each unit, a committee was appointed to oversee the action plans drawn up and coordinate the various activities involved
- 5) The workshops created a sense of euphoria which made possible implementation in the units
- 6) This generated a debate in the organisation, and it was here that the basic term around strategy was envolved.

The current strategy is to tune up the organisation and prepare it for playing a Qualitatively different role in future, to improve the structure and culture of the organisation and its capacity to respond to the requirements of the market.

#### **Recruitment**

Quality of the employees selected in the company has improved.

#### **Training and development**

In the effort to improve the internal efficiency of the company, training and development has a very crucial role to play and the Training and Development organisation is being geared to playing this role effectively.

#### **Communication**

Communication systems, both formal and informal have been strengthened.

Incentive schemes have been revised to increase their motivational value.

#### **Organisation**

The Organisation is being restructured and the number of hierarchial levels reduced.

#### **Organisational Discipline**

There have been significant improvements in absenteeism in all units and in all major departments. Shift changeover delays have been reduced from key departments and time offices relocated. Grievance and welfare systems have received attention and there are improvements in all these areas. Bipartite system have been strengthened and the full participation of all sections of employees/unions and associations obtained to the changes being made. There has been a drastic reduction in overtime.

### **Appraisal system**

One of the first HRD initiatives in the company was the amendment of the Appraisal system for Executives. Initially, the exercise began as a move to amend the promotion policy to make it totally performance oriented. Gradually, it was realised that the promotion policy would not be so changed without having an adequate/acceptable instrument for measurement of performance. This was an important step in the attempt to improve the work culture by convincing employees that their career growth was linked with the performance of the company.

### **Qualitative changes:**

Today, the company is still in the middle of the process of change. However, in such a large company changes have not been uniform in all sectors. Over the past few years there have been encouraging qualitative changes in the attitudes of employees:

- 1) There is a greater awareness among officers, workers and associations.
- 2) Communication is more effective.
- 3) There is considerable clarity about goals and objectives.
- 4) Employees have begun to think positively about the company.
- 5) There is higher appreciation that the company works as a whole.

Source: M.R.R. Nair, Major HRD Initiatives in SAIL. 'Alternative Approaches and Strategies of HRD' 13. P. 210-226.

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## **12.7 SALIENT ISSUES IN ORGANISATION DEVELOPMENT**

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- 1 The OD effort should begin at the top level of the management and permeate the organisation till it reaches the lower levels.
- 2 The external consultant helps in problem identification, problem-solving and implementing action plan without creating dependency needs in the client system. In other words, the external agent helps the client to help himself so that the latter develops ability to function independently.
- 3 The client is either a particular target group or the total organisation. Either of them as the client system has varying implications for OD effort.
- 4 Identifying the needed change depends upon determining the nature and type of the problem within the organisation. This may be done in terms of diagnostic studies that also tap the felt needs among employees. Identifying and defining the problem as accurately as possible is a must as it determines the rest of the activity such as the appropriate intervention techniques, support from the client group and evaluation of the effectiveness of OD effort.
- 5 The change may occur in individual behaviour or organisational behaviour or both. Some of the intervention techniques are applied at individual level, and the others at the organisational level.
- 6 While the earlier approaches have concentrated in individual changes, the present trend emphasises on the holistic approach of dealing with groups or teams. However, there is no one best way to intervene. Hence intervention techniques appropriate to problems at hand should be employed.
- 7 Evaluating the effectiveness of OD programme is as important as identifying the problem and the appropriate intervention technique. Evaluation should be done on an objective basis where the outcomes should be measured accurately and compared to the intended changes as a result of the intervention. Until this is done it is difficult to justify the relevance and value of OD programme.

## 12.8 SUMMARY

### OD effort:

- is a planned change
- involves the total system
- managed with total acceptance and commitment of the top management
- is designed to improve organisational effectiveness
- makes use of behavioural science knowledge
- is in terms of intervention at the task or structure or technology or people level
- is an ongoing process and a long term process
- relies primarily on experiential learning
- uses an action research intervention mode

## 12.9 SELF-ASSESSMENT TEST

- 1 Define OD and what are the objectives of OD?
- 2 Examine the nature and scope of organisation development?
- 3 What are the characteristic features of OD? Explain.
- 4 Examine some of the models of OD. Which do you think would be more appropriate for Indian Industries?
- 5 What is OD intervention? Discuss some of the techniques of OD intervention? oriented to 'task' and 'people'?
- 6 What are the salient issues in organisation development.

## 12.10 FURTHER READINGS

- Beckhard, R. 1969. *Organisation Development : Strategies and Models*, Addison-Wesley : Reading.
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## UNIT 13 ALTERNATIVE INTERVENTIONS

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### Objectives

When you have completed this unit, you should be able to:

- understand what is meant by an OD intervention,
- learn the range of OD interventions and their classification systems,
- learn about a few selected interventions, and
- know about the factors that influence choice of an intervention in an OD programme.

### Structure

- 13.1 Introduction
- 13.2 Definitions
- 13.3 Difference between OD Interventions and Traditional Interventions
- 13.4 Classification of OD Interventions
- 13.5 Classification by 'Target' of Intervention
- 13.6 Classification by 'Focus' of Intervention
- 13.7 Target by Focus Interaction
- 13.8 Classification by Strategy of Intervention
- 13.9 Range of OD Intervention
- 13.10 Life and Career Planning
- 13.11 Role Analysis Technique
- 13.12 Sensitivity Training Laboratory (T-Group)
- 13.13 Transactional Analysis
- 13.14 Survey Feedback
- 13.15 Management by Objectives (MBO)
- 13.16 Grid OD
- 13.17 Third-party Peace-making
- 13.18 Confrontation Meeting
- 13.19 Organisational Mirror
- 13.20 Factors Influencing Choice of OD Intervention
- 13.21 Summary
- 13.22 Further Readings

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### 13.1 INTRODUCTION

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During the course of an OD programme there are several occasions in the organisation to collect data, initiate action, observe processes and provide feedback. All these activities are planned and carried out jointly between the change agent and client organisation; and in OD language are called interventions. Interventions are the action thrust of OD and collectively comprise the OD strategy in a programme of organisational renewal. A strategy is basically aimed at developing organisational climate, ways of work and relationships that will be congruent with the future needs. Needless to say, specific interventions are designed only after the overall strategy, has been decided based upon a systematic diagnosis.

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### 13.2 DEFINITIONS

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An OD intervention can therefore be defined as "the set of structured activities in which selected organisational units (target groups or individuals) engage with a task or a sequence of tasks where the task goals are related directly or indirectly to organisational improvement."

The OD strategy can be defined as an overall plan for relating and integrating different organisational improvement activities over a period of time to accomplish objectives.

### 13.3 DIFFERENCE BETWEEN OD INTERVENTIONS AND TRADITIONAL INTERVENTIONS

In the traditional sense, an organisation faced with a problem of say, high absenteeism or high turnover, may invite consultancy help to examine the problem. After due study, the consultant's recommendations may be implemented to solve the problem. In an OD intervention, by contrast, the entire process of diagnosis, alternative generation and making action choices, are jointly conducted, and OD will also examine the process of such diagnosis, action planning and implementation. Additionally, by examining various interfaces of the problem, it may lead to examination of management style in the organisation on one hand and selection process on the other.

Thus three basic differences characterise an OD intervention. Firstly, an OD intervention almost invariably will focus on the organisational processes apart from the substantive content of an activity. A traditional intervention would almost exclusively focus on the content. Secondly, an OD intervention would generally focus on a work team as the unit of analysis and change towards effective behaviour. Thirdly, OD would normally view change as an on-going process and would rely on a collaborative management of work culture.

### 13.4 CLASSIFICATION OF OD INTERVENTIONS

While a wide range of OD interventions is available to a practitioner and a change agent, presenting them all would only lead to an avoidable confusion. Nor can all interventions be used in any one OD programme. Most authors have therefore developed a typology to comprehend the range and applicability of OD interventions. Analysis of these typologies indicates that they are centred around one or more of the following dimensions:

- A. **Target** What organisational segment is planned to be examined and changed?
- B. **Focus** What is planned to be changed? Is it the task system or behaviour etc.?
- C. **Strategy** How is the change planned to be brought about?

### 13.5 CLASSIFICATION BY 'TARGET' OF INTERVENTION

Change in an organisation can be initiated both at the individual and the group level. Psychologically, there is a basic divide between individual and group behavioural processes. However, advances in psychological research have shown that behavioural processes also differ significantly for a two person group, called a dyad, a three person group, called the triad, a small group of about 12 persons where face to face interaction is possible between all members of a group, and a large group where face to face interaction breaks down. A significant dyad in an organisation is the boss-subordinates two-some. The interaction among colleagues generally exhibits characteristics of a small group, which is also relevant for studying a section or a department. In an organisation, however another aspect assumes importance, that is the study of intra-group and inter-group dynamics. Although all large groups become divided into smaller sub-groups; and an informal inter-group dynamics

emerges, organisations also face a formal inter-group dynamics. The traditional 'love' between marketing and production or production and quality control is known all over. Thus, an OD consultant needs to make a choice as to where he would initiate the activities. Thus organisational segmentation based upon the behavioural processes from individual to large group provide the first basis for classification of OD interventions. While 'Stranger T-Group' focuses on individual behaviour, Family T-Group focuses on organisational group. Figure-1 below presents the organisational segmentation based upon the psychological processes of individual versus group.

Figure 1 : Target dimension of OD Interventions

An Employee	Boss-Subordinate two-some	A section, A department.	Two departments interaction	Total organisation
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Different interventions are available for working with different segments. Role analysis, for example, starts with the individual and moves on to two-some groups for role negotiation. Analysis of objectives can be carried out at any level starting from the individual. While third party peace-making is an example of inter-group intervention, a confrontation meeting is generally at the total organisation level.

It may be noted here that traditionally the focus of OD is generally at the group level, although activities at individual level are also initiated to suit specific needs of a situation.

### 13.6 CLASSIFICATION BY 'FOCUS' OF INTERVENTION

Just as change can be aimed at a specific organisational segment, it can also be aimed at different aspects of organisational functioning. These aspects include objectives, structures, systems etc. Each organisation has a 'mission' which describes the impact that an organisation wishes to make on its environment and the society. This mission, in a way, provides an organisation the reason for its existence. A mission then gets translated into objectives, tasks and structures. Organisations also set up systems to coordinate and control activities of their members. However, there always remains a gap between organisational requirements and individual needs. Members, therefore, make behavioural adjustments to fulfil their needs. These behavioural patterns of interaction among organisational members are called processes, and are another aspect of organisational analysis. Once again, a variety of interventions are available for each of these aspects of organisational functioning.

**Activity A**

List down various groups of which you are a member. Note the number of members in the group and its leader.

Group	No. of members	Leader
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....



Select one group which is large. Identify its various sub-groups by observing which members generally stay together and act similarly. Identify their characteristics. Observe over time, how they decide on issues.

Figure-2 below presents examples of interventions for various aspects of organisational functioning.

Figure II: Focus of OD Interventions

Aspects of organisational functioning	Interventions
Objectives	Management By Objectives (M.B.D)
Structure	Job Redesign
Systems	Appraisal feedback
Processes	T--Group Team Building

Once again it may be noted that all aspects of organisational functioning are interconnected. Thus intervention in any one aspect will invariably lead to questions about other aspects of organisational functioning just as an intervention in one segment of an organisation is likely to raise questions about the other segments. In OD, these interconnected issues must then be followed up with appropriate analysis and action planning. It is for this reason that OD is considered as an on-going process spread over time.

**Activity B**

Interview five managers of an organisation. List below the organisation's objectives in as much detail as possible. Identify activities which directly relate to these objectives. Also identify activities, which appear to be non-supportive of these objectives.

.....

.....

.....

.....

**13.7 TARGET BY FOCUS INTERACTION**

When we put the target and focus of OD interventions together, we get, in a way, a mapping of an entire organisation. As an example, let us take 'objectives' as the aspect of organisational functioning. The objectives which derive from the mission of an organisation can also be defined at the individual, sectional, departmental and divisional levels, thus bringing into play various organisational segments. Similar combinations operate for other aspects of organisational functioning, like structure systems etc. Table 1 below presents the resultant mapping of an organisation using target and focus dimensions combination.

Table 1 Target by Focus Continuations

FOCUS (ORGANISATIONAL FUNCTIONING)	TARGET (ORGANISATIONAL SEGMENT)		
	INDIVIDUAL	GROUP	ORGANISATION
OBJECTIVES	JOB OBJECTIVES	SECTIONAL DEPARTMENT OBJECTIVES	ORGANISATIONAL OBJECTIVES
STRUCTURE	ROLE ANALYSIS JOB DESIGN	ROLE NEGOTIATION WORK REDESIGN	ORGANISATIONAL ROLE REDEFINITION NEW FORMS OF WORK ORGANISATION
SYSTEMS	PERFORMANCE APPRAISAL CAREER PLANNING	WORK PLANNING SYSTEMS	INTER DEPARTMENTAL SYSTEMS MIS COMMUNICATION
PROCESSES	FEEDBACK COUNSELLING	TEAM BUILDING	ORGANISATIONAL DIAGNOSIS

A look at the above table makes it obvious that an organisation's choice of action-points is very wide. A simple four-point division of both these dimensions will yield 16 options or "windows" to the organisation. Any one of these 16 windows can be used to initiate the change process in an organisation. The decision regarding choice of a window to initiate change process, obviously, must follow appropriate diagnosis and will lead to an agreement regarding the scope of future work between the change agent and the client system.

### 13.8 CLASSIFICATION BY 'STRATEGY' OF OD INTERVENTION

Having defined the scope, we are now ready to develop a strategy for an OD programme. This brings us to the third dimension of analysis, namely design of an intervention. By design is meant the manner in which a change is sought to be brought about in the organisation. Traditional wisdom has it that change can be brought about through rewards and punishment. This, in OD language is called the **power coercive strategy**. However, traditional wisdom also states that people willingly change when they know that change is in their own interest. One constantly encounters examples of people not only agreeing to change, but also seeking change actively. Examples range from a clerk learning computer programming or a manager pursuing an M.B.A. programme. This strategy of introducing change in the organisation is called the **Empirical-Rational strategy**. A third change design aims at the attitudinal and value aspect of human behaviour. Although it admits that human beings are rational, it also recognises that human behaviour is as much a product of his attitudes, values and socio-cultural norms, as it is of rational thinking and cognition. This third strategy therefore aims at examining these behavioural aspects and is called the **Normative-Re-educative strategy**. It may be noted that the third strategy is the distinctive contribution of behavioural scientists and OD specialists. Over time, this third strategy has acquired two distinct foci, These are:

- i) improving problem solving capabilities of the system
- ii) fostering growth of the individuals who make the system.

