

Public Organization and Management
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Lecture – 11
Environment of Public Organizations – I

Hello, dear learners. I hope you all are doing well. So far, we have covered the sessions in module one and module two. We are discussing the theme one, which includes the discussions on module one to module three. I hope that you all are referring to the sessions uploaded and are reviewing the readings that I have already shared with all of you during those sessions. It is important that you all are referring to the materials that I am referring to while presenting these sessions because contents which I am covering, they are largely covered from those references and the texts.

So, it is important that you continue to read and further strengthen your understanding in the area of public management and the allied concepts. Just to give you a quick review that what we have done so far and how we are going to now build further the contents in the course. In the week one, we started the discussion on theme one and in the module one, I have talked about very foundation concepts of the public management. its scope, meaning, challenges and issues confronting public organizations, distinction of public organizations from the private organizations.

And in the module 2, we have covered the theoretical approaches or the schools of management to understand the functioning of the public organizations or the foundations of public management. In this particular module, I am going to start discussing about the concept of environment and its impact in public organizations. Another reason that I have asked you to continue to review the readings and the contents that I have shared before is that the contents that we have already covered and the resources that I have shared, I will keep on referring to those materials in my subsequent sessions also. So if you have not gone through those resources or references or the text, I suggest all the learners to once go back and refer to those materials because if you will not be able to understand what I am referring to from my previous sessions, it will be difficult for you to continue to understand the subsequent modules and of course the other themes. In today's session, I am going to start a discussion on the contents of Module 3 and with this I am going to conclude the Theme 1 of this particular course.

Now the focus of this particular theme, this particular module is on environment of public organization. It is very important and interesting area not only in the case of public organization but all the different types of organization. So I will start building about the concepts of the environment understanding and its impact on all the organization and

then I start linking it with the impact of an environment on public organizations. So how we will start this particular session, I will introduce the little background of the concept that why environmental components discussion in relation to the functioning of public organization is important. Then we will review the components of the environment and their impact on public organization.

For instance, the major environmental components that I'll be focusing in this particular module are technological, legal environment, political environment, economic environment, demographic, ecological and cultural environment. We will look into the details of all these factors of the environment and how they shape the environment of the public organizations. When I say shape the environment of public organization, I mean how these particular factors are impacting the functioning of the public organization and of course in general the other organizations also. Thereafter, I will discuss about the environmental components of public organizations which are different from the ones we have discussed before like technological, legal and the others. In this, I will talk about the general competence values and the responsive values, role of institutions and actors in influencing the functioning of the organization.

Like, how the general perception of the public, people outside the public organisational boundaries, people who are evaluating the actions of the government and public organisation, there are interest groups, there are media, there are courts, how the functioning of these organisations are actually impacting the functioning of the public organisation. So, we are going to look into the details of these components as well. finally i will conclude this particular module by discussion on political authority and influence how political authority is going to influence the functioning of public organization and how sometimes the organization need to bring in lot of changes depending upon what political authority demands from these organizations so we will look into all these aspects and try to see how various components of the environment are going to impact the functioning of public organization in order to increase their efficiency and effectiveness. Now, just to give you a little background about why we are discussing about the concept of environment and its impact on the functioning of public organization. If you can recall that in module two, we have discussed about various school thought of management in order to understand the basic foundations of the organization and the process of management in these organizations.

And we have discussed about various schools starting from classical administrative school thought of management. We went up to human relation movement. And then when we were concluding that particular module, I discussed about the importance of contemporary theories on management. And wherein I have talked about the aspect of contingency perspective and the importance of open system approach of the organization. Now, in that particular module, I also talked about that it is an ideal situation that the organizations are in closed system.

There are no examples of organizations which function as a closed system in today's context. All organizations in some or the other way directly or indirectly are impacted by the environment outside their organizations. So in order to survive in that particular environment, if the organization doesn't bring in the changes inside the organization to keep the demand of the outside world or to meet the expectations of various stakeholders, it will be very difficult for these organizations to survive for a longer period of time. Now, if you look at the contingency perspective, and I talked about the importance of open system approach, according to which organizations need to adapt to the external environmental changes. Now, what kind of environmental changes can there be? There could be the change in the laws.

There could be the change in the expectations of the citizens with respect to what they expect from the government. There could be some kind of policy change from the government organization side. There could be some change in the lawmaking. There could be some change in terms of policy design and implementation. There could be some change in terms of rules and regulation, marketing environment changing, finance, budgeting aspects changing.

