

Public Organization and Management
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Lecture – 14
Environment of Public Organizations – IV

Hello dear learners, I will continue to discuss the organizational environmental factors and how these environmental factors impact the functioning of organizations. So far I have discussed the impact of technological, political and ecological factors and their impact on the functioning of public organization. In this session, I'm going to start discussing about the demographic factors as important factors influencing the functioning of public organizations. Now, demographic factors includes the age, gender, race and ethnic categories of people and how these factors, how these characteristics of citizens, they impact the functioning of public organizations. That's what we need to look into. The very first aspect of the changing workforce dynamics, demographics is the entry of younger workforce in the organizations.

More and more younger people are entering the workforce. Now, it is important that how organizations, in particular public organizations, are managing the expectations of people entering as a younger workforce. Also, in addition to this, a lot of women and minorities are entering into the government employment. So, it requires for more management of diversity, how one can increase the percentage of women and minorities, and if they are entering, how to better deal with the aspects of diversity, what kind of policies and practices can be adapted to manage the diversity in the organizations.

Now, this changing demographic of population, it has direct impact on the way local government operate. Now, also it doesn't only impact the employees' side, for example, younger workforce and the women and minorities, it also is important related to government's responsiveness. The responsiveness also is to do with what category and what type of people we are talking to. We are talking to younger generation, we are designing policies for the younger, older generation, policies for women, minorities and so on and so forth. So, demographic has a larger impact in terms of government responsiveness in terms of public policy design, implementation and public service delivery.

So, you know, when we talk about demographics, people also have the cultural dimensions. We will talk about the cultural dimensions separately because that's another important environmental factors which impacts the functioning of the organizations. Now, when we talk about demographics and the impacts of these on government organizations, we are not talking about the priorities of individuals as per their

demographics we are looking at the society as a whole you know the general expectations of the society with respect to demographics we are not talking about what individuals prioritize we are looking at the society's demands and expectations and accordingly the functioning of the organizations will have to vary Now, look at some of the important components and features according to which the role of demographics are playing a role in impacting the functioning of the organization. The first one is aging workforce. Now, if you look into in Europe, it is mentioned that over 30% of the public employees are over the age of 50 and above.

This actually leads to the concern about skill obsolescence and due to retirement. So, the skills are becoming obsolete, there is no upskilling and the people are getting into the retirement. So, what happened is the organization is going to lose you know and because younger generation is lesser entering into the organization and there is no way that this particular skill set can be passed on to them so the skills becomes obsolete and things like that when this happens this demographic shift actually necessitate the the adoption of the strategic human resource practices because strategic human resource practices look at the longer term strategies of the organization. So, in this case, we can look into the planning of the human resources in times to come. Now, what kind of people would be required and how you will make sure that the knowledge which is being created is transferred to the younger employees entering into the organization, right? Because it is important to maintain service quality and operational efficiency and if the people leave without transferring the knowledge that they have gained and their experiences they are taking with them without transferring it to them to their younger counterparts, younger generation entering into the organizations, so it is of no use.

So, we have to put in place system in such a way that there are strategic human resources practices which takes care of the aspects of this. Then when people are retiring, their experiences, their knowledge, their competence is being shared with the people who are entering the workforce. So, there is a maintenance, there is a consistency in terms of knowledge creation and the transfer of knowledge. Another important challenge is with respect to recruitment. Now, public organization also must adopt the strategies to attract younger workforce.

In that way, we need to come up with some of the kind of practices which will provide better incentives and the work environment to these younger generation so that they feel satisfied and they are interested in joining the public services. So, for example, the options like flexible work arrangements or investment in their training and careers are very, very important. Focusing on the HR practices which can give them the overall good experience of employment and working. So, these are the kind of things which are actually impacting the functioning of the organization in terms of workforce composition. So, the kind of workforce which is entering the organization is one aspect.

Also, the changing demographics in the citizenry is another important aspect because diversity is there. So when we talk about the diversity and inclusion and gender and ethnic diversity, so diverse teams are more likely to understand the needs of varied citizenry. So we are talking about recruiting people. So when we are recruiting people, So we need to make sure that we have diversified workforce. Diversified mean people coming from different age groups, people coming from different kind of experiences, race, ethnicity, gender, because when people come from different kind of backgrounds, they better understand the needs of their own community.

