The Ethical Corporation
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Lecture - 23
Organization Model and Employer - Employee Relation

Hello we are into this talk about employees once more; we have started this topic as you know this is our primary topic for this entire week. So, we are starting out, today's lecture is going to be on Organizational Models and how it colors the Employer and Employee Relationship.

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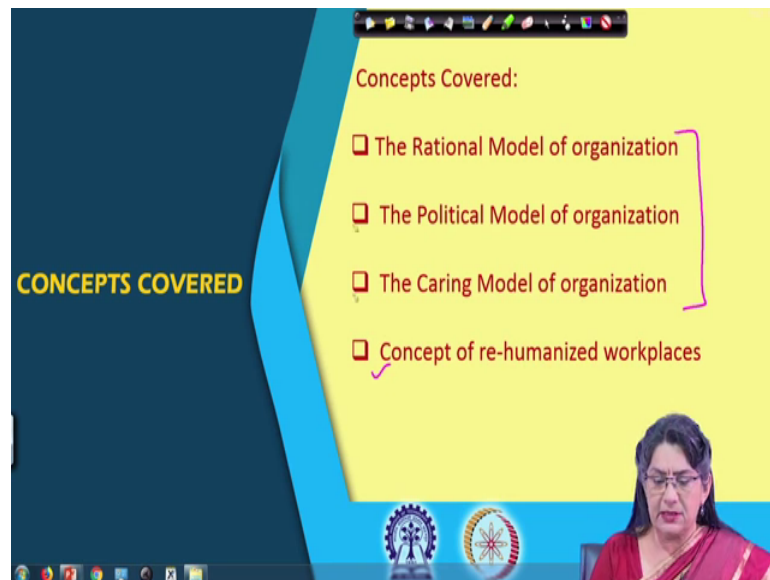
So, we will be talking about three models of organization, this is models here, it would mean how the organization has been perceived by different theorists and we were going to show how that changes the nature of the employer employee relationship. And, then I am going to include also the concept of re humanized workplaces; so, that is on our agenda for today.

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You see some of you must have seen this picture, the one that I brought here today as if you look at this picture some of you are going to see the face of a young woman turned her face like this. This is her hair, this is the profile and this is she has turned her neck like this. Can you see that? And, some of you will say no I see a face of a old woman; here is the hook nose and here is the drawn lips and here is the chatting out of the chin.

So, what picture is this? Is it the picture of a young woman or old lady? The answer is depends, depends on what? Depends on what we call perspective, perceptions do matter and that is the point. So, perspectives decide how we look at something. Now, in case of employer employee relationship also the same principle is going to apply, there is a perspective from the employer. How the employer sees the organization and employees in it and there is also the employee's perspective how they see the organization, how they see themselves in it.

These two perspectives may match may not match. So, accordingly the duties and rights of both sides are going to vary and we are going to talk about that. And, remember the this perceptions are important because that also determines the organizational climate.

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So, let us talk about organization, before we talk about the organizational models. Organizations are you know collection of people, but they are not random collection of people, they have two things. One they have a purpose a purpose that is shared, shared by the people in it. So, there is a purpose or objective and that is shared by the people who belong to the organization. Second it also has a formal structure which separates it from any random collection of people. So, not all groups are organizations.

Now, corporation is a fine example of a highly structured formal organization of people in pursuit of a common goal which is the corporate objective. If we keep this in mind, this definition of organization then there are three kind of conceptualization of the organizations. Rational model, political model and caring model; we are going to talk about each of them and our focal point is going to be in each of them how does the employer employee or employee employer relationship shows up.

First the rational model, the rational model the definition is taken from Schein's work; it sees the organization as a rational coordination of the activities of number of people. So, people are there, but they are rationally coordinated. Why rationally? Rational remember is about being guided by reason. So, these are people who know what they are doing, they also have founded their understanding in reasoning it out, thinking it through. Why are they coordinating towards the achievement of some common explicit purpose. So, explicit in the sense it is clear, there is no ambiguity about it and that is why because there is a common goal so, there is a division of labor and function.

