

## LESSON 22

### THE WORLD OF ORGANIZATION

#### SUMMARY

In today's world an individual alone cannot 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'. When two or more people get together and start a business of their own, it 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.

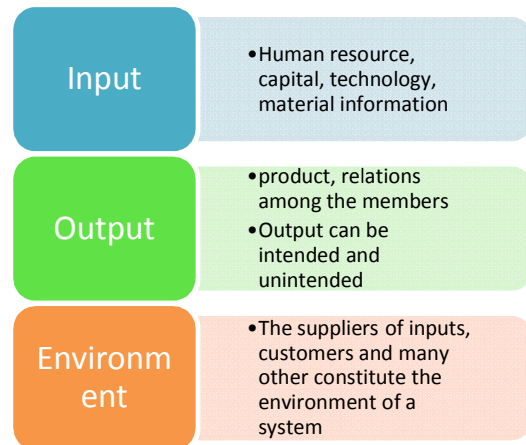
#### Organization as a System

An **organization** is a social unit which is created with a specific purpose.

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. Let's have a look at these terms:



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.

#### Sub-Systems of an Organization

- **Goal subsystem** - overall goals and objectives of an organization including the departments and individuals.
- **Technical subsystem** - Use of knowledge, facilities, equipment and technology in the organization
- **Structural subsystem** - working together on well defined tasks and integrated activities in different units
- **Psychological subsystem** - people form social relations within an organization and follow certain norms and values

## 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 behaviour and performance.

In understanding organizational climate, it is necessary to know how organization members communicate and relate to each other, the amount of cooperation between the levels of satisfaction and so forth. All these factors determine the effectiveness of an organization.

Determinants of climate
<ul style="list-style-type: none"><li>• <b>Organizational structure</b> – framework of authority-responsibility relationship in an organization</li><li>• <b>Technology</b> – nature of technology employed by an organization</li><li>• <b>External environment</b> – external events that have relevance for employees</li><li>• <b>Management policies and practices</b> – management providing more autonomy and feedback to employees</li></ul>

## 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.

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 co-workers and the peer group.

## Superior-Subordinate relationship

Every employee has to build a relationship with the boss to seek instructions and guidance. The kind of relationship that an employee shares with the boss depends upon the leadership style adopted by the boss. Below the different style of leadership are given in the table:

Leadership style	Nature of relationships with workers
<b>Authoritarian</b>	Management directs and uses threats and punishment to enforce orders and get the work done by subordinates. Involves one-way downward communication
<b>Paternalistic</b>	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
<b>Consultative</b>	Orders are issued and goals set after consultation with the employees. Team work is

	encouraged to some extent
<b>Participative</b>	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**

The work group context affects our experiences at the work place. Relationship with peer group often develops as a result of common taste, likes and dislikes. Some employees are more interdependent on their co-workers and provide an opportunity for the employees to have greater ease in interaction. Also, co-workers provide an opportunity for the employees to compare their beliefs with similar others.

### **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. 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. There seems to be a psychological contract between the individual and the organization. It is not a written document but a shared understanding that aids in the process of fulfilling mutual expectations.

### **Communication**

For the smooth functioning of any organization the members of the organization should be able to communicate among themselves. Communication entails the transfer of meaning between a sender and receiver. It establishes a common frame of reference for understanding among individuals. It may be spoken or written. It may take place between

- two individuals
- in a group
- in the entire organization
- With masses.

Organizational communication may entail the use of computers. Thus, from the point of view of organization both mechanical and human communication becomes important.

## **Productivity and Excellence at Work**

When an organization exceeds the minimum standards of effectiveness, they may be considered to have achieved excellence. 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.

### **Factors influencing Productivity and Excellence**

**Abilities, Aptitudes and Interests**— these constructs represent those individual characteristics that largely determine an employee's capacity to contribute to an organization. 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.

Additionally, productivity is also dependent on the appropriate match of the personality traits and interests of a person with the right job profile.

**Role Clarity** - It is the degree to which an individual understands the job requirements and work objectives. Moreover, role clarity is related to increased goal commitment, involvement and productivity. **Role ambiguity** and

**Role conflict** are two role related problems which can serve to diminish productivity. Role ambiguity exists where individual is confronted with two sets of role demands that are incompatible. 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.

**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.

### **Strategies for developing productivity at work**

Four principal strategies exist for developing and enhancing productivity and excellence at work:



1. **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.
2. **Training and development** - Training can serve to develop the capabilities not only in the present job but also future jobs.
  3. **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.
  4. **Performance appraisal and rewards** - 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.

### Evaluate yourself

1. Mention any two determinants of the climate organization.
2. List the strategies to increase work productivity in an organization.