Chapter I
Theories of Organization

A. Background

Industrial Revolution in the Western countries automatically led to a management revolution in these countries for the simple reasons that the need for increasing the efficiency of the management was being increasingly felt by the owner of the industries in order to increase their profits. Hence a number of theories emerged with a view to bring in efficiency in the organizations. Similarly in the sphere of public administration, a need was felt to improve the efficiency of the system. As a result of this, a number of these organizational theories were borrowed by the scholars of Public Administration and were applied with encouraging results. Prominent theories among these are as follows:

1. Scientific Management Theory by F.W. Taylor.
2. Classical Theory/Theory of Organizational Principles by Henry Fayol,

   L. Gullik and L. Urwick.
3. Bureaucratic Theory by Max Weber.
4. Human Relations School of Thought by Elton Mayo.
5. Behavioural Theories.
6. System Approach.
7. Contingency Approach.
8. Decisions-making School of Thought by Herbert Simon.

Chapter II
Scientific Management Theory of F.W. Taylor

A. Scientific Management Theory

The term "Scientific Management" is used to designate as body of theory and practice directed towards more rational and efficient performance in the organization. While it was used originally with reference to direct efforts to increase the productivity of labour, the application of the term has since been extended to include all the basic factors in the process of production as a whole. The movement is stated to have begun with Fredrick Winslow Taylor and experiments in management methods and Taylor put his observations together in a paper entitled "Shop Management" in 1903, and in a clearer fashion in 1911 in a book called "The Principles of Scientific Management".

Fredrick Winslow Taylor, also known as the "Father of Scientific Management" was born in 1851 and was a Mechanical Engineer by training. He joined the *Midvale Steel Works* (Philadelphia) and quickly rose to become foreman and then to the post of Chief Engineer. He was afterwards employed at the *Bethlehem Steel Works*, where he became a consultant and devoted his time to the propagation of his ideas.

The central point of Taylor's thesis was the quest to find the answer to the question, or Why is there so much antagonism between the management and the workers and so much inefficiency in the industry?". In his quest to find the answer to the above questions and with his practical approach towards problem-solving, he identified a number of problems that affected the efficiency of the industries:

(i) There was a fallacious belief on part of the workers that any increase in output would inevitably result in unemployment. The overall result of this was that there was no cooperation between the managers and the workers to achieve excellent results.

(ii) The existing system of management was found to be defective by Taylor as it facilitated each worker to restrict his output in order to protect his interests. This was called as "Systematic Soldering" by Taylor. This "Systematic Soldering" was there in the organizations due to the fact that effective standardization of the work was missing there.

(iii) Taylor found that there was frequent use of inefficient rule-of-thumb, effort-wasting, methods of work. There was no systematic and planned way of doing things and this resulted in a lot of wastage.

(iv) Taylor found a mismatch between the abilities of the workers and the work which they were doing. Hence there was no interest on the part of the workers to do the work assigned to them.

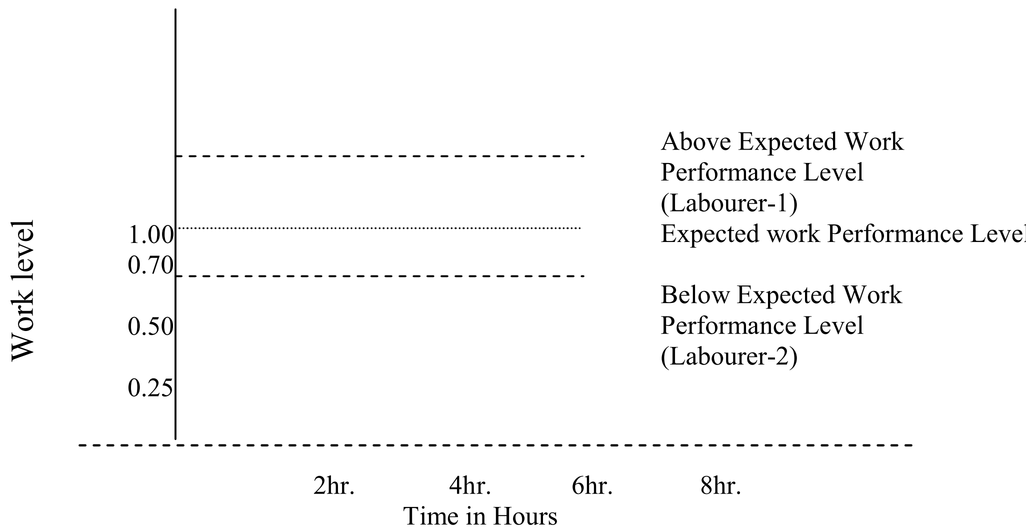
(v) Taylor found that one of the chief causes of the inefficiency in the organization and low levels of production was that there existed no incentive for improved performance.

Taylor conceived it to be the aim of the Scientific Management to overcome these obstacles. This, according to him, could be achieved by a systematic study of work to discover the most efficient method of performing the job i.e. there exists one best way to do any particular job which can be found out through systematic research. Once the best way of doing the work is found, a systematic study of management leads to the most efficient methods of controlling the workers. This would bring a great deal of efficiency with it and with it prosperity to the benefit of all, as a highly efficient and prosperous business would be in a much better position to ensure continuing and well-paid employment to its workers.

Based on the line of thinking stated above, Taylor advocated the following changes in the organizational management methods.

B. The Development of a True Science of Work

According to Taylor, since there is no effective standardization of work existing in the organizations, a worker never really knows what is expected of him. On the other hand, the boss has unlimited opportunities for complaining about his worker's inadequacies which ultimately results in mutual mistrust. Taylor hence gave the concept of Expected Work Performance (E.W.P).



The Expected Work Performance is to be fixed by the management after scientific investigation and evaluation of a large number of daily tasks and the quantum of work that could be done by a normal worker under optimum conditions. For performing this expected work, a worker would receive a higher rate of pay – much higher than what an average worker would receive in "Unscientific" factories. In case, a labourer has a higher performance level than the EWP level, he would be entitled to receive some rewards. (The case of Labourer 1 in the Figure). However, in case, a labourer (for example the case of Labourer 2 in the figure) is having a performance significantly below the EWP level, then he should be penalized for that.

C. **The Scientific Selection and Progressive Development of the Workmen**

Scientific selection of the workman ensures that the worker possesses the physical and intellectual qualities which would enable him to achieve the output. Thereafter, he should be systematically trained to be a "first-class" worker. According to Taylor every worker may not be good at a particular job but he may turn out to be a "first-class" worker at some other job. It is the responsibility of the Management to match the person with the right kind of job.

D. **Mental Revolution**

"Mental Revolution", according to Taylor, is the process of bringing together the science of work and the scientifically selected and trained man power. It is observed that almost invariably the major resistance to the principles of scientific management comes from the side of management while the workers are very willing to cooperate in learning to do a good job for a high rate of pay. Since this process involves a change of mental attitude on the part of the management, it has been termed as "Mental Revolution".

E. The Constant and Intimate Cooperation between Management and Workmen

According to Taylor, the responsibility to get the work done should be equally divided between management and workers. The management should take over all the work for which they are better suited than the workmen e.g. the specification and verification of the methods, time, price and quality standards of the job, supervision and control of workers. According to Taylor, "There is hardly a single act done by any workman in the shop which is not proceeded by and followed by some act on the part of the men in management". For this reason, a close cooperation between Manager and Workers is necessary to achieve maximum benefits for the organization. The Organization will compensate them handsomely in return for the benefits that accrue to it. With this approach, the opportunity for the conflicts are almost eliminated and the peaceful industrial atmosphere prevails.

The significant features of the Scientific Management Theory are as follows:

(i) Scientific study of the work and dividing the total job of a unit so as to facilitate the achievement of the targets. The division of work at this stage also requires that it should be standardized to avoid confusions at the later stages when the work is actually being performed.

(ii) Scientific Management of an organization automatically leads to the separation of the planning process from the execution. According to Taylor, planning and other managerial functions that were formerly done by workmen themselves ought to be done now by the specialists. Hence the thought that the management of work ought to be separated from its execution. Hence he have the concept of "Functional Foremanship" i.e. each worker should have specialist supervisors, supervising his job in different functional areas instead of a single generalist supervisor supervising his work in all the functional areas. For a production shop, Taylor suggested eight functional foremen, namely, gang boss, speed boss, inspector, repair boss, order of work and route clerk, instruction-card and shop disciplinarian. Confusion and overlapping of jurisdiction prevented the widespread use of this concept. However, the concept of having functional specialists in slightly different form exists even today particularly in large complex organizations.

(iii) Determination of a preferable method of work through "Time Study" and "Motion Study". The "motion Study" takes into consideration the raw materials, type of tools used, various equipments used, hand and body motion etc., in order t arrive at a solution to prescribe to the workers the exact orders and method of work and the tools and equipment to be used.

Based on the findings of the "Motion Study", the "Time Study" is conducted in order to fix the minimum and maximum time limits in which the task is to be accomplished.

(iv) Taylor advocated pay by "Piece rates" on the basis of the standards set by the motion and time studies. According to him, a system of payment that is based on "Piece-rate" actually motivates workers more as compared to the profit sharing plans since these plans require several months to reward high performance instead of an instant profit to the worker when he needs it most. His pay plan was called as "Differential Pieces – Rate System", which became very popular in a very short time. Under this system, low wages were paid to the Expected Work Performance level. Once the standard EWP was achieved by a worker, a large bonus was paid to him, and in case his performance was found above the EWP level, the payment per piece was increased. This system thus put a high premium on "first-class" performance by workers. The workmen who succeeded under Taylor's plans earned far above the normal usual wages prescribed for their skills. Taylor tolerated only good performance and required that if a worker, who after the training was unable to produce at the standard rate or was found unwilling to produce at the standard rate, he should be penalized by discharging him from the job.

(v) The Role of Manager under Scientific Management was more defined and it restricted the arbitrary use of his powers. His job was limited to the standardization of the work, prescribing the expected quality of the output, prescribing the correct work procedure, matching the right man with right job and evaluating the performance against set standards.

(vi) Out of 4 Basic styles of leadership in an organization, namely, Autocratic, Benevolent, Consultative and Democratic, scientific management advocated the Autocratic Leadership system by large. The hire and fire approach of the management was an inherent part of the "Different Piece Rate System".

(vii) A "Mental Revolution was advocated to be necessary, if the desired results were to be achieved.

F. Critical Evaluation of Taylor

Despite his success in solving the problem of efficiency of the organizations of his time, Taylor has been harshly criticized for his failure to understand man as a social entity. His view was mechanical and the assumptions about man were "on the lines of the classical economic man". He has been criticized on following grounds.

(i) His approach towards organization is purely mechanical and the analysis about human behaviour in a given set up is totally missing. The workers and the labour unions that came into existence in later years criticized his approach for viewing employees as nothing but cogs (i.e. Nuts and Bolts), in the machine and hence if one of the cogs becomes dysfunctional due to some reasons, it should be replaced with another cog. This approach generated a great deal of resentment in the workers, as the workers did not like to receive the orders given to them with the minutest details which ultimately reduced them to the status of being merely nuts and bolts in the organizational machinery.

(ii) Taylor assumed man to be classical economic man whose sole motivation was monetary rewards. He assumed that man is inherently lazy and therefore had to be goaded to work adopting the "carrot and stick" policy. He overlooked the fact that men is a social being and that human relations within the work-place have a reciprocal and profound effect on the workers. Taylor thus wholly neglected the human side of the enterprise.

(iii) The managers disliked the substitution of science to their own initiative and discretion. According to them, they were denied the satisfaction of doing a whole job by the adoption of Scientific Management Approach", as it divided the job into various steps after due analysis and hence turned it into a programmed work which anybody could do, as the work was over-simplified.

(iv) Trade Union leaders also criticized the theory of Scientific Management since they visualized that the underling principle of cooperation and friendly relations between the management and the workmen would ultimately benefit more the manufacturers and the industry owners as most of the profits generated by improved productivity would go to the pockets of the employers leaving only a little for the employees. Probably the reason behind this criticism was the inherent fear that if the principle of cooperation and friendly relations actually bears fruit in practice, then it would make the role of Trade Union superfluous.

(v) The System School of Thought has criticized the Taylor's model as a closed one since it does not take into account the factors external to the organizations. For example, in order to increase the wages of the workers, the organization has to take into consideration the demand for the products in the market. It becomes highly difficult for an organization to pay the same wages to the workers if the demand for its products in the market goes down instead of picking up and hence it may have to retrench some of its workers in that case, thus upsetting industrial peace.

G. Defence of Taylor

(i) It was Taylor's misfortune that his ideas were misconstrued and misinterpreted. It is true that many factory owners all over the world used his techniques to increase productivity without providing rewards, adequate training and managerial facilities to their employees. But this is contrary to Taylor's basic philosophy, as he laid due stress on providing reward and punishments, adequate training and managerial facilities. Therefore, it is improper to criticize Taylor for what certain other business practitioners did.

(ii) Similarly it would be wrong to assert that Taylor regarded the individual as an inert instrument and that he overlooked the human factor or treated them in a mechanical way. Because, during his times, most of the industrial workers were highly underpaid, money, safety and security of work etc., were the greatest motivations for them at that time as pointed out by the greatest motivators later on. Hence he advanced the idea of economic returns to motivate the workers which clicked immediately and was in tune with the prevailing conditions. Therefore, the neglect of human factors, something which was not known during his time, should not form the basis of his criticism. At the same time, practitioners adopted scientific management techniques to obtain quick returns through reduced costs and increased profits at the cost of human factors. In view of this, it is not proper to criticize him, as the fault of misapplication of his theory lies only on the entrepreneurs who wanted unfair economic gains.

(iii) Similarly the criticism coming from Managers, and Labour unions, as has been made clear and has been more due to the fact that the application of the theory threatened their position, than due to any other weakness in the theory. Managers felt threatened as the theory tried to define the role of the Management very clearly leaving with them very little scope for use of discretion and arbitrary powers of control. On the other hand, the very existence of the Labour unions was threatened due to the principles of the theory that sought to bring in close cooperation between the management and the workers by exploiting their mutual interests.

