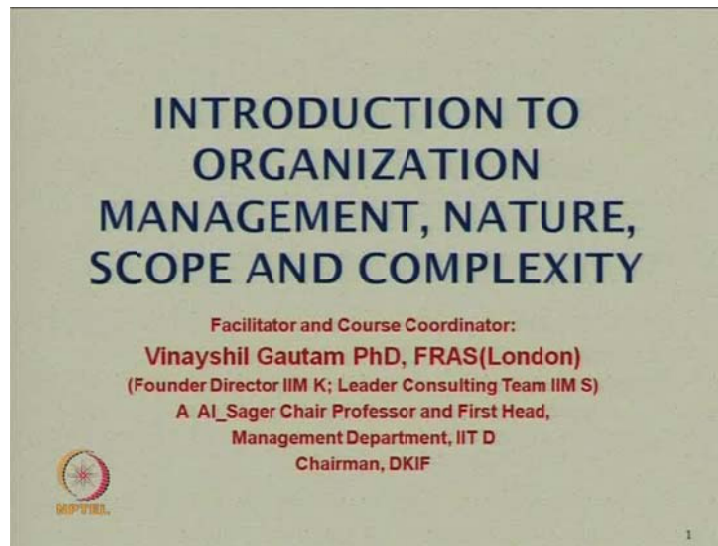


Organization Management
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Lecture No. # 01
Introduction to Organization Management, Nature, Scope and Complexity

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This course is a course on organization management and organization management is the centerpiece of all management actions, whether you are dealing with say concerns of finance, marketing, production or manufacturing, every function needs to be organized. Therefore, so far as the nature of the subject matter is concerned, as is said in Gita - **solphamasya dharmasya prayathe mahato bhaya**, even a little bit of this dharm and **dharm** here is not religion; **dharm** is a way of life; **dharm** means duty; **prayathe mahato bhayath** dispels huge doubts.

So, if you do not understand what is management, if you do not understand what is the nature of management, decision-making, problem solving, then understand how organizations work; the rest of the understanding of management will fall in place.

While introducing the subject matter or introducing the course, first and foremost it is necessary for you to understand its significance and believe in its significance, before

you start understanding its significance because one listens with one's mind. And this is again, the core concept of Indian tradition.

The Indian ethos believes that learning takes place through the mind; the other support systems are the ear the sight and other sensors are routes to learning. The registering of learning is through **mann**. There is no literal translation of the word **mann** into English, but the closest one comes to, is the use of the word mind it is cognition, and therefore the central concept of learning is cognition.

Cognition is determination of management. You are not a manager when you sit there directing others to work. Therefore, decision making and problem solving with resource optimization is the only functional definition of management. To do that, you need it to organize. And to organize requires ability, and that ability has to be developed.

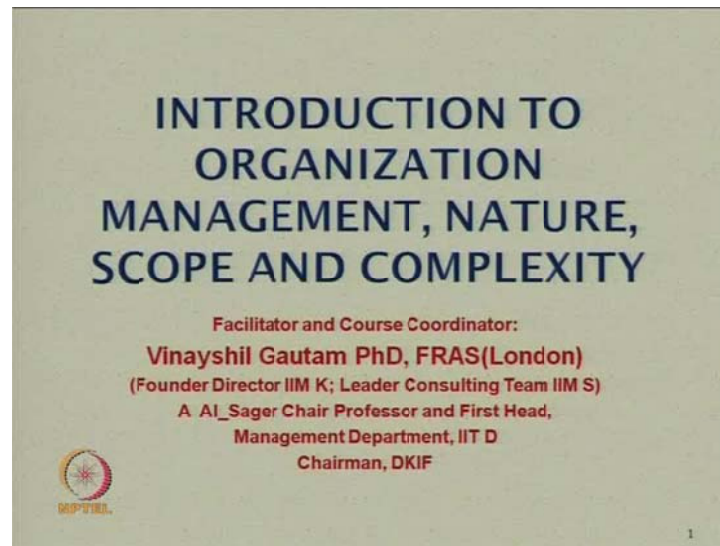
This course on organization management will presumably help you in developing that ability. Therefore it is a practitioner's text; you need it to be conscious of the fact that management is a craft; it is neither a science nor an art; it is both, and both of them put together in an applied manner help you to do certain things better.