It may also be noted that an OD programme may use a combination of interventions using different strategies for various facets of a programme. However, the power coercive strategy of punishment is not a favoured strategy for change in OD.

By further extending our analogy of opening a window to peep inside the organisation and bring about change, we can now say that there may be more than one way of bringing in the light. We may, for example, rely on electricity, or just plainly clean the window-glass. To relate the example to OD interventions, let us consider the focus to be on interpersonal behaviour (process focus) of a boss-subordinate team (dyad target) in an OD programme. The change in behavioural processes can occur through rational analysis, using for example, transactional analysis technique, by sensitivity training (a normative-re-educative strategy) or by using behaviour-modification technique (a power-coercive strategy). Figure i.e., 3 below presents this combination of Target, Focus and Strategy dimensions.

Figure III: Target, Focus & Strategy Combination  
Target (Dyad)

	Inter-personal behaviour		
Focus (Behavioural Processes)	Behaviour Modification (Power-Coercive Strategy)	Transactional Analysis (Empirical-Rational Strategy)	Sensitivity Training (Normative-Re-educative Strategy)
	Inter-personal behaviour		

On the top side is the target dimension indicating the dyad of boss-subordinate segment of the organisation. On the left side is the focus dimension indicating the behavioural processes in the organisation. The three slots in the window indicate the three choices of strategy outlined above.

Similar analysis can be made for each combination of target by focus window, although not all change strategies may be applicable for each and every window. The point to remember, before we initiate any programme, is that a change in organisation is highly interconnected, and a change or action in any one slot is likely to result in a change in other aspects of organisational functioning.

### 13.9 SELECTED INTERVENTIONS

A brief description of a few selected interventions is presented.

### 13.10 LIFE AND CAREER PLANNING

Here an analysis is carried out by each individual of his/her own life and professional career in the context of the organisation in which he/she works. It is designed to help members to control their destinies and life. The process involves examining the past, present and future. The data generated by individuals is discussed in a group.

### 13.11 ROLE ANALYSIS TECHNIQUE

Designed to clarify role expectations and obligations of individuals carrying out organisational tasks. In the presence of a facilitator, the individuals expectations and obligations relative to others are discussed in a group to arrive at a consensus. Once this exercise is carried out for each member of the group, it is expected that it will lead to reduced conflicts, greater cohesiveness and higher productivity. A related intervention is the *Role Negotiation Technique* whose aim is to reduce conflicts among members arising out of role definitions. Periodic reviews are conducted to take care of deviations and discrepancies.

Standard exercises are available to generate information

#### A Descriptive Note On Role Analysis : Experience Of Indian Oil Corporation Ltd.

In Indian Oil Corporation Ltd., it was found that role erosions and development of role ambiguity at various levels in the organisation are due to extensive growth in size and intensive change in technology. Then it was found that role analysis is necessary for the change process.

Role analysis provides variety of possibilities. It is used for role clarity, identification of key performance areas, team building, conflict resolutions & behavioural changes. It is also used for systems development and systems integration.

The following exercise was attempted in this company, for the purpose of role analysis:

- 1 Identification of roles.
- 2 Finalisation of role set members for each focal role.

- 3 Bringing the focal role and the role members together in a behavioural skills workshop.
- 4 Asking the focal roles to write down a list of descriptions, what he offers to each role set member, while performing the given role in the organisation.
- 5 Each role member was asked to write down a set of description as to what each one of them expected from the focal role, there by giving shape to a detailed role description.
- 6 They were asked to sit together and come to an understanding between each role set members and the focal role, there by giving shape to a detailed role description.
- 7 The focal person and his boss were asked to sit down together and asked to identify the agreed key performance areas for the focal role, from the role descriptions as emerged out of the discussions between the focal role and the role set members.
- 8 Each role set member and the focal role were asked also to write down a list of critical attributes in the area of knowledge, attitude, skills and habits required for effective performance of any role occupant in a given focal role.
- 9 Attempts were made through discussions to draw a common list of critical attributes for each focal role.
- 10 Each focal role member was asked to set goals for himself on the basis of the identified key performance areas (For the period of action research project).
- 11 The boss, of the focal role member, was also asked to suggest goals for the focal roles, on the basis of the identified KPAs (for the period of the action research project).
- 12 Both, the focal role and his boss, were asked to sit down and discuss to set agreed goals, for the focal role (for action research project).
- 13 The performance, of each focal role, was reviewed every month. At the end, of the action research project, for six months period total review of the performance of each focal role was done.
- 14 Each member was asked to share the experience and learning from this effort.
- 15 A new appraisal format, was used for the purpose of appraisal of the performance of each focal role, for the action research project. The appraisal format was tested for its qualitative dimensions. Each member, of the action research project, was asked to share his experience about the new appraisal system.
- 16 To facilitate the supervisors subordinate relationship and create mutual concern for development, introduced "significant events diary" to be maintained by the supervisor and "self-development diary" to be maintained by the subordinate, on significant events at the work place, to be discussed between the supervisor and the subordinate, for mutual learning, irrespective of whether it was an event of success or failure.

Once the role set member and the focal roles were identified they were brought together for a behavioural skills workshops where issues like communication, motivation, self-development and personal growth, inter-personal relations, group dynamics, inter-group relations, general organisational theories, organisation and environment interface were the subjects of discussions. This was basically aimed at giving our Managers a refresher course to enable them to have a meaningful discussion between themselves in a stress-free manner.

Workshops were conducted and a list of expectations and offerings were written down. After this, role discussions were held. Some members demonstrated exemplary cooperation, adjustment and came to an agreement very quickly. Role analysis, leading to role descriptions and identification of critical attributes and also finalisation of key performance areas and formation of role directories have taken place but in all cases goal setting and appraisal have not kept pace. Therefore a new effort is being taken now for the purpose of goal setting. If the role analysis does not lead to goal clarity actual benefit of role clarity will not be achieved.

Starting from the action research site wherever the role analysis have been done appropriately, substantial improvement in role clarity have been achieved. There is

generally a greater appreciation of each others needs and difficulties. The role of the supervisor as a developer and role of individual to take charge of self-development is getting further emphasised. An element of participation both in goal setting and appraisal system is gradually emerging.

Detailed role directories are being prepared for variety of functions which will facilitate in future for strengthening our other sub-systems for matching persons to role and the role occupants having certain data to start with the moments of transfers and postings.

Though at the present moment main attention is on the processes, as soon as the data generation will be completed the same will be used for selection, induction and placement for career planning and succession planning, for rotation and placement planning, goal setting, appraisal, feedback, counselling and training as well. This will definitely lead to individual growth and development and organisation effectiveness.

Source: P.K. Sarangi: "A descriptive note on Role Analysis : Experience of Indian Oil Corporation Ltd.," Alternative Approaches and strategies of HRD, P. 264-274.

### Activity C

#### Life=Goals Exercise

##### 1 First Phase:

- a) Draw a straight horizontal line from left to right to represent your life span. The length should represent the totality of your experience and future expectations.
- b) Indicate where you are now.
- c) Prepare a life inventory of important 'happenings' for you, including the following:
  - i) Any peak experiences you have had
  - ii) Things which you do well
  - iii) Things which you do poorly
  - iv) Things you would like to stop doing
  - v) Things you would like to learn to do well
  - vi) Peak experiences you would like to have
  - vii) Values (e.g., power, money, etc.) you want to achieve
  - viii) Things you would like to start doing now.
- d) Discussions in subgroups.

##### 2 Second Phase:

- a) Take 20 minutes to write your own obituary
- b) From pairs, take 20 minutes to write an eulogy for your partner
- c) Discussions in subgroups.

## 13.12 SENSITIVITY TRAINING LABORATORY (T-GROUP)

Also called laboratory training, a T-Group is designed to make participants more aware of themselves, their capacities, and the way they effect others. The group has no pre-planned task or agenda. An expert, often called facilitator, is present who intervenes in the process only to help solve problems which the group is unable to solve. The group can be constituted in many different ways. People coming from different organisations constitute a "stranger" group while a "family" group consists of natural work teams in an organisation.

The desired result of T-Group is effective relationships and resultant benefit to the organisation. A T-Group is an educational intervention and not a therapeutic

exercise aimed at solving emotional problems. Membership of such groups is voluntary.

### 13.13 TRANSACTIONAL ANALYSIS

Originally developed as a tool for analysing interpersonal behaviour in therapeutic setting. Transactional analysis became more popular for use in normal day-to-day interactions and organisational settings. Its popularity arises out of its being a non-threatening, practical and an enjoyable way of learning about self and people. T.A. is basically a conceptual model for analysing interpersonal behaviour. Development of self-knowledge comes through analysis of own behaviour with the help of this model. The intervention requires explanation of concepts through instructions, individual self-analysis and exercises for group discussion. An innovative use of T.A. is its application to analysis of "organisational scripts", which make it an OD intervention for use at the total organisational level.

### 13.14 SURVEY FEEDBACK

A questionnaire based analysis of organisation, to develop an understanding of problems within the organisation and to identify areas or opportunities for change, the survey feedback is one of the earliest interventions of OD. It differs significantly from a usual survey of an organisation as it relies on a larger participation by the client system. The data generated is perceptual and attitudinal in nature. A summary of the results is prepared for group discussions. Generally "feedback" of results is given only to the group which generated the data. Once diagnosis is available, steps are taken to devise measures for resolution of organisational problems. Sometimes additional information is needed in selected areas, which may be further generated. A second survey, after some time, provides a measurement of improvement in the situation.

#### OD Effort in BHEL, Bhopal

Organisation Development adopted in this company is through phases:

##### 1) Phase I : September, 1976 to December, 1977:

Problem identification workshop for senior executives was held and the issues identified were:

- i) Site problems due to failure of our equipment.
- ii) Fall in labour productivity due to withdrawal of the incentive scheme.
- iii) Communication gap between Management and Employees Action Steps were to hold training programmes.
  - a) To update engineering knowledge of engineers.
  - b) To improve quality and to develop quality awareness among various levels of our employees.
  - c) To acquaint and familiarise customer's operative and maintenance staff with our products their manufacture, their maintenance problem etc.

##### 2) Phase II : January, 1978 To March, 1980:

15 interactions of various levels of our employees with an outside—Consultant was brought by a second type of diagnostic interventions.

The problems identified were:

- i) Communication gap between employees and management.
- ii) Lack of human concern and recognition.
- iii) Faulty personnel policies and dysfunctional role of personnel department.
- iv) Poor and slow decision-making characterised by adhocism.

Lack of team work and cooperation and interpersonal and interdepartmental conflict were also seen as major hurdles to effective functioning of the organisation.

### 3) This Led to the Following Action Steps Rather Than Training Interventions

- i) Management Employee Communication Meetings for bridging the communication gap and developing better understanding.
- ii) Behavioural science oriented programmes for heads of divisions and supervisors for creating awareness and social skills for effective interpersonal relationships.
- iii) Programme for personnel executives to change the attitude and their perceived dysfunctional role.
- iv) Change of cadre programme for all promotees.
- v) Development of faculty resources in the training department to cope with the increasing emphasis on training in behavioural science-oriented programmes.

### 4) Perceived Benefits of the Effort

As a result of intensive training and multi-dimensional interventions, a vague sense of change for the better was experienced.

It was at this time that a decision to conduct a survey to find out the effectiveness of the OD effort so far was conceived and implemented through a questionnaire.

### 5) Phase III : April, 80 to Date

The survey revealed the following strengths and weaknesses of the organisation:

- i) Employees perceived a positive change in the organisation.
- ii) Employees have high sense of belonging and commitment to the unit.

Weaknesses perceived were:

- i) Poor decision-making
- ii) Lack of appreciation and recognition
- iii) Lack of opportunities for growth and development
- iv) Lack of team work
- v) "Affiliation & Control" being the dominant motivational climate prevailing in the organisation.

This phase was initiated by sharing the findings of the survey, initially the HODs and later with all levels of employees through MECOM. The purpose was to focus their attention on the negative and positive aspects of the organisational health and thus create an awareness at all levels.

The major interventions during the second phase were:

- a) Five Team Building Programmes
- b) Six workshops for the Top Management group to review the OD effort
- c) Appointment of Task forces
- d) OD effort in Departments
- e) Development of Internal Resource Persons (IRPs)
- f) Achievement Motivation Programme

Encouraging OD effort had made distinct progress in the areas of:

- i) Openness in interpersonal relations at senior levels.
- ii) Bridging the communication gap by direct interaction of all levels with the top management.
- iii) Mutual trust and confidence.
- iv) Faith in the management's sense of fairness and justice.
- v) Team work, cooperation and understanding.
- vi) Lot of improvement in welfare amenities like schools, roads, housing facilities etc.
- vii) Customer satisfaction—improvement in sequential supplies, supply of shortages, spares.
- viii) General discipline and punctuality.

#### 6) Phase IV : April, 1984 onwards

On the basis of the finding of the April, 1984 workshop the following actions seems to be emerging for the current year.

- i) Intensifying diversification activities etc.
- ii) Development of IRPs
- iii) Feedback survey

The new feedback survey at the organizational level will comprise three aspects:

- i) To measure the changes during the last four years and assess future directions.
- ii) Certain new dimensions will also be added in the proposed new feedback survey.
- iii) In view of the recent structural changes and also to percolate the OD awareness down the line, it is felt necessary to conduct programme for HODs.

In addition to the above activities, a number of new activities will emerge on the basis of findings of proposed feedback survey, which will cover cultural, managerial and administrative aspects. A set of new interventions will be designed accordingly.

Source: V.K. Jais, OD effort in BHEL, Bhopal: Recent experiences in Human Resources Development, T.V. Rao and D.F. Pereira, p. 183-192.

### 13.15 MANAGEMENT BY OBJECTIVES (MBO)

Designed as a management system of planning and problem solving, MBO is a process of integrating individual and organisational goals. The superior and the subordinate team jointly defines its goals, specify major areas of responsibility, indicate specific results expected in each area, and use these agreements as a guide for assessment and appraisal of results. Viewed as an OD intervention, it provides a



framework for resolving interpersonal and intergroup problems. The goals of MBO approach to OD are: an improved level of performance, meaningful communication and increased participation in decision-making.

