

Public Organization and Management
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Lecture - 09
Approaches to the Field of Management – IV

Hello, dear learners. Let's continue our discussion on the contributors from behavioral school. Let us now talk about the contributions of Chester Irving Barnard. Chester Irving Barnard was a business executive, public administrator, and of course, known as well-known author of the management organizational theories, largely based on the personal experience of Barnard of working in various positions. He had served in many positions, started his career in 1909 at Statistical Department of AT&T. and of course, grown in the career and took promotions up to the level of President in New Jersey Bell Telephone Company in 1927.

So, Chester Barnard has also through his experience has contributed to the field of management and talked about some of the aspects related to the management of organizations. Let's look at the contributions by Chester Barnard. So, major contributions to the field of management by Chester Barnard are the nature of cooperative systems, formal organizations, theory and structure, acceptance of authority and the function of the executive. So, we will look into all these aspects one by one.

Now, according to Barnard, effectiveness and efficiency in any cooperative system, talked about effectiveness, and efficiency in any system, cooperative system can be enhanced by developing the theory of organizations. That's what he talked about. So, he emphasized on the understanding how an organization function. you know, organizational function he talks about. It says that the major function of the organization is how organization basically respond to the changes, you know, in terms of making adjustment to the internal processes to ensure its survival, right? So, this is the first thing, you know, understanding how an organization respond to the external environment by making the internal adjustment so that it can ensure its survival, right? Also, the another important aspect of understanding on examining the external forces, you know, lot of changes are happening in the external environment, how organization they look to the changes happening in the external environment.

So that they can readjust their internal functioning to respond and to maintain that kind of equilibrium. So that's another important aspect of developing the theory of organization. And also third is important aspect of understanding the role or the functions of the executive at all the time. That's what he talks about in terms of nature of cooperative systems. So first is how organizations make an adjustment to your internal environments

for their survival, how they monitor what is happening in the external environment in terms of changes and the forces and try to readjust their organization's internal structure so that they can maintain that kind of equilibrium to continue to function.

And third, mostly he talked about the functions of the executive at all the levels. Then comes the formal you know, the organization, formal organizations in terms of theory and structure. It says that if system has to function, you know, appropriately, it must have three important components. I'm talking about formal organization, theory and structure. If the system has to function properly, effective and efficiency perspective we talked about, it must contain three elements.

First of all, he talked about something called as economy of incentive. Please note this aspect very important because it relates to functioning of people in the organization. So, he talked about economy of incentive as far as the formal organization theory and structure is concerned. Now, what is the meaning of economy of incentive? He talked about the organizations should have members who are first of all willing to indulge into the efforts, willing to contribute towards the organization, willing to participate in the organization. Now, when and why they should be participating? How you will ensure that they should participate? It depends upon how organization is providing them the incentives, right? How organization is going to provide them the incentives, objective incentives, of course, and of course, through persuasion.

So, this equilibrium, right? Contribution and inducement equilibrium should be maintained so that whenever the employee feels that they are getting incentive and then the effort they will always indulge into the effort that's what is the idea of economy of incentive so how much efforts you are putting in in terms of your functioning and how much you are receiving from the organization in terms of inducement so that inducements from the organization point of view should be well thought of So that the people will be willing to participate in the organization. Then another important aspect of the system is about common purpose. There should be a common purpose of the organization so that people can also align their effort. In understanding of common purposes, what is the purpose of the organization? what how employees understand the that purpose right not purpose of the individuals but how employees understand that purpose of the organization so that they can align their efforts with the achievement of the goals of the organization right then comes a method of communication you know how the communication is going to be happening in the organization, formal informal communication importance is there how it should happen in the organization that's the third important you know element which is important in terms of the aspect of the formal organization structure, right? Then comes the third contribution in terms of Chester Barnard's management thought is acceptance of authority. Very interesting.

We'll talk about some of the important aspects of this. Acceptance of authority, if you look at, according to Barnard, authority does not reside in persons of authority. authority does not reside in persons of authority and if it is not then where the authority is? Real authority according to Barnard lies in the members of the organization. Lies with the members of the organization because authority is largely to do with the acceptance. If nobody accepts the authority, what is the point of that particular authority? So, authority lies with the member of the organization.

If the members accept that authority, then only authority is exercised. So, Barnard was of the view that authority does not reside with the person of authority. It actually, you know, real authority lies with the member of the organization in terms of the acceptance. Now, depending upon as you know if you talk about the acceptance as an important consideration here what is about acceptance now legitimacy of accepting communication by the subordinate for example if the superior is communicating or giving some orders you know or there is a hierarchy that has to be followed if the superior is giving some direction or order to the subordinates The legitimacy of accepting that communication should first of all take care of the four conditions. First of all, that communication should be very clear in terms of understanding. I'm talking about acceptance of authority. Communication should be understandable.