So, all these aspects which are dynamic, they continue to put a lot of pressure on the organization to adjust themselves to keep with the environmental changing dynamics. Now, it is important that how organization they are going to internally adjust their environment to keep with the outside demands for their survival and to maintain their position and to achieve its set objectives. Now, that's what I'm talking about that the contingency perspective has a bigger influence on the functioning of the organizations because the environment is uncertain and there is a lot of complexity in the organization environment because the changes are happening very quick, very quick changes which are happening in the dynamic environment and the organization need to continue to change themselves. Let's first look at private-sector organizations and businesses. The way the new products and services keep coming into the market on an everyday basis is impressive, isn't it? It's a strong competition, you know; businesses go online, and many substitutes are available in the market for similar kinds of products and services.

Now, if the organization doesn't make changes in terms of its strategy, marketing of products and services, and new product development, ultimately a day will come sooner when it will no longer be in business. So, survival is questionable; how will they survive in that particular changing environment? Now, contrast this particular aspect of the environmental components in public organizations. What will you see? The environment is not only complex for public organizations but also very turbulent. The government organization often confronts turbulent problems that are characterized by unpredictable, inconsistent, surprising, and uncertain events. The recent example we can discuss is the example of the COVID-19 pandemic.

Highly unpredictable, surprising, and uncertain events leave nobody knowing what is supposed to be done or how organizations need to respond to them. So, these kinds of situations, when organizations, especially the government and public organizations, confront turbulent problems, require a robust governance response. How will they do? Respond to these kinds of changes happening, how they will respond to the demands of various stakeholders, how government organizations and public organizations bring about changes in their functioning, and how quickly they are able to respond to satisfy citizens in terms of how they are going to solve the problems they are confronting in these turbulent situations. Now, contemporary researchers place much more emphasis on organizational dimensions and consider them crucial for analyzing and leading organizations. The thing is, if we don't consider the dimensions of the organizational environment, the analysis of the organization regarding how it is going to continue in business in terms of the activities it is doing and how leadership is to be managed in this particular environment is incomplete.

So, if you really want the organization to continue to grow and provide the services that it has promised to the citizens, it is important that the leadership be effective and give direction to this organization in relation to whatever changes are happening outside the organizational boundaries. So contemporary researchers have often talked about how the contingency perspective and the open systems perspective are very important, especially in terms of how these organizational environments are going to impact the functioning of the organization. And that's what the idea of this module is: to look into the details of these components and see how they shape the organization's environment. The other important and unique characteristic of the public organization is its embeddedness in the larger context of government. Now, because these public organizations are funded by the government, they must abide by the rules and regulations set by it.

This means that they are subject to more intervention and direction from political authorities. And that's also the conclusion, you know, of the conceptual discussion of this particular module: how political authority influences the functioning of public organizations. I hope it makes sense because these organizations are funded by the government. These organizations must abide by rules and regulations, and political authority can largely influence the way these organizations function. You know, in terms of intervention from the political authority to bring about some kind of change, The way they are performing the activities, they can be held accountable for their actions; their actions and activities can also be reviewed by a third party, which, of course, we will discuss in the further themes and modules.

We will continue the content of this course. Another important thing is direct feedback to public services because there is a close proximity between service providers and citizens. So, citizens, when they receive services from the government and identify the people who are responsible for providing these services, there is immediate feedback. Look at the

way the Suvidha Kendra centers work, where the public receives services from the government. So, there is a very close proximity between the people who receive the services and those who provide them.

So, they conduct the provision of services, how they implement various processes, how good they are at responding to the demands of citizens or stakeholders, if I may say. So, it has a direct impact on the perception of government functions. Let us take an example: if people who are accessing the services provided by the government are trying to review the functioning of the government organization, the experience of citizens while receiving these services is not great. What happens is that there is a negative perception in the minds of the citizens that the government is not doing things effectively. Perhaps the government is doing things effectively, but the way they are implemented and how they are perceived by frontline workers can lead to negative experiences for the people.

If these experiences are negative, they can result in negative perceptions of the government in the long run, which will create many problems for the government. Once a negative perception is formed, people will continue to put a lot of pressure on the government and public organizations to revive their systems and come up with reforms to increase the effectiveness and efficiency of their operations. Within this context, when we talk about the implementation of public service and the provision of public services to the public, the roles of demographic composition, educational level, and socio-economic factors are also very important. This is perhaps much more linked to the previous agenda I talked about: the proximity between service providers and citizens, and the roles of demographic composition, educational level, and socio-economic factors. Now, people are becoming more aware because of their education levels and the socioeconomic factors they come from.

They are young people. So the way they are perceiving, evaluating, and assessing the functioning of the organization is another important factor in how the government should better align its activities within the organization to enhance the experiences of these people. Depending on the demographic composition, education level, and other socio-economic factors, important elements can also impact the functioning of large organizations. I have already talked about how public organizations embedded in large government structures must abide by various rules and regulations. So they are governed by system-wide rules and regulations imposed by the government. For instance, processes such as human resource management, how people in organizations are recruited, how they are compensated, how their performance is evaluated, what kind of training and development can be provided to these people, their career development, incentive systems, and everything else must abide by what the government has documented in the policy document with respect to the management of people in organizations.

