LESSON FOUR: ORGANISATIONAL ENVIRONMENT

Introduction

Organization is a pattern of ways in which large numbers of people engaged in complex tasks, relate themselves to each other in the conscious, systematic establishment and accomplishment of mutually agreed purposes. Organizations benefit from the participants, supplementary similarities & complementary

Organizations are systems composed of many subsystems functioning in an environment. The rational coordination of the activities of a number of people for the achievement of some common explicit purpose or goal, through division of labour and function, and through a hierarchy of authority and responsibility.

Whether it is a government organization, private organization, mutual benefit organization, business concern, service organization, or general wealth organization, an organization is shaped by its inherent environment. It is considerably large in size, having complexity, a mutually agreed objective, a define pattern of behavior, different levels of authority – responsibility relationship, coordination, scientific rationality, a system, structure and technology, interacting with other systems of its environment. Normally, organizations have an environment within and they also face an environment outside.

Organizational process' is a means to achieve the authority- responsibility relationships and coordinate the activities of the individuals and groups. Otherwise speaking, organizational process is a structural representation of inter- personal relationships. Organizational process incorporates 8 different activities;

i.   Identify the objectives
ii. Determine the task- requirements to realize these objectives;
iii. Break the tasks into jobs;
iv. Integrate the jobs into specially centres
v.   Select personnel for each job.
vi. Assign the job to the selected individual;
vii. Delegate authority for performing the job;
viii. Fix the span of control for monitoring & hierarchy (superior subordinate relationship) for performance appraisal.

An organizations environment is defined as all the elements existing outside the boundary of the organization that have the potential to affect all or part of the organization. These environments are composed of *forces or institutions surrounding an organization that affect performance, operations, and resources*. It includes all of the elements that exist outside of theorganization's boundaries and have the potential to affect a portion or all of the organization. Examples include government regulatory agencies, competitors, customers, suppliers, and pressure from the public. To manage the organization effectively, managers need to properly understand the environment. Environmental factors have been categorized into two parts: internal and external environments.

Internal Environment

An organization's internal environment consists of *the entities, conditions, events, and factors within the organization that influence choices and activities* - especially in employee behavior. It exposes the strengths and weaknesses found within the organization. Factors that are frequently considered part of the internal environment include the organization's culture, mission statement, and leadership styles.

Suppliers: The major stakeholders of an organization, who supply the major inputs like machines, raw material, working capital, labour, power, etc., have direct influence on the working of an organization. The supply of these inputs have a direct influence in the timely accomplishment of goals and targets.

Labour Unions: Unionization along with unionism has affected the organizations considerably. Thee ego or the attitude of union leaders have a great say in regular running of industries.

Specific Laws: Some of the specific laws restraining, restricting and regulating the organizations, including the companies Act, Factories Act, Industrial disputes Act and Provident Fund Act, have a direct influence over the organizations.

Customers: They are the most important stakeholders who decide the quality, size and shape of the products, the kind of services of the organizations. Organizations must address this direct influence satisfactorily.

Competitors: Competition keeps the goods, services and products quality- Globalization) introduction, the competition has driven organizations to change their style of functioning to keep themselves afloat and ahead of their competitors.

External Environment

An organization's external environment consists of the entities, conditions, events, and factors surrounding the organization that influence choices and activities and determine its opportunities and threats. It is also called an operating environment. Examples of factors affecting an organization's external environment include;-

Natural resources: The availability or the scarcity of natural resources pertaining to a particular industry/ company may help the organization to grow or ruin. The organization may increase, change or look for an alternative resource.

Technology: Technology also has a tremendous impact on the organization. Depending on the innovations and advancement in technology, the organizations have to update or outdate their existing technology, methods of operation, overheads and salary payment for the employees of the organization.

Economy: The general economic trend _ local, national or global, has an impact on the income generation, expenditure, consumption, overheads and salary payment for the employees of the organization.

