

Some Concepts in Designing a Work Organisation & Administrative Practices

Some of the concepts of reorganisation need elucidating because (a) the rationale for reorganisation would become clearer, and (b) decisions taken while implementing the present programme would be consistent with the concepts used in the design.

This chapter is divided into two sections (a) Concepts in organisation and (b) Concepts relating to administrative practices.

Concepts in Organisation

One dominant view in organisation theory holds that an inappropriate organisational structure limits the achievements of even the most competent leadership. An appropriate structure is one which fits best the work that has to be done.

Basically an organisation is created to achieve a certain objective by performing certain activities. Clearer our understanding of *what* results and *what* activities are aimed at, the higher is the probability that people engaged in such activities would strive to achieve the goals set out by the management.

Hence it is necessary to clearly specify the objective as well as the activities of the organisation.

Objective

Purpose of a business enterprise is to create wealth. This is done by planning for profit and growth. This is in fact the reason for its existence. The enterprise can serve the nation, its customers, its employees only through achieving a

specified level of profit and by achieving sustained growth. While serving its objectives, the organisation has to take into account the social environment and the constraints within which it must function.

Conforming to legal provisions, paying salaries, spending money on training, employing inefficient family members etc. may be important obligations. These are however not objectives. These are in fact constraints. The corporate management has to exercise its judgement as to what constraints it wants to accept in the achievement of its purpose, or in setting its goals of achievement. Working within the laws of the country is, again, not exactly an objective, it is a requirement and an obligation of a civilised society.

Another clarification about objectives is necessary. The perspective of profit and growth is meaningful and necessary at the corporate level and the sub-system management level.

The profit concern is less meaningful at the level of the operating system because the operating units in the sub-system have to effect specific goals of achievement. For example, at the managerial level of a works manager the profit objective is identifiable and meaningful for him, but for a maintenance engineer or a foreman, the assigned goals set for his task are more directly meaningful. In this sense the manager concerned has to translate his objective into work-oriented goals for his operating people to serve the corporate objectives. I suggest that in the achievement of corporate objectives, this essential difference between managerial and operating positions is important and worthy of management's recognition.

Activity

The second component of organisational design relates to the clear definition of what activities are essential for the current level of profits, and for future growth. Within the design of the organisation, it is necessary to build in a system which can systematically review, evaluate, control a planned level of activity as well as suggest what new activities should be taken up for sustained growth.

For organisational design, another significant factor is how the total task of the company should be divided into work units. Some recent approaches to dividing work in organisations provide the following guidelines:

It is useful to differentiate between managing and operating systems.

- A *managing system* is that which regulates and maintains the operating tasks in an organisation.
- An *operating system* is concerned with primary productive tasks of the organisation such as production, sales and related activities.

The total organisation consists of several levels of managing and operating systems. Each of them should function within their own boundaries—boundary control is discussed later. The lower order managing system needs to function within the defined policies of the higher order managing system but it should be left free to operate independently within its boundary. This is later discussed as *boundary control* function.

The effectiveness of the managing system depends upon how well it is able to effectively control (manage or manipulate) the different components of the tasks in its command. It must be responsible for the total (or sub-total) task. For example a works manager in a production shop should be able to effectively control the flow of materials into the production shop, the manufacturing operations and the outflow of the product.

What activity should constitute the totality is helped by conceptually analysing import-conversion-export process. Things have to be brought into the department, converted into a product and sent, as a completed product, to a unit elsewhere. The accounts department imports data from different parts of the organisation, converts the data into a meaningful form and exports the re-arranged data to other departments for their use. The totality of all these operations should be included in the same managing system.

The concept of totality, as applied to a task, is important because the manager must manage (or manipulate) the technical, human, financial and other resources for achieving the expected results. There is persuasive evidence that when the division of work in the managing system constitutes a totality, the manager is able to:

- have the needed flexibility to effectively exercise his judgement, or handle the situation that affects his results; and
- successfully coordinate the technical and human components of the task. It has been observed also that if the manager's command does not include a totality of the import-conversion-export activities, severe stresses and conflicts between sub-units require an inordinate length of time for resolving conflict and less time is available for managing the task, or achieving the results.