So, because you are governed by the rules and regulations, you cannot have a system that is very different from what the government demands organizations to follow, as they are funded by the government. Another aspect is budgeting and how it is to be taken care of. With respect to purchasing and procurement, organizations need to follow government guidelines, rules, and procedures. So all of these are, you know, the important aspects of the functioning of government organizations and public organizations because they are largely embedded in the broader government structures. So they are, of course, to abide by the functions of the organization.

So, what happens if there are changes to the human resources management system? What happens if there are changes to the purchasing and procurement rules? So, ultimately, any kind of change outside the organizational boundary is going to impact the functioning of the organization because these organizations are embedded in the larger government structures. So, this is a little background on the importance of understanding the impact of the environment on public organizational functioning. Now, what we are going to start with is looking at, first of all, the general dimensions of the environment, and then we'll move to the specific environmental components, which are different from what is mentioned on the slide over here. Now, different environmental conditions confront organizations; in particular, I am going to talk about public organizations and their influence, which largely impacts the functioning of organizations in various ways. And that's what we are going to learn: how the functioning of organizations varies in different ways because of the changes happening in the various dimensions I have mentioned.

Now, if you look at the organization in general, irrespective of whether it is a public organization or a private organization, it is important for all organizations to continue scanning the environment in which they are embedded. For example, if I look at private organizations, they continue to scan their environment in terms of the competition that exists in the market. What kinds of new products and services are coming to the market? What kind of policy changes are being made by the government, and how are they going to impact the organizations? So scanning these conditions is followed by the organization scanning its environment. So, in the strategic management or general management literature, it is called strategic planning or general assessment. In simple terms, you may have heard of the concept of SWOT analysis.

Talk about the organizational strengths, weaknesses, opportunities, and threats. Now, in simple terms, if you look at it, the organization will always want to leverage its strengths. Strengths refer to the core things at which they are good. It can be their expertise in terms of knowledge. It can be some kind of process in which they have excelled that has given them the kind of strength. They might have enjoyed or they are enjoying a competitive advantage because of the kind of human capital they have created and the human resources they possess. They also have some weaknesses in which they are not very good. I'm talking about the organization. There are opportunities that they want to

leverage, and there are certain kinds of constraints that are putting a lot of pressure in terms of threats on these organizations. Continuing to scan the environment will allow the organization to leverage its strengths to take advantage of opportunities.

And how they should manage their weaknesses so that they have the lowest level of threat from the competition. Let's take an example: if the organization is enjoying a competitive advantage through its human capital, it should capitalize on that advantage. Let us talk about consulting firms. Consultancy firms largely enjoy a competitive advantage because of the skills and competencies their employees possess. How these organizations are going to make use of the skill set and competencies of their people in order to gain a competitive advantage in terms of business is going to help these organizations leverage various opportunities.

On the other hand, if you look at the manufacturing organizations, let's say that the kind of automated processes and technology gives them a competitive advantage, and that this competitive advantage of technological automation and cost-effective processes is going to help them. In providing the product at a cost that competitors outside the organizational boundary cannot match, So that particular process, automation, or technology provides an advantage to the organization in terms of strengths, and it can leverage various kinds of opportunities to grow its business. So, it is important to consider how strategic planning is managed and how the organization assesses its general environment so that it can make changes within the organization. So, if I just put it in diagrammatic terms, let us say this particular circle is the organizational boundary, and this is the inside environment of the organization. And there are many changes happening outside the organizational boundaries.

So, if I look at this particular boundary, you know, where I am marking it now, let's say it is the external environment of this organization. Now, what are the various components of this external environment? These are the technological environment, changes happening outside the organization, the legal environment, the political environment, the cultural environment, the economic environment, the demographic environment, and the ecological environment. So, these are all the external environments of this organization. So, anything that happens in terms of changes to any of the components listed here has a direct and indirect impact on the functioning of the organization. So, what happens as soon as these changes occur is that it shakes the organization in terms of responding to the external changes.

So, what this means is that when you say that strategic planning and general assessment require the organization and internal environment to continuously scan their environments for changes and to implement those changes within the organization to meet the demands of these changes and changing expectations, they can continue to survive and satisfy their stakeholders. I hope the idea of making an internal adjustment

due to changes happening in the external environment is clear to everyone. Now, let us move on and talk about these particular components one by one. The first component that I am going to talk about is the technological aspect of the organization. Now, the role of technology in public organizations is very important because it influences various aspects of government functioning.