And, how does it all work? Through a hierarchy, structure of authority there are orders which come and responsibilities, this is how Schein saw the rational organization. So, from this our takeaway is that it is a group of rational people, people who are guided by reason, who agree to coordinate with each other for the common purpose and follow a certain formal structure of hierarchy to achieve that goal.

Now, these goals as I have said is clearly enunciated, articulated and unambiguously communicated. So, everybody understands, this is our common goals shared objectives; the point here is that the relationship between employer and employee first of all both sides are rational, both sides understand what they have gotten into.

And, they have united cooperating with each other so, that the goal the shared goal can be achieved with maximum efficiency because otherwise the goal cannot be achieved. This is a picture of the rational organization.

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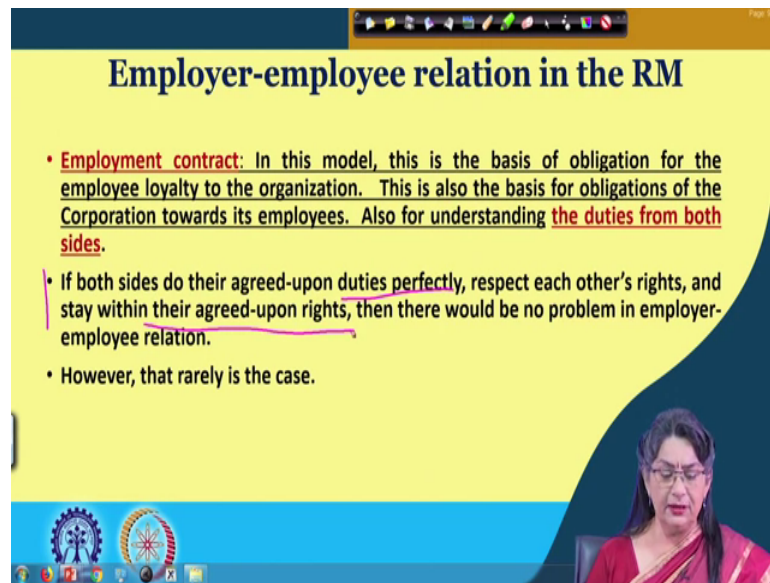
I was talking about the formal structure in rational organization it is seen as a pyramidal structure. You know pyramids you understand, the base is broad which means that the bottom rung is the broadest, but as you go up on the top it becomes fewer and fewer people are there. So, leadership is at the top and from the top the decisions, the order, the instructions come from the top to the bottom. So, there is a little room for individual opinions from the bottom rungs. What can happen from the bottom rung are feedbacks which go to the top, but the instructions finally, the authoritarian instructions come from the top. So, the desired virtues here for the employees would be compliance to the order, obedience and so on.
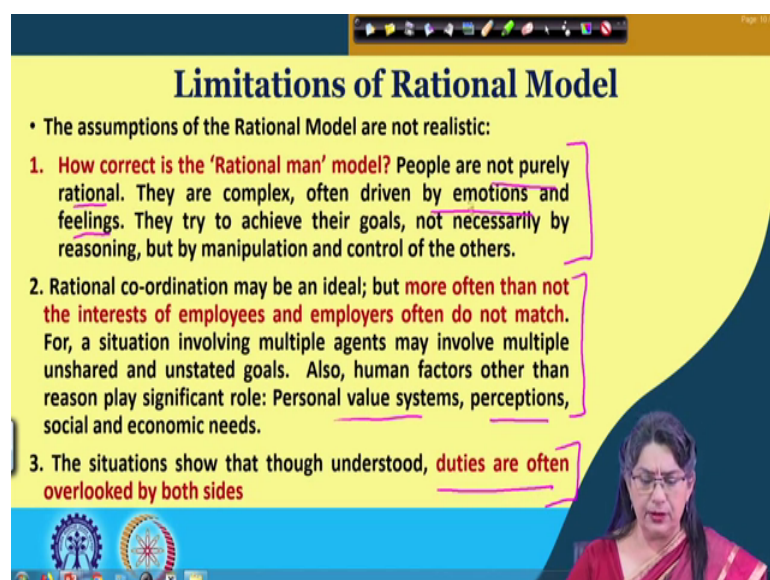
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The employer employee relationship in this kind of rational organization is bound from both sides by this employment contract, the terms and conditions that both sides agreed upon and which is this which decides their duties as well as the rights. So, if both sides do what they have agreed to do namely their duties perfectly and if they respect each other's rights which they know what are their rights? And, if they stay within that agreed upon rights then there would be no problem at all right. This is how the rational organization is supposed to work, but unfortunately all of you know that is rarely the case.