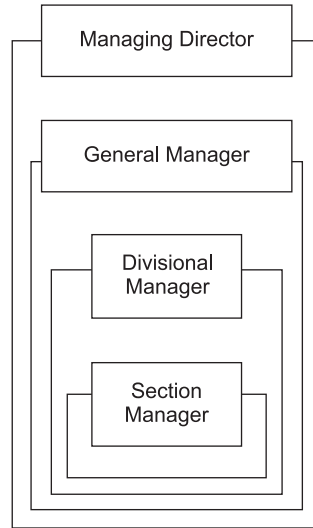
The levels of management should be based on the need of the task to be performed. If the rationale for different levels is not explicit, the responsibility

and accountability at each level of the hierarchy will be diffused and the boundary control functions will be poorly performed. For example if the tasks at the level of foreman, assistant foreman, charge hand, etc., are inexplicit, the responsibilities at each boundary function are likely to be diffused.

The Boundary Controls

Each segment or identifiable activity should be recognised as having a clear boundary which includes both ‘doing’ the work and managing the task system.

Each superior office should recognise the boundary of its own managing system vis-a-vis its dealings with the subordinate office. This is a necessary condition for effective functioning of the particular segment, division, or office. The general manager must recognise the boundary of each of his services, of manufacturing and sales divisions. The works manager must recognise the boundary of the divisional managers. Likewise, the head office must recognise the boundary of the general manager and so on. The boundary control is illustrated in the diagram below:



With this clear recognition of the boundary control functions of each office, the efficiency of the subordinate office would increase. Under this condition the subordinate office would be able to fully assume, and discharge, the responsibility assigned to it by its superior office.

The superior office must help to improve the decision making and the performance of its subordinate office but not the operating tasks.

Concepts Relating to Administrative Practices

Research and literature on administration show that the effectiveness of an organisation depends upon how well the management deals with the following central issues:

- (a) Concept of authority
- (b) Concept of power
- (c) Concept of leadership
- (d) Concept of hierarchy
- (e) Concept of freedom: rule-making and the appeals system

Concept of Authority

The source of authority for an executive in an organisation is the legitimisation of decision prescribed in his role. It is an attribute of the position. The authority vested in a particular position has to be recognised as so vested by all others who deal with the executive. For operational effectiveness the executive must perceive this authority as appropriate. So must it be perceived by those over whom it is wielded.

Chester Barnard, a notable authority in management, rightly points out that authority can be effectively exercised only if the executive and his subordinates mutually accept it. Administratively, therefore, two concomitant conditions have to be achieved:

- The authority has to be adequate for the performance of the task which is assigned to the executive.
- The authority so assigned has to be accepted by his subordinates in the organisation. Without this acceptance, authority becomes dysfunctional. In this sense, it is not only the top management that has to be concerned with legitimising the authority relating to a particular position; the executive concerned also has to ensure that it is accepted by those who are subject to it.

Acceptance is gained by:

- (a) Legitimation: If the subordinates feel that the authority assigned to a position is not exercised by the incumbent in day-to-day functioning or, in actual fact, the higher management restricts or usurps the authority, the subordinates of the executive would neither recognise nor accept that such authority is vested into the position. One example of this is the foreman who has in fact no authority for disciplinary action although on paper it seems as if he has. In such a situation,

subordinates are likely to reject the authority of the foreman in matters of discipline.

- (b) Competence of the person: If the individual is not competent for the level of the job he is assigned, the subordinates are unlikely to accept his authority.

The top management has to safeguard that the authority vested in the position is assumed by a person who is competent to handle it. If a choice of the person is irrational or biased, the authority system would become imbalanced and would show up as inter-departmental hostility, cliques, and distrust among people.

Concept of Power

Power is an attribute of the individual. If A is able to influence the behaviour of B, i.e. make B do what A wants him to do, A has power over B. If A is no longer able to influence B's behaviour and he happens to be B's superior, A would be unable to direct B's work. Normally the superior has legitimate power through the authority assigned to his position, to influence B's behaviour. But the legitimisation does not, by itself, necessarily ensure his ability to influence his subordinate. There are generally five ways in which the superior can influence the subordinates:

- (a) Legitimate power: By conferring authority on the superior, the organisation legitimises his influence over the subordinates.
- (b) Reward and punishment: The superior can reward or punish subordinates for such behaviour as is acceptable or otherwise in the performance of the task.
- (c) Coercion: The superior can physically, or by threat of deprivation, coerce the subordinate and make him do what he wants him to do.
- (d) Referrant power: If the subordinate likes his superior and admires him in such a way that he becomes his model of behaviour, the superior can influence the subordinate's behaviour.
- (e) Charismatic power: Where the superior has charisma—a gift of grace—about him which in itself influences the subordinate's behaviour.