So, you are not a manager unless you are able to practice that craft. And like any other craft, management craft has to be learnt; it is not even sector specific. Everything needs management; your wardrobe needs management, your papers need management, your cooking needs management.

In fact, management is as old as human civilization. There is a popular notion that management originated in the west. It did. The current practice of management that we teach it through the MBA curriculum indeed is rooted in the west because that was a response to the post world war phenomena around the 1920s. I was talking of the First World War.

It needs to be understood that faster modes of production came in with the industrial revolution which go back to the late 18th century, but then again, the knowledgeable know that there has not been just one industrial revolution **in this** on this planet.

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There have been several industrial revolutions in the course of human civilization in different parts of the globe, and a lot of those industrial revolutions were far ahead of the achievements of the current industrial revolution. For example, The Iron pillar near Qutub has rust proof iron something which even the present day metallurgists have not been able to discover.

So, it is not that science and technology is an exclusive preserve of the modern world. The difference, therefore, between the industrial revolution as we see it today and industrial revolution as was there in the past is that, this is a continuing industrial revolution; it has not stopped yet. Whereas, the previous industrial revolutions have had a break and just as there has been civilization breaks. There was a Roman civilization; it died. There was a Greek civilization; it died. There was a Egyptian civilization; it died.

So, it is not as if they had not achieved heights of civilization, but those civilizations were born, they grew, and they met their death which is the normal process of any organismic phenomena. The same thing happened with industrial revolution.

The current one with which we are enveloped was a continuing industrial revolution, is a continuing industrial revolution which is what makes it significant. Management is an outcome of that kind of industrial revolution. That is why a lot of the concepts of a management have begun in the industry and have subsequently been applied in the other

domains like agriculture, like services, but manufacturing was the first place where management was practiced.

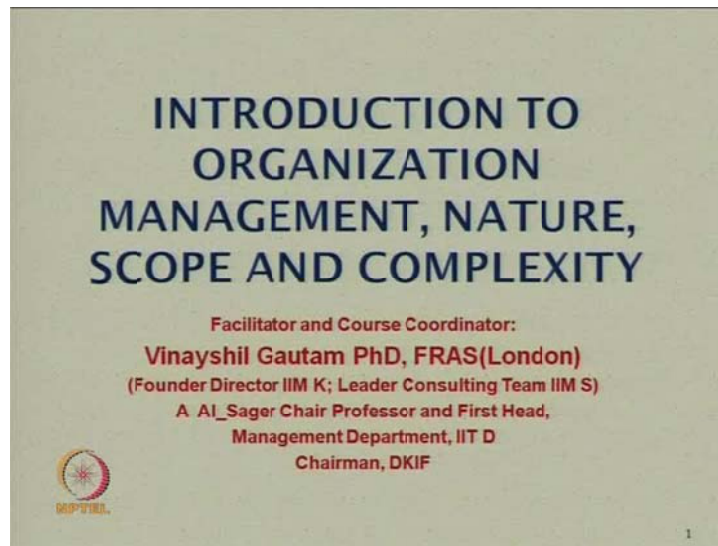
So much to let you understand, that you should be conscious of the fact that the act of management is as old as human civilization and texts of management are available in different types of traditional literature, which have achieved greater sophistication in thought than many of the modern texts.

Take for example Chanakya's text Arthashastra essentially means the science of money or the science of economics, and Arthashastra propounded the birth of the civil society far more clearly than was what was subsequently propounded by the social contractualists Hobbes Locke and Rousseau; only we do not know of it because we do not know the root language in which all this knowledge is stored.

And Arthashastra says **Mathsya nyaya abhi bhootha prajanam manum rajam prathakshride** which essentially means - caught under the law of fishes, the subjects declared Manu to be their king. What is the law of fishes? The law of fishes is - the larger fish eat the smaller fish. Mathsya Nyaya - Mathsya means fish; Nyaya means logic; under the logic of the fishes, oppressed by it, the people declared Manu to be their king, and thereby was born the civil society. And that is the first scholastic propounding of the social contract theory.

So, social contract theory did not begin during the medieval period, during the 14th 15th 16th century as is taught in political science classes. Social contract theory began at least in its known form 300 years before the birth of Christ, and management in its form began then because the formation of the civil society is the first major step in the practice of management.