### **MBO in Madura Coats A Case Study**

**Madura** mills had all the traditional virtues and some of the usual problems of an old establishment control was highly centralised, sales and distribution systems were inadequate and the information system had become out moded. Introduction of several departments took place owing to its growing needs. These were:

- o Quality control
- o Production planning and control
- o Industrial engineering
- o Waste investigation
- o Process control
- o Standard costing
- o Budgetary control
- o Data processing

In spite of steps taken to strengthen the management team, the people wanted to know what was expected out of them. 'Management by objectives' seemed to offer a solution to the problems through its principle of involvement of the individual manager in the setting and achievement of his objectives in harmony with corporate objectives—certain benefits from the system were direct answers to the company's needs:

- o It was realised that the principal cause of frustration was lack of delegation of authority. MBO provided a vehicle for the disciplined delegation of authority.
- o MBO helped clarify and codify the short and medium term objectives of the company, thereby improving planning.
- o The control information necessary to monitor the achievement of objectives generated a MIS suited to the company's needs.
- o MBO also clarified the lines of authority in the company and eliminated overlapping in the structure. The clarification led to improved communication within the organisation.
- o It helped in identifying the problems and difficulties that hindered good performance of both the company and the individual, and also in finding solutions.

Therefore, it was felt that MBO would lead to improved executive performance and ensure a much greater sense of achievement and satisfaction for the individual manager. It was found that an adviser is necessary for the implementation of MBO. The adviser's responsibilities are:

- o to communicate effectively MBO knowledge and methods to new incumbents.
- o to monitor the progress and improve the quality of the system
- o to help the job-holder in drafting objectives
- o to integrate objectives within the organisation.

It was decided to implement MBO throughout Madura Mills and proceed from the top down words because:

- o the organisation was functionally divided
- o the corporate objectives embraced the activities of all functional divisions
- o the achievement of objectives of one division, to a very large extent, depended upon the services rendered by other divisions and

- the executive committee did not want to give differential treatment to any particular division.

The first attempt at ascertaining the general reaction to MBO in the organisation and deciding on a plan of action for the continuance and development of MBO practice was made in December 1972 in a two-day review conference.

The following recommendations were made which have since been integrated into the practice of MBO

- The job-holder has all the control information available in his office. Hence, Review Meeting should be held in the job-holder's office to emphasise the fact that it is the job-holder rather than the Boss who is reviewing his performance.
- The job-holder should not only be ready with all the details for the review, but should also be in a position to make suggestions for improving his performance in the future.
- The Boss, for his part, must arrange to provide the job-holder with additional resources as agreed to.
- Action plans need more detailed preparation and more frequent updating.
- It is important that Review Meetings are constructive and forward-looking rather than remaining sessions for recrimination over past failures.

During the fourth quarter of 1976, a review of MBO Practice in the company was taken up. It was found that while identification of objectives was done quite well, the analysis of "How to Achieve the Objectives" was not done effectively.

#### Work Group Practice

In the second quarter of 1977, yet another review of MBO practice was made, to identify areas for improvement and to take decisions to enhance the impact of the approach. The following major issues emerged:

- Major job descriptions of some sub-managers showed a tendency to describe routine functions and duties rather than objectives. In certain instances, objectives tended to be repeated at various levels.
- Paper work had increased considerably.
- In effect, some of the objectives become operative after 3 to 4 months of the year were over.
- People generally work in groups and have a lot to contribute to one another's performance.

The Surveys conducted in 1978 and 1979, is in the improvement of the quality of analysis in objective-setting and action planning and improvement in inter-group, intra-group cooperation.

The tangible improvements by introducing MBO are:

- improvement in the quality of products
- reduction in waste
- reduction in stocks of raw materials, work in process and finished goods as well as items of stores, spares, dyes and chemicals
- reduction in unfavourable labour variance over standards
- quicker discounting of bills
- improved individual contribution
- improvement in the efficiency of machines, especially critical ones
- improvement in commission charges paid to the banks through more accurate forecasting of overdraft requirements
- Control of cost against budget/standards.

### Benefits

- Managers are clear about the purpose of their jobs and the major contributions expected of them.
- Improvement in management information systems.
- Identification of gaps and overlaps leading to changes in organisational structure.
- Improved planning and wide-based participation in the planning exercise.
- Application of task force approach to find solutions to problems which need to be tackled by persons from different disciplines.
- Improvement in inter and intra-group cooperation.

The implementation of MBO has led to a remarkable change in attitude, amounting almost to a 'Cultural Revolution'. The system has been developed to meet the changing needs of the organisation by a process of continuous evaluation and experiment. As a result, MBO has become to a large extent, institutionalised.

Source: Recent Experiences in Human Resources Development. T.V. Rao and D.F. Pereira (1986) P. 401-421

### 13.16 GRID O.D.

Based upon the 'Managerial Grid' of Blake & Mouton, Grid OD aims to achieve an "ideal" style of management. The ideal style, it is assumed, is the one that integrates task completion and maintenance of good interpersonal relations. The Grid is used to clarify many complex roles and styles in the organisation. A programme starts with the focus on individual behaviour and then moves through a series of sequential steps involving work teams, relationships between groups and subunits, and the total organisational management. The Grid OD programme consists of six phases. These are: Grid seminar, Team development, Inter-group development, Development of ideal strategic model, Implementing the ideal strategy and Systematic critique. Although the technique is a structured approach to OD, it lets the client system take all the decisions. In the words of Blake, "the pathway between the starting point and the goal's completely open. The team is confronted with resolving its own problems of leadership, creating or changing its own norms and standards, testing ways of dealing with conflict, dealing with attitudes towards the deviant, etc." Grid intervention has been reported to improve productivity and organisational effectiveness.

### 13.17 THIRD PARTY PEACE MAKING

Designed as an inter-group intervention, in Third Party Peace making, the OD consultant acts as a mediator in a conflict situation. The groups in conflict remain separated in the initial phase. The facilitator obtains information from both parties and transmits it to the other party in a manner that he deems suitable. The groups or their representatives come together in the end phase to finally resolve the inter-group problems. The facilitator's intervention to correctly diagnose the situation is important. The actual form that the peace-making process takes depends upon the nature and source of the conflict.

### 13.18 CONFRONTATION MEETING

Designed as a short-duration intervention, confrontation meeting generally lasts one full day. It involves a series of meetings of managerial level aimed at measuring

health and effectiveness of the organisation. Information is generated with regard to the major problems and their underlying causes. Action plans are also developed for future implementation. The intervention is best used in the face of a crisis.

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### 13.19 ORGANISATIONAL MIRROR

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Designed to give feedback to work groups regarding how other sub-units in the organisation view them, Organisational Mirror consists of a series of activities involving a central group called the host or the focal group, which receives feedback and other groups which provide feedback. The aim of this intervention is to improve inter-group relations and increase organisational effectiveness.

#### Process Consultation (P-C)

Designed to work with individuals and groups to help them learn about human and social processes and to learn to solve problems that stem from such processes in an organisation. Among important processes are: communication, leadership, decision making, roles, norms and intergroup cooperation, and competition. The primary goal of process consultation to help an organisation solve its problems by making it *aware of organisational processes*, their consequences and the mechanisms by which they can be changed. In a way, all OD interventions use process consultation. However, in PC the primary focus is on processes whereas in other interventions process focus is supplementary to the other focii.

#### Improving Quality of Working Life (QWL)

Originally designed as an intervention aimed at the modification of the task and work organisation to improve productivity and the quality of working life, the term QWL today is used for describing an approach whose objective is to improve conditions of work and climate in work situations. It, therefore, encompasses all efforts aimed at this objective, while the original intervention is more popularly designated as work redesign and to develop new forms of work organisation. The distinguishing feature of work redesign is its use of participative processes in developing alternative forms of work and organisation.

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### 13.20 FACTORS INFLUENCING CHOICE OF AN OD INTERVENTION

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Basically there are three factors that influence the choice of an OD intervention. These are:

- a) Applicability
- b) Feasibility
- c) Acceptability

#### Applicability

By applicability is meant the potential of an intervention to yield desired results. The minimal requirement would be that it addresses to the basic problem and has a promise of solving it. Beyond this one needs to examine any likely positive or negative consequences of the intervention. Sensitivity training, for example, is known to have had negative individual consequences in few cases. One therefore needs to evaluate the client system very carefully before launching such a programme. Most OD interventions run the risk of heightening skepticism in the organisation, if proper follow-up is not made.

### Feasibility

By feasibility is meant the practicality of an intervention in a given situation. Organisations managed and run by joint family systems in the Indian context often lay constraints that tax the ingenuity of an OD consultant.

### Acceptability

By acceptability is meant the acceptability of an intervention to the client system. In an organisation where everything has a rule, it is often very difficult for its members to accept an ambiguous situation. Thus any intervention that appears to be bordering on the unknown will be low in acceptability unless enough preparatory work has been done before introducing it.

It must be emphasized here that the actual choice of an intervention is often based upon the intuitive decision of the OD consultant. This is the reason why it is often advocated that a young professional must work as an understudy and a support consultant to a senior consultant for three to five years before he can start OD work on his own.

### Human Resource Development in BHEL

In order to develop & improve the effectiveness of the human resources in the Organisation, a committee called 'Human Resources Committee' was first constituted by BHEL in Bhopal in 1976. The committee is the central body and plays the central role in implementation of all OD efforts. With the help of external and internal resource persons, a number of programmes/workshops have been Organised for the development of the members of this committee improving their problem solving capabilities and decision making. The range of OD interventions are described below:

#### Job Redesign and Work commitment as an OD intervention

In one of the BHEL units (Hardwar) Job redesign was taken up and as an OD intervention in 1975. This experiment was pursued for around 4 years and very encouraging results were obtained:

- i) A more satisfying job, due to increased variety and relief from boredom and monotony
- ii) Personal growth for all, by learning additional skills of other trends and acquiring leadership Qualities
- iii) Reduction in health/safety hazards
- iv) An atmosphere with less tension and jealousy
- v) An improved team spirit and morale resulting in improved communication and human relationship
- vi) Increased self esteem and pride among the workers.

**Workshops** were conducted and it was found to be very useful and threw up more questions for wider debate and discussions. By using survey method, a list of programmes or subjects or themes is sent to various H.O.Ds who respond by ticking the appropriate ones for their executives. As a result of various diagnostic exercises some critical needs of training and development are identified. The workshops on various themes also give valuable idea of the areas requiring more thrust by way of training and development and specific training and development needs are thus identified.

Based on role analysis a draft system with the following objectives has been circulated by the Corporate Personnel for the comments of Personnel/Training (HRD)/Divisional Heads:

- Helping the executives to become more effective in their present and future jobs.
- Enabling the executives to perform at optimum level by determining and meeting their growth needs.
- Helping the executives to visualise their roles more clearly.
- Preventing the obsolescence of their technical and managerial skills.
- Optimising the utilisation of training resources by providing appropriate inputs.
- Facilitating the design of need based programmes and identify the training and development needs.
- Preparing data bank of capabilities required for various positions.
- Facilitating job rotation, career and succession planning.

Once implemented, it will provide a valuable data base for planning, training and development activities and identifying appropriate candidates for programmes.

#### **Performance Appraisal and Potential Appraisal**

In BHEL it has remained so far that the role of superior was limited to evaluator or judge and the role of the appraisee was passive. Now the superiors role is being conceived as helper and counsellor and the appraisee is encouraged to become more involved and committed in achieving the objectives.

#### **Performance feedback and Counselling**

The need and importance of performance feedback and counselling has been realised. Attempts are being made to cover maximum number of executives in various programme/workshops on performance feedback and counselling to enable them to practice it as an important tool for Human Resource Development. The supervisors also will be covered in such efforts.

#### **Career Planning and Development**

Time-cum-merit based promotion was practiced which is able to satisfy the individuals and organisational needs to a great extent. The employees are encouraged and helped to plan a career path. They are liberally sponsored to higher educational programmes in IIMS/IITS. Study leaves are also granted to needy employees and coaching classes are arranged for professional courses.

Job Rotation is being encouraged.

Salient points of the OD efforts at Bhopal are briefly listed as below: Phase I,II,III. & its summary of Efforts Till phase-III 1976-84

- i) Increased openness in international relationships (Senior Level).
- ii) Bridging the Communication gaps by direct interaction of all levels with top management.
- iii) Mutual trust and confidence.
- iv) Increased faith in the managements sense of fairness and justice.
- v) Increased team-work, cooperation and understanding.
- vi) A lot of improvement in welfare and amenities—School, roads, housing etc.
- vii) Improved customer satisfaction (Sequential supplies, spares, shortages etc.)
- viii) Improvement general discipline and publicity.

#### **Phase IV: April, 1984 to January 1986**

- i) Feedback Survey

- Top Management W/S with new head (April 84)  
 Preparation of feedback survey  
 Evolving dimensions of organisational excellence.
- ii) Review of process, following dimensions emerged as prime concern:
    - a) Diversification and new products
    - b) Development and absorption of new technology.
    - c) Marketing strategy at unit level.
    - d) Strengthening the existing products and technology.
    - e) Percolate the OD efforts down below.
    - f) Need of a fresh feedback survey to assess the changes and deciding future directions.
    - g) Continued thrust on development of IRPs.
  - iii) Feedback survey
  - iv) Series of interactions between the Head of the unit and product groups (May-Aug 1984).
  - v) Conducting Survey (Jan-April 1985)
  - vi) Workshop on Achievement motivation – Sr. Executives.
  - vii) PG labs of IRPs
  - viii) Meeting of HRC (April 1985).
  - ix) PG labs of IRPs—May 1985.
  - x) Top management workshop
  - xi) Sharing of data on feedback—Sept. 1985.
  - xii) Sharing of data with other—Jan. 1986.
  - xiii) Workshop—role of IRPs (Sept. 1985).
  - xiv) Implementing OD at department level.

#### Phase V—1986-87

- i) Top management OD workshop (2 nos.) on product managers concept.
- ii) Sr. Manager's OD workshop (1 no.) on organisational excellence through achievement motivation.
- iii) IRD development programmes (2 nos.)—Personnel growth.
- iv) Achievement motivation programme for E3-E4—organisational excellence through achievement motivation.
- v) MECOMS 7 nos. theme. Excellence through Human Development.
- vi) Sharing Survey findings at dept. level (20 nos.).
- vii) OD in medical department formation of task forces.
- viii) Publishing (draft) handbook on Managerial Practices.