And when they come up with this kind of experience, they share with the public organizations and government in general what kind of needs are there which are prevalent in the communities. And depending upon that, the policy design can take a different direction altogether depending upon meeting the expectations and needs of the people. So, they are increasing, the public organizations are increasingly realizing the importance of gender and ethnic diversity in improving the organizational commitment and performance. So, that's what I've talked about that when the teams are diverse, they are more likely to understand the needs of varied citizens. So, organizations need to do something about it.

Also, the diversity also has a lot of impact on organizational commitment. now if you look at the research research says that the demographic factors such as age people's educational background it actually significantly impact the levels of commitment amongst the employees inside the organization and in terms of public organizations commitment and delivery of the public service and the public service motivation commitment engagement are the important aspects which are required to be there in the public service officials because they have commitment levels and then they will be able to provide better experience to the citizens. So, in order to enhance the service delivery and achieving the public sector organizational goals, we need committed workforce. Now, in terms of role of demographics and how service delivery adaptations have to be made, tailoring services to the demographics because people are different with the different expectations because of the demographics in terms of the age, gender, race and cultural groups they come from. So, targeting programs that addresses specific needs are very, very important.

You cannot have a common policy for everybody. We have to customize and tailor-made the practices to cater to the needs of people depending upon their demographics. Example, here I have mentioned the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana. This particular is a flagship scheme of Government of India which was launched and recommended by National Health Policy 2017 to achieve the vision of universal health coverage. So, this particular initiative has been designed to meet the sustainable development goal which is leave no one behind.

So, it's basically is an attempt to move from sectoral and segmented approach of health service delivery to comprehensive need-based healthcare service. So need-based means we are catering to the needs of different people and depending upon provide the service. Now it basically aims to undertake different kind of interventions to address the healthcare system at primary, secondary and tertiary level. So this is one of the aspect of the how demographics are important factors in the making of policies with respect to tailor made services or policy making and the customization of the policies as per the changing expectations of people depending upon shifting demographics. Another is community engagement.

Tailored outreach effects can improve the participation in the public programs. Now, understanding the demographics of the communities people serve allow public organization to engage more effectively with the citizens. So, if we are picking up people who belong to that community and we are making use of these people to understand the needs of that particular community, it actually helps organizations to engage with the citizens much more effectively. For example, community health workers, if you look at, they are the lay members of the community. who are actually working as volunteers or maybe because of salary with the local healthcare system in both urban and rural environments.

Now, these people, they usually, the community health workers, they usually come from that community which shares the same ethnicity, language, socio-economic status. So, they better know the life experience of their own community and they can better guide or they can provide some kind of feedback to the public organization to make the public service delivery and the design much more effective for these people. So community engagement is another important factor in terms of service delivery adaptation according to the changing demographics. Now another important aspect of demographic is performance management. Influence on performance metrics.

The demographic variables such as gender and age have been shown to impact the performance outcomes. So, in the local, especially in the local government. So, organization that accounts for these variations in the performance evaluation, they can achieve better alignment with the community needs and improve the overall performance of the organization, overall effectiveness in that way. Then comes the stakeholder participation. Public organization can consider adopting strategy based on the community feedback.

Now, engaging diverse stakeholders in the performance management and process and evaluation because we are talking to different set of people who belong to different community groups. different age groups and gender so we can better understand you know the needs and the demands and expectations of the people to comprehensively you know making an assessment of the service effectiveness right so these public

organization you know which consider the demographics diversity in stakeholder engagement they are better positioned to adapt their strategies based on the feedback of the community right Now let's look at one of the interesting research study, Influence of Demographic Factors and Work Environment on Job Satisfaction among Police Personnel. This study aimed to investigate the impact of demographic factors such as organizational characteristics and job characteristics on job satisfaction among police personnel in Kerala. And the study is done by Kumar, published in 2021, Journal of International Criminal Justice Review. Now, the authors followed a methodology in which they have surveyed 6041 police officers across various ranks, and they used a 140-item questionnaire translated into local language, which is Malayalam in this case, and they used this statistical technique to run the data analysis.

