CHAPTER - 3

RESEARCH MODEL

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RESEARCH MODEL

3.1 INTRODUCTION

In order to identify the various aspects of organizational functioning in a systematic way and to understand the contents, forms and relationships among the different variables, a research model is proposed in this chapter. Understanding the contents of variables, forms and relationships is essential to gear the organizations towards growth and success.

3.2. THE PROPOSED RESEARCH MODEL

A review of models in the field of organizational performance studies was carried out to understand their forms and contents. The existing models in the field of organizational aspects reveal that mostly they focus either on one or a combination of aspects of the functioning of the organizations. Most of the models in the field tried to explain the functioning of the organization and attempted to provide a theory to relate organizational functioning to their performance or outcome.

The search for organizational effectiveness in earlier years have focused basically on distinct streams of organizational functioning such as Strategy, Structure and Systems. Viewing engineering organizational assessment in the perception of general organizational assessment, it may be said "It (should) attempt to view the organization as a whole and to consider the whole range of variables that contribute to or are manifestations of organizational behaviour, rather than focussing on just one small set of variables or issues. Since the different parts of the system are, by definition, interdependent, looking at one part in isolation may provide a limited and distorted picture of its function, nature and effectiveness" (Lawler* et al., 1980; p 9).

Therefore, to identify the central determinants of the engineering organizational functioning and their relationships, it requires a broad coverage of the range of pertinent variables.

A great deal of introspection research and study ensued and a conscious effort was mounted to identify the variables which enhanced organizational effectiveness. There emerged the Mckinsey 7-S framework. In 1979 McKinsey and company introduced a framework for understanding organizational change called as 7-S concept. The framework is less precise but gives a more inclusive perceptive. The 7-S concept has seven variables all beginning with S. They are Style, Skill, Staff and Shared values in addition to those already existing namely Structure, System and Strategy. This model states that an effective organization is identified by the relationships and the balance between the above said seven variables. Some of the basic underlying assumptions which forms the basis for the 7-S model are:

1. It goes beyond Strategy, Structure and Systems and pin points four other identifiable organizational elements.

2. The model identifies clearly that the elements are interconnected as variables which determines the organizational effectiveness.

3. No change can be brought about in an organization in one area unless attention is paid to all other variables and their relationships.

The model shown in figure 3.1 has neither a starting point nor it specifies any particular variable as prominent among the other variables. It leaves things open indicating perhaps that the area which is relatively more important for a particular organization is determined in
Fig 3.1 McKinsey 7-S framework
terms of its business, market competitiveness, technology, social setting (which substantially influences the social and political variable) and the regulating environment.

This framework has validity as it was used by previous researchers to examine several critical management issues. Pascale and Athas [86] used 7-S concept to examine the difference between American and Japanese management styles. Peter and Waterman [54] used this model to examine why certain companies succeeded and others failed. Schaik [87] used this model to examine how the management of information systems differ from the management of enterprises. Bhattacharyya [53] used it to look for broader insights to understand the distinctive managerial characteristics of high performing large scale Indian organizations.

This model gives broad guideline about the variables that are to be analyzed to cover the entire organizational functioning. The model can be used either for bringing changes or identifying factors leading to the success of the organizations. Mckinsey 7-S framework was used as a base model for the present study. As specified in the model, all the seven variables were given equal importance in the study.

In the present model, as shown in figure 3.2, the influence of each one of the seven variables on the success of organizations is studied with additional control factors under them. The various factors that are to be studied under each variable are listed in Table 3.1 and their relevance discussed below.
Organizational factors

PR - Performance reward
RT - Risk tolerance
CT - Conflict tolerance
SUP - Support

Environment Factors
Influence of
1. Government
2. Consumer
3. Union

Organisational Success
1. Asset growth
2. Sales growth
3. Return on assets
4. Profit before tax return or Capital employed
5. Profit to sales
6. Profit to equity

Fig 3.2 Theoretical framework of the model
3.2.1 Structure

The purpose of an organization structure is to order and co-ordinate the actions of employees to achieve organizational goals. Organizational structure can be analyzed in three ways [88]. They are (i) Structural construction - here the structural size and shape is analyzed as depicted in the organizational chart (ii) Structure and Operation - Structural policies that effect operations of the organization are analyzed and (iii) Configurational and operational aspect - here, responsibility and authority match within the organization is analyzed. As specified by Moorheal and Griffin [88], organization chart will not bring out the entire structural policies of the organizations. So, the structural policies that affect the operations of the organizations were taken up for analyses. Structural policies can be well brought out by (i) extent of formalization of procedures and activities (ii) stratification - mobility barriers in achieving a particular status level in the organization (iii) complexity - training requirement for handling jobs at different levels and (iv) centralization - extent of member's participation in decision making activities of the organizations.