(iv) Taylor, however, has a definite place in the list of outstanding management thinkers. His ideas greatly influence administrative thought and management practices in subsequent years. The principles advocated by Taylor have become so important that they are dominating the organizational scene even today. For example the policies dealing with recruitment, training, placement, reward, punishment, work measurement techniques, time and motion study techniques etc find an important place even today in the organization, while it was Taylor who gave a serious thought on these aspects for the first time. In fact, nearly all the important areas of study in industrial Management and in the Engineering field have their foundations in Taylorism. The greatness of Taylor lies in the fact that later on many new principles of management have been worked out either contradicting his principles or extrapolating them. But the starting point of research for them always has been Taylorism.

Chapter III
Theory of Organizational Principles of Henry Fayol

A. The Classical Theory

The classical theory is a second component of the classical school and also known as the "Administrative Management Theory" of the Mechanistic School of Thought (or Structural School of Thought). It is called as classical theory because it is one of the earliest formulations based on systematic analysis of organizations and because it is long established and generally accepted in administrative literature. The scholars of this theory seriously believed that a science of administration can be developed based on some principles and based on the experience of administrators. Thus, the administration, which was considered hitherto an art developed partly into a science through their efforts. The major proponents of this school are-

1. Henry Fayol
2. Luther Gullick and Lyndall Urwick
3. James D. Mooney and Alan C. Reiley
4. Mary Parker Follet

H. Fayol and Luther Gullick and L. Urwick are discussed in detail hereunder:

B. Contribution of Henry Fayol (1841-1926)

Henry Fayol was of the view that "administration is administration, wherever it is" i.e. *there is no distinction between the theory and principles of administration of a private sector and a public (or Government) sector unit*. Hence Fayol succeeded in laying down the theory of general management applicable equally to all kinds of administration and in all fields, whether social, political and economic.

H. Fayol started his career as a coal mine engineer in 1860 in a French Coal Company and rose to become its Chief Executive in 1883 and continued on the post till 1918, during which he lifted up the enterprise from the verge of bankruptcy to turn it into one of the most efficiently managed companies. As a manager, he came to this conclusion that there was a single administrative science applicable to all types of organizations. In the year 1916, he published his well-known work in the field of administration, written in French which carried the title "Administration Industrielle et Generale". His thoughts however did not come to light in the English-speaking countries until the English translation was published in 1929.

Like Taylor, Fayol very enthusiastically tired to bring order into the functioning of the industry. He concentrated in his managerial capacity, on practical issues of management. He closely examined the nature and character of the manager's work and concluded that a successful manager owes his success not to his personal qualities but to the methods he employed and the principles that governed his action. What Fayol set out to do was to present these methods and principles in a logical and coherent form in the form of a new theory of administration. The theory given by Fayol can be understood under following three heads:

Functional Distributional of Work.

Six Activities

Five Functions of Management

Fourteen Principles of Management

Functional distribution of work: Six Activities

Fayol attempted a classification of work along the functional lines and divided all the activities of an industrial enterprise into following six groups:

(i) Technical activities concerning production

(ii) Commercial activities of buying and selling and exchange

(iii) Financial activities which imply the optimum use of available capital.

(iv) Clerical activities i.e. Accounting activities pertaining to final accounts, preparing balance sheets etc.

(v) Security activities relating to protection of property and persons

(vi) Managerial activities.

All the six activities stated above are closely interrelated. However, of these the managerial activities form a sort of universal activities since all the human endeavours need management in one form or the other. The role of a manager as such is largely devoted to the description and explanation of the managerial activities. Fayol defined Management as the activity "to forecast and plan, to organize, to command, to coordinate and to control". Fayol observed that the importance of managerial ability increases as one goes up the echelons of the management hierarchy.

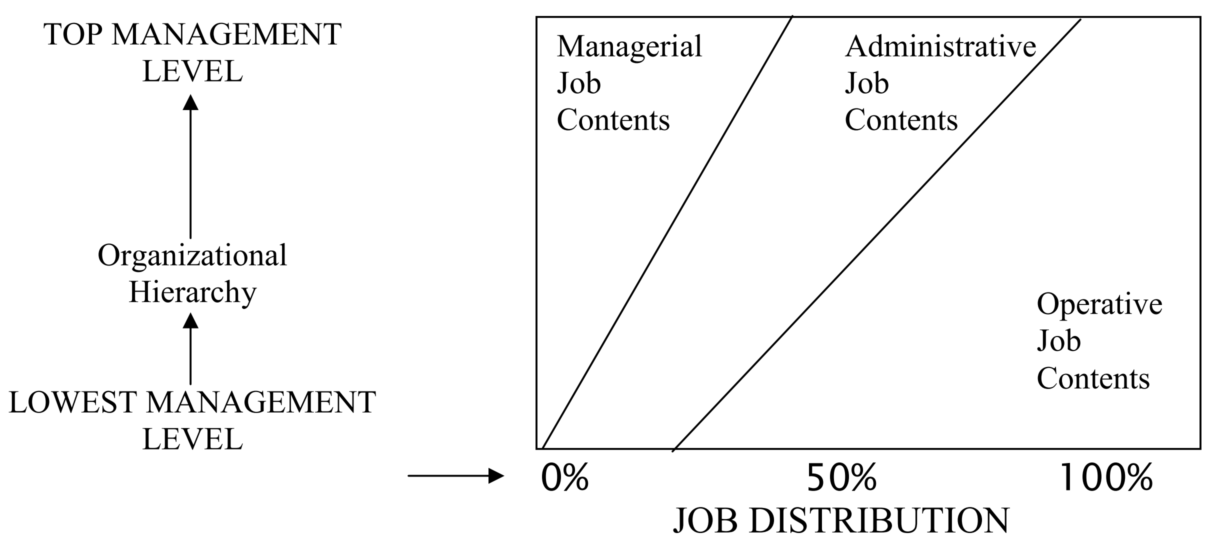


Fig 1: Showing the distribution of job contents according to the organization hierarchy.

Five Elements of Management. According to Fayol, Management activity consists of 5 functions chiefly. These are-

(i) To forecast and plan i.e. examining the future and drawing up the plan of action.

(ii) To organize i.e. building up the structure, material and human resources of the organization.

(iii) To command i.e. maintaining activity among the personnel.

(iv) To coordinate i.e. binding together, unifying and harmonizing all activities and efforts.

(v) To control i.e. "seeing that everything occurs in conformity with established rules".

For Fayol, managing means looking ahead, and hence management must "assess the future and make provisions for it".

Fourteen Principles of Management

According to Fayol, there are 14 principles of management which need to be followed in order to arrive at an efficient system of management. He propounded these principles on his experience and foresight into the field of management. These principles are:

1. *Division of Work.* The objective of dividing the work is to produce more and better work with the same human resources available. It also enables a better span of attention.

2. *Authority and responsibility.* According to Fayol, authority of a person is his 'right to give orders to exact obedience". Authority in an organization hence acts as a resource which is needed to carry out responsibilities entrusted to a person. However, authority should be commensurate with the responsibility and any imbalance between the two leads to a situation where the work cannot be done.

3. *Discipline.* Discipline in an organization is essential in order to ensure obedience and respect for the agreements arrived at in the organization. It is a very essential feature, because the organization may not be able to achieve its goals in its absence. The means for establishing and maintaining it are the open and

clear communication system in the organization, a set of clear rules and regulations and judicious application of sanctions i.e. penalties in case of their violation.

4. *Unity of Command.* According to this principle, an employee shall receive orders from one superior only. As soon as two superiors wield their authority over one and the same person or department, authority is undermined and discipline is in jeopardy.

5. *Unity of Direction.* This principle means that there should be one head and one plan for a group of activities having the same objective. This ensures unity of action, coordination of strength and focusing of effort.

6. *Subordination of Individual Interests to the general interest of the Organization.* This principle envisages that in organizational business the interest of one employee or a group of employees should not be given importance over that of the organization.

7. *Adequate and Fair Remuneration of the Personnel.* The personnel should be compensated with adquate and fair remuneration for the sacrifices in the larger interests of the organization. The methods of payment should be fair, encouraging keenness by rewarding well-directed efforts and should be just within reasonable limits.

8. *Centralization.* Top management should decide the extent to which authority is to be dispersed in the organization or retained at higher levels. Fayol preferred as far as possible, the centralization of authority in an organization to ensure "Unity of Command" and "Unity of Direction".

9. *Scalar Chain.* According to this principle, there should be a clear and well defined chain of command running down the organizational hierarchy. However, there could be jumping of levels in this chain. But this should not be carried to such an extent that it may prove to be detrimental to the business itself. It should be only up to a limited and desirable extent.

10. *Order.* This principle should be distinguished from discipline. According to this principle, there should be a place for everything and each person (i.e. employee) should be in his appointed place.

11. *Equity.* Equity results from the combination of kindliness and justice. Equity means fairness of treatment to all the persons in the organizations and hence application of this principle requires much good sense, experience and good nature.

12. *Stability of Tenure.* Management should strive to ensure a long term association of the personnel in order to make use of the experience and expertise attained by the employees.

13. *Initiative.* According to this principle, creative thinking of the personnel should be encouraged since initiative in an organization is a great source of strength for it and it provides the manager to think out a plan and execute it.

14. *Co-ordination or Espirit-de corps.* This principle underlines the old adage, "Unity is strength". Harmony, fellow-feeling and union among the personnel provides the organization a great strength. This principle is a natural corollary to the first principle i.e. the "Division of work" since unless the work is coordinated, the rest of all principles cannot be applied.

C. Contributions of L. Gullick & L. Urwick

Gullick and Urwick had rich experience in the working of the military organizations and industrial undertakings along with some experience of working in the civil services also. They were greatly influenced by the writings of F.W Taylor and Henry Fayol. They too believed in the theory of organizations principles and had postulated that "The scientific study of administration leads to the discovery of principles analogous to the principles or laws of physical sciences. They believed that if the experience of the administrators are processed it could be possible to develop a science of administration. This was the general line of thinking in the book in which they complied various papers on the theme and gave it the title "Papers on the Science of Administration" (1937).

Luther Gullick promoted 10 principles* of organization while Urwick identified 8 Principles** of administration applicable to all the organizations. Together, they promoted seven principles of administration and in so doing coined the anagram POSDCORB. The POSDCORB stands for seven principles namely Planning, Organizing, Staffing, Directing, Coordinating, Reporting and Budgeting. These seven principles have been considered in a bit detail below:

(i) ***Planning***

The first principle that Gullick proposed was planning based on Fayol's definition "to foretell the future and to prepare for it" i.e. identifying various activities required to reach the target and arranging them in terms of priorities and sequences. In essence, the human and material resources available to the executive are estimated and the ways to reach the targets are discovered so that goals are achieved in a systematic and efficient manner.

(ii) ***Organizing***

Organizing according to Gullick is the establishment of the formal structure of authority through which work subdivisions are arranged, defined and coordinated for achieving the defined objectives. This principle reflects structural traits of the theory and points out that if serious overlapping of functions exists within an organization, there can be no clear-cut system of formal authority.

(iii) ***Staffing***

Staffing, as conceived by them, meant "Personnel Management" i.e. the process of attaining training and retaining the competent work force in an organization.

(iv) ***Directing***

Directing is the principle according to which the executive should continuously guide the organization i.e. it is the continuous task of making decisions and embodying them in specific and general orders and instructions and thereby serving as the leader of the enterprise.

(v) ***Coordinating***

It is the most-important activity and is required to inter-relate the various parts of the organization and synchronizing their efforts so that unnecessary duplication is removed. It hence aims at securing timely cooperation between the various units and employees.

(vi) ***Reporting***

According to this principle, the executive should keep those, to whom the executive is responsible, informed as to what is going on in the organization so that timely control can be exercised. It thus includes keeping himself and his subordinates informed through records and inspections.

(vii) ***Budgeting***

It is the most important principle without which rest of the six principles can achieve nothing. It takes the form of fiscal planning, accounting and financial control.

* 10 Principles of Gullick are – (i) Division of work or specialization; (ii) Bases of Departmental oganization; (iii) Coordination through hierarchy; (iv) Deliberate Coordination; (v) Coordination through committees; (vi) Decentralization; (vii) Staff and Line; (viii) Unity of Command; (ix) Delegation and (x) Span of Control.

** 8 Principles of Urwick are – (i) The Principle of Objective (i.e. purpose); (ii) The principles of correspondence (i.e. authority and responsibility should be co-equal); (iii) the principle of responsibility; (iv) The scalar Principle; (v) the principles of coordination; and (viii) The principle of definition i.e. clear prescription of every duty.

Apart from the principles of organization, they laid stress on the importance of the structure of an organization, lack of which would be illogical, cruel, wasteful and inefficient. A large proportion of friction and confusion in the society and the organization is often the consequence of faulty structural arrangement of the organization.

Apart from this they advocated a few other principles which have been mentioned below:

(i) ***Unity of Command***

Gullick and Urwick favoured the unity of command and were against the broad or commission type of executive functioning. They were emphatic that "A man cannot service two masters" and hence if a workman is subjected to orders from more than one supervisor, he will remain confused, inefficient and irresponsible most o the times.

(ii) ***Line and Staff***

The principle of "Line" and "Staff" was coined by them borrowing the terminology from Military administration. They provided the concepts of staff assistance to the executive and the relationship between the "Line" and the "Staff" officials. However, so far no management theory has yet been clear about the meaning of the line and staff principle in civilian organizations.

According to them, the staff experts in an organization have to devote their time exclusively to intelligence activities i.e. knowing, thinking and planning functions. They mostly carry out activities which are of housekeeping nature. They must not be given any administrative authority or responsibility but they should get the results by using the authority behind the ideas that they sell to the line people. Thus they emphasized that the "Line Executives", in their every day work must be assisted by staff executives, in their central task of organizing, commanding, controlling, coordinating and getting the main objectives of the organization achieved. Their assistance should be in a manner so far to relive him of the burdensome details of administration and let him concentrate upon the most importance tasks in the organization.