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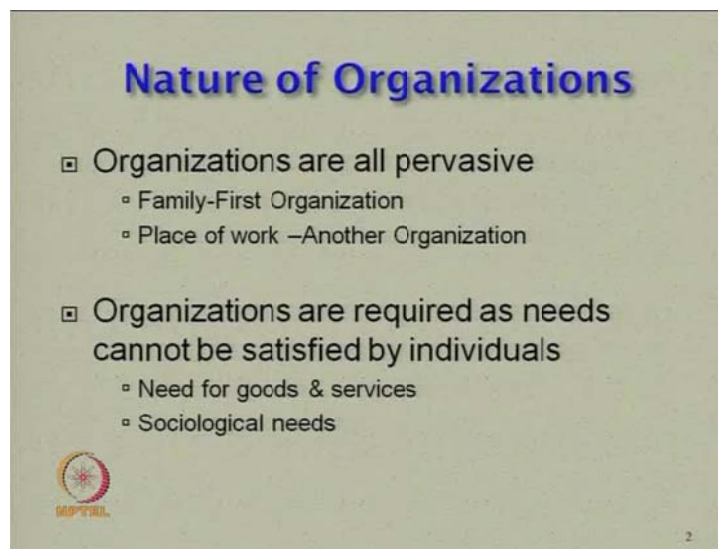
It is only when a civil society is born, that you can manage optimally. And that is the nature of the subject and it is important for you to be tuned into this so that you understand the other detailed discussions on the topics which will be undertaken with clarity and see where you come in.

It is also important for you to realize that the nature of the subject requires, as I have said more than once, decision-making and problem-solving with resource optimization, and therefore, you have to organize. There is the act of organizing; be it supply chain management, be it input, throughput, output theory, be it physical systems theory, be it the general systems theory - whatever it is, one has to look at the input, the throughput, and the output. And it is this flow of controlled gradual organizing of activities that leads to value addition and therefore an outcome.

All management action therefore is rooted in the result of value addition and outcome. For those of you who may not be familiar with systems though, let me share with you a very simple concept. The concept of mass energy conversion in the throughput process: value addition takes place through the mass energy conversion process, and it is important for you to recognize that the sum total of mass and energy is constant in the universe. This was said in Gita several millennia ago and it was written off as the Shepherd's Tale. We had to wait till Einstein restated it to start believing it.

I do not want to shed any tears on the kind of intellectual slavery many people suffer from; in not believing anything which is rooted in their own tradition, but only believing something which originates in a prestigious learning center elsewhere. God bless them. I have no quarrels with anyone or anything, but surely civilization in its known form has survived in many river valleys across this planet, in a very evolved manner. But that is another story. What you have got to understand is the business of organizing has various traditions. We will not have time in this course to visit the different traditions of organizing.

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We will however be looking at the process of organizing and how it is done. It is that which takes me to what could be captioned as - The Introduction to Organization Management; its nature, scope, and if I might add complexity. Let us be clear about the nature of organizations and you find here that I have said that organizations are all pervasive. You heard me argue that organizations are central to civil society and the first organized form of a civil society is the family.

Family is a concept, leads to an identifiable father, and of course an identifiable mother. And when you will get into the psychological dimension of a growth of a human being, you will find that it is not just a biological father and it is not just a biological mother which goes into the personality make-up of a child, but there are traits which want of a better phrase are labeled male traits, or are labeled feminine traits; you could have used

any other name because it is about time. A post Female Eunuch Generation, if you know the name of that book and you should because it caused a major revolution in the understanding of gender relationship that, basically there is nothing which is essentially male or essentially female; what marks a difference is a simple biological function; the rest of the distinctive characteristics are a factor of social conditioning, cultural norms, the pattern of rearing, and the kind of society one lives in. All the other manifestations can be done away with.

Therefore, the label, masculine and feminine is the caption of a set of traits; indeed all women have characteristics which are labeled as the masculine variety and all men also have characteristics which are listed under the feminine variety. It is the respective ratio which creates a male or a female. Therefore, the proposition to you is simple. Organizations are not a postindustrial phenomenon.

