CHAPTER-VI
"Our challenge in the few decades will be to develop these new concepts and educational strategies, but I see some severe difficulties; these stem from the implicit assumption that organizations are fundamentally hierarchical. I hypothesize that we have great difficulty even imagining much less designing, nonhierarchical or even less hierarchical systems."

Ed Schein, Sloan School of Management, MIT

At the end of this research, the researcher supports the hypothesis given as above by Mr. Schein from Sloan School of Management. Mr. Schein has very aptly put the confusion the organization designers are going through.

What is happening in the industrial scenario of Indian companies is what is happening all over the world. People are unhappy with the traditional organizations. There are complaints from the staff, workers and customers that decision-making is very slow. Communication processes up and down the hierarchy are seen to be inefficient, with downward messages being distorted and upward messages failing to get through. Non-communication between departments, functions or specialists is even more endemic, with the result that complicated problems needing multifunction input are difficult to deal with.

All types of solutions have been tried in terms of building MIS systems, adopting quality systems, Automation, computerization; but the problem remains.

The results of these studies showed that none of these solutions could help the organizations. What they are realizing is that none of these
initiatives can solve the problem unless and until they change the context, that is the organization structure.

But as soon as the attempt to change the organization structure is made the tasks seems impossible. The hierarchical structure is embedded so deep inside the brains of the individuals that it is first of all difficult to break the structure in its elements and reorganize in some different way. Even if an attempt is made what finally comes out is chaos compared to the neat and tidy relationships between functional and hierarchical roles displayed on the conventional organization chart.

Each of the organization that is going in for restructuring is experimenting with the new designs which include more of flexibility, outsourcing flatter and leaner structures. But all are in the evolving stage. No one has reached the end of the journey where they can say that they are happy with the organization structure, which has evolved.

The characteristics of the new organization which are evolving are –

❖ Radical Decentralization
❖ Intense Interdependence
❖ Demanding Expectations
❖ Transparent Performance Standards
❖ Distributed Leadership
❖ Boundary Busting
❖ Networking and Reciprocity

India is seeing its share of change in the work force. More and more companies want to shed their fat and become leaner and meaner. On the other hand the people too are seeking more and more flexibility and freedom in their job profiles. Many entrepreneurs are coming up ready to experiment with new ways of working. Home offices are becoming more popular especially in the Metros where commuting time is nearly half the working time. The computer, the Internet facilities are making all this very possible. More and more people are leaving their so called secure and stable jobs for part-time jobs, which gives them much more money and freedom in work timing and quality of work. The competitive market, the ever increasing demands, pressures, strains in terms of the productivity and the scare of being thrown out of job due to the bad financial state of the companies is making own work a much more lucrative alternative. The voluntary retirement schemes or the ‘Golden Handshakes’ are also helping the individuals take up this step.

More and more companies are building up networks. There are core few that are the permanent employees and all other facilities are hired. The staff functions like personnel etc. are being out sourced.

It is observed that the de-layering has helped companies by becoming leaner and flatter but such companies are facing new types of problems. The channels of communication are distorted. The people left after restructuring have never had to take any responsibility for communicating or collaborating with other disciplines or functions, let alone talk directly with the senior management. In the past they were told to stay rigidly within their own defined areas. Such people are facing a lot of confusion and adjustment problems in their new roles.

The flattening of the organization has led to greater span of control. The concept of a manager supervising a limited number of other personnel...
is no longer in vogue. Each of the individual working in the organization has a KRA (Key Result Area) given, which he has to fulfil. At the end of the year the individual and the team is evaluated on the basis of the KRA. This concept of the KRA is helping the flatter organization with higher horizontal differentiation and lesser vertical differentiation succeed in the present competitive environment.

There is no best way to organize. There is no “ready made” structure, which will fit, in a particular industry. The right structure is chosen on the basis of various factors like technology, the group’s vision, mission, values, the expectations of the shareholders, the competitors, the strengths and weaknesses of the company, Departmental role analysis, job evaluation, job description of the employees. And most of all it has to be effective in fulfilling the goals of the company and help it grow.

The functions, which bring synergy to each other, are clubbed together. The specialists form the core that sit in the head office and give support to the other functions. The geographical spread is the maximum in case of marketing, which is being handled by the technical people who have the knowledge of the product. The specialists give the required input to these people from the central office.

The boundary of the organization is vanishing. Virtual organizations are taking shape. It is no more important to have an office space to run an organization. The fast pace of the information technology is helping in this endeavor of the virtual offices.

It is observed that in the past, there was a technology transfer by the Multinationals with the help of joint ventures or collaborations but now with opening of the doors of Indian economy, they prefer to set up shop without the help of an Indian partner. Many of the Indian companies who have gone in for partnerships with such multinationals are not
finding it a easy going and many of the Indian partners are forced to sell their part of the stake to the economically more powerful.

It is observed in the Indian industry that especially in the private sector that the organization structure, which shows a traditional hierarchical structure, exists in paper only. In actual working of the company the hierarchy has no meaning. The chief executive cum the owner of the company does not follow “the proper channel” and is seen interacting with the shop floor people also directly.

The results show that the environment, the growth strategy, the technology, the type of people and the environment play a lot of role in deciding the type of organization structure.