Population: The thickly populated countries like china, India and Bangladesh have a demographic advantage as the cheap labour really helps the organizations in these countries. Apart from this, sex and age also determine the environment of the organization.

Politics: The political stability or instability of the party and the government in power does have a say in the flow of investment from abroad or even on the share market.

Government: The laws, enforcement, economic policies framed by the governments from the basic environment for almost all the organizations. Some governments are even toppled by the lobby & money power of the organizations.

Socio-cultural variables: Social norms, cultural norms and social institutions do affect the general environment of organizations. Closed society or open society does have its own cultural norms which in turn affect the working cultural and the ambience of the organization.

Organization Structure and Design

In order to realize the goals of an organization a formal structure is designed. This shows the interdependency of structure and organizational objectives. 'Structure' is seen as a pattern of official / organizational relationships among various parts of the organization. Otherwise 'structure' of an organization includes; -

 i.   The matrix of formal relationships in an organization and the duties attached to them.
 ii. The tasks and the departmentation.
 iii. Regrouping / coordinating these tasks.
 iv. The hierarchy.
 v.   The policies, guidelines and rules.

> F.W. Taylor in his The Principles of Scientific Management (1998) called them the 'Structures of control'. Max weber in The Theory of Social and Economic Organization (1964) called them 'authority structures'. P.R. Lawrence and J.W Lorsch, in their book Organization and Environment (1969) opined that organization 'structures are appropriately designed to match the relationships of the particular nature of the business, the external environmental factors, and the market conditions.'

In a nutshell, organization's structure facilities order and control for effective management of an organization. The organizational structure may involve;-

Line—staff relationships: By looking into the working of the employees of an organization, the line~ staff relationship can be best understood.' Line' are those who decide on the principles & practices for achieving the objectives of the organization, 'Staff' are those who suggest, support and assist the line in realizing the objectives of the organization.

Span of control: it means the number of subordinates that a supervisor/ manager can oversee or manage. The span of control will have a direct influence on the difficulty level & requirements of the job. It is important because it channelizes the communication flow and facilities the decision-making process. Normally the span is broad- based at the bottom and narrow at the top level of the

Delegation: A manager/ supervisor cannot perform all the jobs himself. Hence, he has a handy mechanism called 'Delegation of authority' by which he passes on the work, by breaking it into smaller jobs/ units. As the responsibility of realizing the job is fixed on a subordinate, he has to be granted the required authority to perform it. A subordinate who is delegated the task is called a 'delegate'.

Unity of Command: This principle implies 'one'—subordinate, one- boss' principle. In an organization, a subordinate will report to only one superior. Otherwise a subordinate will take orders from one boss only. This avoids confusion and conflicts.

Tall & short structures: Tall Structure may mean layers of supervisors. When especially an organization is involved in wide spectrum of functions, this kind of structure is seen. **Short Structure** may mean a few layers of superior. When an organization deals with a few products or functions, this kind of structure seems handy. In fact, short structure organizations give more autonomy & teamwork to its employees.

Hierarchical structures: by following the 'unity of command' principle, hierarchical structures are designed. Top from the CEO down to the members/ employees, the organization is compartmentalized into departments.

Matrix Design: Matrix or non-hierarchical structure relieves the member/ employees from the close control of the 'unity of command' principle. In organizations where diverse functions are performed at once, this kind of flexibility, i.e., members of the team crossing their lines and teaming up with different line and staff, really helps.

Hybrid design: It is not necessary that the organizations should follow the structures as discussed above. They may also hybridize by incorporating the elements of other structures, by following one basic structure. More and more higher educational institutions opt for these hybrid structures.

Loose- knit Design: Responding to the fast-changing environment of varied customer taste and market demands, employees in such 'flexible' organizations adopt multi- task functions. Such organizations are said to be functioning with loose-knit structures. Thus the structure design of an organization will depend very much on the organization's mission, size, complexity, internal and external environment, value system, skill & motivation of the workers, the project, the task, etc.