Acquisition of power in an organisation involves the use of all the five ways for influencing others. The last three are seldom operative in most situations and apply mainly to the personality of the superior concerned. The first two are generally applicable to most organisations. Legitimate power is often clearly established in companies. In the Indian context, power of reward and punishment is often subject to many constraints due to various

reasons. This is one reason, I think, why authority and power do not coincide e.g. focii of authority and power are not the same. The works manager has the authority but the trade union representative has the power. Ideally authority and power should converge in the same position, or should be located as closely together as possible. That is when the administration becomes most effective.

The practical implication of the concept of power and authority is that in an organisation the superior's ability to influence his subordinate's behaviour is related to the sanctions that the senior management provides to a manager in terms of (1) operating authority, and (2) reward and punishment. Lacking these, the superior's behaviour has little influence over the subordinate.

Special attention in the company's personnel policies may have to be given to the reward and punishment system at managerial levels. In conferring rewards on employees, greater weight needs to be given to the superior's evaluation of the subordinate's work. This kind of system would have to be evolved over time. Two principal steps toward developing this system are (a) the managers at each level should strive for mutual acceptance of the legitimised authority (b) the personnel policies should be reviewed to study if supporting practices can develop in respect to performance appraisal, promotion, increments etc.

Training programmes should develop better understanding of organisational dynamics among the managerial personnel.

Concept of Leadership

Research studies of the last twenty years point out that effective managerial leadership depends upon the manager's ability to influence the subordinate's behaviour (power) and his being open to influence by his subordinate. In leader-and-led relationship, mutuality of influence is essential. Where subordinates perceive that the superior is open to justifiable influence, he is likely to be a more effective leader than the superior who is not open to influence.

The leadership role can therefore be effectively performed only if there is mutual face-to-face discussion and influence of one over the other, though aggregatively, the leader influences more often than his subordinate. Researches strongly suggest that lack of openness and mutuality of influence develops resentments (latent or manifest hostility) and disturbs work organisation.

The leadership at different levels therefore requires that there is contact between superior and subordinate and willingness on the part of the superior to accept the subordinate's views where they are acceptable. A viable administrative system has to develop practices where this kind of mutuality is institutionalised (i.e. become a way of life in the organisation).

The practical implication of this concept is that the organisation demands face-to-face interaction between superiors and subordinates. At branch level and at departmental levels, there should be a formal system for discussions between superiors and subordinates.

Concept of Hierarchy

It is a truism to say that hierarchy in an organisation is necessary and inevitable. But the rationale of the hierarchy must be rooted in the requirements of the task. By this I mean that each level of hierarchy in an organisation must have a distinct level of responsibility, without which the work would suffer. To the extent superior and the subordinate are required to do more or less the same work, the hierarchy would not be truly accepted by members of the organisation. In practical terms each level of hierarchy must acquire discrete tasks e.g. some work clearly different from the level below and the authority needed for it.

Concepts of Freedom: Rule-making & the Appeals System

The research data on organisation suggests that for a person to commit himself to a task he must have a sense of freedom rather than restriction. Some experts like Elliott Jaques have even argued that rules unavoidably restrict the individual's freedom and people perform their organisational tasks better if they can choose what kinds of freedom they are willing to forego in the interest of the total organisation. I shall not discuss the wider interpretation of organisational freedom, but in a more restricted way, I will consider the rule-making and the appeals system in the context of an organisation.

The concept of rule-making suggests that individuals who are affected by rules or policies are likely to accept and abide by them if they could participate either in decision-making or be able to influence the policy before it is finalised.

The concept of appeals suggests that an individual who has a strong grievance against a decision should have access to someone higher up in the hierarchy. A grievance is always against the decision of the superior. If

such a grievance exists, the individual should have the legitimate right to bring it to a superior twice removed. In doing so, he should have the confidence that his act would not bring punishment on him.

