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## THE WORLD OF ORGANIZATION

In today's world an individual alone can not achieve all the desired goals because any activity requires contributions from many persons. Therefore, people often get together and work to achieve a common goal. For this purpose coordination and systematic approach is needed. Such a group of people is called an 'association'. You must have seen in your locality where two or more people get together and start a business of their own. This is an example of a small organization whereas large factories with thousands of employees are examples of large organizations. Every organization has its own norms because it works as a system. This lesson will help you to know about the key features of organizations' and familiarize you with the world of organizations.



### OBJECTIVES

After studying this lesson, you will be able to:

- describe organization as a system;
- explain organizational climate; and
- analyze factors influencing productivity and excellence at work.

### 22.1 ORGANIZATION AS A SYSTEM

An organization is a social unit which is created with a specific purpose. We can have a better understanding of an organization if we view it as a system. The systems approach recognizes that organizations have unique properties, capabilities and its components hold mutual relationships. A system may be either closed or open. A closed system does not have any interaction with the external environment. Modern organizations are more or less open systems.



An open system is in constant interaction with the environment. It is characterized by a continuing process of input, transformation, and output. The organizations get inputs from the environment and transform them into outputs which can be supplied to the environment. The organization gets feedback from the environment and takes suitable steps to meet the challenges and expectations of the environment. Let us understand these terms in detail.

**Inputs:** Each system takes certain kinds of inputs from its environment. These may be in the form of Human Resource (HR), Capital, Technology, Material, and Information. The inputs received from the environment are processed within the organization to produce the desired output.

**Outputs:** Outputs may be both intended as well as unintended. Intended outputs are usually called objectives. For instance high productivity is an intended objective. An unintended objective may be informal relations among the group members. It may however, be stated that all unintended consequences are not undesirable.

**Environment:** An organization is called an open system because it is influenced by and also influences the environment. The suppliers of inputs, customers and many other organizations constitute the environment of a system. Through the process of feedback the system gets connected with the environment.

### Activity 1

#### Learning About Organization

Identify an organization in the region where you stay and describe the inputs, outputs and type of environment in connection with that organization.

Thus it is clear that organizations do not exist in a vacuum. They are social institutions operating in the larger society of which they are a part. The organization and the individual both share a reciprocal relationship. For example the nature of organizations and technology have all changed society. We are becoming used to modern amenities like computers, internet, mobile and other electrical appliances. Thus modern technology has transformed the life style in many ways. India has been primarily an agrarian society in the past, but with all the advancement it is moving toward an industrial mode of life. This shift has brought with it a change in the attitudes and values of the people. Competition and consumerism are becoming important in the context of growing market economy.

### Sub Systems of an Organization

Organizations usually have a number of parts or sub systems. The key sub systems are described below:

- i) **Goal Subsystem :** It comprises of the overall goals and objectives of the organization and also the specific goals of different departments and individuals in the organization.



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- ii) **Technical Subsystem :** This subsystem refers to the use of knowledge, facilities equipment and technology by the people who work in the organization.
- iii) **Managerial Subsystem :** This involves planning and co-ordination of the activities undertaken in the organization.
- iv) **Structural Subsystem :** People work together on well defined tasks and integrated activities in different units (like production, marketing, HR) or departments. They make up the structural subsystems.
- v) **Psychological Subsystem :** People live in social relationships within an organization. This must not be viewed simply in terms of people and technology but also in terms of coordination or structure of work tasks based on following certain rules, regulations, norms, and values.

It may be remembered that each of the subsystems has its specific significance. For example the goal subsystem determines what work, task, and activities should be undertaken. It is important that these goals and objectives are in agreement with the goals of the society at large.

## 22.2 ORGANIZATIONAL CLIMATE

Climate is the atmosphere of an organization, a relatively enduring quality of its internal environment, which is experienced by the members and influences their performance. It conveys the impression people have about the internal environment within which they work. It may also be viewed as the degree to which organizational rules are reinforced by the administrative component. It also represents the attitudes of the organizational members toward the organization itself.

Thus organizational climate often distinguishes one organization from another. It is relatively enduring over a period of time, and influences the behaviour of the members of an organization. It may be noted that there may be differences in the climate of different departments like HR, production, research and development.

In understanding organizational climate it is necessary to know how organization members communicate and relate to each other, the amount of cooperation between the level of satisfaction and so forth. All these factors determine the effectiveness of an organization. An organization is likely to be more effective if there is two – way communication; employees are cooperative and have a positive view of the organization. Such employees have higher job satisfaction and commitment. Their productivity will also be higher. A positive organizational climate results in making employees more satisfied and productive.