(vi) The Span of Control

They also considered and elaborated upon the idea of span of control. They pointed out that no supervisor can supervise directly the work of more than five or at the most six subordinates whose work interlocks. This limit of control according to them is due to the limits of knowledge, time and different kinds of works and sizes of organizations. It raises, in part, from the differences in the capacities and work habits of the individual executives, and in part, from the non-comparable character of work. Gullick, hence concluded that the chief executive of an organization can deal with only a few immediate subordinates. The number (i.e. 5 or 6 subordinates) is determined not only by the nature of work, but also by the capacity of the executive, and the number of immediate subordinates, the stability and geographical proximity of the organization. From his writings, it appears that although he was not too sure about the number of subordinates coming under the span of control, he was confident about the general validity of the principle that the narrower the span of control in an organization, the more effective is the organization.

(vii) ***Field-Headquarter Relationship***

Gullick and Urwick talked about field-headquarters relationship too in their writings. According to their thesis, a long hand has short fingers while a short hand has long fingers. Similarly in a large and complex organization which has diversified functions and has decentralized way of functioning, the control of headquarters on the field unit is diluted. On the contrary, in a small organization which has not decentralized its functioning, the control is strict. However, this concept of diluted control over field units due to large physical space between field and headquarters is no more valid today in view of the use of modern technological aids by which one can exercise strict control. Today the use of computers, concept of networking through satellites, electronic data processing, video conferencing makes it possible for a long hand to have large fingers too.

(viii) ***Bases of Division or Departmentalization***

Gullick also put forward some principles based on which the division of work or departmentalization of the organizational work should be attempted. They advocated 4 bases of Departmentalization, namely.

(a) Purpose based

(b) Process based

(c) Place or Area based

(d) Person or client based

(a) *Functional or Purpose based Departmentalization*

The departmentalization should be done in order to achieve unifunctional departments i.e. the departments created should be performing a single unique function. The whole organizational work should be divided into departments up to a point when it becomes uneconomical to further sub-divide the function. However, the division should be done in such a manner that it does not produce conflicts within the organization or create problems of coordination. The departmentalization should lead to clarity of functions which should be clearly known to both the insiders and the outsiders.

(b) *Process based Departmentalization*

This basis of departmentalization is used to divide the governmental work based on certain special procedure. The logic behind doing so is that since that particular procedure requires a certain minimum level of competence, its services should be made available centrally to all the departments. Though these services could have been merged with individual departments as well, it is not done so as in that case it would involve high cost of maintaining that particular service and that service will remain highly unused for the major part of the year. For example, the O&M division has been created in India (which forms part of department of administrative reforms) separately to review the methods of work of the various departments and to suggest ways to correct other procedural defects e.g. correcting and redesigning forms etc., on a continuous basis.

(c) *Area based Departmentalization*

This basis of departmentalization is often used in setting up multi-functional field units of a particular headquarter unit or to divide the functions of the government territorially, keeping in mind the needs of decentralization of administration and the geographical factors. These units are generally multifunctional but specialist and confine themselves in the administration of a special territory only. For example, the work of Ministry of Foreign Affairs is carried out through various desks, which are divided based on geographical and political factors e.g. South East Asia desk, Asia-Pacific desk etc.

(d) Client or Person based Departmentalization

According to this basis, the organizational work is divided to create departments to serve particular sets of clients e.g. women, handicapped, tribal, backwards etc. These fresh departments are also multifunctional in character with the chief aim of serving a particular set of people.

These bases of division of work are also known as 4 Ps of departmentalization representing Purpose (i.e. function), Process, Place and Person (or client) based division of work. However, the division of the governmental work may or may not follow only one of these bases and hence may be attempted on the basis of more than one P. However, the functional basis of departmentalization prevails most widely in the government and various ministries are formed on this basis e.g. Ministry of Foreign Affairs, Ministry of Welfare, Ministry of Finance etc. However, when the functional based division is not possible for some reasons, the rest of the three bases, separately or in combination, are used.

D. Critical Appraisal of Theory of Principles (or Classical Theory)

The thinking in the Classical School of thought which believes in organizational principles was influenced by the writings of Hentry Fayol. Since he was the one who for the first time advocated the functional division of work, he is called the earliest *"Functionalist*". Also for the attempt on his part to universalize the principles of administration, he is also called as "*Universalist"*. Hence we shall be presenting the critical appraisal of the Classical Theory vis-a-vis the approach of Fayol.

For Fayol management meant looking ahead. He tried to replace adhocism prevailing in the administration. He gave meaningful principles which were intelligible even to the common man. These principles of Division of work, Hierarchy, Authority and Responsibility, Coordination, Equity etc. are by and large valid even today.

The theory given by Fayol was, however, criticized on the following grounds:

By Marxist Thinkers

The *Marxist thinkers* criticized the approach adopted by Fayol as explosive with respect to workers. According to them, the theory was aimed at generating more and more profits for the factory owners and bringing further dehumanization in the organization which had already been there in the organizations with the application of the principles of Scientific Management.

By Social Scientists

The *social* scientists criticized the theory of organizational principles for totally overlooking the human relations aspects of the organization. They stressed that productivity in an organization is not only a function of structure but it also depends upon a host of other factors which include motivation of the personnel and the willingness on the part of the employees to do the job. They criticized the theory due to their apprehension that for increasing production, an individual worker will be forced to work for more hours and this would result in relegating welfare of the employees activities in these organizations to the back-seat i.e. Industrial Revolution and Scientific Management dehumanized the human beings. The Managerial Revolution as advocated by Fayol and his associates will further dehumanize them.

By Workers

Workers too criticized the theory of principles for the reason that here too workers are treated as units of production who are always subject to review and assessment/control, which is highly disliked by the workers, as nobody enjoys being constantly watched. Also, Trade Unions were dissatisfied with this approach due to the fact that although more and more profit is generated at the cost of the workers, the major part of it goes to the capitalists. The theory hence is anti-worker and pro-capitalist.

By Herbert Simon

The most vociferous criticism of the Theory of Organizational Principles came from Herbert Simon. He criticized the organizational principles as mere myths, proverbs and slogans only i.e. they were the result of wisdom which had been available to the people in the form of old saying and there was nothing new in it. According to him, like the myths and proverbs, the organizational principles too come in pairs i.e. for every principle, there exists a contradictory principle. For example the principle of “centralization” contradicts the principles of “initiative”. The more the centralization, the lesser initiative is the general experience of the personnel in the lower positions in administration. Similarly, the principle of Unity of Command contradicts the concept of specialization in the organization. Because, occupational specialization means that a person has to obey the orders of more than one person who are his supervisors in different functional areas which is contrary to the strict unity of command concept. In a similar manner, the principle of Hierarchy contradicts the principle of span of control. If one tries to keep the span of control smaller to effect efficiency in the organization, the levels in the hierarchy are increased and as a result the communication within organization becomes slower which impairs efficiency.

By Ecological School of Thought

The model has been criticized by the scholars of the Ecological School of Thought as being a "Closed Model" which does not take into account the factors external to the organization which are responsible for organizational effectiveness. For example, aspects of human motivation, constructive aspects of organizational conflicts, external economic environment etc., and their impact on the organization has been neglected totally.

For dysfunctionality

The organizational principles have also been criticized for their dysfunctional i.e. once they are applied in the organization, the effect is that some new problem not often anticipated by the management crops up. For example, as explained above, the span of control principle advocates a smaller span of control for closer supervision over personnel, which results in enhanced efficiency in the organization. But putting this principle in practice means increasing the levels of communication, as additional steps in the organizational hierarchical ladder are created which results in the unnecessary delay in taking organizational decisions. This impairs the organizational efficiency. Similarly the principle of unity of command, when applied very strictly in an organization in order to conform to the principles of Fayol, often leads to a situation where employees at the lower levels of the organization avoid carrying out orders which should be otherwise carried out normally by them and hence it leads to loss of efficiency and unnecessary friction between the management and the workers.

For over generalization

The thinkers in this school of thought have also been accused of being over-zealous, who in their excessive zeal to arrive at a generalized model of organizational principles went to the extent of excessive generalization of the facts. This has resulted in the total loss of the value-content in the model and the loss of specificity in the subject matter. Rigid application of all the principles is not possible and they needs to be modified and their dose needs to be regulated in order to achieve the best results.

The model, therefore, seems to carry pretty an unbalanced view about the organization and seems to be inspired from the Top-view of the organization where the view-points of managers and the capitalists seem to be taking precedence over the interests and views of the lower level employees. In essence, it overlooks the fact that a machine operator is also an important entity along with the machine, and if either one of them goes out of order, no work could be carried out at all.

However, despite these inadequacies, the approach of Fayol has certain positive points too. Most of the criticism of Fayol, it seems is out of ego-clashes. For example, the managers criticize this approach on the ground that management is an art and Fayol's theory attempts to make it a science lessening the importance of the managers. This clearly reflects an ego-clash since the approach of Fayol tried to replace the adhocism and heuristic way of doing things in administration and it curbed the arbitrary use of power by the management. Secondly, Fayol too was aware of the fact while formulating organizational principles that their rigid guidelines are not possible. He hence thought it wise to give broad guidelines to the administration in the form of principles and left it to the administrators to find the right mix of these principles suiting the needs of an organization e.g. what the right mix of proportion of authority and responsibility in respect of a job was left to the managers to decide. Thirdly, Fayol genuinely believed that managers are not always born but people with ordinary skills can be trained and shaped to become managers. This fact was later on substantiated by Behavioral School of Thought. Hence it is improper to criticize his approach on the grounds that management is an art and that managers are always born. Fourthly, Fayol never talked of concepts of human relations and human behaviour and hence it is improper to criticize him for something that slipped out of his attention for the simple reason that its importance had not been realized by that time. Instead he should be given credit for replacing adhocism in the administration and for arranging things in an orderly manner. At the same time, it should be realised that he gave the concepts like equity, stability of tenure, initiative etc., which indirectly reflect the importance of human factors in the organization. Hence the criticism that he ignored human factors at work altogether is not proper.

Chapter IV
Bureaucratic Theory of Max Weber

A. Introduction

The evolution of the Bureaucratic Theory in the discipline of Public Administration is the most important stage in evolution of Public Administration as a discipline. Bureaucracy is the subject on which maximum research papers exist in the field of Public Administration. The origin of the term can be traced back to Vincent de Gourney who coined the term in 1745. The term "Bureaucracy" later on came to be used to describe a system where the Government is run by officials directly or indirectly. Bureaucracy is defined as a "System of Organization in which roles, tasks, and relationships among people and positions are clearly defined, carefully prescribed and controlled in accordance with formal authority and any deviations from rules and regulations is viewed very seriously".

Peter Blau studied the rise and development of bureaucracy very closely and has identified four conditions that promoted the historical evolution of bureaucracy. These are-

(i) The coming into existence of money economy aided the development of bureaucracy since bureaucratic system of administration requires a stable system of taxation which in turn requires a money economy. An equitable system of taxation is not possible in an economic system based on barter trade. Hence according to Weber, a developed money economy is necessary before a Bureaucratic Administration can come into existence.

(ii) The emergence of capitalist system i.e. the system of free enterprise fostered bureaucracy, as it created certain essential needs such as rationality, rule orientation, objectivity, calculability etc., which only a Bureaucratic System of Organization could satisfy. Capitalism also requires a strong orderly government and a peaceful business atmosphere and hence it encourages bureaucracy in its own interests. The capitalist enterprises too began to follow bureaucratic principles of organization because of the requirement of rationality and calculability in their functioning.

(iii) The development of Western ethics led to the growth of rationalism which calls for rational investment of time and efforts to maximize their profits and achievements. The bureaucratic system was hence devised to achieve the maximum possible efficiency in a large business organization.

(iv) The increasing size of organizations led to complex administration and hence complex administrative problems. The complexity of these tasks required expertise and effectiveness in organization and bureaucracy to tackle them. Today bureaucracy found to be existing in most forms of human cooperation that develop beyond the face-to-face leadership of a small handful of individuals.

B. Max Weber on Bureaucracy

The systematic study of bureaucracy began with the German Sociologist. Max Weber was born in 1860 and unlike Taylor and Fayol, he was not a management practitioner but he was a Professor of Social Science. Weber's most extensive and systematic discussion of administration occurs within his sociology of domination in his book – "Economy and Society". "Parliament and Government in the Newly Organized Germany" is another vital source of knowing his views on this subject.

The concept of Bureaucracy emerged accidentally while he was analyzing as to where does power lie in the society i.e. his basic concern was to find answer to the question – "Why individuals obeyed commands and why people do as they are told". In order to analyze this problem, Weber first distinguished between Power and Authority.

Power is the ability to force people to obey regardless of their resistance, while Authority is a form of power which has been legitimized and people recognize its legitimacy. Hence Weber classified the authority in various societies based on legitimacy, the type of obedience and the kind of administrative staff suitable to that kind of society.

Weber's three fold classification of authority

(i) *Traditional Authority*

Traditional authority, according to Weber, rests on an established belief in the sanctity of age-old traditions and in the legitimacy of the status of those exercising authority under them. The leader hence derives his authority by virtue of the status that he has inherited, and the extent of his authority is fixed by precedents and customs of the society. He is obeyed because the traditions so demand. The administrative staff under such an authority system is of either patrimonial or of feudal origin i.e. the officials are either the personal servants of the ruler and they are traditionally loyal to him (patrimonial form), or the officials have much more autonomy with their own source of income but they have a traditional loyalty towards the leader. Examples of such an authority in today's world are – Pope, Caliphs, Shahi Imams etc. The administrative staff is selected based on assertive features and the staff do not possess clearly defined spheres of competence. There is no scope for regular promotions and recruitment in the administrative posts in this traditional system and it, to a great extent, depends on personal contacts and loyalties.

(ii) Charismatic Authority

Charismatic Authority, according to Weber rests on devotion to the specific and exceptional entity, heroism and exemplary character of an individual. It stems purely out of the personality of the leader and among the holders of the Charisma are prophets, political leaders etc. In Weber's analysis Charisma lies in the eyes of the Beholder. Those subject themselves to Charismatic authority are the followers and they are not the subjects of the leader and their job is to mediate between the leader and the masses. There is no separate administrative staff and in its place there is only a group of followers and disciples who are given positions in administration on the basis of their charismatic qualities. There are no legal rules to govern and the authority is not bound by precedents. Organization under this system are, however, unstable and often the question of succession arises leading to its downfall.