Organisation development is achieving new heights in BHEL, Bhopal. Some of the striking features have been implemented, are being implemented in other units also. Development of all aspects of the organisational systems has been achieved and the managerial effectiveness has increased many fold. This has been approved at a number of critical occasions. The units, in which OD activities are strong, it has become a continuous process, in other also it has become a common activity. Important objectives in this regard as outlined in the 'Manpower Planning Manual' are:

- 1) Develop/update Human resource information system to provide necessary information for policy making, reviewing, reporting and decision-making on various issues related to Human resources.
- 2) Periodically conduct manpower audit exercise for improving utilisation and effectiveness of Human resources.
- 3) Identify research projects for assessing organisational health, changes in the environment, effectiveness of some interventions or policy decision already implemented and anticipating future problems etc.

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## 13.21 SUMMARY

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In this unit we have been mainly concerned with understanding alternative interventions that an OD consultant uses. An OD intervention has been defined as the set of structured activities in which selected organisational units (target groups or individuals) engage with a task or sequence of tasks where the goals are related directly or indirectly to organisational improvement. We also distinguished between an OD intervention and a traditional intervention. The interventions were classified by target, focus and strategy. Brief descriptions of twelve selected interventions were presented and factors that influence the choice of an intervention were discussed.

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## 13.22 FURTHER READINGS

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- French, Wendell L. & Cecil H. Bell, 1983. *Organisation Development*. Prentice Hall of India: New Delhi.
- Singh, J.P. 1984. *Organisation Development: Concepts and Strategies*. Indian Institute of Management: Ahmedabad.



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# UNIT 14 CHANGE AGENTS : SKILLS

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## Objectives

After reading this unit, you are introduced to the skills required for a change agent and you will be able to understand:

- What a change in an Organisation.
- Who a change agent is.
- How to bring about change in an Organisation.
- Skills required for a change agent.

## Structure

- 14.1 Introduction
- 14.2 What is Change?
- 14.3 The Change Agent
- 14.4 Role of a Change Agent
- 14.5 General relations of the Client System to the Change Process
- 14.6 Change Approaches
- 14.7 Change Process : Types of decisions
- 14.8 Success of Change
- 14.9 Skill of a Change Agent
- 14.10 Summary
- 14.11 Self-Assessment Test
- 14.12 Further Readings

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## 14.1 INTRODUCTION

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Change is inevitable in the history of any organisations. Organisations that do not change or keep pace with the changing environment suffer from entropy and soon become defunct. Organisations have an internal environment, but exist in an external environment. The internal environment is in terms of the task, structure, technology, social (people) and economic variables, while the external environment is in terms of the larger social, political, economic and cultural factors. To function effectively, organisations have to achieve an equilibrium within the internal variables in active interaction with each other and also with the external environment. However this equilibrium is not static but dynamic. Hence organisations have to modify and change to adapt to the changing internal and external environment. Thus no organisation can stand still and "tread water" for very long.

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## 14.2 WHAT IS CHANGE?

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The internal and external environments can be best represented as field of forces operating within and external to the organisation. *Change is an alteration in the existing field of forces which tends to affect the equilibrium.* Modifications in the way certain jobs are performed, changes in rules and procedures, bringing in new technology, alterations in the organisational structure, change in leadership etc., do affect the internal equilibrium. Similarly, stiff competition from competitors, modifications in government rules and regulations, political changes, economic fluctuations etc., affect the organisations' equilibrium with the external environment.

Organisations can deal with these changes effectively by bringing about an alteration or change among these forces (internal-external) so as to reduce tension. This is

possible by understanding the total array of forces operating on a particular equilibrium. Diagnosis and manipulations of the relevant forces is to be in terms of obtaining as much participation and commitment as possible from those directly and indirectly affected by the change. Finally organisational culture must be changed to reinforce and maintain the new equilibrium achieved by manipulating or modifying the forces.

#### Activity A

What is change? Why should organisations plan for and seek change?

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### 14.3 THE CHANGE AGENT

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To help the organisation adjust to variations in its external or internal environment, change may be brought about by a professional consultant outside the organisation or by managers within. The change agent, hence may be defined as "a professional person who influences innovation-decisions in a direction deemed desirable by a change agency" (Rogers & Shoemaker (1971)). It is the manager's job to introduce and implement a change so that the desired innovation-decisions are effected in the organisation.

Selecting an internal or external change agent is a matter of choice. However certain advantages as well as disadvantages are associated with both the external and internal change agents.

The internal change agent possesses intimate knowledge of the organisation and also managerial powers to legitimise decisions. He may not generate suspicion and mistrust as an external agent does. He might be accepted to a greater degree and have credibility due to his organisational status. However, being an insider he might be biased in his outlook and may not perceive problems in an objective way. On the other hand, an external consultant may be more objective in problem-analysis. He might bring with him more of professionalism. Generally, he derives power from his expertise. Less of polarisation is likely to arise among executives to his ideas and hence confronting cliques or groups are less likely to form. The clients may be more open and less diffident. However, an external agent may not have a comprehensive understanding of the organisations, its people and culture. Some of the external change agents may be more interested in the change itself than in the existing social system--thus leading to some blind spots. Moreover, it is possible that sometimes they may be viewed with suspicion and they may find it difficult to gain acceptance. Hence the external consultant must be able to establish his credibility in the organisation. Initially a low risk venture with a high probability of success gives visibility to the change agent. He should be able to sell the organisation development concepts and also oneself (i.e. his acceptability) by analysing the existing problems in which he could be of help). Gaining entry into the client group depends upon his

ability to interact positively and convince individuals or groups with significant influence within the organisation about the relevance of OD effort.

Selection of an external consultant depends upon the above factors. In addition, the external consultant should be perceived to have (and also have) skills appropriate to the needs of the organisation. The change initiated by him should be maintained by members within the organisation. Hence he should maintain high compatibility with these internal change agents. At the same time he should not develop or foster unhealthy dependencies on the part of the internal agents or the client system. More important, he should not feather his own cap at the expense of the organisation.

**Activity B**

What is a change agent? It is advisable to have an internal or external change/agent? Discuss.

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### 14.4 ROLE OF A CHANGE AGENT

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The change agents come from a wide variety of backgrounds. Personality differences in the agents and wide variations in the client organisations in terms of goals, products, norms, culture and problems make it difficult to delineate what exactly the functions of a change agent are. The role of change agent depends upon the people involved, the organisation and the problem or crisis at hand.

However the change agent is generally said to fill seven roles in the change process (Rogers and Shoemaker, 1971).

- 1 He develops a need for change on the part of his clients. The client system is made to realise the importance and benefits of the intended change.
- 2 He establishes a change relationship with them. The clients feel that the change can be effectively brought about with the help and support of the change agent.
- 3 The change agent is able to identify the problem faced by the client after he diagnoses their problems. He may list them down. Also he is able to anticipate problems likely to be faced by the client during and after the change process and think of ways and means of minimising and remedying them.
- 4 The client is made to feel the need for change. The change is not thrust on him. The client understands the relevance and necessity of change and is willing and supportive of the change.
- 5 A blue print of action for implementing the change is prepared. The support of the client system is enlisted in translating the planned change into action process. Thereby resistance to change effort is minimised.

- 6 Stabilises change and prevents discontinuance. Any change is moving the organisation towards a newer equilibrium from the earlier one. If the new equilibrium is not maintained, the organisation is likely to revert to the earlier equilibrium and the change effort will be a failure, however well planned and executed the change effort is. The client system should be made to realise the importance of this and the new patterns of behaviour have to be stabilised.
- 7 Achieves a terminal relationship with his clients. No change agent can continue to be associated with a change effort too long. At some time, during the change process, the client should feel confident to take over and maintain the change effort. That would be opportune time for the change agent to terminate relations with the client system. There is no undue dependence on the change agent and the client system will carry on the on going activity with confidence.

#### Activity C

What are the various roles played by a change agent? Discuss.

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### 14.5 GENERAL REACTIONS OF THE CLIENT SYSTEM TO THE CHANGE PROCESS

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Organisations may react in varied ways to a change process. These are:

- 1 The client system may ignore or prefer not to take notice of the change. The managers may feel that the existing system is O.K. They have been managing things in terms of the existing order and hope to do so even in the future. Tradition is respected.
- 2 The client system may resist any change attempt. It prefers the existing system to anything new. This is due to fear that change may give rise to uncertainty, ambiguity and insecurity. Perhaps, the adage that a "Known devil is better than an unknown angel" or "A bird in hand is better than two in the bush" seems to characterise the attitude of the client system.
- 3 A belief in the inevitability of change. Hence adopt to the change with a hope that things would be better.
- 4 A desire to plan for change and to be proactive. Calculated risk and planned change help the organisation to deal with change positively and effectively. If the organisation has to maintain a healthy and dynamic equilibrium in the context of both it's internal and external environment, it must be actively engaged in change efforts directed towards the material, social, economic and cultural environments.

Organisations less oriented to 'change' seem to be characterised by

- a simpler technology.
- internal environment characterised by status quo. Personal relationships among members are generally highly valued as ends in themselves.
- a closed system with a minimum of interaction or liaison with outside organisations or people.
- stereotyped roles with more or less rigid patterns of inter and intra-role behaviours. Hence individual members lack ability to empathise or see themselves in other roles.
- a stabler environment or have a greater control over their external environment.
- greater degree of horizontal and/or vertical specialisation of jobs and formalisation.
- lack of favourable orientation to change.

On the other hand, organisations prone for change are characterised by

- Technology that is complex and likely to change or improve from time to time.
- rather unstable or relatively less stable external and internal environment.
- an open system with a greater degree of interaction with external organisations, people or customers.
- social relationships among individuals being more business like or purpose-oriented rather than emotional and affective.
- less of formalisation and horizontal and vertical job specialisation.
- individual members high on empathy and can see themselves from the roles of others.
- basically proactive with a positive orientation towards change.

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## 14.6 CHANGE APPROACHES

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The change approaches are varied. A suitable approach is used upon the problems faced, factors internal and external to the organisation and to certain extent on the skills possessed by the change agent. The most commonly used change approaches as identified by Griener (1965) are :

**The Decree approach:** The boss decides. It is a unilateral authoritative announcement of the required behaviour or change issued by a person with formal authority.

**The replacement approach:** It is removing the stumbling block. Organisational personnel in significant positions who directly or indirectly resist the intended change are replaced with new people who believe in the desired change.

**The structural approach:** Certain desirable changes are brought in the organogram. Consequently the degree of responsibility and role-set relationships of certain focal persons change and may lead to better resolution of problems.

- The data discussion approach: Relevant information concerning the change and its intended effects is presented to motivate the individuals to discuss the change efforts.
- The group decisions approach: (the democratic way). Change is in terms of participation and consensus on a predetermined course of action.
- The group problem solving approach: Identification of the problem and problem solving is through group discussion.
- The T-group approach: Interpersonal relationships are improved for better teamwork and thereby organisational effectiveness improves by lab training. The sensitivity training method aims at understanding oneself and the others.
- Emulative approach: Subordinates identify with the emulate their superiors with regard to goal setting, work activity etc.

These approaches enable the change agents to harness the social power within the organisation and effect change towards better work relationships and managerial effectiveness.

Activity D

Examine the different approaches available to bring about change in an organisation.

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**14.7 CHANGE PROCESS : TYPES OF DECISIONS**

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The changes planned for in an organisation tend to have sources either within system or external to the system. If the desire for change originates within the system and the innovative change is planned and implemented without any outside help the change is termed as *imminent change*. When outside person implement a planned change, it refers to *directed contact change*. However, if it is left within the organisation either to adopt or not adopt an externally designed change based upon their own needs, it refer to *selected contact change*.

Since acceptance or rejection of a change is most often in terms of the needs of the clients. Rogers and Shoemaker (1971) suggest that the client may have to decide upon one of the three types of 'change' decision.

If the client makes decisions that best suit himself and cater to his needs, with not much of a concern for other, who interact with him, his decisions are *optional-innovation decisions*. However, rarely can one act in an organisational position that way because of either direct or indirect consequences for others in related role positions.

In *collective-innovation decisions*, intended change decisions are arrived at in terms of participation and group consensus. Because of employee involvement in decision making and since decisions are viewed in the context of individual differences in outlook, problem analysis etc., participants are morally bound to execute plans they have agreed upon.

Most often, the decision making body in an organisation is different from the implementation body. Those who make decisions tend to be in the strategic apex or the superordinate power position in the organisation while those who implement the change decisions are at the middle or lower levels. Because of less authority and power, the latter group conforms to the change decision. Decisions of this nature are termed as authority-innovative decisions.

### The Change Process

Any change is an innovation (decision) process involving the individual and the social systems. This process includes four phases:

- 1 Knowledge
- 2 Persuasion
- 3 Decision
- 4 Action

The first phase relates to organisational members becoming aware of the desired change. What is perceived as a desirable change, the members should be willing to adopt. Persuasion is the second phase. It is essentially an attitudinal change affected in terms of any of the following strategies:

**Empirical-rational:** The change is proposed in a way that satisfies their own rational self interest i.e., they stand to benefit by the change in some or the other way.

**Normative-re-education:** Individual behaviour is based on existing social and cultural norms and the extent to which one has commitment to these norms. Any change necessarily entails change in the normative orientations in tune with the change efforts.

**Power : Personal and positional:** The internal change agents may use their positional power to induce commitment to intended change through either their reward power or coercive power. The external consultants and also the internal agent may bring a change in the desired direction by either their personal charisma or expertise.

Following the persuasion stage, decision is made on action to be taken. Consequent upon the action and depending upon its outcomes, decision is made either to continue or reject the earlier course of action (refer Figure 2.)

Any decision for change is evaluated against certain parameters. Firstly, what is the advantage of the change over the existing state? Secondly, is it congruent with individual expectations and norms and values of the organisational culture? Thirdly, is it simple or complex to comprehend and implement? fourthly, can it be tried in a limited way to have a first hand experience of its utility? And lastly to what extent the outcomes or benefits of the change is observable by others?

Any management strategy for change must take into account all the above aspects.

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## 14.8 SUCCESS OF CHANGE

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The success of change efforts depend upon (Judson, 1966)

- skill in identifying and analysing the objectives of change and those problems requiring solutions.

- o skill in devising successful methods to accomplish the objectives and solve problems.
- o skill in enlisting the support of people involved and affected by change for the objectives and also the methods of change.

A change effort makes a lot of demands on the change agent. More so if the change has to be successful. What skills should a change agent possess? Basically, he should possess cognitive skills-conceptualisation, evaluation and appraisal. He should have action skills to play successfully the roles of a change agent such as consultant, trainer, counsellor, facilitator etc. He should be able to establish effective liaison between the change agency and the client system (Figure 1). In addition, he must have the ability to understand people in terms of their explicit and implicit communications.