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So, we need to talk then about the objections against the rational model or what could be the limitations in this perception of the organization. It is easy to understand that the main contention here is that both sides are rational as in they are guided by reason and reason alone to that it has been objected, but people are not like that at all, they are not purely rational. They are driven by so, many other things specifically by impulses, emotions and feelings. So, they try to achieve goals, but not necessarily through reasoning only, they will try their power tricks, they will try their manipulation tricks and so on.

The second point is that rational coordination is one of the backbones of this conception which may be an ideal to achieve. But, whenever there are multiple agents in a relationship the interests start to play and the interests from both sides instead of converging often may diverge, that is they might become different. Various factors play a role in that, it could be you know the perceptions from both sides. This is this was the point that we started out with that the perceptions may not match and there may be other things the personal values may not match, the beliefs may not match and so on.

So, and the third point is that situations after situations show that though both sides may be rational, both sides may know what are their duties and what are the rights on the opposite side, but typically often the duties are often overlooked, rights are often violated. So, this is the scenario, if this is the scenario then there is this second model that we need to talk about which is the political model.

The political model goes to the heart of this relationship and say that this is a conflictual relationship. We are talking about the employer employee relationship and PM or Political Model clearly says that it is a relationship of conflict, characterized by conflict. There according to them the power is the main concept here and an organization is not a clearly defined rational coordinated group of people, it is a network, it is a complex network of dynamic power structures. So, there is the organization, but within it there are the small whirlpools of power, different power groups with different leaders and different interests.

And, each group is trying to control the other groups and trying to wrest the control from the other group. So, it is a very complicated kind of a network. In this if we want to place the employer employee relationship then as I said the conflict is the character of that relationship. The interests are often just the opposite or each side is trying to be better get more control of the other side.

In fact, this model says that conflict is endemic to the nature of the organization and duty of the management is to regulate those political conflicts within the organization. It also views that the only way the organizations policies and decisions can take place would be through a process of negotiations and bargains, you know across the table.

We are talking about the typical union talks with the management so, that each side understands what kind of deals have to made. So, interest groups may lobby amongst

themselves to either accept the proposal or reject the proposal; not only that unlike the rational model political model of organization says that it is not necessary that the organizations goal is going to be one and clear. In fact, there may be many unstated goals, sub-goals because there are sub-groups each have their own interest. So, independent objectives, you know when he and it is a its a rather dynamic kind of a situation. So, this is how the political model would look at the organization.

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In that therefore, if we talk about employer employee relationship as I said these are going to be characterized by some sort of conflict. The first example that we can use is that of right versus right namely employees right versus employers right. And, we will take the example of employees right to privacy and employers right to surveillance. All of you know that from time to time, the employer may feel that certain area or the office area can be under surveillance; this is to monitor the performance of the employees. Now, this is employers right, but on the other hand we are talking about employees right to privacy.