ORGANISATIONAL CONFLICT

'Conflict' is a disagreement between two individuals, two groups, two ideologies, etc. It exists because one side believes that its interests are negated by the other. In an organization, conflict may occur between individuals or parties. Herbert A Simon in his essay 'On the Concept of Organizational Goal' says, "In a multi person situation, one man's goals may be another man's constraints."

Eliminating conflicts from organizations could be productive or counter productive. Conflicts may bring in strained relationships, lack of coordination and control, delay in work, etc. On the positive side of conflict, new areas of focus, improved decision ~making, innovation, etc. May be beneficial to the organization.Managing conflict is a real tight rope walking. General belief is that all organizational conflicts are dysfunctional. It is not so. Sometimes absence of conflicts can cause a dullness or stagnation. Conflict kindles new thoughts, ideas, healthy competition, and identifies problem areas to be focused on.

Conflict occurs at 4 different levels: i) intrapersonal, ii) interpersonal, iii) intragroup, and iv) intergroup.

Intrapersonal: This is within the individual. This arises out of a mental disturbance, frustration or goal conflict. This will affect the person, the group he belongs to, his family, friends and even the organization to some extent.

Interpersonal: This arises out of conflicting views, attitudes, goals, etc . of two or more people. This will have its repercussions on the groups and organization.

Intragroup: The conflicts among the members of the same group which may affect the group processes and its effectiveness. It might even affect the organization marginally.

Intragroup: Rivalry between groups and resultant behavior that leads to competition, conflict, distrust, and promotion of self-interest that affect the overall goal optimization of the organization.

Managing Conflicts: Conflicts are part of organization's life. There are 5 ways of managing conflicts.

- **_Competing style:_** _It is an assertive but a non-cooperative behavioural style. This win-lose approach includes use of force and dominance. If a leader supports such style of behavior from individuals or groups it might lead to frustration and demotivation of other members / groups. Though in general this is not a desired one, certain circumstances like crises management may require such style of behavior._

- **_Cooperative Style:_** _This Lose-win style means being accommodative and having unassertive behaviours. This will be favourable to others, but the person practicing this will be seen meek and submissive. It is a short-term strategy. This style is effective in terms of harmonization and building relationships._

- **_Collaborative approach:_** _This Win –Win behavior suggests strong cooperation and assertion. Conflicts are taken cognizance of and are openly discussed, feelings shared, analyzed and evaluated. This open- minded approach yields results, cooperation, builds trust, gives maximum commitment._

- **_Compromise Logic:_** _This give and take approach gives a long rope in achieving benefits ultimately. This practical, down – to-earth style aims at smooth run but might mar the larger interest of the organization._

- **_Neutral Behaviour:_** _This Lose- Lose style is a passive style, unassertive and neutral. The party which follows this approach stays away from conflict and disagreement. This avoidance style will yield negative results in the long run._

Conflict Management Style

Conflicts can be discussed debated, disputed. Listening may help resolve conflicts. There are 3 attitudes shown towards conflicts: i) Positive, ii) Negative, and iii) Antithetical.

Positive attitude towards conflicts recognizes conflict as a pointer towards solving a problem in a constructive way. This kind of attitude is beneficial both to the people and organization.

Negative attitude towards conflict affects the psyche of the people and erodes trust and strains the relationship, affecting performance.

Antithetical outlook views at conflicts both positive and negative. This rational attitude regards a few conflicts essential in deciding the organizational policies and decisions, whereas it disregards a few others which are not that important.

Negotiation is a process that helps settle disputes and conflicts in organization. Negotiations can be successful if the negotiator is open-minded; prepared; able to listen to reason; can be courteous; and can maintain equipoise.Another technique for solving conflict is mediation. In negotiation it is a direct encounter. In mediation it is third party intervention. Mediators are supposed to be open and balanced.