

Conditions for Sustainable Growth in Organisations

I would like to start my paper by first stating my proposition and then explain the elements that provide growth, and hopefully sustained growth. ISTD is concerned with training and development. In my paper I am largely concerned with development; I view training as an input to development of human organisation. If so, the question is what factors in an organisation contribute to development of human organisation. I agree with a large number of writers, and I am sure that many of you here agree that development consists of building capabilities to absorb knowledge and use it to improve one's own competence. It also includes acquisition of skills, awareness of the environment around us, and desire to know more. Development of human organisation requires parallel action to analyse and improve management policy and practices, and change or modify them to support the process. In my paper I have included some aspects of management practices which reflect on and influence the mind-set of the management. This aspect, in turn, affects the process of development of the organisation.

Coming now to the theme of the paper I suggest that three aspects of organisational life are necessary: firstly, for individuals to have desire to develop; secondly, make sustained effort to develop himself; and thirdly, environment within the organisation to encourage development. The three aspects are the following:

- (a) The management processes, that govern or influence behaviour
- (b) Structures that enable exercise of personal skills
- (c) Compatibility between the wider and organisational cultures.

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The Management Process

With few exceptions, an overall experience is that organisations go through many peaks and troughs and some fail to recover from downward trend and some do in stages. Prof. Dwijendera Tripathi's studies of seven largest organisations in the western part of India around 1900 shows that only two have survived after a span of fifty years and they are no longer significant players in business now. We do not have to go back in history because in our own time some of the Fortune 500 companies have either fallen down the list or ceased to exist. At the same time there are organisations that have continued to maintain their dominant position. In this respect the names of Hindustan Lever, ITC, TISCO, BHEL, BEL and others come readily to one's mind.

There may be many different reasons for enterprise failure such as changes in consumer preferences, outdated marketing strategies, call on finances, product obsolescence or family-related issues, but one thing is likely to be common in all of them viz. management wasn't able to anticipate accurately the situation and take corrective measures to deal with it. The question then is – are there structures, processes, nature of relationships and systems that could have given some indications of the future to organisations? There could also be a valid reason for failure in spite of all efforts to remain afloat. But failure of the system to give the signals would have to be necessarily seen as failure of management.

I mention this because it is well accepted that events or a particular situation does not occur by accident or out of nothing. Rather, each event is an outcome of a confluence of events that happen before it. Similarly what happens today is going to influence future events. This is the premise of science. This kind of causal relationship is sufficiently well established to warrant elaboration here. It is, however, true that unlike physical sciences, societal and behavioural dimensions are very complex and, in some cases, the clear causal relationship is difficult to establish though individual and group related behaviour is invariably predictable provided relevant data is available.

The core of management study is to develop enhanced ability on the part of a manager to predict or anticipate events, solve problems with a view to avoid recurrence of the problem and, where necessary, improve understanding of the situation by concerned person or groups, and decision making. For this exercise it is necessary to understand what factors have contributed to the problem. The problem as manifested may be an indicator of a problem, not necessarily the problem. Symptoms for a medical doctor

are indicative of a disorder in human body. He has to analyse and locate the disease. The cure lies in treating the disease, not the symptom. An event or behaviour, as observed, is also likely to be a manifestation of disorder in the system or the individual or both. Once the problem is identified it is invariably possible to resolve it. In a company which may have lost sales in its major products and lost its competitive edge in the market, the reasons for decline in sales may lie in the inability of the organisation to have a sensitive enough mechanism to anticipate customer's preferences, or improvements in features of comparable products by its competitors, or the company's sales strategy. New competitors may cut into the market share, but advance knowledge can suggest the need to develop new markets, or alternative approaches to balance the loss in market share by developing related but subsidiary products. The thrust of my contention is that whatever happens in an organisation has a reference point in something that is activating the particular happening. And end-result data seldom provides this information. We need to have data on the processes that lead to decisions. In a recent experience in a Board meeting, for example, data concerning decline in sales lead to analyses of forecasting method, testing validity and reliability of data, global market analysis and such elements that finally lead to marketing strategy. We examined how data is obtained, analysed and used at all stages of the process. It is important to know how an activity is carried out, besides end-result data. In most organisations process data rarely forms a part of the reporting system. This is so because process data in many areas of work is difficult to obtain. Process data provides an estimate of the quality of decision making at each level. In the company that I mentioned earlier, the Board set up a sub-committee to hold discussions with unit managers and his team to assess the process aspect of their work. It helped the Board and the unit heads alike because they began to pay more attention to this aspect.

I am reflecting on this phenomenon because the managers can gain understanding of the strengths and weaknesses of the system by paying greater attention to 'process' aspects of work in addition to end-result data. Many successful companies have developed their own ways of looking at these aspects of work.

Another characteristic of an organisation is its wholeness. The divisions and operating units are created because the wholeness is too large and complex to manage. These are divisions of convenience. In operational terms these divisions invariably become competitive and power centres. They disrupt the harmony and segment organisational tasks.