Now, what are the key findings in terms of demographics and the work satisfaction? They find that older personnel report higher job satisfaction possibility due to the better acclimatization and self-selection. People who really wanted to be in the profession, really wanted to make a difference in the lives of others. So that is the reason older age people, they have reported higher job satisfaction. In terms of gender, women showed higher job satisfaction attributed to proactive workplace policies adapting well to the police environment. So, you see that depending upon the need of the demographic in terms of gender, when the policies are being used in such a way that it provides a lot of satisfaction to the specific category of people for whom they are designed, it can lead to higher job satisfaction.

In terms of rank, higher ranking officers experience greater satisfaction. It is because maybe they are involved in much more decision making and there is a lot of respect that they receive from the society because of their rank. Higher education correlates negatively with satisfaction. If people are much more educated, it is negatively related to satisfaction. The result is maybe higher educated people, they may feel underutilized for some of the positions that they are working in the police as profession. In terms of marital status, married personnel show higher satisfaction likely due to the family support.

So, this is basically about, this research is about how demographic factors, they impacted the working environment and how it leads to the job satisfaction among the employees in the organization. So, we need to also look into the other research studies which specifically talked about how with the help of the demographic understanding, Government also tries to come up with some kind of policies in order to cater to the specific needs of people in that particular context. The other important environmental factor in terms of impacting the functioning of the organization is the cultural environmental factor. Now, if we talk about the culture, now you will see a lot of overlap between the demographic factor and the cultural factor which I also talked about in demographic discussion. This is about impact of the characteristics of citizens including their knowledge and beliefs, language, religion, etc. on the functioning of public

organizations. Does it matter? Yes, it does. If you look at India, the country, diversified country, people from different cultures, different backgrounds, speaking different languages, coming up from the different regions. So, diversity is a concept which has a lot of implications and their impact in the organization and specifically public organizations. Now, diversity of needs due to cultural distinction among public in the community, it needs to be addressed by public sector service.

One of the examples of this cultural distinction is about the kind of festivals that we celebrate and the government providing provisions for declaring holidays on certain specific days, for example, celebrating some important events. celebrating the contributions of the freedom fighters coming from different backgrounds. So these are some of the ways in which this cultural distinction has been addressed by the public service sector. Very important concept within the relation to cultural aspect is cultural competency. It's about knowledge and ability to understand, communicate with and value people across different cultures.

How organizations should make use of this particular knowledge in terms of ability to understand the communities, communicate with them and value people across different cultures. And this is very much important because of cultural diversity in India. We have a lot of people coming from different cultural backgrounds, different regions, people celebrating different rituals. They have different beliefs and values with respect to their religion and their rituals and the celebrations. So, all this impacting the way public organization should function.

Because we cannot just meet the demands of one particular set of people because we are a diverse country and this is highly required that the country takes care of the expectations of such a diverse citizenry. Now, look at the definition of Onioni and Ives in 2007 published paper. I have mentioned it as a reference number three. They talked about the definition in terms of cultural competency allows organizations to demonstrate behaviors, attitudes, policies, and structures that enable them to work effectively in all aspects of policymaking, administration, practice, and service delivery. Now, it is not only to understand about different cultures and ability to understand different cultures.

Accordingly, the cultural competency also says that the people working in the organization should demonstrate the important behaviors and attitudes, policies and structures in alignment with that understanding of the culture. you being sensitive to the various cultures, people's beliefs, their regional beliefs, their languages and so on and so forth and integrate it with the aspects of policy making, administration practice and service delivery. So, cultural competent, becoming cultural competent is a very important aspect of cultural environment and its impact on the public service organizations. You can't imagine one particular group getting what they demand from the government and other group completely ignored. And such a country like India, which has huge, huge

diversity, we cannot have this kind of situation because if it does, it has a lot of negative implications for the functioning of the entire society and the system.

Now, diversity of needs in public services, there are cultural distinctions. Now, diversity results in varying needs and expectations from public service. For example, PM India website is available in multiple languages because people coming from different regions speak different languages. So, we have this kind of policy on these things where there are websites available in the multiple languages because we get to the needs of people there. Now, I already talked about cultural competence is basically defined as a knowledge and ability to understand, communicate with and value people across different cultures.