Now, the position I have said this earlier and I am going to reiterate that, that the situation regarding right to privacy in India is not very clear legally in terms of labor rights. There is Article 21 which was evoked by supreme court also in 2017, when it was said that right to privacy is a fundamental right of every citizen. But, as far as employee privacy is concerned, we do not have a clear picture in labor laws. Privacy invasion can
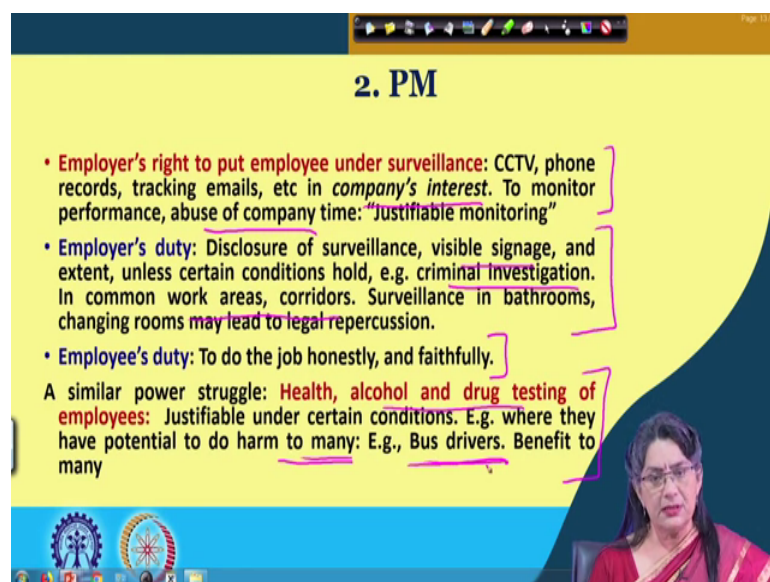
happen in four ways: one is physical privacy. So, somebody is invading into your physical space, you know you if you think that around you there is a space and somebody is standing too close to you that is a privacy invasion of the physical type.

Social private you on the other hand is who do you mingle with, who do you make friends with and if there is some interference who you can mix with who you cannot that is a privacy invasion; in the social sphere it is not a physical space, but a new social sphere. Information privacy is what you are quite aware about, data about yourself and some of those data you might hold as private.

For example, what you are writing in your WhatsApp to your friends, you do not want everybody to know about that and that is the informational privacy. There is another kind of personal information for example, it is about your health confidential you. So, everybody does not like to share that with everybody else.

So, gaining access to such personal data about a person is invasion of informational privacy, then there is psychological privacy. This is invasion into your thoughts, into your feelings, thoughts that you think are very private to yourself. These are privacy various kinds.

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Now, what happens in the workplace is that when employer exercises the right to put employee under surveillance, you know we are talking about CCTV or tracking the
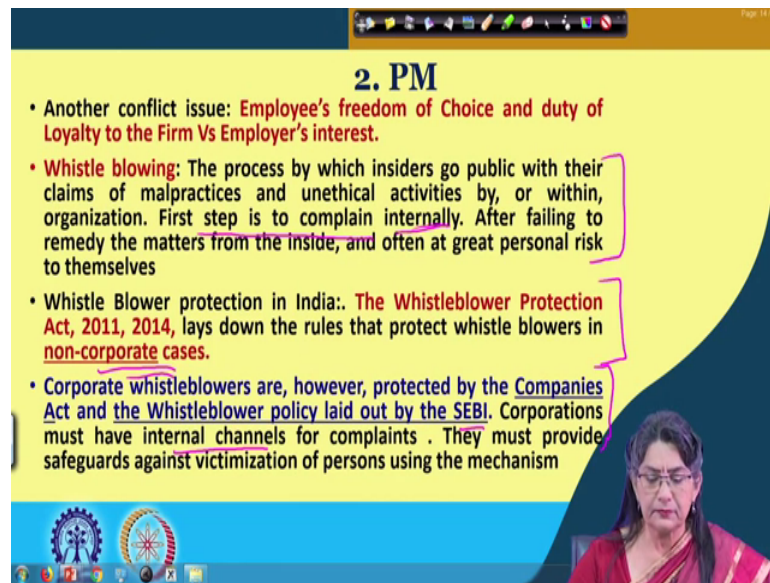
emails or even keeping a record of the phones made from the office. Typically the grounds that are given is in the company's interest, there have been some reasons. For example: the emp either under performance or you know wasteful time usage, during company time the employee might be doing something else. So, justifiable monitoring, but while doing that this these every sensitive issues; employers duty is to first of all disclose the intent to surveillance.