To be successful the change agent should be able to:

- o have confidence in the intervention process,
- o trust his own skills and experience of reality,
- o deal with ambiguity and situations of conflict in a proactive manner,
- o tackle any resultant stress appropriately,
- o reduce discrepancy between his ideals and actual behaviour,
- o decrease his need for, and dependence on formal power,
- o cognisant of his impact on the client system,
- o generate trust in the client system.

Figure 1: Change agent as a linkage between change agency and client system

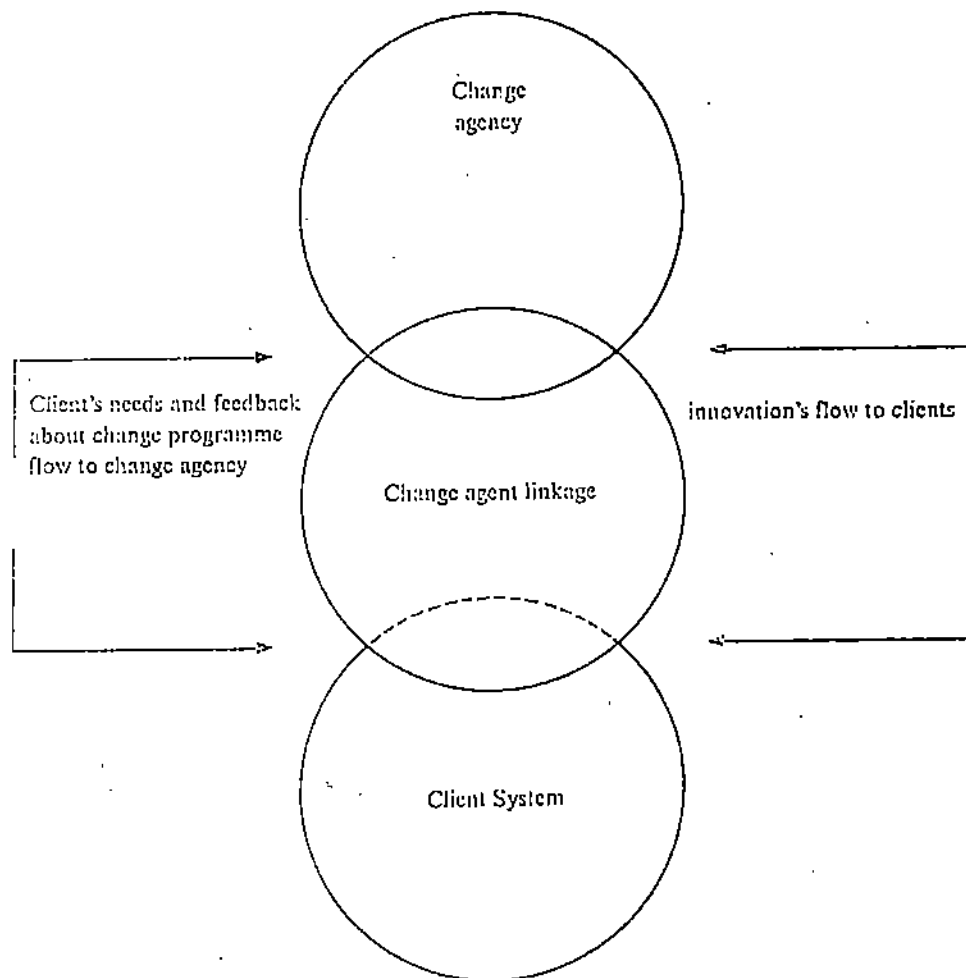
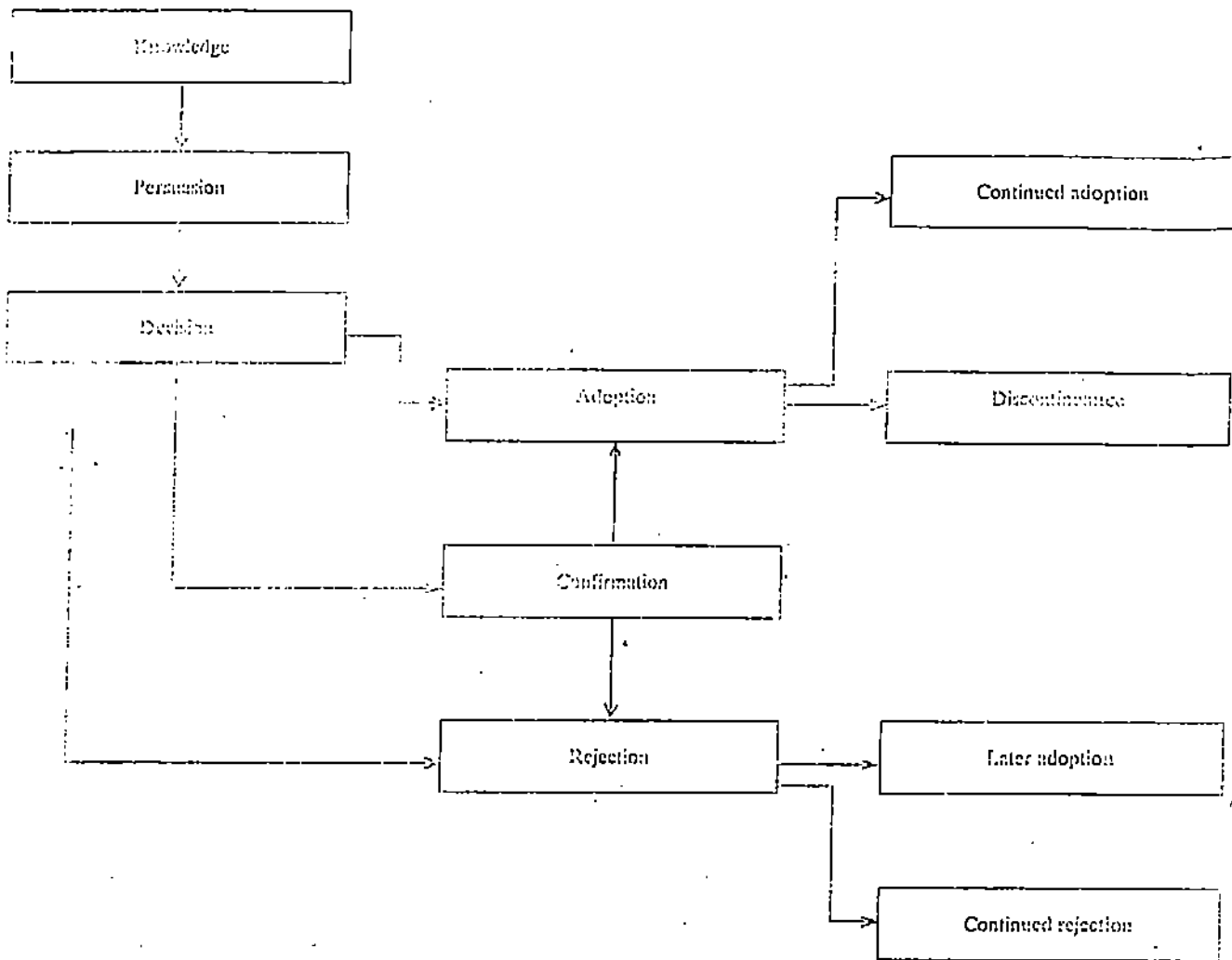




Figure II: Innovation-Decision Process



Source: Rogers, M.H. & Shoemaker H.F. *Communication of Innovation: A Cross-Cultural approach*, New York: Free Press, 1971.

Activity 5

Discuss the different phases of the innovation decision change process.

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**Activity F**

What factors influence the success of 'Change'? How does a change agent contribute to the change process?

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### 14.9 SKILLS OF A CHANGE AGENT

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The various skills that a change agent ought to possess are classified under three broad categories: cognitive skills, action skills and communication skills. However, these are not watertight compartment categories; skills under a given category may overlap with the others. Hence the classification attempted below is more of an approximation but at the same time helps in knowing the diverse skills that a change agent should possess and the diverse roles that he plays. The basis for classification is the list of change agent skills suggested in the OD literature of the NTL Institute of Applied Behavioural Science, U.S.A.

#### Cognitive Skills

**Self-understanding:** The change agent should be able to analyse and comprehend his own motivation in perceiving a need for change and the desire to bring about a change. He should be able to determine his own strategic role in the light of the contest and his abilities.

#### Conceptualisation

- o The change agent should be able to determine the possible Units of change.
- o Any change tends to have consequences to other sub-systems, and related positions and role set members. The change agent should be able to foresee these inter-relationships and visualise how a particular change is related to other possible changes either for the present or the future.
- o He should clearly define objectives with reference to the intended change.
- o He must conduct an anticipatory practice in carrying out a stepwise plan.
- o He must be capable of eliciting and eliminating alternatives and provide for replanning and assessment at later stages.
- o He must be able to anticipate the barriers, resistance to change and devise ways and means of overcoming both.

- He must be able to anticipate the degree of willingness among clients to the intended changes.

### Evaluation

The change agent should possess skills of assessment or evaluation. He should be able to assess the client group in terms of its nature, expectations and internal dynamics. He should be able to use the appropriate methodology to obtain feedback about the client's problems, expectations and felt need for change as well as the utility of the evaluative measures. Specifically the required skills of evaluations are

- determining the size, character, structural make up of the client group.
- determining the degree or extent of felt need for change.
- skill in using diagnostic instruments appropriate to the problem, such as: surveys, rating scales, observation etc.
- evaluation of the problem, causes etc., on an objective basis and not in terms of one's own likes and dislikes.
- diagnose of causes of failure and perhaps success also.
- identify the methods of change the clients believe as appropriate.

### Action Skills

The change agent plays the roles of a consultant, counsellor, facilitator, trainer etc.

As a *Counsellor*, he should possess skills, such as:

- making catharsis possible if it is to be a starting point for a change process (catharsis refers to giving an opportunity to the client to give vent to his feelings, in other words 'unburden his heart').
- helping the clients examine their attitudes, expectations and motivations.
- dealing with the client's ideology, myths, values etc., wisely and effectively. Any intended change should be in consonance with the client's expectations, value system etc. Otherwise resistance will develop to change efforts. The change agent should orient the change effort in such a way that it fits with the client's frame of reference.
- clarifying the nature of relationship and inter-dependence between the client and the change agent.

The change agent, as a *facilitator*:

- raises the level of aspiration of the clients. These aspirations however, should be realistic. The change effort should be perceived to have a reinforcing value to the client's increased aspirations.
- develops an awareness of the potentialities of the change, thereby developing positive expectations towards change.
- creates willingness and a sense of responsibility to engage in the change, thereby enlist their active participation.
- encourage them to use a step-wise plan and also have patience in its execution.
- develops an awareness of possible sources of help in the change activity.

The change agent, as a *consultant* is required to:

- make a step-wise plan. The change is in terms of a number of stages or steps, one leading to another than something that is sudden or drastic.
- make use of appropriate techniques or methods to arrive at group consensus.
- examine decisions in terms of their 'pros and cons'.
- evaluate the progress made at each of the stages and determine what has been achieved and what yet to be achieved etc.

- build and maintain morale and team-spirit of the clients during the change efforts.

The change agent, as a communicator is concerned with the spread of change information and the ultimate adoption of the change by the 'client's' system. He should have the necessary persuasive skills to enable the client system realise the need for change and the importance of the change to organisational effectiveness. Since spreading change information is in terms of a multi-step information flow, the consultant should be able to positively influence the opinion leaders at the different organisational levels. His ability to communicate effectively can be gauged in terms of the extent to which he is able to enlist the 'client's' support for the intended change and create in them the responsibility to participate and implement the change effort. To be a successful communicator the change agent should:

- be clear as to what are the goals and objectives of each of his communication attempts.
- develop his communication plan so that it is consonant with the clients needs, attitudes and belief system.
- be persuasive to minimise rejection without giving the feeling of forcing or driving one's ideas on the clients.
- obtain feedback to determine the effectiveness of communication from time to time.
- make strategic use of informal communication networks so that the formal change efforts are supported and not resisted.

#### Activity G

Discuss the skills that a change agent should possess under the following categories:

- Cognitive skills
- Action skills
- Communication skills

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### 14.10 SUMMARY

In this unit, it has been stated that change is possible internally and externally in an organisation. As such, an organisation requires a change agent. The role of a change agent is to make people aware of and adapt to the changes. Different change approaches and processes a change agent should possess have been described. We have also explained the skills required for a change agent.

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### 14.11 SELF-ASSESSMENT TEST

1 If any change attempts have been made recently in your organisation (within the last five years), collect detailed information on the following aspects:

- the change agent involved. Is it an external change agent or a member within the organisation?

- where the change has been attempted? Is it with reference to the task, structure: technology people or procedural variables?
  - the change process as such.
  - resistance to change, if any and how it was overcome?
  - the result of change effort for organisation effectiveness.
  - could the change have been carried out in a better way?
- 2 Keeping in view the needed skills by a change agent, suggest a suitable training programme, with regard to the content, methodology etc. for employees within the organisation.

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## 14.12 FURTHER READINGS

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Bennis, W.G. Benne, K.D. & Chin, R. (eds.), 1969. *The Planning of Change*. Holt, Rinehart and Winston : New York.

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Griener, L.E., 1965. *Organisational Change and Development* Unpublished doctoral dissertation, Harvard University.

Judson, A.S., 1966. *A Manager's Guide to Decision Making*, Wiley: New York.

NTL, 1972 *Reading Book*. Institute for Applied behavioural science: Washington D.C.

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# UNIT 15 CONSOLIDATION AND FOLLOW UP

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After studying this unit you should be able to understand:

- change Implementation
- factors influencing change Implementation
- restraining forces affecting Change Implementation
- inducing forces of Change Implementation
- follow up of change effort
- consolidation

## Structure

- 15.1 Introduction
- 15.2 What is the implementation?
- 15.3 Process of Change Implementation
- 15.4 Change Implementation: restraining forces
- 15.5 Change Implementation: building up inducing forces
- 15.6 Implementation process: stages
- 15.7 Follow up
- 15.8 Consolidation and Standardisation
- 15.9 Summary
- 15.10 Self-Assessment Test
- 15.11 Further Readings

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## 15.1 INTRODUCTION

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We have earlier discussed in units that organisational change may be brought about in terms of an attempted change in any of the organisational components, such as structure, task, technology and people. The models and methods of bringing organisational change and the role to be played by the change agent have also been discussed in the preceding chapters. The focus of the present chapter is on how to implement the intended change, follow-up of the change effort and consolidating the change.