(iii) *Rational Legal Authority*

In this system, legitimacy and control neither stem from the personal qualities of the leader nor from the commitment to traditional wisdom and authority which represents its traditional status. Obedience, under this system, is owed to a legally established impersonal order. This system is called "Rational" because in it the "means" are expressly designed to achieve certain specific "Ends". It is "legal" because authority is exercised by means of a system of written rules and procedures. Like other forms of authority, legal rational authority system too has a particular kind of administrative structure, called as "Bureaucracy". Weber defined Bureaucracy as, "A hierarchical organization, designed rationally to coordinate the work of many individuals in pursuit of large-scale administrative tasks and organizational goals".

Weber constructed an ideal type model of the rational-legal bureaucratic organizations, which according to him, is necessary to be followed in any large organization, private or public, in order to bring efficiency in operations. Any deviations from the ideal constructs of the bureaucratic model bring inefficinecy. Since the model suggested by Weber is of ideal-type, the model is also called as a "Normatic-Model" of organization. The structural aspects were inherent in the Weber's approach as he emphasized on a particular process of work which follows a clearly defined hierarchical channels very closely.

Ideal Constructs of Bureaucracy as suggested by Weber

Weber's ideals type Bureaucracy contains the following elements;

(i) Division of work is done in the organization and the roles of various officials, based on this division are clearly defined. This leads to the clear definition of the job-content of an individual and his position in the organizational set up which in turn leads to the clarity of the goals/objectives of the organization and helps in designing the hierarchical structure of the organization.

(ii) A well designed hierarchical structure is another ideal construction of such a system. The officers are organized in a clearly defined hierarchy of offices which leads to pyramidal structure of the organization. The well defined hierarchical structure should form the basis of a well defined communication system and organizational communication should be through proper hierarchical channels.

(iii) Coordination of the work in a large organization where the division of work and the specialization exists is very necessary to avoid duplication of efforts and wastage of resources. The coordination in such an organization is to be attempted through organizational hierarchy and well defined rules and regulations. Each office in this respect has clearly defined sphere of competence in the legal sense.

(iv) The organization is marked by strict rule orientation. Various officials derive their power and authority from the clearly outlined rules and regulations operating in the organization. It is because of this rule-orientation that the decisions of the higher level management are obeyed by the lower level management.

(v) Rationality in decision-making is another characteristic of bureaucratic organization. The decisions are made strictly according to rules and all the cases that are similar are dealt within a similar manner.

(vi) The decisions are made based on objective evaluation of the situation. The criteria for making these decisions should be fair and open to all the people in the organization. Subjective factors such as Hunch individual preferences, pressure of friends, relatives etc., should be avoided while taking decisions.

(vii) Impersonality should be observed by all officials in decision-making and in overall organizational life. The officials are not supposed to be using their official position for extracting personal gains i.e. the officials work entirely separated from ownership of the means of administration and without appropriation of his position. In principle, they should not use even the office stationery and equipment for personal work.

(viii) Anonymity and neutrality in decision-making and their implementation are the cardinal principles of bureaucratic way of functioning. The bureaucrats only make all the facts available to the political masters and it is they who actually take decisions, while the bureaucrat remains silently in the background. He, however, after getting the political sanction form the political masters, implements the policies in the neutral manner i.e. he implements them in such a way that it does not favour a particular section of the population or his kins.

(ix) Merit based selection and placement is another feature of ideal type bureaucracy. The selection, in principle, is open to all and the candidates are selected based on their technical competence which is ascertained through their certificates, degrees, entrance examination or through oral examination in the form of a job interview. The most important thing to note is that they are appointed, not elected.

(x) A fixed tenure posting i.e. permanency in holding the job is another distinguishing feature of bureaucracy. A fixed tenure ensures a fair play on the part of bureaucrats since a short term would lead to a situation where he would try to serve his personal interests. For their service, they are given remuneration in the form of fixed salaries which is often adequate. The salary scale is primarily graded according to the ranks in the hierarchy. But, at times, the requirements of the incumbents social status may also be taken into account. The permanency of tenure, however, is subject to strict and systematic disciplinary control in the conduct of the office.

It is important to notice at this point of time that ideal constructs state "under points (i), (ii) and (iii) are applicable to all the organizations whereas the characteristics stated under points (iv) to (x) are applicable solely to large public organizations. Another important fact to be noticed at this state is that this ideal type model of bureaucracy was designed by Weber to serve a comparatively stable organization and bureaucracy was perceived to be an instrument which can counter political instability which was prevalent in the western democracies of that time. He was of the view that bureaucracy can bring stability to the system because of its status quo nature and the characteristics of permanence, rationality, objectivity, neutrality, impersonality and rule-orientation. So far it has been found to be very useful in the parliamentary system of governance. The emphasis in this model seems to be an avoidance of value-orientation which according to it is necessary for any complex society to make it long-lasting.

C. Criticism of Bureaucratic Model

Bureaucracy being the instrument of Pubic Administration, is the most important topic in Public Administration theory and practice. Max Weber gave the above model which is normative in nature and could be followed by any large and complex organization. However, the actual practices of bureaucracies often fall short of these ideals. This is the sole reason for the existence of large research material in this area, each one either acclaiming the model or pointing out its defects. Bureaucracy is a necessary evil in large and organizationally complex organizations of toady, and the following demerits have been pointed out in the bureaucratic model by various scholars.

By Rebort K. Merton

Rebort K. Merton has criticized bureaucracy for its excessive dependence on rules, as too much reliance on rules tends to kill initiative. At the same time in a bureaucratic organization, since the promotion is time-bound in some countries, the bureaucrats find indirect encouragement to put forth only average performance i.e. there is no need for them to put in extra amount of hard work, as the system tends to promote them up in the organizational hierarchy, irrespective of their performance or non-performance. Merton also points out that the characteristics of impersonality, Anonymity, Neutrality to values etc. are contradictory to the very basic nature of a public service organization where close cooperation between the citizens and the bureaucracy is desirable. In addition Merton also pointed towards certain dysfunctionalities of bureaucracy which will be discussed separately at a later stage in this section.

By Philip Selznick

Philip Selznick has criticized the system of bureaucracy on the grounds of the problems of delegation that crop up in operative stages. The bureaucratic staff tends to concentrate power at higher positions and very little of delegation of authority and responsibilities down the rung is seen. In the absence of delegation, organizational decisions are unnecessarily delayed. Similarly, excessive adherence to rules and regulations leads to the problem of "Goal Displacement", where the rules and regulations that are meant to facilitate the functioning of the organization are adhered irrespective of the fact whether it leads to goal achievement or not. In other words, though it may not be possible to achieve the goals of the organization due to blind application of the rules and regulations of the organization according to the precedents, they are applied without bothering about the goal achievement by the bureaucrats, who want to save their skin fearing that responsibility would be fixed on them at a later date for not following the rules. This situation occurs where instrumental values become terminal values and the goal of the bureaucracy shifts from the achievement of the organizational goals to the application of rules and regulations.

By Gouldner, Peter Blau and Taecott Parson

Gouldner, Peter Blau and Taecott Parson have pointed out a number of dysfunctionalities associated with the application of the ideal type constructs of the bureaucracy in practice. For example, though the aim of applying the model is to bring efficiency in the organization, some of the ideal constructs when applied fully lead to inefficiency or decrease in efficiency. For example, rule-orientation at times leads to unnecessary delays and in a bureaucratic organization, in the absence of flexibility provided for in the rules themselves, the rules are to be adhered to at all costs. Similarly, whenever rationality and impersonality increases beyond a point, it also leads to unnecessary delay and client dissatisfaction. Weber, however, did not point out about the extent to which these ideal constructs should be applied**.**

By Sociologists

Sociologists have pointed out that there is a great deal of mismatch between authority and responsibility in the bureaucratic model. The bureaucracy is only internally accountable and the principle of anonymity forbids the external accountability of the bureaucracy. It means that the bureaucracy has a lot of authority with it but it has very little responsibility on it. The situation is even worse in a parliamentary democracy, where the concept of "Ministerial responsibility before the Parliament" exists. At the same time, bureaucracy assumes all the powers in the periods of political transitions and political instability, and hence it accumulates power in the absence of formal authority/structure enforcing accountability on it. Sociologists have accused the bureaucratic model of causing alienation among the public due to the impersonality, value-neutrality and anonymity. This is highly undesirable in a public service organization where client satisfaction is of utmost importance.

By Herbert Simon

Herbert Simon warns against the excessive zeal of administrators who want to bring complete rationality in their decisions. According to Simon, since the human beings are emotional, complete rationality in organizational decisions is not possible and value orientation of individuals cannot be totally avoided. Further, he points our several limitations to rational decision-making while propounding the bounded rationality model of decision making. Simon also added the concept of acceptability of decision and pointed out that there are two kinds of objectivities, namely, individual objectivity and organizational objectively. In an organization, individual objectivity may, differ from organizational objectivity.

In a particular instance which one of them should be given precedence over the other may not be clear. Weberian theory does not take into account these facts.

Fred W. Riggs, while criticizing the Weberian model, points out that Weberian model is not conducive to development. Instead, what exists in developing countries as bureaucracy is totally different from the ideal type model of Max Weber. The bureaucratic model in these countries is named by him as "SALA" model. The Chief characteristics of a "SALA" model bureaucracy are Heterogeneity in their way of functioning; excessive gap between theory (i.e. rules) and practice which he termed as formulism; overlapping of various institutions in their functions and duties despite the fact that they are physically separate entities; predominance of nepotism and corruption in every walk of life including selection to the civil services where ascriptive features of the applicant decide his selection or rejection form the civil services in place of professional qualification etc. The bureaucracy, hence in these countries is structurally Weberian, but behaviorally it follows "SALA" model. The emphasis of such bureaucracy always is on status-quo since the members of it have vested interests in its continuance and hence the goals of social change are very rarely achieved.

By Joseph La Palambora

Joseph La Palambora, a political scientist, criticized Webrian model severely for having only a very limited empirical base behind the model. According to him Weber gave his model based on his study of the bureaucracies existing in the Western European countries, especially France and Germany. The model hence does not take into account the plus points and minus points of other contemporary bureaucracies. For example, the party-state bureaucratic system of the contemporary USSR, where no concept of value-neutrality and anonymity of civil servants existed, was not considered at all. Similarly, the different models of bureaucracy existing in Japan, China, United States of America etc., are significantly different, from Weberian model. Yet they are equally efficient. Hence, the model seems to be ethnocentric.

For being a closed model

The bureaucratic model of Weber has also been criticized for its closed nature and dealing with only the structural aspect of the organization. It neglects an important fact that creating the same structure everywhere without considering the environmental factors i.e. factors external to the administrative system, is not always very successful, since the environmental factors shape the behaviour of the personnel in the structure and hence the same structure may function in a totally different manner in different cultural settings. This is perhaps the reason that although the bureaucracies in the developing world are structurally Weberian, that they are miles apart from the Weberian model behaviorally. (This criticism has come from scholars belonging to Systems School of Thought).

D. **Defence of Max Weber**

(i) Max Weber was conscious of the fact that there exist a number of limitations in the way of achieving complete rationality in administration. Hence he gave only the ideal type model of bureaucracy recognizing the fact implicitly that the things may be different in actual practice. It hence implies that the administrators should readjust the model giving the allowance for deviations from ideal conditions but the ideal model of bureaucracy should always serve as a sign-post and guide to desirable practical models.

(ii) Criticizing Weber for the fact that a number of models of bureaucracies across the world are structurally Weberian but not behaviorally is not proper. In fact this criticism itself highlights the fact that the actual problem is not with the model but with the people who actually operate it and hence there exist changes in the ways of its functioning.

(iii) Weber himself was conscious of the fact that there might be some dysfunctionality when the model is actually put to practice. He predicted it indirectly when he stated that "any deviation from this ideal model in a large and complex organization which would bring inefficiency in the organization. Most of the dysfunctionalities seen today are mostly due to the deviation from the ideal model in a large and complex organization which would bring inefficiency in the organization. Most of the dysfunctionalities seem today are mostly due to the deviation from the ideal constructs as outlined in the "SALA" model or due to over-insistence on same of the principles of hierarchy, rule-orientation etc. Hence despite the warning of Weber, if somebody goes wrong then it is not the fault of the model.

(iv) Weber anticipated the propensity of the bureaucracy to accumulate power when he said that "once created, Bureaucracy is among those social structures which are the hardest to destroy". The concepts of impersonality, ministerial responsibility etc., tend to further strengthen it and hence it may become despotic. Therefore, he advocated strict political control over bureaucracy through legislature. Hence, if in a particular cultural setting, bureaucracy becomes despotic, then it is the fault of the political system and not of the Webrian Model.

(v) Criticizing Webrian model for its non-suitability for development is improper since the concept of Development Administration has not taken roots at that time. At the same time this does not mean an outright rejection of the model but it is only its readjustment according to the needs of the day, most of the structural traits of the model are worth retaining.

E. Other Additions to Bureaucracy

Morstein Marx and Forms of Bureaucracy

Morstein Marx in his book “Administrative State” gave 4 chief forms of bureaucracy. These are:

(i) Guardian Bureaucracy

This bureaucracy is found in ancient and tribal societies. The bureaucracy in these societies is sensitive to the needs of the society to which it is serving. The bureaucracy there often consists of self-appointed persons who are moved by values, ethics etc. People respect these officials out of their charismatic authority. The distinctive feature of the bureaucracy here is that the officials consider themselves as guardians of society and hence this bureaucracy has been named as Guardian bureaucracy. The committees in various localities in Indian cities formed of social activists closely resemble this form of bureaucracy today.

(ii) Caste/Class Bureaucracy

With the coming into existence of kingship and states based on the theory of “social contract” of Marx, the need for a bureaucracy loyal to the king was felt and hence a bureaucracy was created appointing the officials based on their class/caste linkages i.e. members of the Royal family were generally given higher positions in bureaucracy. Bureaucracies of late ancient and medieval period are an example of this kind of bureaucracy.