Now, what are these various aspects of government functioning? It impacts the way governance is managed. It impacts the way services are delivered. It also impacts how organizational performance is affected and influenced. So, technology has a greater role to play. Now, when we discuss how technology impacts organizational functions in terms of governance, service delivery, organizational performance, and so on, we are talking about the impact of ICT, which stands for information and communication technology, on the operations of government agencies.

I'm only talking about three aspects of the functioning of the organization, but there are many others that I will discuss regarding how technology changes impact the environment in specific public organizations. Now, agencies must adapt to technological developments by keeping themselves updated on advances in computer technology and communication. So, if they don't, and if the technology that the organizations are using becomes obsolete, their processes become outdated, which will lead to inefficiencies. And if inefficiencies are present, public perceptions will also be very negative about why the government is unable to provide services that are effective and much more efficient. So, agencies need to continue adopting and making changes to the technological environment.

Perhaps what worked 10 years ago, which was also a change made by the organization, is not applicable in today's context. And perhaps what is applicable today may not be applicable in the future. So there is continuous pressure to implement changes because many advancements are happening in the technological environment outside the organization. You see how various technological advancements are occurring in terms of advanced technologies, machinery, the way the internet is penetrating everywhere, and how various automotive processes are being innovated within the organization. So, all these things are, in one way or another, impacting the functioning of the organizations if you do not adopt the new changes.

Now, we are not saying that all the changes happening outside the organizational environment must be forcefully implemented by the organization. They have to assess the applicability and suitability of those technologies in the organization. And if they can provide the organizations with a competitive advantage and help them improve the efficiency and effectiveness of public service delivery, they must choose to adopt these new technologies. Now, with the help of advancements in technology and the way interactions are happening with the public, the government is also attempting to establish

platforms to increase interactions with the public to understand their expectations and feelings toward it. So, there's increased participation; let's say we'll talk about social media platforms, or platforms like MyGov.

So, the public has many opportunities to participate in the co-creation of policy because these policies are implemented for citizens. So, if they participate in the policymaking process, what happens is that there is a lower chance that people will resist at a later phase. So, participation is very, very important because we, as a government, have to function according to the demands and expectations of the citizens. So this technology platform provide also edge for the government organizations and public organizations to have a dialogue with the citizens put in place the you know the platforms with which the government organizations can hear the viewpoints of public and then lead to co-creation of policy and of course the the implementation right the immediate feedback on policy decisions and Implementations this also allows for bringing in lot of improvements So it's not about the there is an assessment assessment by public of the government functioning the citizens can also help the government in improving these services and Perhaps they have some very good ideas about policy design and implementation, so if that feedback is shared with the government and implemented, it also allows for changes. We are not saying that government organizations and public organizations cannot go wrong; there are, of course, sometimes mistakes, and sometimes there can be better models available.

So, if it is open to feedback and positive criticism from the beneficiaries of these services, and if the government is very active in listening to the citizens' viewpoints because they are the ones who are impacted, it can lead to improvements. We are not saying that a negative perception should be formed about the government or that they should be punished for their actions. It's not about that. It's about the developmental process of making policy design and policy implementation more effective. So how technology can help bring about these changes in order to improve functioning is an important point worth considering.

Now, another important aspect is that the adoption of technology leads to increased effectiveness and efficiency. When I talk about effectiveness, I'm talking about the timely access of services to the people. So whatever the policy design is and the policy implemented, the people want the immediate implementation of the policy; at least they are receiving the benefits they are supposed to get from this policy. When I talk about efficiency, I'm referring to being more cost-effective regarding the costs at which the services are provided. So, it is very important because technology can help in taking care of both timely and cost-effective implementations of the policy program so that the beneficiaries' benefit, as they are the ones who expect support from the government organization in terms of the benefits attached to public policy and programs.

Also, transparency is another important factor related to technology. Let us look at how the government shares the data on various platforms. I'll talk about it in a moment; I'll go to a website where you'll see a lot of data shared by public organizations and the government to look into the various aspects of policy implementation, such as how many beneficiaries are receiving benefits and what the status of education enrollment is. Health-related data, business-related data, and many other items are now available for public access. So, it provides more transparency to the citizens and, hence, a higher level of trust in the government.

The technological environment also helps in effective public delivery because of information and communication technology. Governance is being taken care of online; for example, government-to-government sharing of information, government-to-citizen sharing, and government-to-business sharing. So, these are some of the points through which we need to look at various aspects of technology. These are the very basic things I have talked about regarding how technology and the various technological environmental factors are impacting the organization's functioning. So, I will stop here for this session. In the next session, I will continue to talk about how technology shapes the environment of public organizations.