And as you would have registered, organizations are central to civilization itself, and the cornerstone of a civilization is the family and that remains so even today, in spite of all the experiments which have been done on the kind of family structures which exist with the kind of gender relationships which can exist, and indeed the kind of society which we are talking about. But we should clearly focus on what we are here to talk about, what is meant by the nature of organizations, and I am proposing to you that organizations are all pervasive. Family is the first organization; the place of work is another organization.

What is a place of work? Place of work is any place where a task gets done in the interest of value addition, in the interest of productivity, in the interest of production of goods, and all civil societies need it. If nothing else, they need a place of work to create tools; they need a place of work to create instruments of defense; they need a place of work where they can create items which can be used to cover themselves up with, and this can be made of different kinds of material.

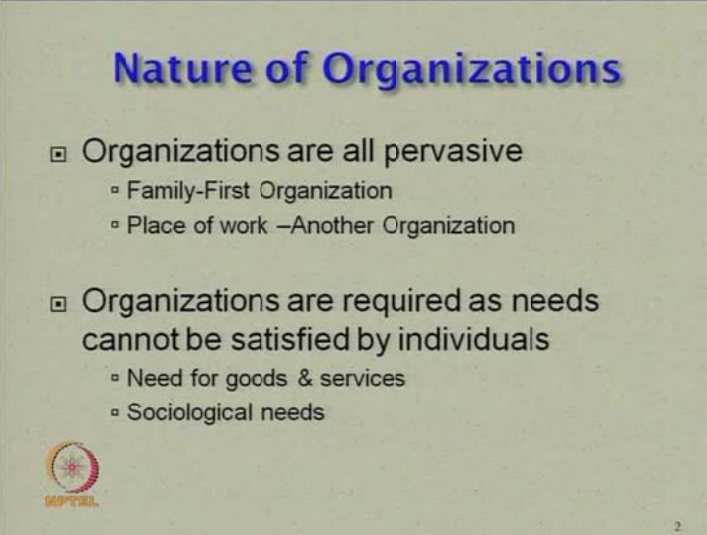
So, organizations are all pervasive; first, either as the family, and the second as place of work. Organizations are required as needs cannot be just satisfied by individuals because there are needs for goods and services, and that again creates a social structure. So, first you have the cornerstone of a society; then, you have means of sustaining the society, and then as the society grows, there is a social structure.

The social structure definitionary creates a division of labor. Division of labour by all accounts will create its own specialization; its own specialization will lead to a perpetuation because skill is passed on from one generation to another, and it is in this that the caste system was born.

If you go back to the ancient texts, for example Manusmriti which talks of the caste structure; it was not what we defined caste to be today. Caste was by worth and not by birth. And if you want to understand that, all you have got to recognize is that, there can be several pursuits of different professions amongst say a group of 5 or 6 brothers in the same family; one could be a priest, one could be a warrior, one could be a simple person dealing with trade and commerce, and they were all of the same family.


This convoluted concept of caste is an attributed sociological phenomenon, which has today acquired all types of political forms. One of the advantages of understanding how management was practiced is the need to understand the social structure, and mind you this kind of division was not exclusive to India; it was there in ancient Greece; it was there in ancient Rome;; it was there in China; the warrior class was there everywhere, and you took pride over the achievements of the family in that profession.

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Nature of Organizations

- ▣ Organizations are all pervasive
 - Family-First Organization
 - Place of work –Another Organization
- ▣ Organizations are required as needs cannot be satisfied by individuals
 - Need for goods & services
 - Sociological needs

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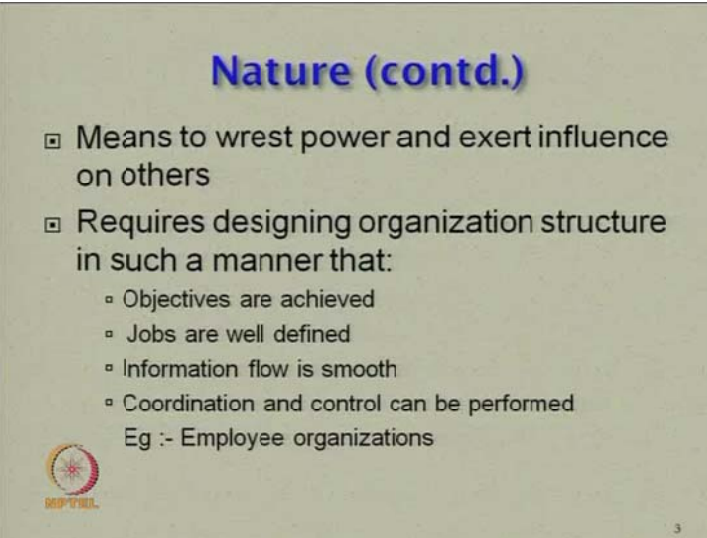
Even today, in India you find families who call themselves railway men; we have been a family of railway men, and they take a lot of pride in being the family of railway men. We are a family of civil servants; my great grandfather, people will claim was a member