People should understand that communication. It is important. First criteria before making decision on the acceptance, legitimacy of accepting the communication depends upon four important things communication understanding people should understand the communication, also that communication should be in alignment with the purpose of the organization, meaning that any communication which is beyond, which is not in alignment with the purpose of communication, you will see lesser acceptance. That communication is important, that communication is in alignment with the purpose of the organization and then we say that legitimacy of that communication will be more. If it is not aligned with the purpose of the organization, then the legitimacy will be less. So, legitimacy of the communication depends upon first understanding of the communication. Second, it should be well aligned with the purpose of organization.

Also, the communication should be compatible with people's personal interest. They should also be see some kind of relevance with respect to the personal interest people have. So, if that is there, we can say that the communication would be then acceptance, would be accepted easily. And also, the people should have, you know, mental and physical ability to comply with the communication, now according to this particular view of you know the organization according to this view is you know we talk about the very important concept of in terms of acceptance the communication is called as 'zone of indifference' very important, zone of indifference, now what is the meaning of zone of indifference in terms of accepting the communication Now, if you see that we talked about just some of the important aspects with respect to legitimacy of the communication,

understanding of the communication, it should be aligned with the purpose of the organization. People should have physical and mental capacities to follow that communication and they should also be aligned with the personal interest.

Zone of indifference, let's try to understand. If the acceptance of authority or communication will depend upon this thing. Now, zone of difference can be narrow or it can be broad. Let's look at in terms of the burden that people or sacrifice people have to make in terms of accepting the authority or communication. If the burdens or sacrifice that the people have to make in terms of, you know, comply with the request or communication and authority, burden is much more. We'll say that the zone of difference is narrow difference, narrow zone of difference, right? But if in terms of burden and sacrifices is less in terms of how the communication is, the zone of indifference is broad. Now, also it depends upon another important aspect, you know, a positional authority, positional authority and authority of leadership. authority of leadership. These are two important another important aspect in relation to acceptance of communication and zone of indifference. Positional authority means authority by the virtue of your position.

Authority of leadership is more personal you know authority personal leadership because you have expertise, you have knowledge, you have referent power, people really admire you, they respect you, right so according to Barnard people make use both of their positional authority and authority of leadership but in terms of zone of indifference if positional authority you know in terms of somebody passing on communication and you know make use of authority if positional authority comes along with authority of leadership. Somebody has got positional authority because of position. But along with that, that person also enjoys the authority of leadership. People want to willingly follow the orders. So, zone of difference will also be broad.

Zone of indifference will also be broad. Means, the acceptance would be much more if people have positional authority along with the authority of leadership. If it is only authority of position, positional authority, you will see that zone of indifference would be narrow means there will be some kind of resistance always in accepting the authority from the organizations, executive, especially the people higher up in the hierarchy. Finally, the function of the executive. Now, what is the function of the executive according to Barnard's point of view?

First of all, the executive has to take care of the system of communication, function of executive, first of all creation of the system of communication. The idea here is to define individual duties. Also, make sure to clarify lines of authority and focus on formal and informal means of communication, right. How will you create system of communication? Define individual duties for people. There should be clear lines of authority, meaning that who is going to be, you know, report to whom, who have the power in order to give the

command, orders and of course, there should be formal and informal means of communication.

Number two, the function of the executive is to secure essential services for the individuals. To secure essential services from individuals. How will you do that? Establish relationships, good relationships with the people so that their individual contributions contribute towards organizational goals. Focus on building relationships with your people in the organization and influence them, encourage them to contribute toward individual contributions toward the organizational goals. So, here the function of executive is to encourage, provide direction and then elicit the individual contributions toward the accomplishment of the goals in the organization.

Then also within this particular aspect of getting essential services from individual, it is also the duty of the executive is to take care of employee morale, their motivation, right? Provide them the positive inducements for their work that they are doing, the efforts they are putting in, you have to provide them positive inducements and also take care of removing the obstacles, right? Removing the negative inducements. Educate train them, right? All these things will actually lead to better system outcomes, ensure system survival and viability, right? So, as a function of executive, you also have a duty to put in place the systems where you are taking care of the morale of the, you know, your employees so that they are highly motivated to contribute, you work on the positive inducements, try to create systems so that they work towards the organizational goal, remove the obstacles, remove negative inducements, maintain supervision and control, how you will do that. And of course, finally, you educate and train them so that the system survives and it is a viable system. And finally, you have to formulate an organization's purpose. So, these are the contributions of Chester Irving Barnard on nature of cooperative systems, formal organizations, theory and structure, acceptance of authority and the function of the executive.

Then comes the contributions on decision making approach by Herbert Simon. Again, another important influencer in the behavioral approaches. According to Herbert Simon, and of course, in terms of decision making, making choices, there's always the limits of rationality. Now, when we talk about decision making, considering the economic theory, we'll talk about economic man. They will always talk about maximizing the behavior.