Once a formal decision is made concerning the intended change and the series of actions associated with it, the next concern is how to implement the change.

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## 15.2 WHAT IS IMPLEMENTATION?

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Implementation is a sub-process of the change effort. It concerns with establishing or adopting certain policies, programme and procedures to facilitate the achievement of certain goals which are the expected outcomes of change effort. However, implementation is not an easy process. It can be complex and also there could be obstacles depending upon the nature and type of change.

Factors that affect the effective implementation of 'change' are:

- The sub-system:** Where change is attempted. That is to say whether the intended change is with regard to the 'task', or structure or technology or people sub-systems. Implementing change in technology is more complex and difficult than change in how a given task is performed.
- The nature of change:** Is the change concerned with a specific issue or general issues. Does the change involve an element of the sub-system or the total sub-system itself? eg. Where the intended change is with regard any of the activities performed of a given task such as change in a procedural aspect, implementation is simple and employee resistance will be less. However, change

in the total task itself, as in the case of enriching a job, tends to be relatively complex and difficult.

- c) **Commitment to change:** Are people convinced about the intended change and the change process both at the planning and execution levels. A well conceived change may end up in failure if people are not fully convinced about it. Those at the top may consider the change as relevant and needed but that alone is not sufficient, until those who implement it are also convinced about it.
- d) **Adequate resources and support systems for change implementation:** Sometimes a well planned change may not be successful due to failure to plan for contingencies and resources, and consequences for related sub-systems. Moreover, there may be certain pitfalls, lacunas consequent upon the methods used to actualise the change.

**Activity A**

Define the concept of change and change implementation.

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### 15.3 THE PROCESS OF CHANGE IMPLEMENTATION

Implementation of change is facilitated if the involved sub-system or the total system is geared up for the change effort. The system tends to be conducive to such an effort, when the change is perceived as:

- beneficial to the employees in the unit and they are involved in the change process.
- not having negative consequences for the other sub-system and does not affect inter-unit or interdepartmental coordination and cooperation.
- resulting in improvement in unit's performance in terms of a better product, or a procedure, or a better design etc.
- improving one's own performance without undue demands.
- contributing to one's own development whereby one is able to acquire more knowledge, better job skills etc.

The change implementation process would be effective, if the restraining forces are weakened (refer to Lewin's model in the unit 12 on organisational development) or eliminated and inducing forces are increased. The benefits that the employees are able to perceive as either the direct or indirect outcomes of the change (as referred above) act as inducing or driving forces. What are then the restraining forces that hinder the implementation-process.

**Activity B**

Examine the process underlying change implementation

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## 15.4 CHANGE IMPLEMENTATION: RESTRAINING FORCES

Where the change effort is simple and specific as in a procedural modification, not much of employee resistance is involved. However, if the modification is perceived as eroding his authority or autonomy he may be averse to the change. This discontent may not find support with his role set, if they find the change conducive to unit's functioning and not affecting their own work. In a particular organisation a marketing manager had discretionary powers to spend certain amount of money which was reduced following certain procedural changes. Though this made the manager rather unhappy, his role set members, however found it quite necessary as an 'economy' measure. The manager's discontent did not find support with others and after sometime he realised the change was an organisational necessity and not an affront to his authority.

When change goal is general or complex, it is prone for various interpretations. At the planning stage, the goal may be clear and acceptable. But when it is being implemented and as the plan unfolds itself at each of the stages of the action process, people come to know of it more specifically and new problems are likely to arise which were unanticipated hitherto. More so, when a change goal is complex, details of implementation and how people perceive the stages of implementation in terms of consequences for their work or interpersonal behaviour cannot be sufficiently worked out in advance.

In a particular department, the faculty felt that the students were not involved in the classroom instruction. There was high absenteeism in some of the classes. It was felt almost unanimously that the syllabus should be made more challenging and demanding by loading the syllabus, implementing the case study method in a heavy way and redesigning the question papers both in structure and in the choice of answering. However, the whole programme failed in its implementation stage. There was resistance among some of the faculty members. They resisted as revamping the syllabus would mean more work load to them, which they did not realise earlier. The old syllabus was easy to teach as they had been teaching the same topics for quite a number of years and revamping would mean more demands on their time and extra work. Others opposed the additional inputs by case study method on grounds such as; cases developed in our country were few, there were not sufficient number of cases in all the course subjects, teachers were not trained in the case method, it is not the only best method of teaching and so on. Curtailing the choice of answering in examinations, was felt by some others to open up a Pandora box. Students may not accept as they had enjoyed the privilege of having more than 50% choice for many years, and they may make a hue and cry about it which may not be palatable to higher-ups in the administration, until the latter are prepared to handle the problem.

Though every faculty member and even some of the students realised there is a genuine need to bring about changes in curriculum, however at the implementation stage the programme failed. It is almost more than 5 years since the change programme was initiated but yet hardly any change has occurred in the intended direction.

Any effective change needs adequate organisational support. Implementation of change in any one sub-system i.e. task or structure or technology or people has repercussions or implications to the other sub-systems. The implications may be direct or indirect. For example, bringing in new technology has implications for the task, where the task may be redesigned or undergoes modifications in the way it is presently performed. People who perform the task have to be trained to acquire certain new skills or those with required skills may have to be recruited. The existing work groups may have to be reshuffled or new work groups may have to be formed which are likely to disturb the formal and informal relationships among the existing work groups. Existing departments may have to be modified or new departments set up, resulting in redefining and redesigning the present organisational structure.



Employees may resist the new technology for reasons that may be rational or sometimes even irrational.

Change implementation requires a coordinated effort among the different sub-systems, different organisational levels and different departments. Hence, change at any one level demands supportive, complimentary and reinforcing behaviours at the other levels.

Commitment to the concept of change alone is not sufficient. The commitment should be therefore its implementation too. Sometimes, bosses are heard saying "get some results first, we can implement the change later on". But such an approach is a half-hearted approach. To get partial results as a proof that the change is valid, compromising approaches or "grey" solutions may be adopted which may affect the implementation of the change in its actual form. As discussed earlier in the unit: 12, for implementation to be effective, the top management should have faith and belief in the change process. Their commitment to change people at lower levels should be noticeable.

Change implementation becomes difficult without the necessary organisational support. Sometimes, it is true that some of the change activities may run counter to the existing rules and regulations. Such a situation creates ambiguity and conflict in the manager. These situations have to be minimised.

Adequate men, material and infrastructural facilities are equally important for change implementation. When designed change programmes run into rough weather because of insufficient men, money or material. In the previous example of a university department, case method could not be implemented for lack of an adequate support system. Ready made cases were not available. Teachers were not trained to write cases. The cost involved in the replication of the case material in different subjects was three times more than the annual stationary grant available to the department. Manpower required for typing, stencil cutting etc. was also not adequate.

More attention may be focussed at the planning stages of the change process than operationalising the change. Contingency planning might have not been done or if done it was perhaps inadequate. Those who implement may realise the consequences to their work only when they implement it and not beforehand. The problems could be: more work-load and even certain psychological disincentives, which may build up resistance to change. Sufficient feedback needs to be obtained from the implementors and necessary action process initiated to minimise resistance or sabotage of the change effort. Certain psychological or monetary incentives need to be offered to overcome the unanticipated problems during change implementation.

### Activity C

Keeping in mind Kurt Lewin's model, what do you think are the salient factors restraining change Implementation.

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## 15.5 HOW TO FACILITATE CHANGE IMPLEMENTATION: BUILDING UP INDUCING FORCES

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A strong supportive force for change implementation is the felt desire for change among those who implement it and those who are likely to be affected by the change and secondly agreement as to the objectives, plan and programme of the change process. A participative approach, needless to say, is best to obtain the commitment of the critical and other important actors for the implementation and maintenance of change. The goals and objectives are more likely to be understood clearly and endorsed by the critical actors and the others, when discussed together. Resistance to change will be less and the group morale is likely to be better. Unexpected turn of events during implementation may not unduly discourage the actors and in fact participative approach may prepare them to tackle such events.

Hence, we might as well consider that when implementors understand the importance of change, the change plan and process and what is expected of them, we have strong supportive forces for change to occur. But that is not all. The implementors have to be trained in the implementation process. In the earlier instance, though the faculty members felt the need to use cases, yet the case method could not be implemented as some of them were not trained to write cases and handle cases as a method of instruction.

Activities in the direction of implementation have to be positively reinforced. This is where suitable incentives either monetary or non-monetary may be used. Successful activities have to be brought to the focus of others and they may serve as models for others and preserve the zeal and enthusiasm during the entire period of change. Reinforcement of expected behaviours are necessary as commitment is likely to shift from time to time due to changing forces and pressures.

Providing supportive leadership is yet another inducing force. The manager should be equally considerate and have initiative. Depending upon the maturity level of the subordinate he should be able to plan, define and organise the work of his subordinates regarding change implementation. Also he should be considerate, understanding and able to recognise problems from the view point of the implementors. He should be able to motivate them to accomplish their tasks and help them overcome any frustrations experienced in change implementation. In other words, he should be perceived by others as a positive force and as one committed for the change. He should be a team builder and arouse participation among members thereby ensuring their commitment to change implementation. As a leader he is expected to play the following roles:

a) **Change advocate:** i.e. persuade others to accept the change idea. This he may do by bringing a change in the cognitive or affective dimensions of the employee's behaviour. Change in the cognitive dimension can be brought about by logical analysis or rational presentation of the benefits of change. Affective change is possible by involving the person in the change process or by providing opportunities to experience initial benefits from the change. Since cognitive and affective dimensions are closely related, a change in any one in the desired direction brings change in the other also.

b) **Change interpreter:** The leader should be able to interpret the change and its consequence to those who work with him. He should not only be proactive but also able to influence others to perceive the change positively. He should provide an objective measure of change and its benefits.

c) **Trouble shooter:** The manager should be able to anticipate the problems likely to arise in change implementation. Where problems arise, suitable assistance and supportive leadership has to be provided. Certain barriers are likely to arise from time to time. They may arise from objective factors or subjective factors. The objective factors are in the external environment in organisational practices, procedures, interdepartmental cooperation etc. The subjective factors are in the

member's perceptions of events, outcomes of change effort and personal biases. The subjective barriers may be overcome in terms of educating the employee about the change effort, involving him in the change process and providing supportive leadership wherever required. The organisational snags may be minimised by certain structural modifications, procedural changes and developing interdepartmental collaboration.

Feedback from time to time concerning progress towards the intended change, acts as an inducing force. There is enough psychological evidence that knowledge of results is a motivator of behaviour and incomplete tasks are better remembered than completed tasks. The change effort is to be monitored from time to time by utilising formal mechanisms to chart and oversee the progress of the change. Network techniques such as PERT, CPM can be employed for monitoring change implementation. An MBO approach to change implementation, wherein each role incumbent plans his role in consultation with his superiors and colleagues, and prepares a blue print of his activities, helps him to understand the relevance of his role to the total change effort and also to monitor his own progress periodically. By such an approach the individual's responsibility and accountability is clearly fixed, apart from, being involved in the change effort.

Organisational concern and effort to reduce stress arising out of change process is always perceived as a positive force by the implementators.

As the change programme is often gradual and in phases, implementing earlier phases might result in stress at the latter stages. The implementators should be able to cope with the stress, otherwise frustration may build up and interest may slacken. The superior should possess the skills of a counsellor and facilitator. Disagreement among the implementors should be sorted out and conflicts should be managed in a collaborative atmosphere. Where conflicts are of a serious nature between any two role incumbents, demarcation and creation of sharper role boundaries will help to minimise the incidence of conflicts.

Another supportive force for change implementation is effective communication. More often than not, a change is not properly implemented, as the implementor is not clearly aware of what he is expected to do. Rapport has to be built with and among those involved in the change process and one should be made to be clearly aware of one's own duties.

Adequate functioning of the existing communication network has to be initially analysed. A number of methods are available for this purpose such as residential analysis, participant analysis, duty study, cross section analysis and ECCO. They have been already discussed in the unit 12 on organisational development and the student is advised to refer to that unit.

Distortion in communication arises when there is 'noise' in any of the links in the communication chain. Noise can be minimised when what is to be communicated is determined beforehand, the message or information is clear and specific, appropriate channels are used and the receiver is already turned to the message that he is expected to receive.

Frequent interaction among those engaged in the change process, use of both formal and informal channels and periodic feedback help in managing the implementation of change. High level of feedback reduces noise or distortion and immediate feedback contributes to increased clarity and better control of the ongoing process.

Formal communication may be facilitated by regular reporting procedures, frequent meetings within and among specific task groups.

To support the change implementation, necessary organisational structural changes have to be made. The changes may be in terms of decentralisation, setting up task groups or committees, formalisation, standardisation etc., contingent to the situational necessity.

While we have discussed some of the relevant inducing forces for change implementation, the list is suggestive and not exhaustive.

### Activity D

Think of a change which may have been introduced in your organisation. How was it implemented? Did the implementation process follow some of the ideas mentioned above?

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## 15.6 IMPLEMENTATION PROCESS: STAGES

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Any change implementation has to be gradual and drawn over time in gradual and sequential phases. Change cannot be hurried upon. Swift action poses problems of being pressed too far too fast, and implementors may complain of work overload, work stress etc. However, this does not mean that change should be slow. There are certain phases and situations where swift action is perhaps necessary but it should be balanced against the cost of appearing to jump the process and causing stress or work overload.

There seem to be certain stages in the implementation process in terms of the attitudes and behaviours of the implementors. The first is *Honeymoon period*, where the necessity of change is felt and the change plan is considered desirable and there is zeal and enthusiasm among people for the change effort.

As the change plan gets implemented, the implementor gets to know the real demands made upon him and his work, reactions of others with whom he has to interact and comments and criticism from those who do not tolerate deviation from their habitual work patterns. This is the *reconsideration stage*. Negative forces gather around and the implementor has to deal with them before they gain momentum and stall the change. Faith in the change effort is essential for the implementor to withstand these negative forces.

**Persuasion** is the third stage where the implementor has to win over the confidence of the others. This is possible in terms of persuasive communication, focussing on the attractive aspects of change, building up expectations about the likely problems to be encountered and how they can be overcome, and developing resistance to negative forces by inoculating against them.