of the colonial civil service worked in Sri Lanka; my grandfather was a civil servant; I am a civil servant; that does not make it a caste.

Therefore, understanding of social structures is critical to the understanding of how society handles its productive processes and the nature of organizations deal with these issues of allocation of tasks, capability development, transference of learning, training and development, but we shall see more of that as we go along.

The organizations has needs cannot be satisfied by individuals, satisfy those needs, and therefore you need an organization for goods and services, and you need an organization for the sociological needs.


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Nature (contd.)

- ▣ Means to wrest power and exert influence on others
- ▣ Requires designing organization structure in such a manner that:
 - ▣ Objectives are achieved
 - ▣ Jobs are well defined
 - ▣ Information flow is smooth
 - ▣ Coordination and control can be performed

Eg :- Employee organizations

 IIM BANGALORE

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When you organize, there will be a hierarchy. Hierarchy is both by designation and by brand, which is why certain family's surnames have become a brand, which is why a name becomes a brand because ultimately all organizations require some kind of a decision making structure. And you will find through the course, the word structure will reappear over and over again because structure is the concept which defines relationship amongst the constituent units.

Once you create a structure, there will be an exercise of power. In the best sense of the word Human beings are born equal, and that is a statement which has gone around many times and rightly. Human beings are born equal so far as the dignity of a human being is

concerned and human beings are born equal, so far as career opened to talent is concerned.

There has to be a certain process through which the functioning of the society will have to recognize that you have to organize constructively, and not everyone can decide over everything. So, ultimately, the ability to exercise power also becomes an effort in creating live structures and power, the use of which determines the nature of the constituent units of the organization structure, determines the nature of the input, determines the nature of the output, and determines the nature of the functioning of the system. And therefore, ultimately, the exercise of power itself becomes a specialization.

There are two other concepts besides power which I would like you to note and we shall come back to this later on in the course to explain. The two additional concepts are authority and influence.

What is the difference between structure, power, and authority? We will come to it later. As of now, I want to focus exclusively on what is the role of organization structure in running and organization.

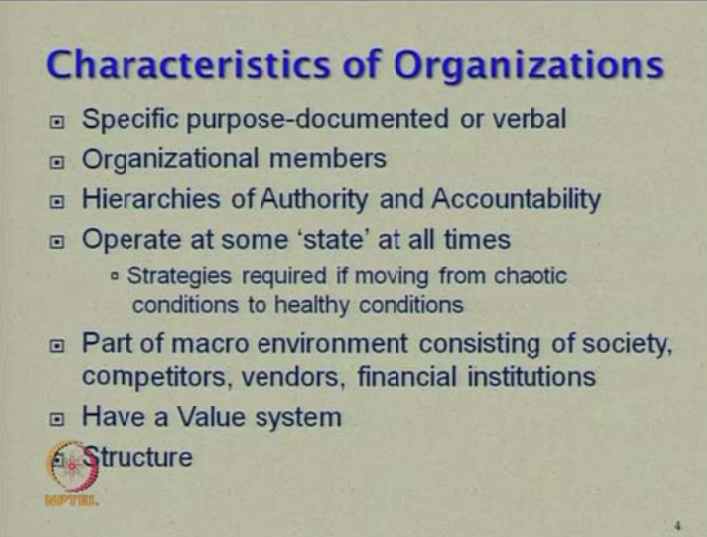
The first and foremost role which organization structure plays in running and organization is that, it helps to put together people for the achievement of a given objective and that is the definition of an organization. Organization is a group of people brought together to fulfill a given objective. That is the difference between an organization and a mob.