### Determinants of Climate

Many factors determine the climate of an organization. At least four of these seem especially relevant. These are:



- i) Organizational Structure:** It is the frame work of authority – responsibility relationship in an organization. It clarifies who is to supervise whom and who is responsible to whom. It serves as the basis of interpersonal relationships between supervisors, subordinates and coworkers. For example if the top management feels the need to give greater emphasis to the subordinates, it will follow a decentralized structure. This means there will be fewer layers in the hierarchy and employees would be encouraged to participate in decision making. But if top management likes to maintain greater consistency in decision making, it would follow a centralized structure.
- ii) Technology:** The nature of technology employed by an organization also influences the organizational climate. For example routine technologies like assembly lines tend to create rules, leading to a rigid climate where trust and creativity are low. More dynamic and changing technologies e.g. aerospace engineering seem to lead to greater trust and personal responsibility for task accomplishment.
- iii) External Environment:** External events or factors that have relevance for employees may also affect the climate. For example when economic conditions are severe, organizations are forced to cut down the number of employees. Those who remain would probably perceive the climate as threatening with little warmth, support and low motivation.
- iv) Management Policies and Practices:** Managers who provide their subordinates with more autonomy and feedback contribute significantly to the creation of achievement oriented climate leading to greater productivity.



### INTEXT QUESTIONS 22.1

1. What is an organization?  
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2. Give two examples of input from the environment in an organization.  
\_\_\_\_\_
3. Name any three subsystems of an organization.  
\_\_\_\_\_

### 22.3 INTERPERSONAL RELATIONSHIPS AT WORK

Performing a task in an organization often involves contributions by many people. It is a social activity. Virtually any kind of work requires social interaction with several individuals. The salesman interacts with his customers, the doctor with his patients, the supervisor with



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his subordinates and the teacher with students. Further, most workers are members of one or more work groups with whom they may interact more frequently.

Interpersonal relations may be seen to form contracts. These contracts involve agreements to interact in particular ways. We may interact with many people but may not necessarily enter into a relationship. A relationship comes into existence only when we have certain expectations about appropriate ways of behaving.

In the work context employees build different kinds of relationships with others. These may be a result of both the formal work role and the position in the organizational hierarchy. People have to interact with the boss, with coworkers and the peer group.

**Superior-Subordinate Relationship**

Every employee has to build a relationship with the boss to seek instructions and guidance. It is the boss who allows (or disallows) the subordinate to participate in decision making, gives assignments, evaluates performance, determines pay increments and decides who has to be promoted. The kind of relationship that an employee shares with the boss depends upon the leadership style adopted by the boss. These are described in Box 22.2.

<b>Leadership Style</b>	<b>Nature of Relationships with Workers</b>
Authoritarian:	Management directs and uses threats and punishment to enforce orders and get the work done by subordinates. Involves one way downward communication.
Paternalistic:	Basically authoritative but permits some participation to subordinates. Involves two-way communication between boss and subordinates. Rewards and threats are employed to enforce the orders.
Consultative:	Orders are issued and goals set after consultation with the employees. Team work is encouraged to some extent.
Participative:	Employees are fully involved in setting the goals and two-way communication becomes the norm.

Generally the more the boss takes into consideration the needs and judgments of the subordinates and the more participative his style of functioning the greater the productivity and satisfaction of the employees and the less the absenteeism and employee turnover.

**Relationship with Co-workers and Peer Group**

We spend more time with our colleagues than with anyone else. The work group context affects our experiences at the work place. Relationship with coworkers does not develop

according to rules and regulations as stated in formal terms. Relationship with peer group often develops as a result of common taste, likes and dislikes. Some employees are more interdependent on their coworkers and provide an opportunity for the employees to have greater ease in interaction. Also coworkers provide an opportunity for the employees to compare their beliefs with similar others. It is likely that a newcomer will first look at his/her work group peers for appropriate ways of behaving. For example the employee may learn from his peer group that is not appropriate to give an opinion about the company policy even when asked by the boss. Besides, learning the unwritten rules within the organization the peer group also provides an outlet for employees to express their emotions which they cannot do with their supervisors. So such relationships provide job satisfaction and increase organizational commitment.

One critical factor which helps establishing the context for the development of interpersonal relationships and adopting the work roles is the process of organizational socialization.