(ii) *Political Patronage based Bureaucracy*

With the passage of time it was felt that for the effective implementation of the governmental policies, it is necessary to have officials having the same ideology as the ideology of the political party in power at the key posts in the administration. Hence the political party, when comes into power appoints its sympathizers and party workers at key positions in administration who are known as "political appointees" (to distinguish them from "regular appointees"). The "Spoil System" prevailing in American administration is an example of this system where the administrative posts are distributed to the sympathizers of the political party in power as spoils of war.

(v) *Merit Bureaucracy.*

It is relatively a new system of bureaucracy which came into existence only in nineteenth century in its modem form, though it had been prevalent in the ancient Chinese bureaucracy. Under this system, selections to the bureaucratic positions are based on merit which is determined based on certain professional qualifications and written or verbal examination. Political parties when come to power, can pick and chose the civil servants for key postings but such selection is done from out of the persons already belonging to the civil services and it should follow a set of pre-determined rules.

Lord Howard on Bureaucracy: Bureaucracy is depotic

Lord Howard in his book "Neo-Despotism" carried out an analysis of the "increase in power of the bureaucracy. Replacing the old power system where king or the legislative dominated, the bureaucracy has come to occupy an important place in the administrative scheme of today and since instances of political instabilities are increasing across the world bureaucracy has accumulated significant amount of power. The following reasons have been cited for the accumulation of power with the bureaucracy.

(i) The role of the state has been constantly growing and fresh activities and functions on their part are being added day after day. Similarly dependence of the citizen on the state is increasing day by day due to the increased complexity of the social life. Every fresh activity on part of administration means that it has to be equipped with some additional authority to carry out its responsibilities and hence powers of administrators are increasing and along with it are increasing the opportunities of misuse of power.

(ii) The civil servants themselves constitute an organized lot while the general public is not organized. Hence instances of abuse of power often go unreported or no action is taken against the erring officials in absence of an organized popular protest.

(iii) The maxim that "knowledge is power" is applicable in this case too. The civil servants are professionally one of the most competent persons and they are the custodians of all the government information. At the same time, the way of internal functioning in the entire governmental set up is very secretive. Hence civil servants often hide the information in order to save their skin and to escape from possible legal proceedings against them. They also resort to providing inadequate information or providing the information at a time when it is suitable for their interests. The low prosecution rate in their case aids them in abusing the power that they have.

(iv) The top bureaucrats have the entire governmental machinery at their disposal. The political executives who are supposed to exercise control on them are first of all not permanent executives; secondly, they are laymen and hence can be outsmarted easily by the Professional civil-servants and thirdly the politicians are engaged most of the times in jobs of political nature and hence have very little time left with them to exercise control over them. Hence the control of political executive, which is of an internal control type, is very weak. At the same time civil servants, being permanent, do not have any effective external control. It hence leads to a situation where civil servants have a lot of power with no accountabilities attached with it which makes them very dangerous and practically uncontrollable, following the saying that, “power corrupts and absolute power absolutely”

(v) The civil servants belong to an organized service and they have strong feelings in favour of their fellow civil servants. Hence all the internal control mechanisms where a civil servant is supposed to enquire and report in the case of a specific complaint against one of his fellow civil servants, he often takes the side of his fellow civil servant. This further weakness the control mechanisms and the civil servants feel themselves that they are above the law.

(vi) The concept of ministerial responsibility before the legislature in the parliamentary set up of administration further aids in the power accumulation with the bureaucracy, since the civil servants individually cannot be called before the legislature and held accountable for their misdeeds. Instead, the Minister in charge of the concerned department has to accept the responsibility for all the acts of omission and commission of the bureaucracy and has to resign if the case is serious.

Mechanisms to prevent accumulation of power

It is however, not always true that bureaucracy accumulates power. There are certain mechanisms that can be provided in the administrative system to guard against this propensity of bureaucrats. Even Weber in his writings outlined five mechanisms to prevent accumulation of power and hence it cannot be said that the bureaucratic model aids in power accumulation inherently. The 5 mechanisms given by Weber are-

(i) Weber advocated collegiality of decision-making in bureaucracy. Collegiality while on one hand removes arbitrariness in the use (or abuse) of power, it increases rationality in organizational decisions.

(ii) Weber also advocated for separation of powers in administration i.e. he advocated a system of checks and balances within administration. According to him, there should be specialization in administration and the responsibility of carrying out a particular function should be at two different levels so that if one of the administrators fails to carry out his responsibilities, the other keeps check on him and reminds him of his lapses/acts of omissions.

(iii) Weber suggested that in administration, Government should depend on the amateur administrators who are not hired by the Government (i.e. they are not paid by the Government) but who have spare time and resources to contribute to the administration of the country. Weber hence advocated, in essence, for a strict political control on administration, since amateur administrators most likely will not be having vested interests in the system of administration.

(iv) The best way to control the administration is to have a system of direct-democracy operating in the country. Direct democracy is the most effective instrument of popular control over administration since people not only have the powers to elect their representatives but they have the powers to recall a particular representative if he is found to be acting against the interests of the society. The control over administration is hence continuous through the instruments like referendum, system of recall etc.

(v) The fifth mechanism that Weber suggested was to have system of Representative bodies in the administration., The Representative bodies are those representatives from all the sections of population that are affected as a result of the functions of a government department. Though they do not control directly the functioning of the department they can highlight, and bring to the notice of the higher level officers, the acts of omissions and commissions of the lower level officers and through their organized resistance can force them to take action against the erring officials.

The measures suggested by Max Weber, except for direct democracy, have so far been largely ineffective barring a few instances. The probable reason for this is that the stakes for politicians and administrators are too high. The measures suggested by him aim at a simple control of the administration, whereas the need of the hour is to make them responsive and responsible while keeping them under control.

F. How to make the Bureaucracy Responsive and Responsible

In order to avoid a situation, where a civil servant may be acting within rules and regulations but he may not be responding to the requests of the people or not functioning in a responsible manner i.e. he may be surviving in the administration without actually serving the pubic. E.N. Gladden suggested certain measures to make the bureaucracy responsive and responsible.

(i) E.N. Gladden suggested for increasing professionalism in the civil servants. According to him, increased professionalism brings with it the professional ethics which act as a self control mechanism on the administrators. Self control is the best control as it is evident in the functioning of the British Civil Services. It infuses responsible behaviour among the civil servants who are moved by narrow sectarian interests.

(ii) He also advocated for an effective system of training of civil servants. The training should be conducted at various stages of the service life. The training should however be aimed at cultivating professional ethics and responsiveness in the bureaucrats.

(iii) Gladden also advocated the strengthening of the political control over the administration. He points out the fact that strong political systems are often accompanied by weak bureaucratic systems. Hence he advocated the use of committee system in the legislature to exercise control on the administration on behalf of the legislature due to certain inadequacies on the part of the legislative. For example, legislature being a large body of laymen cannot exercise control over administration on a continuous basis. However, it is a fact that a willing political system can effectively control the administrative system.

(iv) Internal mechanism of control and accountability of audit, intelligence etc. should be strengthened. It is a very useful method, since it helps in keeping regular control over the administration on a continuous basis since really quick

Redressal of grievances can be done through these internal mechanisms, they help to make the administration more responsive.

(v) The best agents who could make the administration responsible and responsive are the public themselves. The Government can make laws, rules and regulations. But it is the citizen who can oversee the day to day implementation of these rules and regulations. The need hence is to educate people i.e. to make them aware of their rights and to help them to organize so that they can pressurize the administration to become r3esponsive to the needs of the people.

Analysis of Dysfunctions of Bureaucracy

Veblen and Robert K. Merton have used the concept of trained incapability to describe the dysfunctions of bureaucracy. According to it, the rules and procedures in bureaucracy exist to facilitate the conduct of business and to create confidence in the people on the administration and to rely on it. However, over concern for, and strict adherence to procedures and rules leads to inflexibility on the part of the administrators who then tend to judge all the cases alike and go by precedents despite the fact that often the present case differs form the previous cases in circumstances. The concept of trained incapacity hence means that the bureaucrats are trained to function in a particular fashion according to the organizational rules and regulations. However, strict adherence to this training and this way of functioning leads to a situation where a bureaucrat becomes incapable of performing once he is posted to some other area which is totally different from his previous area of functioning as there too he tries to apply the same rules and procedures. An obvious example is the case where a person trained in traditional ways of financial control is posted in a Research and Development Department where he tries to apply same old rules and regulations of financial control without recognizing the fact that in R&D activities, often the money invested does not produce adequate results. Hence such a person, in the absence of the capacity to adopt often creates a nuisance in the organization by sitting over judgment in all such cases about which he is totally ignorant.

Trained-in capacity is a concept which is widely prevalent in a system which is run by the generalist administrators. As they are incapable of adapting themselves to changed situations, they could never appreciate innovation. The net result is that the organization as a whole has to bear the **Opportunity cost**, in the absence of alternate course of action being available. It hence also leads to "timidity" on the part of the administrators who tend to utilize their rights in such a manner as is suitable for them. It also leads to "limited application of knowledge" by the administrators since they do not know the subject mater of the area in which they are functioning or at times the lack of knowledge is used by them as a convenient escape route.

G. Future of Bureaucracy

It is inconsequential. It is being pointed out time and again that bureaucracy is unsuitable to the development needs of a developing nation. It is essentially status-quo oriented and because of the vested interests of the bureaucrats and their relationship with the elites of the society, bureaucracy is unsuitable for causing social changes in the society that are favorable to masses. Bennis hence advocates that in the changed scenario, it has become inconsequential and it should die. He identifies 4 factors that chiefly threaten the existence of bureaucracy-

(i) Rapid and unexpected changes are taking place in today's modern world. Since bureaucracy is status-quo oriented, such rapid changes are painful to it. Since bureaucrats are largely unable to adapt to the new situation, slowly the bureaucratic structures are going to be dismantled.

(ii) Bureaucracy follows Parkinson's Law very closely i.e Bureaucratic staff increases in an adverse proportion to the work done. This unnecessary growth in the size of the bureaucratic staff leads to an increase in the complexity of the bureaucratic ways of functioning which ultimately hinders organizational growth and leads to the downfall of bureaucratic institutions.

(iii) Increasing diversity is being observed in all the walks of life. Similarly, bureaucracy too has to perform diverse functions. However, bureaucratic staff is often professionally not qualified to handle such functionally diverse areas. As a result, fresh institutions are created which are often not bureaucratic in nature, since people are increasingly becoming allergic to the bureaucratic institutions.

(iv) A significant change in the managerial philosophy is being observed throughout the world from more state control over the affairs of the public to lesser and lesser control of state i.e. from state control to privatization and globalization, which automatically means restricting the role of bureaucratic institutions and gradually reducing their roles.

Overall, Bennis sees bureaucracy as too mechanical in its functioning and since it needs a stable environment for its survival, it has become obsolete today, as a stable environment no more exists today. However, despite such thinking on the part of the scholars and the public, the bureaucracy continues to exist.

Why Bureaucracy continues

It is being perceived in various quarters that bureaucratic institutions restrict growth and promote incompetence among the individuals, as it rewards average performances by time bound and assured promotions. This has not led to any gradual weakening of the bureaucracy and the institution continues to exist. Chief reason for this may be traced back to Weber who once wrote that "power is self sustaining, self reinforcing". Bureaucracy posses that power "once created, Bureaucracy is among those social structures which are the hardest to destroy". Robins has carried out an elaborate analysis about the reasons as to why bureaucracy continues. He gives the following explanations for its continuance.

(i) It is bureaucracy that actually works where all the other structures fail. A single institution that can handle and perform multifaceted works ranging from revenue collection and agricultural development to law and order and industrial development, is possible by the bureaucracy only.

(ii) Bureaucracy has accumulated a large mass during its existence and true to the saying that large size prevails, it appears that bureaucracy too will continue to exist for a long time.

(iii) Even though rapid economic and political changes are taking place, the societal values are largely unchanged. Even today when democratic leadership style is considered to be the best option, organizations, with authoritarian structure continue to exist. Similarly employees too favour a system where clear cut commands are handed down to them and a clear cut demarcation of a activities exists. Hence nobody should be surprised if bureaucracy continues to exist.

(iv) According to Robins, the environmental turbulence seems to be exaggerated by Bennis. Bureaucratic institutions being under the direct authority of the political executives are hence favoured more and where it comes to creating a fresh structure, In absence of a clear cut resistance against a bureaucracy, no alternative structures could be created by the politicians.

(v) It is being observed that the days of "generalist bureaucracy" are gone and the concept of professional bureaucracy is emerging very fast. A professional bureaucracy is found to be performing better and hence the need to dismantle bureaucratic institutions is slowly decreasing day by day.

(vi) Lastly bureaucracy is the institution that maintains its control over the affairs of the country. Since power is centralized in the hands of a dominant coalition, any initiative against bureaucracy, if it is taken, is defeated very easily by the bureaucracy.

Chapter V
Human Relations School of Thought

A. Introduction

The development of the human relations theory can be traced back to the contributions of the Hugo Munster Berg and Elton Mayo and his colleagues. Hugo Munster Berg is widely recognized as the founder of the concept of industrial Psychology and he published his book "*Psychology and Industrial Efficiency*" in 1913. He developed extensive psychological tests for fitting the right person in the right job. He also studied monotony, fatigue, psychological adjustment etc., and how these factors affect the worker's performance. He was the first scholar to describe how the societal and cultural factors could affect a person and his job performance. Hence his focus on the differences of individuals and the contribution of social and cultural factors towards worker's performance was totally a new concept and it led to the development of the Human Relations Theory. His works hence provide a valuable connection between the Classical and the Human Relations Theories.

B. Elton Mayo and Human Relations School of Thought.

George Elton Mayo was an Australian by birth and American by citizenship. He came to work at Harvard Graduate School as the Professor of Industrial Research. He wrote two books. "*Human Problems of Industrial Civilizations*, and *Social Problems of Industrial Civilizations"* which came to be published in 1945 and 1952 respectively. He started by criticizing the Scientific Management School of Thought, and in fact, he criticized the entire classical school of thought for dehumanizing the organizations thus fastening social tensions and breaking traditional social relations. His approach was empirical and he relied upon the close observation of organizations with main focus upon human willingness and arrived at these results through the famous Hawthorne experiment.