The fourth stage is ensuring more **commitment** to change. Behaviours in the direction of intended change effort have to be positively reinforced. Those involved in the change activity have to be clear in their mind that gains or benefits are not immediate but delayed. While negative forces crop up early, employees should have the patience to wait for the desired results. It is also necessary to monitor the change effort at each of the stages by setting up a time table for evaluation and taking corrective action whenever required.

The change effort that is implemented has to be consolidated, otherwise advantages of change may be vitiated. When a change is to be introduced, the unit or the organisation has to be tuned to it. Once the change is introduced it has to be frozen or consolidated, failing which the organisation may return back to the pre-change equilibrium. However, before the beginning of freezing or consolidation process, it has to be checked whether change has realised its original purpose or has caused any negative consequences.

#### Activity E

Examine the ways and means of building up supportive forces for change implementation.

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## 15.7 FOLLOW UP

The follow up of change is usually in terms of employees' opinions and attitudes about the change, and differences in performance and work-related behaviours. Attitudes may be measured in terms of formal interview or informal discussions or specifically constructed attitude scales. Indirect objective measures could be: absenteeism, tardiness at work, punctuality, performance etc.

## 15.8 CONSOLIDATION AND STANDARDISATION

Any change activity inspite of its positive advantages may have certain disadvantages or negative consequences. Consolidation of change requires minimising if not eliminating the disadvantages and sometimes even learning to live with certain difficulties. Change process should be ingrained in the organisation fabric. This may be done by ensuring that the change is perceived as contributing to both the employees and organisational needs. Not only the change should be visible but also its benefits. Where it is not felt, perhaps, the need for change should be created.

Consolidation of the change makes certain demands on the change agents or those who implement the change. Their behaviours should not be inconsistent with the change activity. As aspects of new operations become fixed, rules and regulations are specified, job requirements are made clear they have to be focussed upon and highlighted.

Consolidation of change can be achieved in terms of formalisation and standardisation-formalisation of rules and procedures and standardisation of work process and the individual. Standardisation of the individual is in terms of training the individual so that the new behaviours are internalised and become a part of his behaviour.

In standardisation of the work process the new work relationships or work patterns are made a part of the existing patterns. Consolidation is much easier if change is perceived as a part of the existing order.

Standardisation should not be premature. If premature it may boomerang. Once distrust or negative attitude is built, it is very hard to consolidate the change. If change is delayed, the expected benefits or outcomes may not accrue or accrue partially alone. Some amount of trial and error is necessary, but the intention should be to maximise the potential of change.

**Activity F**

Examine some of the methods and techniques available for a follow up study of change implementation.

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## 15.9 SUMMARY

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The change process, thus involves.

- identifying the need for change
- designing an appropriate solution
- preparing a blue print of the change process that can best achieve the desired results.
- seeking and winning its acceptability and adoption
- implementing the change
- follow up of the change process, and
- consolidation of the change and standardising the change process.

**Activity G**

Discuss how a implemented change can be consolidated?

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## 15.10 SELF-ASSESSMENT TEST

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- 1 Keeping in mind the organisation in which you are working at present, have you noticed any of the changes implemented either with regard to the task, structure, technology or people variables, if so, analyse how the changes were implemented and was the change effort successful in achieving it's goal.
- 2 What changes or modifications do you think can be brought about in your job to make it more interesting and to better your performance?

- 3 In terms of the procedures and rules that are existing in your organisation with relation to your job, do not think these can be modified to facilitate your work. If so what modification do you suggest.
- 4 In terms of your awareness can you list down what generally are the reactions of people to any change in their job. What are your plans to overcome the negative reactions when you feel that a given job has to be modified in certain circumstances.

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## 15.11 FURTHER READINGS

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*New Forms of Work Organisation*, ILO, Geneva, 1979.

French & Bell (1978). *Organisation Development, Behavioral Science Interventions for Organisation Improvement*, Prentice-Hall of India Private Limited, New Delhi.

B.L. Maheshwari (1980). *MBO: Concepts, Methods on the Experiences*, New Delhi, Tata Mc-Graw Hill, 1980.

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# UNIT 16 INSTITUTION BUILDING

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## Objectives

After studying this unit, you should be able to understand:

- the concept of 'organisation', 'institution', 'institution building' and the characteristics of institution
- the factors which influence institution building
- the process aspects of institution building
- significant dimensions of institute building: self-renewal and innovation
- the role of the chief executive in institutional building.

## Structure

- 16.1 Organisation
- 16.2 Institution and Institution Building
- 16.3 Factors Influencing Institution Building
- 16.4 The Process Aspects of Institution Building
- 16.5 Two Significant Dimensions of Institution Building: Self-renewal and Innovation
- 16.6 The Role of Chief Executive in Institution Building
- 16.7 Summary
- 16.8 Self-Assessment Test
- 16.9 Further Readings

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## 16.1 ORGANISATION VS. INSTITUTION

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An organisation comes into existence in order to achieve a goal or a set of goals. Since no one individual can achieve the goal or set of goals by himself, a number of individuals come together. Hence there tends to be a division of work where in the overall goal or objective is broken down into sub-goals and they in turn into activities to be performed by each of the individuals thus, giving rise to differentiation in power, authority, role and responsibilities. These differentiated functions are coordinated, in terms of rationally conceived role relationships, and a normative order.

This rationally conceived hierarchisation has to be maintained over time to achieve the overall objective. Hence maintenance of the normative order is an important sub-goal of the organisation.

As goals have to be achieved economically and efficiently, optimum utilisation of resources such as men, material and money is yet another important sub-goal of the organisation.

While organisations aim at maintenance of internal order and efficiency in goal realisation, institutions extend beyond these goals. Institutions have relatively more permanence than organisations. Organisations are organic, they have a birth, growth and finally, decay. Institutions are more enduring, have capacity of continuous growth, ability to cope and adopt under diverse pressures and pulls to make thrust into the future, in addition to having an impact on the society or community in which they exist. They perform services and functions which are valued in the community or society and also play the roles of a change inducing, a change-protecting agent within the community. While all institutions basically start as organisations, it is only a few organisations that can survive, grow and adopt to achieve finally an institution status.



## 16.2 WHAT IS AN INSTITUTION?

Institution may be defined as a responsive, adaptive organisation which is a product of social needs and pressures. It is a part of the larger system i.e. the community or the society and is a forward looking, adaptive and proactive part of the community. Esman and Blaise (1966) define Institutions 'as organisations which incorporate, foster and protect normative relationships and action patterns and perform functions and services which are valued in the environment'.

### What characterises an institution?

- 1 An institution is an organisation which is relatively more enduring and is perceived as an indispensable part of the community.
- 2 Its functions and services are related to society's commonly agreed requirements.
- 3 It has the ability to adopt overtime to changing needs and values in the society and contribute to the community needs.
- 4 Its internal structures embody and protect commonly held norms and values of the society.
- 5 Its achievements overtime include influencing the environment in positive ways through the values it creates, (where such necessity arises).
- 6 Its influence extends to other similar institutions which are linked to it.
- 7 It is a change protecting and change inducing formal organisation. It tends to protect positive values within the community or create new beliefs and values that are necessary for the sustenance of the community or to bring social order at times where negative forces are likely to affect the community.
- 8 It has permanence that extends beyond the role incumbents who may come and go.

### Activity A

Define the concepts 'organisation', 'institution'.

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### Activity B

What are the characteristics of an institution? Can we differentiate between the terms 'organisation' and 'institution'?

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**What is Institution building?**

Institution building refers to transforming an organisation into an integrated organic part of the community, so that the organisation can effectively play the role of projecting new values and become an agent of change in the community. Hence institution building refers to the process aspects of:

- a) establishing or transforming an organisation
- b) making an organisation an integrated or organic part of the community
- c) the maintenance role of adopting or adjusting to the existing values
- d) projecting new values through its own efforts of self growth and organisational renewal, and thus
- e) the proactive role of bringing change contributing to change in the existing values of needs of the society.

**Activity C**

What is Institution Building? Explain

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**16.3 FACTORS INFLUENCING INSTITUTION BUILDING**

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There are several factors that influence institutional building:

1 **Goals or objectives:** Clarity or specificity of the goals is basic to institution building. The goals should also be perceived as important and justify the need for the organisation both with respect to expectations of the members within and society outside the organisation. When the goals are seen as challenging and interesting and widely accepted among members of the organisation and the activities of the members are focused around these goals, institution building is possible. Superordinate goals like commitment, loyalty and patriotic fervour among employees generally tend to facilitate institution building.

2 A second variable that contributes to institutional building is the 'people'. Selection of the people for positions in the organisation should be in terms of a right fit between the individual and the job. Two aspects are important in this context: task maturity and psychological maturity. Task maturity refers to the extent to which the role incumbent has the necessary job knowledge and skills required on the job. Psychological maturity refers to zeal and enthusiasm to work, commitment to the job and the organisation, confidence in ones' own abilities to accomplish tasks and responsibility for ones' job. It is the people, who finally make an institution. Developing trust among one another, generating team spirit and positive interaction among the role set members and providing sufficient autonomy which is commensurate with responsibilities on the job, are essential for institution building. Trust is an important dimension for effective interpersonal relationship and it is often said that trust begets more trust.

Organisations should provide opportunities for upward growth and development for those who are competent and have potentialities for growth and development. Otherwise, institutional development is jeopardised.

3 A third variable of importance is organisational structure and design. Organisation is basically a system of input process and output sub-systems. Men, money, raw-material and machinery form the inputs. The process aspect is concerned with the optimum utilisation of these inputs to produce certain outputs. The output can be the goods produced or services rendered that serve the needs and interests of the society.

The organisation design and structure is the basic frame work around with formal interactions take place within and in between the different sub-systems (departments). The structure influences

- the extent to which the different resources may be optimally utilised.
- the work culture that is created and sustained within the institution
- the relations with systems outside the institution
- the ability to adopt to changing demands and requirements arising from the external environment.

Too rigid structure stifles individual autonomy, creativity and ability of the organisation to meet changing demands. At the same time, too loose a structure results in sub-optimisation of resources, lack of appropriate direction and work culture. In such an environment organisations may soon become defunct.

The structure should not be static but dynamic and have the necessary mechanisms to foster and stabilise appropriate traditions and work culture and also establish linkages with its customers and major client systems. It should be able to provide a leadership role to similar organisations. Such a structure forms the basis for institution building.

4 A fourth aspect that fosters institution building is the organisational culture. Organisations should strive at developing greater cooperation among the members. This can be achieved by better integration of departmental functions and developing homogeneity of thinking among the members. Commonality in the goals of the organisation and those of the employees, and recognition and understanding of the symbiotic relationship that exist between one employee and the other, or one department and another result in better accommodation and cooperation. Conflicts are to be viewed positively as providing opportunities for innovativeness and understanding other's position in addition to one's own. Mechanisms of establishing a balance between the autonomy of individual members and coordination for common goals help in institution building. In its relationship with outside organisation, the institution should seek collaborative relationships at the same time maintaining its own identity.

5 A fifth factor contributing to institutional building is leadership at the top management level. The leadership style should be an amalgamation of the roles of a 'developer's and an 'executive'. A developer places trust in his subordinates, provides them opportunities to take up responsibilities, motivates them to the peak of their performance and provides a creative work atmosphere. He is supportive in his relationships with others and provides opportunities for growth, self-direction and self-control for his subordinates. An executive as a team-builder, inspires participation among the members and thereby ensures their commitment to organisational goals, builds loyalty among his subordinates and also a keen sense of self-respect, and resolves conflicts strategically and creatively.

The leader ought to devote his full attention and time for institution building and take pride in the development of his people. He has to establish effective linkage with outside organisations and project the image of the institution as a competent entity to serve the needs of the society. He needs to gear up the organisation to meet changing needs and demands effectively. At the same time he is not enamoured of his position, but is willing to develop others to step into his shoes whenever required.

6 Ability to establish effective, operative linkages with external environment is

necessary for institution building. Such a liaison helps in understanding the needs and expectations of the external sub-systems such as clients, customers, suppliers, other organisations etc., to which the institution has to finally cater to carve a niche for itself in the environment. The linkages are:

- enabling linkages with other organisations or social groups which are likely to control the allocation of resources and authority (for e.g. the government) needed the organisation to function.
- functional linkage with those external sub-systems that provide the inputs for the organisation and utilise the product or service outputs of the organisation (eg. suppliers, customers or client group).
- associative linkages with other institutions of a similar nature for possible collaborative relationships (eg. sister institutions).
- contingent linkages, depending upon the situational necessities with certain other sub-systems that may become relevant or important at a given time. (for e.g. a legal system, a consultancy unit).

**Activity D.**

How the following factors influence institution building:

- organisational goals.
- organisational structure and design.
- organisation culture.
- relationship with external environment.

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## **16.4 INSTITUTION BUILDING—THE PROCESS**

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Institution building refers to two aspects:

- 1 Development of an institution by an outside expert (which may be an individual or an organisation) including development of relevant norms and values, and
- 2 Internal development of an institute to be able to play its role effectively (i.e. the self-renewal process).

In terms of either of these definitions, institution building refers to the process of birth, development, renewal and institutionalisation.

All organisations are organic i.e. they have birth, development, growth and finally, decay if the organisation does not invigorate and renew itself. Invigoration and renewal extend the longevity and performance of the organisation where it stabilises as an institution. While many organisations die aborning, it is only a few that seem to live forever.

Warren Schmidt (1967) has suggested that organisations have stages of potential growth in their life cycles. At each of the stages, the organisation is subject to certain crises that make demands on the managerial or organisational activities. If the organisation is able to cope effectively with the crisis it will enter the next stage of growth. The crisis is generated either because of internal factors or external factors in the environment or both. The stage of development at which an organisation is, is more in terms of the crisis factors rather than its financial status or number of employees or its share in the market etc.

The first stage is birth of an organisation. Organisations originate at first, in the minds of individuals, as an idea. An operative model with necessary resources and support mobilisation characterises the earliest stage.

The second stage is survival and sacrifice. An organisation is born in a climate of a new idea, hope and excitement, but has to struggle to survive in the world of competition and challenge. The need to survive, makes heavy demands on the entrepreneur's money, confidence, commitment, effort, personal time and even family life. If this crisis is adequately resolved the organisation gains a firm foot-hold, accepts realities and learns from experience. If unable to meet the challenges, demands and competition, the organisation may become defunct or exist marginally with still heavier demands made on the entrepreneur.

If the organisation survives, then it should seek for stability which is the third stage. Organisation should strive for an efficient work culture based on discipline, reorganisation or role relationships, adequate employee compensation structure, team-spirit and appropriate balance between short-term and long-term perspectives. It should also strive to stabilise its resources, customers, clientele etc. Resolving the crisis of achieving stability makes the organisation efficient, strong and flexible; while inability to do so results in the organisation returning back to the survival stage and stagnation.