You must have seen that there are these visible signs which says that this area is under CCTV surveillance, this is informing the people. And, then its living to the choice of the person to enter that area, work in that area or not. Where can you put this kind of surveillance? Typically these are common work areas and corridors, disclosure is important common area; so, that unless you have some reason to target somebody. Targeted surveillance also can happen with justifiable grounds for example, when there is a particularly criminal investigation is going on and you cannot let the person know because you want to get evidence and so on.

Server putting surveillance in more private areas like bathrooms for example, restrooms or changing rooms may lead to legal wrangles unless you have absolutely overriding reasons to do so, typically these are avoided. Now, against that the employees duty is to work as honestly and faithfully as possible. The other area of similar rights conflict is where the health or alcohol test or drug testing of the employees required. It might be justifiable under certain circumstances, the health check or health screening is done at the very beginning in many companies. But, the point is that by through that screening the company gains access to certain information about the employee.

The question is what is the company going to do with that, if they keep it confidentially only for their own purpose that is fine, but if it goes in the hand of the insurance and through them to others which is not desirable. So, there are reasons, but alcohol and drug testing some people think that that is their personal choices and there should not be such tasting, but there are occasions which may compel the employer. For example, when there are other people involved for example, in the case of bus drivers, you know alcohol testing, drug testing would certainly justifiable.
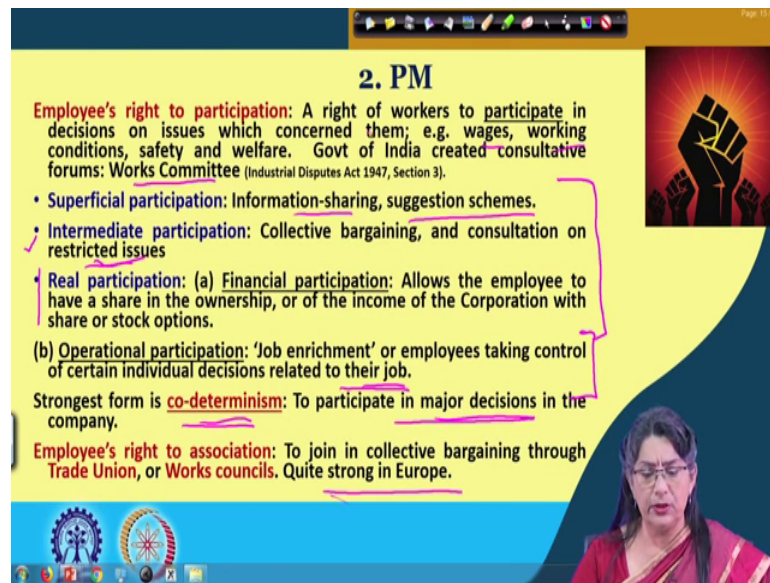
Another conflict area is what we would call the whistle blowing, you know we have discussed this earlier in our nature, but whistle blowing as I have told you is the process when an employee overrides the duty to be loyal to the firm to report against the organization about some illegal or unethical practices which have not been addressed by the organization. Because, typically the very first step is to complain internally and after failing to remedy the matters then of course, there is you know one goes public.

We do have a law Whistleblower Protection Act 2011, 2014 which lays down the protection for whistleblowers, but in the non-corporate cases, non-corporate cases. So, if there are reasons to blow the whistle in corporate matters, please note that in our country that is governed by Companies Act and the whistleblower policy of the SEBI, the regulatory body. The mechanism for addressing such complaints is are internal channels and they it is the duty of the corporations to provide protection to the whistleblowers from any retaliation from the colleagues or from any other interest groups.
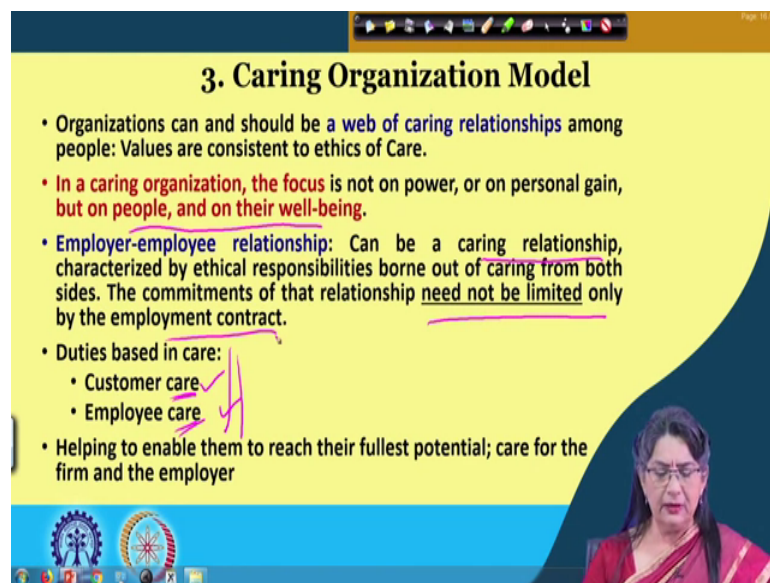
Here is another important area where we can see the political model kicking in, this is the right to participate. You know the workers right to participate in the decisions corporate decisions that affect them for example, wages or their working hours, working conditions and so on. And, this right is acknowledged by various governments, Government of India has created consultative forums called work committees. And, this is you will find in the Industrial Disputes Act 1947 also.