Therefore, basically, organization management is an essay in systematic conduct of human affairs. If the objectives are achieved, the organization is considered to be effective, but for objectives to be achieved; jobs have to be well-defined; information flow has to be smooth, and coordination and control has to be intelligently and effectively handled. As you can well imagine, I am already on to explaining to you the scope of organization management.

When you talk of organization management, you are basically talking of achieving the objectives, defining the jobs, ensuring information flow coordination which will require control, and ultimately it has to be an employee's organization. Please note people are essential to an organization. You cannot have an organization without people.


So, the scope covers all these things and it becomes progressively clear as you progress in the course. What are therefore the characteristics of an organization? It has a specific purpose which can be both documented and verbal. An organization will have members; it will have hierarchies of authority and accountability. You cannot have authority without accountability.

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Characteristics of Organizations

- ▣ Specific purpose-documented or verbal
- ▣ Organizational members
- ▣ Hierarchies of Authority and Accountability
- ▣ Operate at some 'state' at all times
 - Strategies required if moving from chaotic conditions to healthy conditions
- ▣ Part of macro environment consisting of society, competitors, vendors, financial institutions
- ▣ Have a Value system

 Structure

4

And progressively, the concepts become more refined; the concepts become more defined; the concepts become more rarefied, and that is the scope of research in organization management, but another story, but we will recall that. I began this session by reminding you that this is the core of decision making with resource optimization and it applies to all functions.

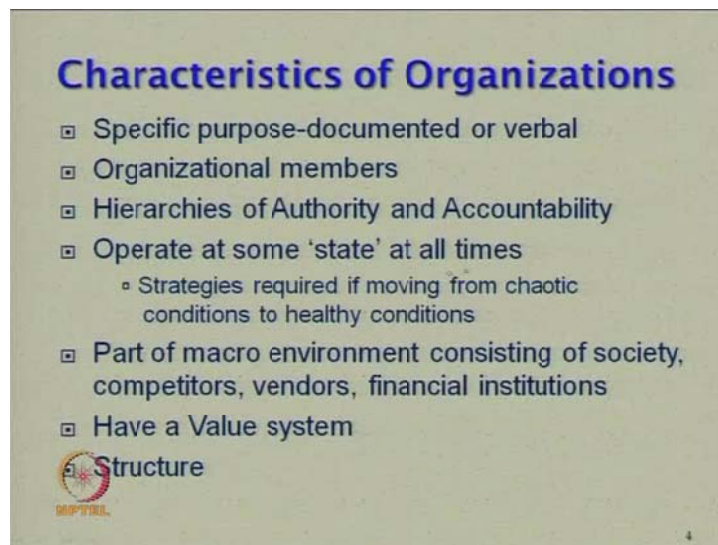
In fact, it is my case that one of the biggest causative factors of the kind of meltdown which were noticed about a year ago, which mind you is still not a thing of the past, was essentially because the finance sector is very badly organized.

The correlations between policy making, regulating, the capital market, the intermediary institutions, the retail outlets are not even talked about, let alone be understood. And this notion that the more you split it in decimal points, the greater is the sophistication of analysis was one of the major causative factors of the kind of meltdown which people saw. Be it the securities market, be it the capital market, and you heard me say - we have

not heard the last of it, and I consider this a very important concept to show to you - when ignored, what does it cost?

Progressively, the realization is getting around that, for proper financial systems you need formal organizations which are linked with each other, which coordinate with each other, and go back to what I was telling you earlier on; where the jobs are well-defined, where the information is well lubricated, and it flows gently from one sector to another. You cannot say this is a capital market institution; this is an intermediary institution; this is a retail activity; if you run it as isolated silos, then be prepared for more of what you have seen.

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It operates at same state at all times strategy is required if moving from chaotic condition to healthy conditions. Organization is therefore, a movement from chaotic conditions to conditions which have termed here healthy for want of a better word. It is the part of the macro environment consisting of a society, competitors, vendors, financial institutions, and it has a value system.

Every organization has its own value, every organization has its own method of work, every organization's system has its own organizational practices, and therefore those who get into organization management must be trained first, and most of all in the act of observation. Because when you join an organization new, it will be a rare situation if somebody walks up to you and introduces the organization to you into how it really