The fourth stage is self-examination regarding where the organisation stands in the eyes of the public, customers, competitors and others. The organisation should be prepared to look critically at its products and services and its internal and external operations. Thus it should be open to criticism and strive to monitor, review, evaluate and improve its performance from time to time. Resolving crisis at this stage successfully enhances the reputation of the organisation and results in the improvement of its quality of goods and services. Failure to resolve the crisis leads to living on past laurels and 'image-creation' or 'image-boosting' which may be at variance with its actual performance the greater the variance the greater is the likelihood of returning to instability.

The next issue that concerns the organisation is to actualise its potentialities and to achieve uniqueness (characteristic of its activities). Such a goal can not be realised until the organisation is willing to bring the necessary changes that involve certain amount of risk. Successfully overcoming a crisis provides opportunities for growth and development to its personnel. Unsuccessful resolution leads to specialisation in a narrow field, conservatism and resistance that inhabits further development. The organisation may not be able to realise its uniqueness.

The sixth issue of concern involves the organisation's responsibility to society, a desire to gain society's respect and appreciation and to improve the quality of life of its own employees. The crisis generated by efforts to be respected and appreciated depends upon the felt-needs for such an endeavour, organisation's financial status, investment opportunities elsewhere and the present self-image. By resolving this crisis correctly the organisation gains public respect and appreciation for itself as an institution contributing to society. Incorrect resolution leads to castigation by the public as 'heedless barons' or 'heedless tycoons'.

The different crisis discussed so far need not operate in the same consecutive order. Depending upon the environmental forces acting on the organisation, a mature

organisation may revert back to crisis of the earlier stages. When the nature of the crisis is not correctly understood, organisations are unable to resolve it adequately resulting in confusion and intolerance. However, by resolving the crisis at each of the stages successfully, an organisation grows from strength to strength. Resolution of crisis makes demands on the management's knowledge, skills, experience and attitudes and it is quite possible that at different stages of growth, the managerial and leadership skills required are different.

Activity F

What are the different stages of growth of institutions?

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## 16.5 SIGNIFICANT DIMENSIONS OF INSTITUTION-BUILDING: SELF-RENEWAL AND INNOVATION

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Earlier we have described the growth stages and crises experienced in institution building. Two of the significant dimensions of institution building are self-renewal and innovation.

Self-renewal refers to concentrated and continuing efforts on the part of the organisation to relate its technology, structure and people to problems confronting it from political, economic and social changes. The act of self-examination from time to time forms the basis of organisation renewal. The different stage in self-renewal process are:

- 1) Sensing of change: Organisations should be aware of changes in their internal and external environment. Unable to perceive these changes, the organisation fails to cope adequately with its environment.
- 2) Identification of the implication of these changes. The question is how these changing forces are going to affect the ongoing system.
- 3) Deciding an appropriate plan of action. A suitable course of action is conceived on the basis of
  - obtaining necessary information with regard to 1 and 2 based on surveys, reports, statistical data and such other fact-finding methods.
  - accurate evaluation of the obtained information.
  - deciding at what sub-system level (i.e. organisational structure or task or technology or individual/group) the necessary changes are to be brought about.
  - implications of change in a sub-system for the other sub-systems.
  - weighing the different alternatives for their probabilities for effectively coping with external forces.
- 4) Introducing the change. The intended changes are implemented. Timely action is important.

- 5) Stabilising the change, enough system support is to be given to freeze the change i.e. consolidate the new equilibrium.
- 6) Obtaining feedback on the outcome of change for further sensing of the state of the external environment and the degree of integration of the internal environment.

Failure at any of these stages results in unsuccessful resolution. Successful resolution also depends upon certain conditions within the organisation such as:

- effective information processing and communication.
- flexibility within the sub-system for introducing relevant changes or remedial measures.
- willingness to change among the people and commitment to organisational goals.
- supportive climate at the top management level. Involvement of top-policy making group gives legitimacy to the change process.

The present day organisations are at a nexus of various external and internal forces. Organisational renewal, hence, is of high priority so that organisations can do a self-analysis of their growth and their problems. The organisational leadership should look for new paths, new methods and innovative approaches so that the organisation can cope with changing demands and forces.

### Innovation

Innovation may be defined as a new-idea or practice or approach that helps the system or the individual to deal effectively with a problem or change. Innovation is possible if the organisation has a conducive environment for it to occur such as openness flexibility, decentralisation etc. Some characteristic features of innovation are:

- It does not function in isolation or vacuum. Innovative changes should be thought of in a system perspective i.e. the likely changes in the internal sub-systems.
- It thrives in a collaborative rather than a competitive environment.
- Acceptability of innovative change depends upon: 1 . Its relative advantage over the existing ideas or approaches or other suggested ideas or approaches. 2. Compatibility with existing norms, values and work behaviours. 3 . Simplicity both in concept and practice. 4 . Utilitarian value for either coping with external demands or obtaining the desired results and the stakes involved. 5 . Compatibility with existing skills. If innovative changes require new skills, people should be trained sufficiently in advance. Otherwise, resistance may be built in spite of the functional value.
- Innovative planning is an organisational necessity for self-renewal and institutional building.

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## 16.6 INSTITUTIONAL BUILDING : THE ROLE THE CHIEF EXECUTIVE

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Certainly the chief executive is a crucial figure in institutional building. Probably, it may be in your experience that a sinking organisation not only comes out of the red but also stabilises and makes considerable amount of profit because of change at the top management level. There are certain chief executives who have been very successful despite the nature of the organisation they were asked to manage. The role of chief executive involves:

- optimum utilisation of resources which is a basic ingredient of organisational success.
- creation of team spirit and work commitment, thus providing a synergic effect for optimum utilisation of human resources (where the contribution of the group is much more than a summation of the efforts of each of the individuals, it refers to synergy).
- achieving a positive balance between individual expectations and organisational goals and demands. For example, there is absolute necessity for formalisation (i.e. rules, regulations and procedures determining work behaviour) but at the same time the individual should have autonomy and flexibility in work behaviour. Centralisation in decision making is important but at the same time people at lower levels should be involved in decision making.

An institutional image is in terms of not only how it perceives its own status but also how it is perceived by similar organisations in the environment. A chief executive is not only a spokesman for his organisation but also a liaison builder. It is in terms of his efforts that the institution can play the role of a leader, trend-setter and a collaborator.

The chief executive should have the basic discipline, devotion and commitment to work, a sense of vision, a futuristic perspective and above all a determination to build the organisation to reach its maximum potentiality.

He should allow others to grow and should not be threatened by the achievements of his colleagues. When the time comes he should give way for his successor without being highly possessive about the organisation.

#### **INSTITUTION BUILDING : LESSONS FROM VIKRAM SARABHAI'S LEADERSHIP**

Institutions are social areas where unique strategies are pursued for inducing and maintaining values which satisfy societal needs. Organisations are formal, social mechanisms which facilitate constant transmission of values, for example, a business enterprise or the church. Leaders are key actors in these arenas embodying the values. The process of institution building is the energizing of people so that not only they internalize values that transcend narrow self-interests but they also become infused with a sense of mission in their total life. What distinguishes an economic organisation from an institutional organisation is the intensity and the depth with which individual members of an institutional organisation hold the core values which seem to suffuse their total being.

#### **Leaders and Institution Building**

Peters and Waterman (14) in their recent research on "excellent organisations" focus on the role of leadership in institution building. They emphasise the role of leadership in shaping the values of organisational members as well as in developing distinctive organisational cultures.

Sarabhai was a prolific institution builder. He set up an institution every year beginning from 1947 till his death in 1971.

#### **List of Institutions with which Vikram Sarabhai was associated**

Scientific Research	:	Physical Research Laboratory, Ahmedabad
Communications	:	Vikram Earth Station, Arvi, Poona
Atomic Energy	:	Fast Breeder Reactor, Kalpakkam



Nuclear Centre for Agriculture, New Delhi.  
Variable Energy Cyclotron  
Project, Calcutta

<b>Electronics</b>	: Electronics Corporation of India Ltd. Hyderabad Electronics Prototype Engineering Laboratory. Bombay
<b>Space Research</b>	: Thumba Equatorial Rocket Launching Station, Trivandrum Vikram Sarabhai Space Centre, Trivandrum Space Applications Centre, Ahmedabad Sriharikota Range, Sriharikota ISRO Satellite Instructional Television Experiment
<b>Textile Research</b>	: Ahmedabad Textile Industries Research Association, Ahmedabad
<b>Development and Educational Research</b>	: Nehru Foundation for Development, Ahmedabad Vikram A. Sarabhai Community Science Centre, Ahmedabad
<b>Management and Operations Research</b>	: Indian Institute of Management, Ahmedabad Operations Research Group, Baroda
<b>Performing Arts</b>	: Darpana Academy for performing Arts, Ahmedabad
<b>He was also associated with</b>	: Indian National Committee for Space Research Indian Space Research, Organisation, Atomic Energy, Commission, Electronics Committee. Department of Atomic Energy, International Atomic Energy Agency, and Committee for Space Research of the United Nations

One of the ways of understanding the impact of leadership actions on institution building is by presenting the three guiding strategies he had intuitively used. These three strategies rest on a single pivotal value which is the 'primacy and centrality of an individual'.

The three guiding 'strategies' he used to build institutions are:

'Networking strategy' or creating interacting and overlapping clusters internally as well as externally both to produce a vision for the institution and to translate the vision into actions in terms of research programmes and projects.

'Trusting strategy' or creating a climate of trust providing freedom of action to the individuals, ensuring autonomy, and emphasising horizontal control; and caring strategy or creating a climate of caring by the leader remaining approachable through open channels of communication and emphasising the role of administration as a support system to the core tasks of the institution.

The lessons that emerge from the study of Sarabhai as an Institution builder can be summed up as follows:

- In order to develop institutions it is important to place an individual at the centre of institution building efforts. The task of a transforming and transactional leadership is to present a vision which will inspire many and to provide meaningful exchange relationships.

- Leadership actions have to nurture trust constantly, creating inter-acting and overlapping clusters both within and outside the organisation. Failure to do so is likely to lead to the breakdown of the 'institutional' aspects of the organisation resulting in its decline and decay.
- It is important for an institution builder to identify and play multiple (formal and Psycho-Social) roles within and without the institution. Decline in the performance of institutions could be traced to inadequate roles (both formal and Psycho-Social) to translate externally oriented, interface, and internally oriented leadership strategies for institution building.
- While the criticality of organisational culture to the development of institutions has always been emphasised, the importance of building in trust and caring has not been adequately emphasised in the literature.

Source: Adapted from 'Institution building': Lessons from Vikram Sarabhai's Leadership, S.R. Ganesh & Padmanath Joshi, Vikalpa Vol. 10, No. 4, Oct-Dec. 1985. p. 399-414.

#### Activity F

What is the role of the Chief Executive in institution building? Describe.

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### 16.7 SUMMARY

In this unit, we have seen that an organisation, over a period of time, depending on its stability becomes an institution. The factors which influence institution building, process and dimensions of institution building have been discussed. The role of the Chief Executive in institution building has also been dealt with.

### 16.8 SELF-ASSESSMENT TEST

- 1) Keeping in view, a number of organisations that you know, can you identify at what stages of development they are?
- 2) Identify an organisation that is regarded as an institution. Collect information about various aspects such as : its objectives, internal culture and leadership style at the top management.
- 3) Interview any of the chief executive who is regarded to have built up an organisation. Based on his experiences prepare a case study on institution building.
- 4) Analyse in terms of your own experiences whether organisational demands are effecting your need satisfaction, suggest what changes you expect to make in your work situation so that both organisational and your personal goals can be satisfied.
- 5) To what extent you think there is team spirit in your work-group? What steps would you suggest to enhance the team spirit?
- 6) In your environment there might be an organisation which is labelled as 'sinking' or 'losing'. Interview some of the managers and describe its internal environment. Make a list of the reasons that have caused the failure.

## 16.9 FURTHER READINGS

Lawrence, P.R. & J.W. Lorsch 1967. *Organisation and Environment : Managing differentiation and integration*, Harvard Business Review 1967.

Lippitt, G.L. 1969. Appleton. *Organisation Renewal. Achieving Viability in a Changing World Century*—Crafts Educational Division, Meredith Corporation: New York.

Pareek, Udai, 1981. *Beyond Management. Essays on the-Process of Institution & Building*. Oxford & IBH Publishing Co.: New Delhi.

### Appendix-1

#### Organisation crises and outcomes

Stage	Critical Issue
Birth	Creation
Development	Survival Stability
Renewal	Pride and Reputation
Institutionalisation	Uniqueness and adaptability Contribution

**Organisational Crisis and Outcomes**  
Outcome if issue is correctly resolved

New Organisation comes into being and starts functioning  
Organisation becomes viable. Learns from experiences. Understands reality.  
Organisation is strong, efficient and flexible enough to respond to changes  
Reputation motivates to improve quality of goods and services.  
Takes advantage of its unique capability and provides growth opportunities to its people  
Gains appreciation as an institution contributing to society

Outcome if issue is incorrectly resolved

Idea remains abstract. Organisation cannot adequately develop.  
Organisation fails or exists marginally as it fails to adjust to realities of the situation  
Organisation is likely to return back to survival stage or becomes inflexible for changes.  
Organisations more bothered about building its' image than improve performance. Greater discrepancy likely to arise between projected image and actual performance.  
Fails to develop its uniqueness, concentrates on narrow areas for better security. Develops a paternalistic stance which inhibits growth.  
Organisation may be accused of lack of any social responsibility and bothered about its profits and nothing else.

Source: Lippitt, G.L. and Schmidt, W.H. Crisis in a developing organisation, Harvard Business Review, 45 (6), 1967, p. 109.

### Appendix-2

#### Checks to measure the extent of institutionality

- 1 Has the institution grown beyond the needs of survival and stability?
- 2 To what extent it can be considered replete with regard to goals, tasks, missions, resources etc.?
- 3 How effectively does it relate to the external environment? Has it linkages with relevant external sub-systems to an adequate degree?
- 4 Does it stand by its intrinsic value? In other words, how is it rated for its functional value in the society: excellent, average or poor?
- 5 How pervasive is its influence on other systems? Is it a trend setter or just one among the rest? Can it generate a new need or positive values in the community or suggest novel methods for the resolution of current problems?

## NOTES