So, depending upon that, we also have to be sensitized about how we should function. Especially, there could also be training given to these public officials and sensitize them towards the acceptance of diversity as an important criteria in policy making and public service delivery. Now, if you look at the cultural diversity in India, it comes from varied aspects. There is a lot of religious diversity. Each religion contributes unique customs and practices that influence community life and public policy.

There is linguistic diversity with many languages spoken across country. Effective communication in public service requires multilingual capabilities, right? Because it is important that how you communicate and understand the expectations of people. And there is also ethnic diversity, home to numerous ethnic groups, each with distinct traditions. Now, if the political leaders are speaking to the different community people, different ethnic groups, so sometimes we also have to customize our communication in order to relate much more to these people because it is a matter of a connection between the community. Because when you make that kind of a connect and build that kind of relationship, the amount of trust that you get from people is going to be huge.

Now, implications for public organizations in terms of policy development. Policy should be inclusive and reflective of the diverse population's needs. So, very interesting, I want to share the interesting paper here. If you just go to the reference number 2 here, which is Bhartiya model of inclusive development in NITI policy paper. This is available on this particular website. Now, Bhartiya Model of Inclusive Development is a wonderful concept here and the paper beautifully highlights how it takes care of the inclusive development. The three pillars which are mentioned in this paper are Market Economics, Empowerment and Pragmatism and the title it says that Bharti Model of Inclusive Development Sab Ka Saath, Sab Ka Vikas, Sab Ka Vishwas and Sab Ka Prayas.

Now, I want you to focus specifically on the empowerment dimensions of this particular policy paper, which in paper it talks about antodea welfarism and talked about the different needs of the people, you know, depending upon the age, culture, their other demographic factors and how there is an attempt to understand the needs of different

categories of people and then come up with the customized policies for them. We talk about education, provision of healthcare services in terms of empowering women. A beautiful narration has been given in the paper and the paper also highlight about the initiatives like Man Ki Baat by the Prime Minister of the country, to connect with the people of the different diverse backgrounds and have that kind of connection to share the views with the nation.

And it only helps in the building of relationship and increasing the level of trust in the people. Then comes the training programs. Now, public sector employees should also undergo training in the cultural competency to enhance their understanding of different cultures. Because you are dealing with people from different backgrounds, you should not be insensitive to the needs of the people.

You need to understand. And sometimes these kind of trainings are required to make you prepare better to deal with the public and understand their expectations in a better way. Example here is training programs by Centre for Cultural Resources and training by Government of India. So, it is making people much more sensitive, much more prepared and confident, making them more competent in terms of conversing with people and trying to understand their demands and expectations so that subsequently it can be converted then into the way of policy design, policy implementation and delivery.

Then comes the legal environment. Legal environment, it is with respect to the impact of laws, regulation, legal procedures, legal institutions and values on the functioning of public organizations. How laws, the regulations, procedures and legal institutions and their values, they impact the functioning of public organizations. First of all, let's look at the framework of operations. So, regulatory compliance. Because public organizations are embedded in the larger government settings, so public organizations, they must operate within a framework of law that dictate their actions and responsibilities.

For instance, central civil services rules. Or we can talk about administrative law, which governs that the action of public organizations and it ensures that operate within the framework. Example, Indian Railways Act. So how various provisions of the law is to be taken care of in terms of abiding with the rules and regulations, the policy documents, the rules written. And if the organization deviate from those particular rules, what are the actions that can be taken and what are the remedies which are available in the framework? Now, what is the influence of this thing on the policy development? Let's look at the legislative framework. Now, laws influencing policy development by establishing priorities and resource allocation.

Now, if you look at in terms of, you know, Article 39 of... Indian Constitution, which guarantees equal justice and free legal aid to all citizens. So, the organizations cannot have the functioning as per their own whims and fancies. They are to be abide by the, you

know, the policies, rules and regulations which are being listed, right? Now, this particular act states that the state shall secure the operations of the legal system that actually promotes justice, right? And in particular, provide free legal aid to ensure that opportunities for securing justice are not denied to any citizens by any reason of economic or other disabilities. So it has important implication for the functioning of the organization. So, if they do not abide by this, there are repercussions, there will be consequences that they will have to face.