### Organizational Socialization

The process of organizational socialization refers to the process by which an individual employee acquires the knowledge and skills necessary for assuming a place within the organization. Before entering any organization we are socialized on a number of occasions from early life by our parents and others about how to behave in particular ways as members of society. At every stage in life we have to get accustomed to the changes faced. Just as adjustments need to be made when people get married, have children etc. in the same way when an individual joins a work organization he has to learn to interact and collaborate with others, and build relationships with others. These relationships then help to have knowledge about accepted behaviours and attitudes within the organization. Entering a work organization serves as an important basis for adult socialization. This kind of socialization is a continuous process and not a single event. It continues as a person shifts from one work role to another and one environmental situation to another. It is a two-way process where not only does the individual internalizes the values, goals and objectives of the organization but the organization also has to adapt itself to cater to the needs of the diverse workforce made up of women and other minority groups.

Thus both the individual and the organization adapt to each others' needs as each has a set of expectations that must be met. There seems to be a psychological contract between the two. A psychological contract is not a written document but a shared understanding that aids in the process of fulfilling mutual expectations.

### Communication

The effectiveness of all interpersonal relations lies in the quality of communication. It is through communication that we are able to exchange thoughts, feelings, emotions and experiences to others. For the smooth functioning of any organization the members of the organization should be able to communicate among themselves.





**Meaning :** Communication entails the transfer of meaning between a sender and receiver. It establishes a common frame of reference for understanding among individuals. Although some basic form of communication occurs between all living organisms nonetheless, only human beings have the unique capacity to transmit information with the help of symbols. Symbols could refer to simple objects in the physical world like tables, chairs, books etc, or they may refer to activities like eating, reading, sleeping and so forth. At an abstract level symbols may be used to refer to concepts like intelligence, truth, worthiness, etc. The use of language by humans represents the most evolved use of symbols. Communication may be spoken or written. It may take place between (a) two individuals, (b) in a group, (c) in the entire organization, and (d) with masses.

Organizational communication may entail the use of computers. Thus from the point of view of organization both mechanical and human communication become important. The general communication process is discussed in detail in lesson 20.

## 22.4 PRODUCTIVITY AND EXCELLENCE AT WORK

When organizations meet the expectations of the people every one benefits i.e. owners, employees, customers and local communities in which they operate. Then they are considered effective. However, when they exceed the minimum standards of effectiveness they may be considered to have achieved excellence. Over time excellence brings reputation – that is when an organization is regarded and recognized for superior performance. To achieve excellence an organization must be productive and be able to transform inputs into outputs at minimum cost. Individual behaviour in organizations is jointly determined by two factors – the characteristics of the perceived environment and the characteristics of the individual. The perceived environment or climate has been examined in some detail earlier. Let us examine the role of individual characteristics and the way they influence productivity and excellence at work, and ultimately the success or failure of an organization.

When questions about organizational output and productivity are analyzed from the standpoint of individual employees the importance of good job performance becomes apparent. Without superior performance at all levels of the organization, the objective of attaining goals and thereby achieving productivity becomes very difficult. Any organization will be able to successfully meet its objectives, only when individual employees are able to meet their personal goals. Thus, it becomes important to identify the factors responsible for individual performance which has repercussions for organizational productivity and excellence in the long run.

### Factors Influencing Productivity and Excellence

The important factors which influence an individual's performance and thereby productivity are as follows.



### i) Abilities, Aptitudes and Interests

Ability, aptitude and interest represent those individual characteristics that largely determine an employee's capacity to contribute to an organization. These attributes are relatively stable over time, though some changes are possible through training. Concern here is not so much with a detailed examination of the range of human attributes and their measurement but rather with the implications of variations in such attributes as they affect productivity and excellence in organizational settings. These have been discussed in detail in lesson 20.

Employee's abilities can affect productivity and performance in many ways. For instance managerial success has been shown to be closely related to the level of one's intellectual capacities (for e.g. verbal comprehension, reasoning ability and memory). In fact, it has been suggested that at higher levels in the organizational hierarchy intellectual abilities are important for managerial performance. This would entail selecting and recruiting employees with appropriate abilities and offering jobs which are sufficiently challenging. Hiring employees of superior intellectual capacities and then placing them on a dull and routine job would shift their performance and have an impact on productivity. Additionally productivity is also dependent on the appropriate match of the personality traits and interests of a person with the right job profile.