The Hawthorne Plant of the Western Electric Company manufactured telephone equipment for the Bell Telephone Systems. The company had a bout 30,000 employees and with respect to all material conditions, it was regarded as the most progressive company with compensation schemes, sickness benefit schemes and numerous recreational and other facilities. However, the workers of the company were highly dissatisfied. The experts attempted the usual methods like work study, work measurements, spacing of rest periods, altering company work hours etc. But that did not work. Hence George Elton Mayo was called to tackle the problem of low morale that prevailed in the organization. The experiments of Elton Mayo consisted of the following four groups.

(i) ***The Great Illumination.***

Mayo first checked the assumption that the "better the light, the better the work". To study the effects of altered illumination on work, he selected 2 groups of employees, called as control group, the lighting was kept at a fixed level, it was first increased in intensity in the other group and later on it was decreased. The results were dramatic as it was found that in the experimental group, the output showed an increase in all the cases. Moreover, it was seen that the output of the control group too registered an increase despite the fact that no lighting changes were made in it. It hence means that physical factors at work e.g. lighting had nothing to do with production beyond a certain level and the increase in output should be due to some unknown factor.

(ii) ***The Relay Assembly Test Room Experiment***

In this group six girls were selected. The group was initially constituted by first selecting 2 girls who were then asked to select 4 more girls of their choice. The group was employed in assembling telephone relays, which is a small but intricate electronic equipment, composed of nearly 40 separate parts. The group was subjected to various changes throughout the series of experiments, which lasted over a period of five years and an observer sat with the girls in the workshop noting any changes in the rate of production and keeping the girls informed about the experiment as well as asking for their advice or information and listening to their complaints. In short, he noted everything that went on in the relay assembly test room.

First a few improvements were effected like introduction of two five minutes rest pauses which were then gradually increased to 6 rest pauses of five minutes each and it was noticed that the output went up in each case. Finally all the improvements were taken away and it was noticed that the output showed a further improvement and it was the highest ever recorded (up from 2400 relays a week to 3000 relays a week).

Mayo and his colleagues contended that the production rose primarily because of the change in the girl's attitude towards their work team. By asking for their help and cooperation, the investigators had made the girls feel important and their whole attitude changed from that of "separate cogs in the machine" to that of a continual group trying to help the company to solve the problem. They worked faster and better since they had sound stability, and their ego was satisfied.

(iii) ***Mass Interviewing Programme.***

During the course of the experiment about 20,000 interviews were conducted to determine employee's attitude towards their company, supervision, insurance plans, promotion and wages. Initially, the employees were questioned directly but later on realizing the limitations of this approach, a questionnaire was prepare and circulated among the employees. The answers to these were analyzed and it was realized that the social factors, both inside and outside the organization affect the attitude of workers towards the work that they are doing. During the course of the mass interviews, it was also observed that the worker's behaviour was being influenced by the group behaviour. This was reflected more so in terms of restricted output set up by the group norm. However, such observation could not be clearly verified in this stage of experiment and hence a detailed study of this aspect was carried out under shop situation to find out the behaviour of workers in small groups under the bank wiring room experiment.

(iv) ***Bank wiring Room Experiment***.

Mayo noticed that the social groups formed in the factory workshop were capable of exercising considerable influence over the behaviour of their individual remembers. He hence decided to investigate the Bank Wiring Room, where he felt there was a great scope for improvement in output, but he found that the output was restricted despite adequate financial incentives.

A group of 14 men was employed on bank wring which involves attaching wires to switches for certain parts of telephone equipment. Out of these 14 persons, two were to serve as inspectors, 9 men were there to attach the wires and 3 men were asked to solder these wires. The daily wages system was based on the individual average output and bonus was paid based on the average group output. This was done in accordance with the belief that to earn more workers would produce more and will help fellow workers to produce more so that they can take advantage of the groups bonus.

However, it was noticed that the little group of men developed spontaneously into a team with “natural leaders” who had come to the top with the active command of the group. It was noticed that fearing that if they increase the output, some of them would be losing their jobs they produced only 6000 units a day when they could have produced 7000 units easily per day. Mayo and his colleagues hence observed that “an informal organization existed which had its own social norms, some expressed verbally, others by implicit in actions”. There was an unofficial code of behaviour formulated by group members according to which -

(i) One should not be a “rate buster” i.e. one should not turn out too much of work.

(ii) One should also not be a “chiseler” i.e. he should not turn out too little work.

(iii) One should not tell a supervisor anything that would be to the detriment of a colleague. If one does it, then he is a “squealer”.

(iv) One should not attempt to maintain social distance or “act officious”. For example, if you are an inspector, you should not behave like one.

B. **Overall Theory of Human Relations (i.e. Salient Features)**

The following are the implications of the Hawthorne experiment.

1. The theory highlights that an organization is a social institution. Hence money is not the whole motivator in an organization. Instead, the management should use socio-psychological means to motivate the personnel.

2. Within the organization, at the workshop level, various informal groups are formed. Workers often tend to react as the members of such groups and not as individuals. These groups determine the norms of behaviour of an individual worker. These norms of behaviour may be at variance with the formal authority structure of the organization, but in all such cases of authority clash between formal and informal organizations, often formal authority is flouted and informal group – leader’s commands are obeyed. Hence leadership of all such groups is stronger than the formal leaders of the organization.

3. The workers have a strong fellow-feeling among themselves and any decision of the organization that threatens the job of some of the workers is bound to be resisted by the workers.

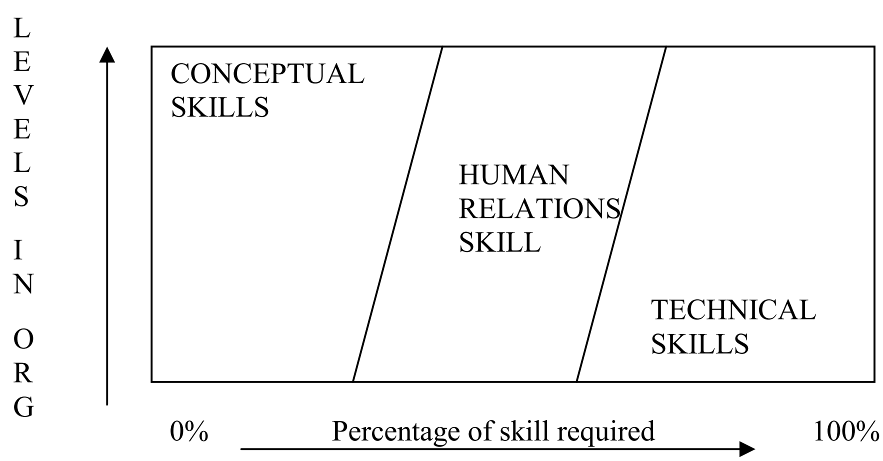
4. The scholars of this school of thought recommended for the adoption of participative leadership style or the democratic leadership style since it provides a great deal of satisfaction to the workers that their genuine demands are addressed and the voice is heard.

5. They recommended for the adoption of a structure of organization which contains a right mix of formal and informal groups i.e. the formal structure of the organization should

recognize the existence of informal groups at work and should be so adjusted to make the effective use of such groups in increasing the organizational efficiency. In other words, the management should go in for harmonizing the interests of the formal and informal organizations.

6. The organizations communication channels should be clear and through the "effective communication" through these channels, the participation of the workers can be sought in the decision-making process. For this, the formal channels of communication should be blended well with the informal channels of communication.

7. The role of the managers in the organization is hence to integrate these informal groups with the formal structure of the organization. Hence a manager should have above average skills of human relations with him so that he can develop good interpersonal relations. According to the thinkers in the Human Relations School of thought, a manager should have 3 types of skills, namely, conceptual skills, Human Relation skills, and technical skills. As one moves up in the hierarchy, the requirement of conceptual skills as compared to the other skills increases while the requirement of technical skills decreases gradually.



However, the Human Relations skills are required at all the level of the organization almost uniformly, as shown in the figure above. Hence a lower level manager should have more of technical skills as well as Human Relations skills as compared to conceptual skills while a higher level manager should have more of conceptual skills and human relati9n skills as compared to technical skills. It hence underlines the importance of Human Relations skills a t all the levels of the organization.

Overall the theory lays emphasis on the fact that it is not only the machine that is involved in production which is important, but also the man behind the machine is also very important.

D. Critical appraisal

The model has been criticized on the following grounds:

1. Too much emphasis has been there in the model on human factors while structural factors have been discarded by the scholars totally. The experience has shown that the organization having a poor structural design but very good human relations and welfare measures are not always successful. Too much of emphasis on the welfare of employees in Public Sector in India has led to a situation where workers themselves have emerged as an exploitative class who do not hesitate to go on strike even when their demands are clearly unjustified. Such a situation is not desirable. The need is to find a fine balance between structure aspects and human relations aspects.

2. This model also has been accused of being a closed model. The model does not take into account the external environmental factors of the organization that shape the policies of the organization towards their personnel and also they shape the behaviour of the personnel employed with the organization.

3. Model does not explain as to what factors shape the attitude of the personnel at work i.e. what factors are there that lead to differentiation observed in the human behaviour.

2\. The human Relations School of Thought does nothing extra-ordinary. The discipline that was earlier imposed by the boss is now simply replaced by the discipline of the groups i.e. Trade Unions now fix the norms of behaviour of the employees who generally do not bother about their productivity. They are always interested in extracting better wages and better facilities out of their employees; in essence, an evil has been replaced by a bigger evil.

3. Managers have criticized the approach for giving them instructions about what they should do in an organization. They contend that management is an art and not everyone can learn this art in so simple terms.

4. Marxist scholars have criticized this approach for being essentially pro-capitalist in nature. According to them, the approach teaches the factory owners to "part with one dollar in favour of the workers to serve a hundred dollars" i.e. the concern for improving the conditions of the workers is only superficial here. If the management is really concerned, it should adopt Marxist principles to improve the conditions of the workers.

5. This approach interpreted the organizational conflicts as being bad always. It hence neglects the constructive aspects of an organizational conflict where the conflict can be resolved in a positive manner so that everyone i.e. workers, owners, consumers and the managers benefited.

E. Defence of Mayo

1. Mayo was genuinely concerned about the interests of the workers which are apparent from his suggestions that he had made in his theory. The only fault, it seems, with his approach is that whatever be suggested, that only falls short of what people expected. Hence there is nothing wrong with the model. But due credit should be given to him for according Human Relations its due place in the organizational theory.

2. The Human Relations approach sought to curb the powers of the managers by recommending that they should adopt participative or democratic leadership style instead of using a "Authoritative Style". The managers hence saw to it that the recommendations of this approach were never completely implemented. They kept on operating in Autocratic or Benevolent consultative manner most of the time and

consultation, if at all it was done, it was just meant to show off. It hence means that the fault lies with the managers and not with the model.

3. Most of the criticism of the model seems to be emanating out of ego clash since it tired to curb the powers of the management.

4. The model for the first time recommended for taking into account the human factors in the organization. It hence should be the way and the pace for the further shift of priority from management to the workers which required acceleration.

However, the real importance of the Human Relations approach lies in the fact that it came at a time when structural and procedure ideas had reached a saturation point and improvement in efficiency was no longer possible. The theory indicates that for further improvement in the organizational efficiency, what needs to be exploited is the human factor in the organization. Since sky is the limit to human motivation and the human achievements can be improved infinitely.

F. Comparison of Human Relations School of Thought with the classical School (or Structural School of Thought).

Human Relations Theory of George Elton Mayo is basically built upon the successes and not on the failures of classical theory i.e. it is not that the ideas of the structural school of thought were totally discarded by the scholars of the Human Relations Theory. Instead, the pillars of classical school i.e. order, rationality, structure of organization equity etc., were only modified to suit the changed needs of the times. The classical school created organizations that had been successful in satisfying the basic economic needs of only the management. The Human Relations School of Thought then focused attention on the social needs of the organization.

The two theories are basically two shades of the feelings of the workers and are in essence complementary to each-other. A worker's feelings, it was observed, may become prominent only when he has enough to eat. So far he does not have feeling of job security and stability in life, generally his social needs do not come to the surface. Overall, it can be said that the classical school provides a first approximation to the organizational development, while the Human

Relations School of Thought provides a second Approximation to the organizational development. Hence, generally speaking, the two theories do not negate each other.

However, there are some basic differences between the two theories-

1. The Classical School of Thought rests on the basic assumption of the nature of man as "Economic man" who is moved by economic rewards only. This theory hence gave economic incentives to motivate the workers. The Human Relations School of Thought, however, believes that the social settings of the work place shape the behaviour of the employees in the organization, it hence rests on the assumption of the nature of the man as "Social Man" and states that "Man does not live by bread alone". Therefore in order to motivate him, social factors should be tackled.

2. The sole emphasis in the classical School of Thought was on the structural and mechanical aspects of the organization and hence it is said that it viewed employees as merely the nuts and bolts in the organizational set up. Hence it is said that in the classical approach, the sole point of emphasis was the machine. The Human Relations School of Thought on the other hand emphasized that not only the machine but the man behind the machine is also as important as the machine.

3. The classical school tackled individual level behaviour and advocated for authoritarian approach towards the management of organizational affairs, i.e. it advocated the use formal channels of control. The Human Relations School of Thought, however, tackled the organizational behaviour at the group level behaviour and advocated "Group discipline" i.e. it advocated formal control methods as well as integration of social control (i.e. informal group control) into the formal control channels.

4. Structural School (i.e. the Classical Approach) emphasized on the design of formal structure of organization. The Human Relations School of Thought advocated the design of organization in a manner such that it should integrate informal

channels of authority with the formal channels of the organization.

5. While the classical school advocated the adoption of autocratic leadership style, the Human Relations school favoured the use of Democratic or participative leadership style where leaders consult the employees within the organization on every matter and give due weightage to their opinion in their decisions.

6. The classical school of thought favoured the upgradation of techniques and technology of the organization to improve the efficiency of the organization. However, the Human Relations School of thought advocates the exploiting of the “will” of the employees i.e. it asks for motivating the employees through social motivators for improving the efficiency of the organization.

Overall, the classical school of thought represents the technical side of an enterprise while the Human Relations School of Thought represents the Human side of the Enterprise.