Now, participation right can be dealt with in various ways, one can address it superficially you know only for the sake of saying so, by sharing some information which may not be very important or allowing some suggestion schemes which nobody actually even take into great consideration.

It could be also intermediate kind of participate participation where we are talking about allowing them to have collective bargaining and consultation on restricted issues. So, not all issues are available for discussion or negotiation, but only on limited numbers. On the other hand the real participation is something else one can be financial participation where the organization allows the employee to have a share in the ownership that is stock options. This is a practice often and then the second kind is operational participation, where the employees are allowed to make their own individual decisions or the team decisions related to their jobs, some freedom; this is known as job enrichment.

The strongest form of this kind of participation, acknowledgement of this participation is co-determinism which we will talk about in greater details in other lectures. But, this is about to allow the employees to participate in major decisions governing decisions of the company. So, we are talking about representation in the board of directors, the other right is employees right to association. You know this is nothing, but you know you having the right to unionize, to join in the collective bargaining through trade union or works councils. This is quite strong in Europe, France, Germany for example.

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And, third and the last organization model is the caring organization, the organization may also be seen as a network of caring relationships. This is a relationship which focuses not on power, not on gaining power from each other or working because its rationally demanded, but it is about a connection with the people and on their well being. So, in that we can view the employer and employee relationship as a caring relationship both ways nurturing; characterized by ethical responsibilities, but based on the value of the relationship.

And, this is what you see now often being used in behind the concepts of customer care, you know look at the term care, employee care, you know which is where you show your commitment to the relationship by not staying necessarily within the limit of the employment contract; that is the departure point from rational model, the employment

contract says this is minimum. So, if you really care you do not have to stop only with what the employment contract says, you can do much more.

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The concept of re-humanized workplace is connected to this kind of caring organization idea. The workplace obviously, includes the machines, the computers, the digital technology and there is a push for relentless efficiency and the results are not very good. Psychologically people talk about technology induced stress, workplace stress you know we are extremely connected thanks to the digital technology, but we are extremely away from each other. There is a major growing disconnect among people and service showed that about 85 percent of employees are disengaged at work.

So, their heart is not in the work, they feel disconnected from the management and from the corporate vision which is not what is desirable. And, the initial enthusiasm goes away after the initial 6 months. So, to counter this kind of disengagement, there are this movement called re-humanization of workplace which includes three principles. To care for the person, you know you need to see the employee as a person and to help the person to integrate work and life and to enrich the workplace experience. We will talk about how and to bring purpose into the work.

So, one of the major contribution in this is the concept called work life balance, putting work and life, life as in personal life in balance. If you put too many hours, if you put too much of your energy in the work; obviously, the other side is going to suffer so, which is not very desirable. So, there are two kinds of problems that are regularly seen as excessive working hours. You know too long hours or too many work related travel, you know living friends, family behind. This caused a significant effect on employees, physical as well as mental well being and often there are complaints about burnouts from overwork.