### ii) Role Clarity

The degree to which an individual understands the job requirements and work objectives the more energy will be at the disposal of goal directed activities. Moreover, role clarity is related to increased goal commitment, involvement and productivity. These are two role related problems which can serve to diminish productivity. In the long run they are (a) role ambiguity and (b) role conflict. Role ambiguity exists where individual is confronted with two sets of role demands that are incompatible. For instance an employee's supervisor may ask to increase the number of goods produced, but the coworkers may be emphasizing the need to maintain the number of items produced at the current level. This has a direct impact on organizational productivity to the extent that the goal related role prescriptions of the employee come in conflict with other demands. Thus organizations which attempt to integrate personal or group goals with organizational objectives help to satisfy both sets of demands and alleviate conflicts.

### iii) The Performance Environment

In order to increase productivity at work it is important for managers to understand the nature of the performance environment where goal directed activities take place, and to be able to modify this environment where needed. This would ensure a more suitable atmosphere for employee effort, performance and ultimately productivity and excellence.



## Notes

## 22.5 STRATEGIES FOR DEVELOPING PRODUCTIVITY AT WORK

Four principal strategies exist for developing and enhancing productivity and excellence at work : (1) employee selection and placement; (2) training and development (3) task design and (4) performance appraisal and rewards. Together, such activities can contribute substantially to improving productivity at work which ultimately is a key factor in contributing to organizational excellence. These are explained below.

### i) Employee Selection and Placement

By selecting only those with high ability and skill levels, high initial motivational levels and then placing them on suitable jobs – organizations can improve the initial quality of at least some of the human inputs which go on to determine excellence at work. Recruitment and selection may also substitute for employee socialization and training. If desirable employees can be secured through a combination of recruitment and socialization, it would ensure organizational success.

### ii) Training and Development

Training can serve to develop the capabilities not only in the present job but also future jobs. In fact training is an investment in employees (a talent bank) that can be drawn upon in the future. Employee training programmes may take a variety of forms including information presentation techniques (such as lectures), case studies, role play and so forth.

### iii) Task Design

The effects of task design on productivity and excellence are two-fold. In general increasing the amount of variety, autonomy, responsibility, feedback and task identity (or completeness of task) can improve performance. The important thing then for both individuals and organizations is to understand the need-strength and goals for redesigning the jobs.

### iv) Performance Appraisal and Rewards

Finally, a variety of methods are available to guide, direct and reward employee-behaviour. Formal performance appraisal and appropriate use of reward system represent two such methods.



### INTEXT QUESTIONS 22.2

State whether the following statements are True or False :

1. Work is a social activity.
2. All works require social interaction.

3. In authoritarian relationship employees are fully involved in setting goals.
4. The process of organizational socialization is a factor in determining the development of interpersonal relationships at work.
5. Role clarity influences productivity at work.



### WHAT HAVE YOU LEARNT

- An organization is a social unit which is formed with a specific purpose.
- As an open system an organization gets feedback from the environment and takes suitable steps to meet the challenges and expectations of the environment.
- Organizations have a number of parts or sub systems such as Goal Subsystems, Technical Subsystem, Managerial Subsystem, Structural Subsystem, Psychological Subsystem.
- The organizational climate may be defined as a set a characteristics that describe an organization and that distinguish one organization from another. These characteristics are relatively enduring over a period of time, and influence the behaviour of the members of an organization.
- Many factors determine the nature of climate prevalent in an organization. These include organizational structure, technology, external environment and management policies and practices.
- The effectiveness of all interpersonal relations hips rests on communication.
- To achieve excellence an organization must be productive and be able to transform inputs into outputs at minimum cost.
- Factors influencing productivity and excellence include abilities, aptitude and interests; role clarity and performance environment.
- Strategies for developing productivity at work are employee selection and placement, training and development, task design, performance appraisal and work.



### TERMINAL EXERCISE

1. Describe any two subsystems of an organization.
2. List the determinants of organizational climate and explain any two determinants.
3. Write short note on any two of the following:
  - i. Relationship with co-workers.





- ii. Productivity and excellence at work.
- iii. Strategies for developing productivity at work.

**ANSWERS TO INTEXT QUESTIONS****22.1**

1. An organization is a social unit which is formed with a specific purpose.
2. Human Resource, Capital Technology, Material, Information (any two)
3. Goal substem, Technical subsystem, Managerial subsystem, structural subsystem, (any three)

**22.2**

- 1) True
- 2) True
- 3) False
- 4) True
- 5) True

**Hints for Terminal Questions**

1. Refer to section 22.1
2. Refer to section 22.2
3. i) Refer to section 22.3  
ii) Refer to section 22.4  
iii) Refer to section 22.5