Chapter VI
Behavioural Theories

A. Introduction

The postulates of the Human Relations theory led to further research on human behaviour and its impact on the organization. This research culminated into a new stream of thought which popularly came to be known as the "Behavioural School".

The Behavioural Approach concentrates on the human aspect of management and is based on the principle that, when people work together to accomplish group objectives, people should understand people. Hence the theory concentrates on the factors that form man's fundamental personality, his needs, his thinking, his ability to relate his thoughts and feelings etc. The Behavioural theories are hence concerned with the processes of communication, decisions-making, motivation and morale, conflict, leadership, authority and accountability, learning, perception and creativity.

The Behavioural approach tackles the organizational behaviour at two levels i.e Individual Behaviour and Group Behaviour. The individual Behaviour is the outcome of the attitude of the individuals that form the organization and the group behaviour is the outcome of the behaviour of the various individuals that constitute the group. A number of scholars have contributed to this school of thought, among them the following are the main contributors:

1. Chester Irving Bernard
2. Mary Parker Follet
3. Abraham Maslow
4. Fredrick Herzberg
5. Douglas McGregor
6. Chris Argyris
7. George C. Homan
8. Harsey & Blanchard
9. Herbet Simon etc.

B. Contribution of Scholars

Contribution of two scholars Chester Irving Bernard and Mary Parker Follet are discussed in detail, hereunder.

Chester Irving Bernard

Bernard had a rich experience in Administration as the President of New Jersey Bell Telephone Company. He wrote his book *"The Functions of the Executive*" in which he presented a theory of cooperation and organization which is the basis of formation of groups and he also presented in it a description of the executive processes e.g. communication process and its importance was outlined in the book.

Bernard starts his *theory of cooperation and organization* by highlighting the limitations of an individual and goes on to state that it is due to these inherent limitations (physical, psychological and biological) every individual joins a group to achieve larger ends which would be otherwise impossible for him to achieve as a single individual. He hence views *organizations* as a cooperative system. The organization, according to him, comes into existence whenever there are two or more persons coming together who are capable of communicating with each other and willing to contribute actions leading to the achievement of a common purpose. Thus according to him communication is central to the formation of an organization. Hence according to him there are three elements of a cooperative system which include-

(i) Willingness to cooperate
(ii) A common purpose
(iii) Communication

The organization once formed, remains in existence so long as "Contribution – satisfaction – equilibrium" exists for its members i.e. people want to remain in an organization and continue as its members if they feel that they are getting adequate or equitable returns out of organization for all the contributions that they make to the organization. In case of a mis-match between the inputs and the outputs between the individual and the organization, the membership of some of the members is threatened as it leads to excess of satisfaction to some of the members and an increase in dissatisfaction for the rest of the members. Such dissatisfied members hence tend to leave the organization.

Bernad also gave his *theory of motivation* where he divided the factors that motivate an individual into two groups:

General Incentives

Factors that are associated generally with the workplace environment. The social incentives too are included in the list of general incentives i.e. feelings of enlarged participation a personal distinction, associations at the work place etc. are the social incentives.

Specific Incentives

Bernard identified 4 specific incentives which are –

- **(i)** Material incentives i.e. all that which provides material comfort to the man.
- **(ii)** Non-material incentives e.g. opportunities for distinction, prestige, personal power etc.
- **(iii)** Desirable physical conditions of work.
- **(iv)** Ideal Benefactions i.e. pride of workmanship, sense of adequacy, loyalty to the organization etc.

He further emphasizes that "the material incentives are ineffective beyond the subsistence level, "and that the job of the executive in an organization is to handle the economy of incentives within an organization i.e. to provide the incentives such that adequate incentives are provided in the most economical manner possible".

In addition to all this, Bernard also gave the *theory of authority*. He reveals two aspects of authority in his writings-

1. Subjective aspects of authority which relates to the purely personal act of accepting the communication, and

2. The objective aspects, which relates to the character in the communication by virtue of which it is accepted by those for whom it is meant.

With regard to the subjective aspect of authority, Bernard holds that an individual in an organization will accept authority provided the following four conditions are simultaneously satisfied:

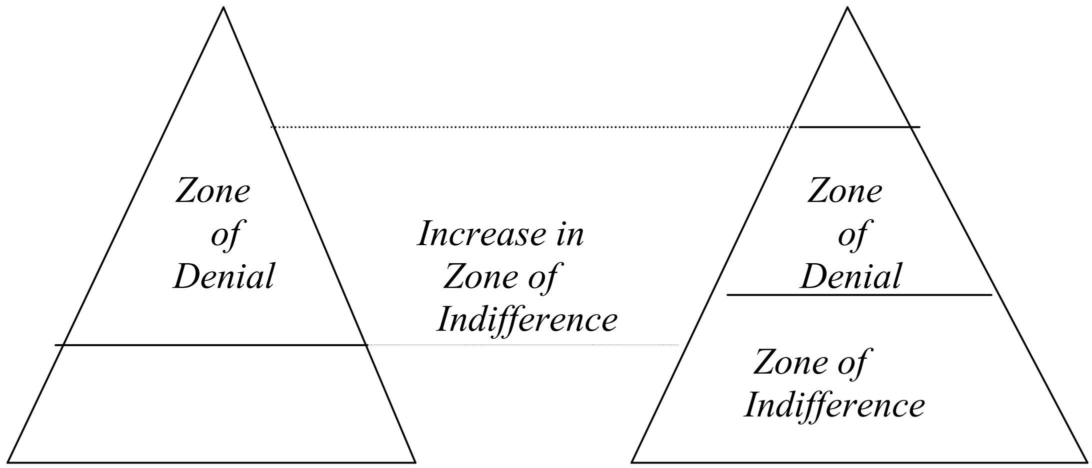
(a) Communication should be intelligible to the receiver.

(b) Communication should be compatible with the personal interest of the recipient.

(c) Communication should also be compatible with the purposes of the organization.

(d) The receipt must be able to comply with the order, mentally and physically.

The question hence automatically arises as to how is it possible is to secure the enduring cooperation in an organization, if the determination of the authority lies with the subordinate individual since it is he who will be accepting orders and actually carrying them out. To this, Bernard answers by stating the objective aspects of authority. He stated that orders are accepted if they fall within the *"Zone of indifference*" of the subordinate. According to this concept, those orders that lie in the zone of indifference of the subordinate, are unquestionably accepted by the subordinate. The zone of indifferences is wider or narrower depending upon the degree to which the inducements exceed the burdens and sacrifices which the individual makes in order to carry out the orders of the higher level management. The zone of indifference, hence, can be manipulated by the higher level management, and can be increased by increasing the inducement or by increasing the gap between the benefits of the individual, and the burden and sacrifice that he makes for the organization.



Zone of Indifference Before introducing Inducements

Zone of Indifference after increasing rewards/inducements.

Bernard also outlined the functions of the executive and hence stated that there are three main functions of an executive in an organization –

(a) To provide the system of communication within the organization which consists of defining of organizational positions and to maintain an efficient personnel system.
(b) To provide the securing of essential services from the individuals i.e. getting this done.
(c) Formulation of organizational objectives and purposes. These purposes must be widely accepted by all the members of the organization.

Mary Parker Follet (1986-1933)

Ideals of Mary Parker Follet's are a bridge between the classical school of thought and the Behavioural School of thought. She gave a socio-psychological dimension to the study of organizational theory. Her ideas found expression in her book Creative Experiments (1924). Some of her ideas are given in the following paragraphs in short:

May Parker Follet analyzed the conflicts in the organization and she regarded the conflicts as a natural adjunct of the working of the organization. She advocated the constructive methods of dealing with the conflicts and hence viewed conflicts as “constructive conflicts” and not always as “destructive conflicts”. She advanced 3 methods of resolving conflicts in an organization.

Domination

This is the easiest way to resolve a conflict where victory of one side over the other side usually results. However, it is not suitable for the health of the organization in the long run.

Compromise

Under this, each side gives up a part of its demands and settles the conflict. However, rarely a side would like to compromise since it involves giving up a part of the demands and hence a compromise solution always has to be brokered down by the mediation or by an external party. Even then, it is the most widely accepted method of resolving conflicts.

Integration

Here the desires of both the parties are integrated and a “win-all” situation is created where neither side has to sacrifice its desires. It is a highly desirable method, and is the best since it creates a new whole in which everyone is happy since he feels that his desires are achieved.

She also outlines the following steps to achieve integration:-

(i) *Bringing difference* into the open is the first step in integration of conflict. It becomes easier to integrate when one knows what actually is the real issue of discard between the two parties. Often it is observed that real issue is of very minor nature and is hidden behind the plethora of disputes of secondary nature. Hence finding the real issue is often very difficult and once it is found the rest of the exercise is fairly easy.

(ii) *Breaking up the whole* is the second step in integration. Here the demands of both the parties are broken into constituent parts. It means analyzing the psychological implications of the demands of each side to see which could be specifically met and which were merely symbolic of a desire and could be satisfied in any other way.

(iii) *Anticipation of the conflict* i.e. which way the conflict would head once certain proposals are prepared and presented to the parties. It is akin to playing a game of chess where all moves are prepared responses.

She is called as one of the earliest behavioralists as he was among the earliest scholars to analyze the organizational behaviour. She analyzed the concepts behind conflicts and conflict resulting within the organization and gave meaningful ways to solve the conflict in an organization by giving the concept of conflict integration. She also talked of leadership, authority and control. She negated the "Trait Theory" of Leadership style and advanced the concept of *situational variable* to the leadership. According to her, the Leadership style in a given set up is a function of 3 variables, namely, the Leader himself the Follower and the situation. She hence advanced the concept of situational control and preferred it to the control of man.

Mary Parker Fallot also gave the concept of *"Cumulative Responsibility"* which, according to her, should be inculcated in the workers. According to her, it is important that the workers realize their individual responsibility but the realization of just the individual responsibility does not help. Instead they should be made to realize the "joint responsibility" vis-a-vis their units as it automatically solves the problem of coordination.

Urwick described Follet as a "Women who had a universal mind". However, her ideas of integration were termed as illusory as they are good to look at but difficult to achieve. However, her contributions to administrative theory were in fact prophetic and she was ahead of her times.

Chapter VII
Systems School of Thought

A. Introduction

The structural school of thought took roots with the writings of F.W Taylor in 1914 while the Human Relations school of thought stated in 1927 with the experiments of George Elton Mayo. It was, however, realized later on that neither of the two theories could claim to be complete, as both the theories were correct in their propositions but each of them lacked in certain other propositions and hence were found to be complementary to each other. Hence during the last few decades, an approach has emerged which can serve as a basis for the convergence of all the theories i.e. **"The Systems Approach".**

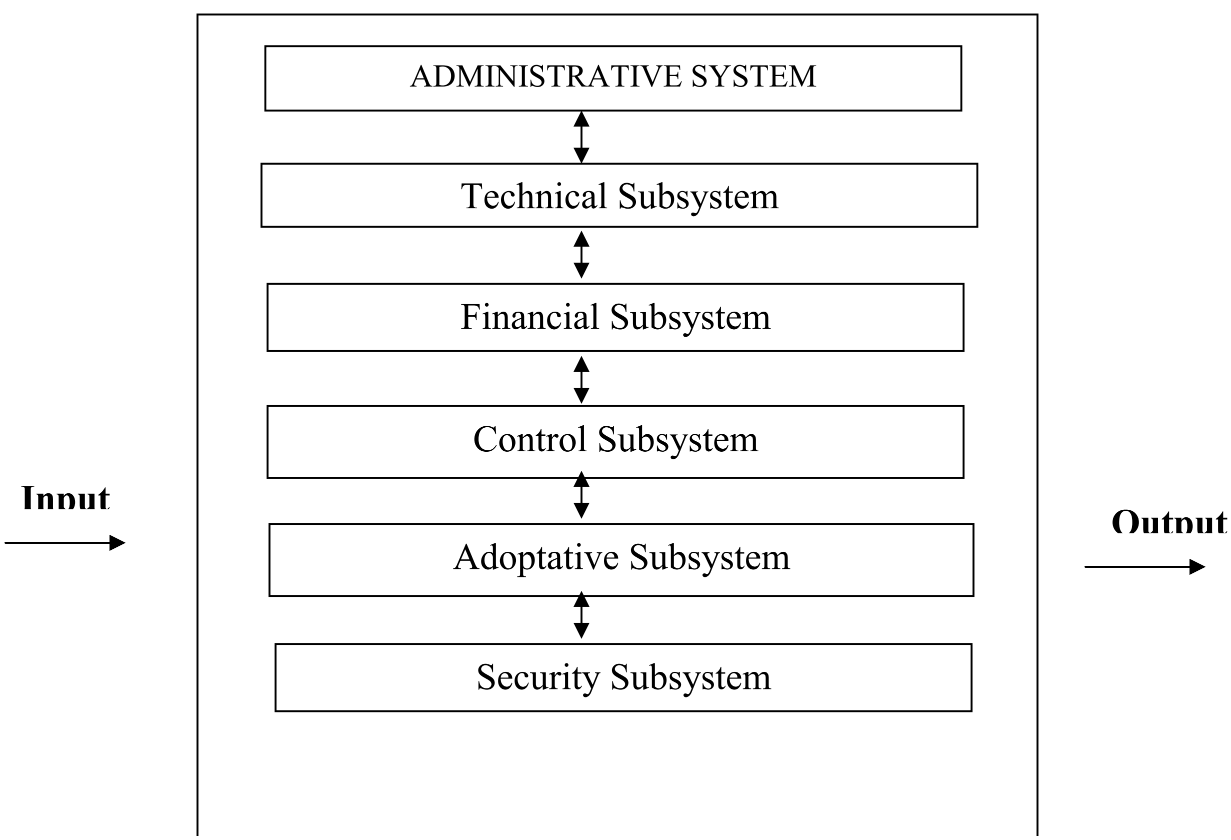
The modern theory defines an organization as "A Structured process in which individuals interact for objectives". Modern theorists view an organization as an adaptive system which must, if it is to survive, adjust to changes in its environment. The organization and its environment are hence seen as interdependent, where each is dependent on the other for its resources. This model finds greater acceptability among the contemporary scholars since it talks of the synthesis of various schools of thought. These include Norbet Welner, who pioneered the cybemetic model of organization, Herbert Simon, Kenneth Boulding, Talcott Parson etc. The salient features of the theory are, however, covered in short in the following paragraphs.