Presenteeism, you know presenteeism is the opposite of absenteeism; you are present at work even when you are supposed to be at rest on vacation or away at home. So, in order to counter all this, this concept is work life balance to put a balanced, to put a healthy balance and this means time division, it this means a different way of doing work and so on. In recognition of this concept, the French laws allowed in 2017 the employees right to disconnect. This is this is to give them a legal right that they can they do not need to accept, check their emails after a certain hours or during the off days or after work hours this need not be connected to work anymore; they are not available for professional work.

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Now, work life balance exemplifies in various ways and we are talking about flexi schedules, many of you heard about this, but this is flexible working hours. Your start time and your end times are different, it is not exactly 9 to 5 or 9 to 6, but you are still managing the work and you have certain targets to meet. It can be compressed work week. So, instead of working 5 days for 8 hours, you can work 10 hours for 4 days, this is also an option that is given to the employees sometimes and daily flexible schedule.
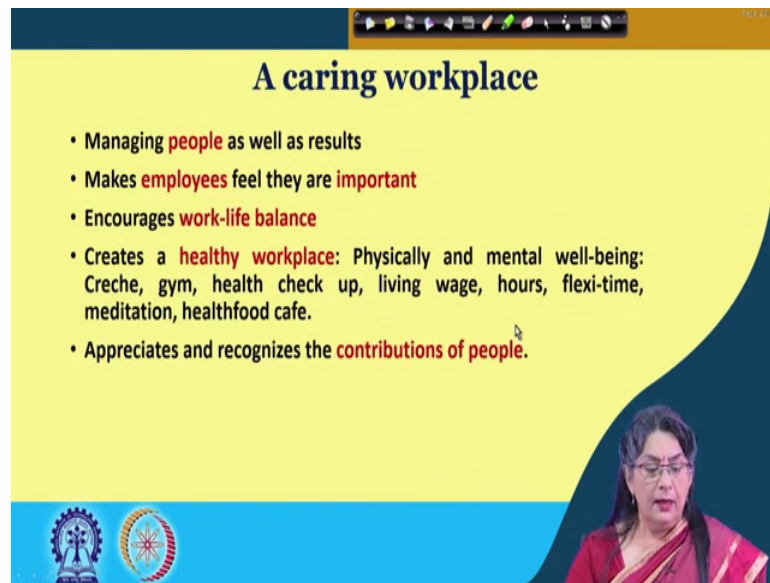
These are all bringing a little bit of flexibility in the routine so, that the employee can manage the time for other things. The IT sector is very well known to do also to allow this option of work from home. Many cooperates these days allow for companies sponsored family events and the other thing is in order to ease the pressure to set reasonable goals and deadlines.
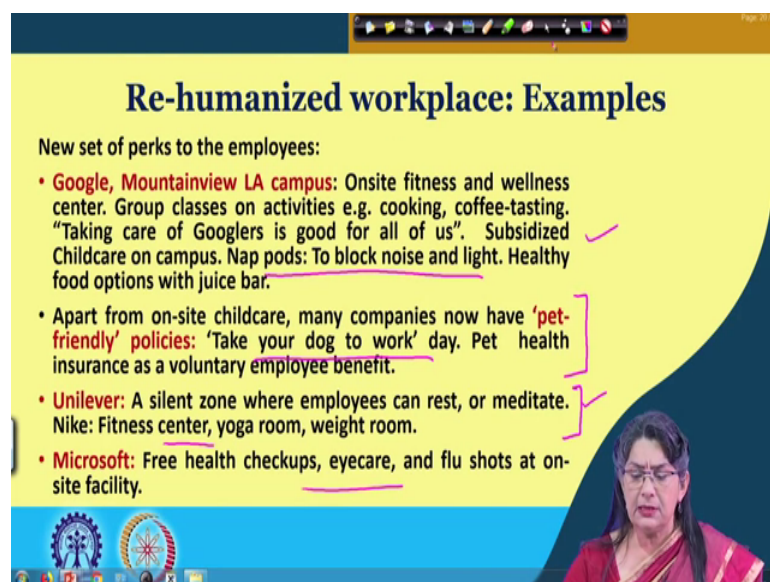
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So, this is caring workplace, you know it is about people, it is being people oriented to make employees feel that they are important and to maintain how healthy workplace healthy physically, healthy mentally. So, various facilities that looked into how to make the well being of the employee paramount and also appreciative of the contribution made by the people.