It is often useful to periodically review organisational processes as a normal course of administrative strategy. Sensitive awareness of the organisational processes has to become a way of life, an automatic reaction while dealing with problems and people. This is how the practices would become internalised.

Effective Administration Through Control of Process as Against Control of People

A very important guide for effective administration is discussed by McGregor. He suggests that a manager's effectiveness depends upon how well he can control the process rather than the people. A manager may control high absenteeism of his subordinate by giving him a warning or by offering him an incentive to be regular at work. Or else, he may control it by finding out the root cause of absenteeism and taking remedial action that would ease out the root cause. The basic reason for absenteeism may, perhaps, be lack of interest in that particular type of work, or lack of acceptance of the individual by his peers. These causes can be remedied with some awareness, coercion, warning; any other punishment to control the individual's behaviour. These measures may check his absenteeism but without understanding the cause, the behaviour is unlikely to be cured. It is likely that similar patterns of behaviour may show up in some other form.

Another example to clarify what I mean by controlling the process rather than persons: suppose there is need for developing team work in head office, departments and branches. One way is to keep telling managers that they should work as a team. Some may respond to this, others may not. The response would mainly depend upon such factors as the subordinates' like or dislike for their managers; feeling towards their work and how they feel about one another (interpersonal relationships). Research suggests that teams will function well if it is felt that (a) the members share a common goal (b) the members mutually accept membership (c) they share common responsibility, etc. Controlling the process suggests that the manager creates these conditions for people to develop as a team. This principle is used in performance budgeting systems where the superior controls performance and not each element of the job. This concept will have to be used in the budgetary and control systems that will have to be developed in the organisation concerned.

The top management's effort toward maintaining the human organisation at a healthy level consists of internalisation of the administrative practices at least among the senior management levels of the company. Generally the objective of internalisation of administrative practices in large organisations is achieved by the following:

- Conscious understanding of the process on the part of the top management, and reflection of this knowledge in their dealings or interactions with their immediate subordinates and other people in the organisation.
- Assigning responsibility for overseeing that the practices followed in the company would indeed lead to the desired goals. This process is referred to as *institutionalisation*.

There are two contiguous activities that make possible the institutionalising of administrative practices (a) deep understanding of the organisational dynamics, i.e. awareness of *how* (through what processes) authority, power, leadership, hierarchy, rule-making and appeal systems become dysfunctional in relation to the organisational machinery (b) audit by the management to find out whether the practices followed by the large network of offices are indeed appropriate for maintaining a healthy human organisation. One such agency to audit the administrative organisation is the central personnel department. The other is the top and senior management levels of the company.

Recent management literature makes a distinction between content and *process*. Content is *what*, and process is *how*. Diagnosis consists as much of finding out what the ailment is, as of how it was caused, looking into causes as far back as possible. It is not enough to institutionalise committees, or consultation practices. The management, or the people concerned, should also be able to diagnose how they are functioning and whether they are achieving the anticipated effect on the working of the human and the task organisation. The awareness of the processes of interactions is the core area of management's concern. It is the *process analysis* that greatly helps the organisation to remain dynamic and healthy.

In the administrative sense, the following guidelines are helpful:

- Levels between the top and the bottom positions should be as few as possible. Greater the levels of hierarchy, greater the distortions in communication and greater the reliance on rules instead of people.
- Each level must have identifiably separate responsibility for which the incumbent is accountable to his immediate superior.

- The control of a subordinate’s work should be exercised primarily through results and personal contact rather than review of each segment of his work. This suggests that review of a subordinate’s work should be in terms of targets and key elements of his operating responsibilities and not by control of how much he has spent on stationery, transportation and the like.
- Each level should have short-term review and feedback of how well each office has performed. This feedback system provides opportunity to a manager to improve his performance and this he can do in good time.
- As far as possible, each job must have discretion built into it. Lack of discretion in a job is likely to result in irresponsible behaviour on the part of the subordinate concerned.

REFERENCES

1. Barnard, C
2. Berelson, B & Steiner, G A (1964), Human Behaviours: An Inventory of Scientific Findings, Harcourt, Brall and World, New York.
3. Brown, W (1960) Exploration in Management, Heinemann, London.
4. Dayal, I (2004), Sustaining Growth in Organisation, Icfai University Press, Hyderabad, India.