Then another important aspect is of judicial oversight. Now, judicial review, the courts play a crucial role in interpreting laws and ensuring that public organization adhere to the legal standards. So, judicial review allows citizens to challenge the administrative decisions, thereby holding public organizations accountable and influencing their operational practices. So, there is somebody who is watching. So, the public organizations are to be wide by legal rules, they cannot just work depending upon what they deem fit according to their own wishes. So, it has important implications for the functioning of the public organizations.

Let's look into the research insights on this. More than a decade in making, a study of the implementation of India's Right to Information Act, as published in this paper, published in World Development. The purpose of the RTI Act is to design to promote transparency and accountability and curb corruptions. It is one of the strongest legal frameworks globally enabling citizens to access government information and advance democracy. Now, in this case, what was the framework used? The study employs a socio-political and technocratic framework. In technocratic factors, they used capacity building, policy, monitoring systems.

In socio-political factors, they used political will, leadership, citizen activism and bureaucratic culture. So, what they have used in terms of methodology? They have conducted in-depth interviews of 114. There was a sample. which includes citizens, journalists, activists, officials and they have also used 500 case decisions from the Central Information Commission and the focus on both the side, demand side, citizen requiring information and the supply side, government compliance. So, the findings indicate that the political will and the bureaucratic culture are crucial but often hinder smooth implementation of the RTI Act we are talking about.

Citizen activism, e.g. grassroots campaigns and audits has played a key role in driving transparency. Now, implementation challenges include bureaucratic secrecy, do not want to share information, resistance to disclosure, and inconsistent compliance at the state and central level. So, these are the findings of this particular study in relation to the Right to Information Act under the legal environment of the public organization. Following this, we have economical, environment dimension, which includes the impact of inflation,

interest rates, tax rates, labour, capital on the functioning of public organisations.

So, these are the factors we are going to talk in the detail here. First is inflation. Now, inflation as an important economic factor, it relates to expenditure growth. Inflation typically leads to increased operating cost for public organizations because as the inflation increases, the operating cost for the organization also increases.

You know, often outpacing the revenue growth. So, it will have an impact. What impact? In terms of example, there will be budget constraints in delivery of public distribution system because of the inflation. You know, there is an impact on the functioning of the organization and how it is impacting in terms of the budget cuts and so on and so forth for all the public organizations. Revenue challenges. While inflation can increase revenue from taxes, the mismatch between the rising cost and revenue can threaten the fiscal health. So, the important implication for the public organization as a result of inflation.

Interest rates, by increasing interest rate, debt servicing cost will also increase. High interest rates increase the cost of borrowing, potentially delaying in infrastructure development. So the high interest rate can also increase the cost for the public organizations to potentially raise the capital. So ultimately, it will have delay in the infrastructure development. Sometime rise in the interest rate can defer investment in new product as the cost of capital rises.

So, you also have to prioritize short-term versus long-term things. There could be delay because of the rise in interest rate. So this is one of the important implications of the economic factors of the environment and the functioning of the public organizations. Tax rates, revenue generation, lower tax rates may lead to less revenue, whereas high tax rates may lead to public backlash and economic downturns. So, both have different consequences for this thing. So, it is important that the tax rates in terms of revenue generation, how it is impacting the functioning of the public organizations and how public officials manage this.

Now, it also has impact on the public trust and compliance. If citizens feel that the tax are high, it can lead to decreased compliance. right because they have to pay more so sometime it can lead to the decrease compliance please look at the paper which is mentioned over here at number source 3 to get more details on this in terms of labor costs wage pressures rising labor costs due to inflation can lead to budget cuts and reduce staffing again impact on the functioning of the important activities in the organization Workflows challenges, tight labor market can may create challenges in recruitment and retaining of employees. So, increasing labor cost, recruiting the labor in the tight labor market, they can have impact on the recruitment and the retention of the employees.

Now with this, we are done with the generic environmental components of the environment and its impact on the functioning of the public organizations. In the next session, we are going to conclude this particular module by talking about the specific components of the environment other than what we have discussed in terms of technological, political, ecological, cultural and demographics environment.