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Here is some examples that I brought in, that with my last point here is major companies as you know Google for example, or Unilever for example: they have gone a little way

out in order to enrich the workplace experience for their employees you know. Google for example, in one of their campuses they have the nap pods to block noise, light, sound so, that the employee can go there to take some rest during work time, but take rest and come back rejuvenated and more productive.

Some they have also some companies have allowed pet friendly policy, just like you can bring your children to work from time they arrange for a take your dog to work. Unilever has a place silent zone, where people can go to meditate; this is for spiritual well being, psychological well being, but Nike also has fitness center, Microsoft has health checkups and so on.

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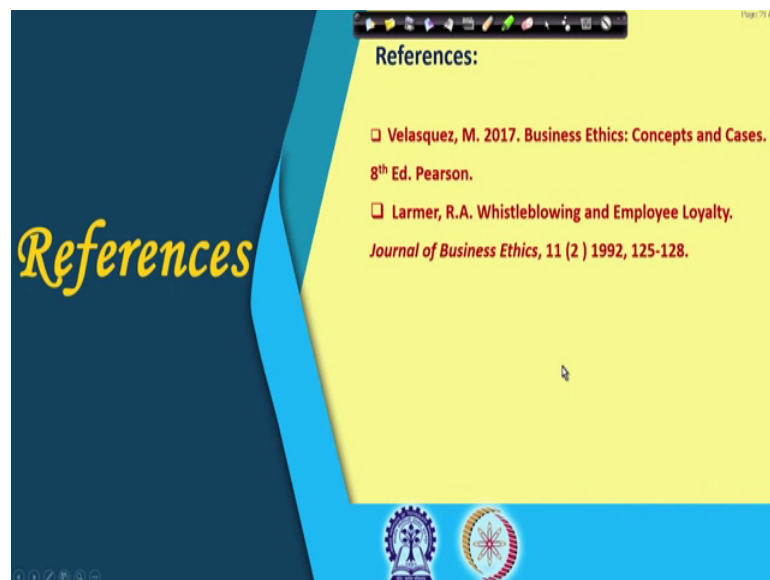
So, this is something that is close to our idea about re-humanizing the workplaces.

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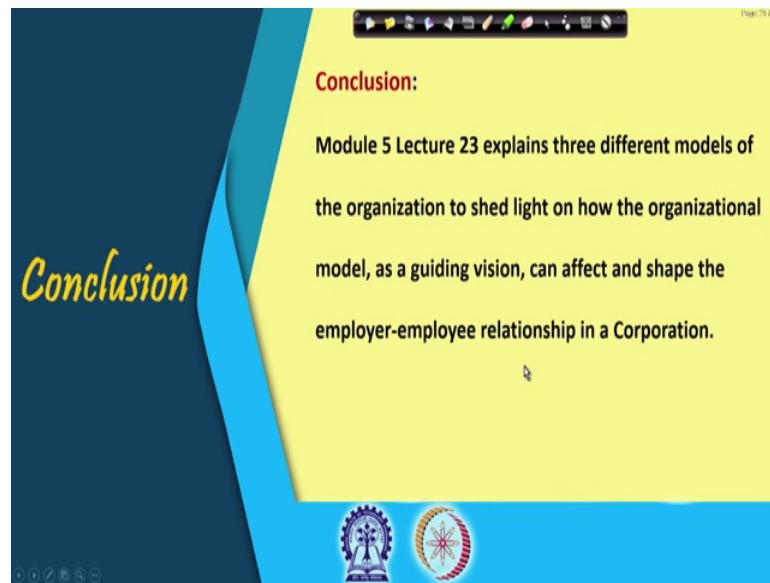
So, with that I am going to end this lecture that we have seen three models of organization and we have talked about how in these models the employer employee relationship looks at.

Thank you, we will come back.