When we were planning the first postgraduate programme at IIM, Calcutta, alongwith our collaborators, Massachusetts Institute of Technology,

USA, we clearly defined our goal as helping students develop competence in analysing, diagnosing business situations and decision making. And this competence, among other things, depended upon looking at the situation or an event in its totality. This condition implies identifying the problem and its causal relationship and inter-relationships and analysis of the consequences of the choice of a particular decision. These exercises cannot be carried out without understanding the theory and concepts that research has highlighted in the relevant areas of social and biological sciences and in engineering. In this sense we had to develop and use teaching methodologies that could provide deeper understanding of theory in relation to live situations in organisations. Business games, cases, field-based assignments were extensively used by most of us for using theory in identifying and diagnosing organisational situations. This is what we believed gave strength to the teaching of management.

A third consideration is that each organisation is like many other organisations and, at the same time, develops a distinctive characteristic, a uniqueness of its own. The uniqueness results from the management's assumptions about people and work, management policy and practices and its history. People within the organisation evolve a distinctive culture, a way of thinking about work, relationships, a value system shared by most employees. William Foote Whyte reported that participative practices in supervision were appreciated in USA but seen as shirking responsibility on the part of supervisors in Lima, South America. We found that employees in a packaging department in Mumbai resented job rotation on a conveyor belt while the same practice in USA was seen as fatigue reduction or minimising effort. There is an attempt in organisations to transfer models from one organisation to another because they have been successful in the transferee organisation. In most cases the transferred models fail to give the results that the initiating organisation had achieved. Rather a model has to be conceptualized and the transfer exercise has to use theoretical bases to fit it into the culture of another organisation. The relevance of the model needs to be evaluated in terms of the theoretical base which guides the situation. I remember distinctly my experience when I was engaged in helping the management reorganise State Bank of India. We had obtained data from 25 branches on various aspects of work such as work flow and man-machine relationship, location of decision making, control and supervisory requirements, customer profile and so on. I was trying hard to put the data in some meaningful pattern. After working out many alternative patterns, I went back to look at socio-technical systems theory and came back to the masses of data. I was able to rearrange the data based on the

basic premises of the theory. The patterns that emerged from this effort provided a wholistic perspective, enabling freedom to individual sub- systems to establish closer links with markets and evaluate their achievements.

In brief, I am suggesting that among other things, the health of the organisation will depend on obtaining 'process data' to have an estimate of the quality of decisions, use wholistic perspective in problem solving and decision making, using the foundations of theory, and introduce changes keeping in view its own uniqueness and not pick up wholesale models that are successful elsewhere. These features will give strength and substance to management of the task in hand.

Structures that Enable Development of Personal Skills

Relationships in work organisations cannot be isolated from the tasks that people perform. People have to clearly understand their roles and role relationships in the context in which they operate. In 1965 John Thomas and I developed a method of clarifying roles and relationships and, in this process, individuals are able to get insights about their own behaviour in the process of reflecting on inter-role relations. This method was referred to as Role Analysis Technique (RAT) which helped participants to look at their own behaviour in relation to their tasks. Relationships exist in a context and we have to adjust our behaviour to the requirements of that particular circumstance. A successful and a matured basis of relationship can develop when the situation facilitates that relationship. Sustained basis of relationships develop when the work arrangement enables the relationship to develop. Hence, the work organisation and management practices must create conditions which require cooperation and innovation. A concern for results by concerned people develops when the task and requisite relationships harmonise. In many of my own projects of re-organisation of major enterprises like State Bank of India, Life Insurance Corporation, Indo-Burmah Petroleum and others I have encouraged companies to evolve socio-technical systems at work and corresponding network of roles and relationships. Insights about self develop in the context of understanding these relationships, and this is perhaps one reason why insights about self in sensitivity training and such methods often fail to transfer these sensitivities to the work environment.

Let me also emphasise that development of people is without question an essential requirement of sustained growth. It is also important to consider that growth is a complex phenomenon. The desire to grow has to come from

within. A desire to grow psychologically as a person is not an automatic response of adults in India. My own earlier survey of the literature on child rearing practices and more recent field-based study of leadership shows that in the cultural context of India, people respond to situations when they have a sense of acceptance and belonging. Probability is high that organisations would have to create these conditions for employees to have desire to grow psychologically. Any programme of developing people should not be isolated from the work environment, and exclude people who deal with employees at work. Indian Oil Corporation's programme of developing role clarity and role relationships produced the desired results for the company because the initiators of the programme in HRD involved the operating managers in the programme. Their involvement became deeper because it solved some of the problems that inhibited their own output.

Briefly I am suggesting that we must take a realistic view of development of an individual and a group. The organisation of work should support the process of development. The individual has to involve himself in the process of development. This circumstance in our context is unlikely to come about unless employees feel that they belong and are accepted as individuals.