Configurational and operational aspects of structuring is analyzed by studying the authority - responsibility match in the organizations. This aspect of structuring was taken up while analyzing organizational culture.

3.2.2 Strategy

For analyzing the strategy of an organization and to compare it with the financial success it has achieved, organization was taken as a complete system with regard to its strategic orientation. Orientation towards market with regard to product introduction and strength of products will bring out the organizational strategy towards the market.
3.2.3 Skill

Skill is one thing that an organization does especially well in comparison to its competitors. Skill can also be explained as an aggregate of numerous activities that the organization tends to perform better than other organizations within a similar environment. All the areas of operations of the organizations, which appears in regular literature, namely General management, Financial management, Marketing management, Market research, Product research, Basic and applied engineering, Production facilities, Distribution, legal and Personnel were included to identify the skills of the organizations.

3.2.4 Style

A style of management is a particular combination of the dimensions of management philosophy [71]. The style of top management is a crucial choice that has far reaching and long term effect on the whole organization. Khandwalla [71] has taken all the works of the previous researchers and has suggested four important ingredients for every managerial style namely (i) Risk taking (ii) Technocracy and long range planning (iii) Structuring of activities and (iv) Participation in decision making activities. These factors were included in the model for analyzing the different managerial styles of the organizations.

3.2.5 Shared Values

Shared value is the corporate culture that reflects a climate within which people value the same things and apply them to benefit the corporate as a whole [89]. Organization culture is a uniform perception held by the members of the organizations. It is a descriptive concept and it has common and stable characteristics that make it possible to distinguish one organization.
from another. Aspects like (i) Individual autonomy (ii) Structuring of activities (iii) support provided by managers to their subordinates (iv) Member's willingness to identify themselves with the organization (v) Performance reward (vi) conflict tolerance and (vii) risk tolerance were taken as indicators of organizational culture.

3.2.6 Staff

Success of an organization directly depends on effective use of human resources as per the applied behavioural science. Organizational commitment involves the employee loyalty to it and is thought to have strong relationship with organizational outcomes such as performance, absenteeism and turnover [76]. This commitment attitude brings out the loyalty of members and their concern for the organization and its continued success and well being.

3.2.7 System

The outside world generally referred as the external environment which is made up of all those organizations and firms that impinge upon organizational activities and that the organizations must deal with, if it is to survive and be successful [90]. For this, system has to be adaptive to the environment. So, the system adaptiveness of the organization was taken up as a variable.

3.2.8 Organization Success

Based on the review of literature, six financial ratios were considered as indicators of success of an organization. They are (i) Return on Asset (ii) Return on Sales (iii) Growth in Assets (iv) Growth in Sales (v) Profit before tax to sales (vi) Profit before tax to Assets.
3.3 CHARACTERISTICS OF THE RESEARCH MODEL

3.3.1. Level of Analysis: Predominantly the model emphasizes on the functioning of organizations at individual level. Opinion about the functioning of the organizations was obtained from individuals, which was aggregated to get the overall opinion about organizational functioning.

However, financial performance was analyzed at the organizational level. Also for comparison of variables across organizations, data was aggregated to estimate variables.

3.3.2. Boundaries: The boundaries of the model is limited to the content of the Middle-level managers engaged in the functional areas of operations of the organizations.

3.3.3. Specificity: During model building, only seven broad clusters of variables were specified namely Style, Structure, System, Skill, Staff, Strategy and Shared Values. As Mckinsey 7-s model was taken as the base model, constructs under each broad group were reviewed from literature. The exact specifications depend on the need of the study as well as the problem of operationalization.

3.3.4. Nature of Construct Relationships: The inter relationships developed in McKinsey model were taken up as such and were studied through multivariate analysis.

3.3.5. Assumption of Organization Purpose: The engineering organizations were assumed to be interested in the Profit maximization, Stability and growth of their organization.
3.4 CONCLUDING REMARKS

A research model is proposed in this work based on the McKinsey 7-S model. The development of the model was guided by review of literature. For each one of the seven variables suggested in the model, several factors were selected. On the basis of the theoretical relevance and empirical evidence, performance measures were conceptualized as indicators of success.

The level of analysis proposed was predominantly at individual level. However, in order to compare organizations, individual's data were aggregated. The methodology to achieve the specific objectives of the study through this model is discussed in the next chapter.
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<th>Number</th>
<th>Variables</th>
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