The study also indicates that structural changes are coming in all types of companies in India. But the rate of change varies from industry to industry. The telecommunication and electronics sector has been the fastest to adapt itself to the winds of change sweeping the Indian shores, as it has been hit hardest by the companies coming from Korea, Japan etc. The recession has gripped the industries of the world and a large number of companies have either closed down or are on the verge of closure. At this juncture, only those companies have been able to survive who have cut costs in every possible way. Hence, the restructuring has been an option, which has been exercised by most of the companies- big or small. Though formally these companies may not be able to give it buzz name of restructuring, yet all are doing it.

The industries in the mechanical, chemical and other sectors, which were reigning in the projectionist regime of Indian Government, are now forced to change.
The results of the study show that the larger companies are more formalized and more complex. It is seen that the level of centralization goes down with the increase in size. The international standards like ISO 9000 certification, ISO 14000 and QS 9000 is also leading to more systems and hence more formalization in the companies.

In past the Indian industry has had simple or functional structure at the time of inception. At present also, similar structures are predominant. But the companies, which have grown over the years, have tried to adopt other structures also. But the predominance of functional structures remains. It is seen that larger companies have a mix of functional, process, geographical, product, and matrix, network forms.

It is usually seen that the continuous process technology companies adopt process type of structure. The companies with large geographical spread adopt geographical type. The project departments in the companies adopt matrix structures. Networking and outsourcing is being started by many progressive companies to cut costs. The multinational companies are promoting this concept to remain small and yet to get the advantage of the big.

It is also seen that that there has been a trend in the past to have bigger organizations. This added to the status of the organization. The proponents of the bigger organizations and the people at the top felt greater power by being at the helm of so many people. Hence the organizations grew bigger and bigger. To give promotions to the people new designations with prefixes like Asst., Deputy, Senior, Associate etc. were devised. Thus the organizations grew taller and taller and the work expanded to fill the time. But now at the time of crisis, the people at the top when sit down to evaluate as to why they are going into
losses? Where can they save? What are the unnecessary costs? The excessive manpower and the big organizations come to the fore as big costs. They find that the bigger organizations, which they have created by recruiting more and more, are leading to the duplication and the confusions. As a result all the companies are delayering and re-engineering. The end result desired is to make the organization both lean and mean.

The Indian industry is also seeing the emergence of other trends like.... More and more employment of the women in the organized and unorganized sector. Some companies like Anand group have made it a rule that the 33% women shall be employed in each of their companies.

Secondly, more and more casualization of workforce is there. As a policy, there is a ban on the recruitment of fresh candidates, even in the big public sectors. But in the private sector, the additional manpower is taken only as temporary workers, hence they don't come on the rolls of the company, hence company has no liability towards them.

More and more organizations are finding that the ways to the future cannot often be systematically planned. New products, techniques and methods do not always succumb to logic even if backed up by massive resources. There is therefore a growing respectability for more experimentation and for more free-form types of structures.
SUGGESTIONS FOR ORGANIZATIONS OF FUTURE

1. Organization structure is an integral part of the organization which leads to the success or failure of the companies. Whenever, the external environment, the strategy or technology changes, it has a far-reaching impact on the structure. Hence, it is imperative that such changes, whenever brought in, must be planned properly and their impact studied on structures. Accordingly, the structures must change.

2. The networking, if used, can give more flexibility to the organization structures. The minimum number of core or permanent employees should be kept, and others services can be temporary in nature.

3. There should be more decentralization and empowerment of personnel down the line.

4. The unproductive layers of management need to be removed. Management levels should be kept to the minimum to three or four levels or lesser for a better flow of information.

5. The organization needs to do role analysis of all personnel and remove duplicated functions.

6. The outsourcing of certain functions can help reduce cost and increase specialization.

7. Constant environment scanning is must for companies to become proactive towards change.

8. Companies need to develop their men for key positions to ensure continuity and to face contingencies effectively.

9. Companies need to become more receptive to change and accept the change as constantly occurring phenomena.

Through training programs, the need for change needs to be constantly hammered into men so that the resistance to change decreases and receptivity to change increases.

10. Companies need to experiment with new forms of structures and get out of the mental blocks of a traditional hierarchical/functional structures.
11. Restructuring of the companies may not be possible in isolation, the impact on the goals of the company need to be seen with it. There may be impact on business process too.

12. The organization size of the company needs to be kept small.

13. The Quality of work life needs to be improved at large in Indian companies.

14. The pooled staff concept needs to be propagated for the common services like typing staff.

15. More and more use of advanced technology like computers can reduce dependence on staff function and increase productivity.

16. Cross-functional teams and cellular concepts need to be developed for promoting team working.

17. The supervisory role of managers and supervisors need to be looked into once again. The question must be asked, 'Are these positions necessary or Can we do without them?'

18. Organization culture, ethics, values need to be stressed in the Indian organizations to help increase the sense of responsibility and accountability.

19. Customers and the sub-contractors need to be looked as partners in the growth of the organizations. The aim has to be customer delight and not customer satisfaction.

20. Flexibility and leanness need to become permanent parts of the organization structure. Organizations must remember 'work expands to fill the time. More the people, more work they will create for handling each other.'

21. More and more emphasis on research and development and creativity in work should be encouraged.

22. Total quality has to become a way of life in every company.

23. The red-tapism and bureaucratic approach has to be removed from the industrial scenario.

24. While framing the organization structure the motive should be that communication channels become shorter and faster to prevent filtering of information and for better coordination.
25. Job rotation or multi-skilling must be encouraged to help the organization remain leaner.

26. Companies must remember that there is no best type of structure. A structure, which may be best today, may not be good tomorrow. Hence, structure must change with situations.

27. The human side of the impact of restructuring must not be ignored. It should be carefully handled to help restructuring effort succeed.