Compatibility Between the Wider & the Organisational Cultures

The American society values individualism. Certain other societies like the Japanese, the Russian and some others value collective achievement. In the early years after American independence, individuals had to struggle hard for survival not only in the wild west but in the process of building the society. Coupled with the Puritan ethics, the American society developed individualism as a value. This consideration was further strengthened in industry by people who influenced management practices in early years of economic development. People such as Frederick Taylor, John Ford, Andrew Carnegie, Rockefeller and others rewarded individual effort.

In England also, the value system, the social stratification, the concept of wealth and work in society after industrial revolution changed as industry became a dominant influence in the economic life of the community. The values in the pre-Victorian period based on the dominant influence of the landed gentry in England changed over a period of time. As a result of the society's dependence on industry, the societal values and industrial values became harmonised through the process of adaptation. Admittedly the process of adaptation and change in societal values is more complex than stated here. However, the central point is that industrial countries have

gone through a period of transition in which the work and societal values have achieved compatibility. Japan has also gone through this process. The societal and work related values are by and large in harmony.

We are going through a period of transition in the developing world where the cultural values and traditions in the wider society and industry are significantly different. The process of harmonisation between the two is a slow process and I have no doubt that 25 to 30 years from now the discrepancy will not exist in the sharp manner that it does at present. The differences in the two cultures cause misunderstanding in relationships at work, invariably leading to alienation of employees from work. I believe that we have to recognise this phenomenon and find innovative ways to organise work whereby the gap between expectations of employees and work technology harmonise. At present I suspect the source of these differences is generally not recognised by management of enterprises.

For growth and development continuous enhancement of capabilities of individuals and groups are important. These capabilities should help the organisation to improve its competitive position and, at the same time, sustain and enhance such capabilities. However, this development cannot take place through training alone. The organisation has to be concerned with several functions and processes to enable people to do their best and develop a basis for working together. The organisations have to develop orientation in respect to at least the following:

- The work organisation should provide the best fit between the task and the man so that the person or the group have supporting relationships. For example, in the analysis of task requirements in State Bank of India, the entire Bank was divided into six autonomous units. Each unit had a distinctly different market segment and needed different market strategies to serve its market segment. The unit could plan, develop and measure its own output and effectiveness. Within each unit small work groups were able to handle their assigned tasks in relatively independent ways and people were able to initiate work rather than respond to it in a reactive mode.
- The organisation has to develop capabilities of managers to recognise or diagnose the process, i.e. how things are done and not rely primarily on the end product. Managers in supervisory position should be able to distinguish between what emotions lie behind the statement or the intent from the spoken words or the statement.

Life Insurance Corporation worked on a strategy to develop this capability among its managers by preparing a tailor-made training

programme to develop sensitivity to identify the 'real' feelings of their subordinates and deal with the problem rather than the symptoms. This approach helps in developing collaborative relationships in the organisation.

- People development must have a context. The management has to have clearly articulated goals and all efforts should be synchronized to lead to these goals. Training in this context can be an important support for development.

Taking into consideration the important and very responsible positions that members of this audience occupy, I would like to make in conclusion two suggestions. One, that we have a great deal to learn from the contributions that scholars and managers in the West have made to theory and practice of management, but we need to examine whether these ideas harmonise with the culture and traditions of our society and test their validity in this context. I think it would be useful to remind ourselves that Japan, Korea, China and most countries in Europe have had to modify or moderate the ideas from USA, or even develop new approaches depending upon their experiences. In recent publications it has been reported that many of the practices employed by American companies in Russia had to re-examine their approaches because the socio-psychological features, and thereby expectations, of employees at work were vastly different from that of the American society. The management practices in the USA and research findings have the influence of the culture of that society. Many cross-cultural studies also show that the orientation toward life and work in different cultures varies and these influence the process of adjustment of employees and relationships. In India we need to undertake cross-cultural research and experiment with ideas to understand the influence of culture and tradition on management policy and practices.

The second point that I would make is that at this juncture we are engaged in a grim battle to compete with organisations which have resources and built-in organisational capability better than ours. We would not be able to develop our capabilities by piecemeal improvements, and action plans in fragmentary aspects of organisational work. Lynton and Pareek have devoted a whole new volume in their two volume book on Training for Development to suggest that training is likely to serve the purpose when it is linked to organisational activity. Isolated programmes have limited impact on organisational effectiveness. As they have pointed out and I am sure many of us believe that training is a means, not an end. We have to define the end results desired by the organisation and take up simultaneously those activities that contribute to the goal. One large organisation with highly

developed training facilities felt that the managers should go through a programme of training on leadership. Training organisation cannot design a programme unless the management could operationalise the concept. They must indicate, for example, what kind of behaviour and relationships would be expected from a leader. How would leadership effectiveness be identified. The top and senior managers should also practice what is taught in class and be role models for others. These two conditions have to be met before a meaningful training module can be prepared.

Unless behaviour in the place of work and teaching in classroom are synchronized, I believe training as a tool of development will serve a limited purpose. I believe that we have to work in this direction to prepare the organisation to meet the challenges of tomorrow. We have the capability and I believe that a comprehensive effort to achieve sustained growth would need on our part self confidence, patience and a scientific approach to develop processes and systems that could lead to sustained growth.