B. The Theory

According to the General Systems Theory system is defined as an "Organized unitary whole composed of two or more interdependent parts or components or substances and delineated by identifiable boundaries form its environment". Thus a system is an organic concept, resembling a biological cell, a cycle of birth, growth and death. Looking in the light of the above definition and facts, a business organization or any human organization is a social system. These organizations are, however, comparatively open systems, having permeable boundaries and hence they are in constant interaction with the surrounding environment. The closed systems on the other hand, have a rigid and almost impermeable boundaries and is virtually non-responsive to its environment. However, in the universe, there are no open or closed systems in the absolute terms. They fall on a continuum between the two extremes.

Like tissues in the plants and the biological systems, the business organization too have specialized subsystems that perform certain specialized functions. These sub-systems are interdependent and interrelated in such a manner that the output of one of the subsystems forms the input of the other subsystems. The system itself is a subsystem of a larger system, called supra-system. This system hence accepts inputs from its environment, which mostly is an output of another system in the environment. The subsystems of the system then transform this input into a desirable shape and quantity, and this entire process of transformation is called as "Throughput". The transformed contents are then transported back to the environment and is know as the "output" of the system. The various systems within the supra-system are interconnected through a set of backward-forward linkages. The control and maintenance subsystems of the organization provide a constant feedback to the system and hence the system keeps on correcting its course of functioning.

Overall Environment Of The System



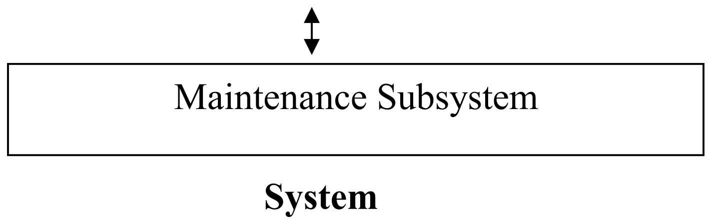


Fig.4 : systems model of a typical business organization

C. Unique Features of the Model

The model here has several features that were so far uncovered by the model. For example, the environmental factors were not given importance by the earlier models. According to this model, it is the environment that plays a decisive role in deciding between the winner and the loser, when both the persons are of equal competence. It was hence for the first time that the internal organization of an organization was effectively linked with the external environment. The model also threw a new light on the control system of the organization by assigning it the role of providing automatic feedback to the organization and hence constantly correcting the course of the organization and giving the organization the form of a “cybemetic system”. The model hence defined the role of the human beings in the organization akin to the role of cell in the biological system. Hence human being in the organization has a functionally specific role to play. They can be transplanted to the other parts of the organization but care should be taken while attempting transplant of individual persons as they might be rejected by the subsystem of the organization where they are transplanted. The rejection may be due to certain technical reasons e.g. the person is unsuitable for the job or his attitude does not suit the job’ or he may be rejected due to certain social reasons e.g. the informal organization at the new work place might not accept him. Hence according to the theory, only certain specialized transplants are allowed.

The theory has wide applicability in practice. The theory provides a wide framework to analyze the complex phenomenon like efficiency of the organization in a simple and straight forward manner. There should be a proper analysis of the organization, about the strength of the organization, weakness of the organization, the opportunities of the organization and the threats to its existence. Such an analysis is called as “SWOT Analysis” in the terminology of the management and is very helpful in pinpointing the causes of the inefficiency in the organization. Similarly the system and model also helps one to analyze the defects in the organization. In case it is found that the output of the organization is not up to the standards set by the external environment, the management can pinpoint the cause of such an anomaly and set it right with minimum possible efforts. In doing this, the management should analyze the following three possibilities:

(ii) Whether the inputs to the organization are all right i.e. whether everything desired by the organization is available in the right amount and the right format since if inputs to an organization are limited, then the output is automatically going to be limited.

(iii) Whether the processes of the organization are functioning all right or not. Similarly a check on the organizational structure also becomes necessary.

(iv) The environment of the organization also needs to be checked since at times, the changes in the environmental climate necessitate adjustments in the input, technology of the organization, structure of the organization etc.

Hence the threefold analysis as stated above makes it easier for the organization to adapt to the changes and remain in life for even larger periods. Similarly for the transplant of personnel, an analysis on the lines as state above, though not so elaborate, helps in attempting successful transplant of personnel.

D. Comparison with Structural School and Human Relations School of Thought

The systems Schools is the synthesis of the two approaches. It provides internal aspects of the organization and from the point of view of functions and the social aspects of the organization. It is hence a structural functional approach since it provides for both structures and functions in an organization.

However, the system school of thought is more than the above two approaches. The Ecological approach to administration is inherent in the systems school of thought. It is evident form the fact that each system is visualized as the subsystem of another larger system and all the systems are connected with other systems through backward forward linkages. Hence any changes in one particular system affects the entire supra-system and vice-versa. Moreover, the systems approach also contains in it the Behavioural approach. In this approach the environment and its effects on the organization are taken into consideration, since the environment shapes into individual behaviour which in turn shapes group behaviour and organizational behaviour. Hence the Behavioural approach that studies the individual behaviour within the organization and the factors that shape it is automatically included in the systems approach.

Chapter VIII
Organizational Effectiveness

A. Introduction

We are living in an age of organizations. Most of us are members of several organizations. We earn our livelihood through organizations. Whatever our occupation we come into contact with a large number of organizations in our official and private work. A purchase and marketing manager in a private firm, for example, has to come into contact with the firms of suppliers, his client organizations who purchase from him, brokers who arrange for purchase or sale, consultants for locating supplies etc., in connection with the work of his firm. On the other hand, he gets his electricity form the Electricity Board, water from Municipality, milk from Cooperative dairy and so on. The lists are needless. The plain truth is that from birth to death a man now is surrounded by all kinds of organizations. In fact, he has to depend on them for getting various kinds of services and goods. The interest of the society in the working of the organization is, therefore natural. The well-being of the society depends on the functioning of the various Government and private organizations. For example, if a single organization like Electricity Board does not function properly, the consumers, industries will not get electricity for their domestic manufacturing units. This will result in large scale shortage of goods leading to rise in prices. Since the industries face shut down due to power shortage, the problem of unemployment will raise its head, it is therefore, essential that various Governmental or private organizations should function effectively.

This would naturally, raise the question as to what is effectiveness of the organization and how is it to be judged. Obviously the effectiveness of the organization will have to be judged against the goals, it was set to achieve.
We therefore, propose to study first the concept of organizational goals and then move on to the concept of effectiveness.

B. Organizational Goals

As already mentioned, the organizations are set up to perform some functions i.e. achieve some goals. Yet the concept of organizational goal is not very clear.

Etzloni has defined "an organizational goal is a desired state of affairs which the organization attempts to realize".

Telcott Parsons gave a classificatory scheme according to which, at the societal level, organizational goals are really an extension of what the society needs for its own survival.

Herbert Simon developed his own goal concept while discussing the theory of organizational decision making. He said, "We must explain organizational behaviour in terms of the goals of the individual members of the organization, or we must postulate the existence of one or more organizational goals, over and above the goals of the individuals".

Simon postulated the notion that the goals of an organization at any point of time are the result of interaction among the members of the organization. In his approach, goals become constraints on the decision-making process. They are based on abstract value around which the organization operates. Decisions are made within the framework of constraints; (goals) and organization attempt to make decisions that are optional within the constraints they face.

With slight modifications, we may say that organizational actions are constrained not only by goals, but also by pressure from the external environment and forces generated within the organization.

Type of Goals

The treatment of goals as abstract values has the advantage that the goals do not depend on the whims of individual members. At the same time these goals may be too abstract to serve as guides for action. For that purpose the organization, members need some simple operational rules which can help them in performing their functions for organizational effectiveness.

Perrow divided the goals into two types:

(i) Official Goals
(ii) Operative Goals

Official Goals

The Official Goals are the general purposes of the organizations defined by their statutes, rules, regulations, administrative instructions and other authoritative statements. They are broad goals and purposes which help in the formulation of specific courses of action.

Operative Goals

The Operative Goals are a set of goals derived and distilled from both official and unofficial sources. These are developed by the interaction of official goals with the internal pressures and external environment of the organization.

The official goals are to be found in administrative and authoritative statements like statues, rules, regulations, etc. The operative goals of the organization have, however, to be studied from the actual decisions of the top decision-maker, for example, from the kind of decisions that are taken about allocation of manpower and material resources, etc.

Change in Organizational Goals

Like every living thing, the organizations change over time and so do their goals and objectives. Some reasons for such changes are:

(i) *Environmental factors*

Changes in the external environment bring about changes in the goals of the organization. For example, the goals of the defence organizations may be different in war and peace.

(ii) Internal pressures

Operative goals of an organization may undergo a drastic change when the power equations within the organization change. If new leaders gain prominence, they may bring a different outlook to the process of goal determination.

(iii) Technological change

This is usually covered under the environmental factors mentioned above. But, the impact of technology is so great that it is often treated separately. New technological development may lead to drastic readjustment of strategy and structure of the organization. For example, while organization may be promoting a particular product technological obsolescence may force it to abandon the idea.

Goal displacement may also occur due to what Etzioni has called “over-measurement” and Bertram Gaass has called ”number magic”. When organizations organized their activities around more easily quantifiable factors, organizational goals get deflected towards the achievement of easily measured aspects.

Organizational goal-setting is therefore a dynamic phenomenon. The decision-makers have to keep adjusting goals with reference to internal pressures and external environment. The goals are thus evolved by a continuous process of learning and bargaining.

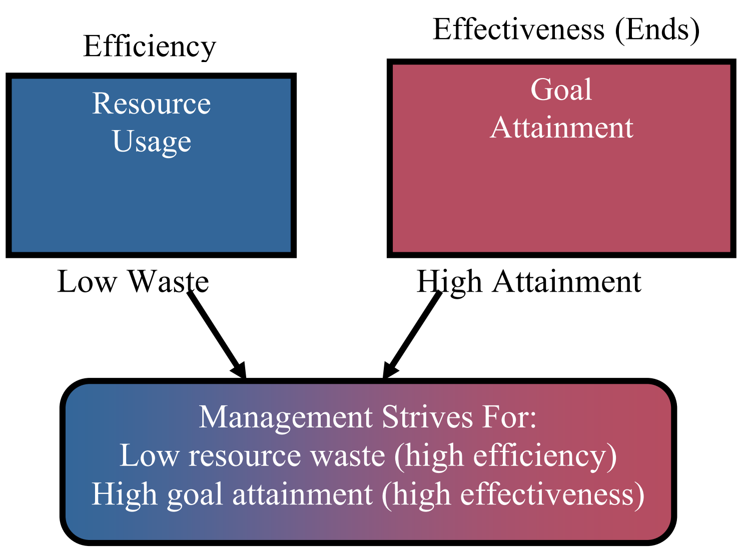
This is a rather extended discussion on the process of goal setting in an organization. But, was essential to understanding effectiveness.

C. Organizational Effectiveness

Effectiveness

Effectiveness is the extent to which an organization achieves its goals within the constrains of resources.

Effectiveness should not be confused with efficiency which refers to the process by which the organization maximizes its objectives with the minimum use of resources. An organization can be effective without being efficient. It may achieve its goals without utilizing the resources very efficiently.



Evaluation of Organizational Effectiveness

It is a complex process involving the measurement of several variables. However, even conceptually, there have been different approaches to the question of evaluating the effectiveness of an organization. Two approaches are prominent:

(i) The goal model, and
(ii) The system model.

They are discussed below:

Goal Model for Organizational Effectiveness

This model emphasis that the organizational effectiveness should be measured only in terms of achievement of the goals or the output.

The Main Advantages of this model is that it gives a very tangible and concrete framework for measuring effectiveness. The goals are very specific and measurable. This method can be very useful in measuring organizational effectiveness.

The Drawback of the model is that it ignores many internal and external realities. For example, it fails to consider that managers may have to allocate resources to activities like personnel recruitment, etc., which do not directly contribute to the achievement of goals. Again in many service organizations it is very difficult to set quantifiable goals and very difficult to measure them. An obvious example is the police organization.

System Model for Organizational Effectiveness

In this model an organization is a part of larger system with which it constantly interacts. It takes inputs (resources) from the system (environment), processes these resources and returns them to the environment in processed form (output). An organization will be termed ineffective if it does not contribute to the environment enough in relation to the resources it draws. If it is ineffective and does not contribute to the system, it cannot survive.

The organizational effectiveness should be measure in terms of the entire cycle of the input-processing-output system. It should depend on the capacity of the organization to adjust to this environment. While making such adjustments the capacity of the organization to hold together has also to be observed.

Effectiveness in systems context can then be defined in terms of optimum balance among various adaptation and maintenance activities. These activities will include:

(i) Acquisition of resources which has to be done efficiently at the minimum cost.

(ii) Use of resources for processing – This must reflect efficient use of resources in relation to the output generated by the system.

(iii) Producing outputs which should be useful to the society and should be of good quality.

(iv) Performing technical and administrative takes efficiency and rationality.

(v) Conforming to the codes of behaviour – no malpractices have to be adopted to show improved performance.

(vi) Satisfying various people and interest groups. It is important that the organization should also be able to satisfy important client groups as well as people generally. Otherwise there may be demand against it.

(vii) Generation of surplus – A living organization has to grow. This

(viii) it can do only by producing more output than the input it takes. The resulting excess of output over input can be used for further investment and improvement of the organization.

(ix) Maintaining internal balance – In any human organization there are various internal pulls and pressures. Various kinds of conflicts are generated which need to be resolved. An effective organization has to maintain good working environment within the organization so that the conversion process may be efficient. In short, the organization shall have to make efforts to maintain proper human relationship within the organization.

Conclusion

Ultimately the effectiveness of the organization depends on the extent to which it can maintain a balance among its different activities. It has to adjust to the environment by contributing more than it takes or perish. But, it has to do this while maintaining good internal health.