Economics, right? Efficiency. Economic man versus administrative man. That's what we are talking about. Now when administrator, they talk about decision making, they sometimes satisfies. What is the meaning? Best possible decisions within the constraint imposed by time, resources and cognitive capacity. For instance, if they are actually coming up, confronting a problem which require a solution, right? So what they will do is they will satisfy first solution that comes to them without even considering the alternative solutions which can perhaps better solve the problem will not be considered so

administrator satisfied because they are constrained by time there are no resources and also there are limits to their cognitive capacity This aspect is being termed as bounded rationality, meaning that when the decisions are made, it is impossible for the administrator to have access to entire information on the basis of which the decision has to be made. Maybe it is because of the inavailability of the information. the resources that you are required to make the decisions. You don't have a time and there is no ability and there is no team which is helping you to make that. A constraint can be anything, right? So, when your decision-making ability or I will say decision-making choices are constrained by a number of factors, so your rationality is bounded.

I would say that your decision-making is bounded rational because you are constrained by your rationality. Then also they talked about the differences between the program decisions and the known program decisions. Now program decisions are the decision which we take because of the routine task. There are routine tasks which we are doing sometime whatever kind of problems that we encounter routinely and we usually frequently take decisions about these we can say talked about the concept of frequency in terms of occurrence and we know that these are the kind of problems right so in that case we have program decision and in some of these case there could be some kind of rules of thumbs which can be used by the lower level managers to actually decide what is to be done Program decision.

Simply, for example, on daily basis, manager sometimes has to make some kind of leave rules. Approval of the leaves. So it's the program decision on daily basis they have to make. So there is some kind of rule of thumb which can be followed depending upon what policy says you have to approve that. On the other side, there could be some kind of known program decisions which are unique, which we do not encounter daily basis, they are infrequent so in this case is what is happening is we need to decide how to solve a particular problem these are unique we are encountering these kind of programs the first time and we have not have this kind of situation before so we have to make the decisions depending upon the information that is available at the head so differences between programmed and non-programmed decisions.

Moving on to another contributor into the behavioral school, Abraham Maslow, very well known for his contribution to the study of motivation, 1908 to 1970. He propounded the theory of human needs. According to Maslow, the motivated behavior among individuals is very interesting. Motivated behavior among individuals is a result of the experience of need deficiency. I'll give you a very simple example. When somebody is feeling hungry, what is need deficiency? I want food. Okay, this is the experience of need deficiency. Now, if I am actually experiencing this need deficiency, what I will do? I will search for food. For example, if we go home, we are hungry, we can find what is available at home. If we don't have money, we will find out the resources, how we can actually earn money to get ourselves food.

So, this behavior is actually a result of experience of need deficiency okay and according to Maslow the motivated behaviour among individuals is basically result of the experience of this need deficiency, okay very important according to Maslow the needs of you know the broad categories of needs are can be defined into these five needs and they are actually categorized and placed in the pyramidal form. At the base of the pyramid there are physiological needs, followed by security needs, socialization needs, self-esteem and self-actualization and these needs are arranged in the hierarchy of prepotency meaning that lower level needs must be satisfied before individual move up in the hierarchy it's very important for example somebody who is experiencing the deficiency at physiological needs will not think about social security needs or perhaps self-esteem needs, okay so lower level needs have to be satisfied to move up in the hierarchy so once we are for example what are the physiological needs they are basically the needs for our survival we're talking about food, we talk about shelter, we talk about clothing, so many things are there so when we are having this kind of experience deficiency and we will first indulge into the behaviours which will get excess of these things to us. Then we'll say our needs are satisfied. So we will move up in the hierarchy. So this follow what? Satisfaction progression rule or principle.

We are getting satisfied from how we are going to satisfy our need and we will progress up in the ladder. Security needs is about needs of job security, family security, security from, you know, the danger of diseases, so many things. Socialization is about affiliation, membership of the groups. You want people to affiliate you. Self-esteem needs are basically talking about the, you know, enjoyment of job titles, luxury and related aspects.

And finally, self-actualization, reaching up to the highest potential an individual can reach. Now, in case of public sector organization, it is said that these public sector employees, they are experiencing this need deficiency. They want to contribute in terms of the service because they say that this is the maximum potential they want to reach. And it's not saying everybody, but research pointed out this thing that the public sector employees, their self-actualization needs deficiency experience is more, service orientation, contribution to the broader goals. Welfare of the community, doing good for the community, common good for people. These are the contribution of Abraham Maslow.

Another important contribution by Douglas McGregor, 1906 to 1964. Douglas was known for the conception of Theory X and Theory Y and depending upon his view, Theory X, it views employees as lazy, they are passive and they are resistant to change and authority. Now what is required to deal with these kind of people? Hence, direction, control, and motivation by management is required.

Now, what is the role of the management in this kind of people handling these kinds of people which come under the perspective of Theory X? Direction, control, and motivation by management is required to actually direct these people to indulge into the efforts which are required to achieve the objectives of the organization. Theory Y on the other hand assumes people as capable of self-direction. According to this view, people are capable of self-direction and they are self-motivated. So they are not dependent upon any kind of external stimulus to motivate them. So what kind of things will work with these people? With these people, worker participation, decentralization of authority and job enlargement would be effective.

What is the meaning of job enlargement? Giving them more tasks in which they will be interested. Okay, it's very important. Because these people are self-motivated, right? They are taking self-direction. So with these people, things like direction, control and motivation by management will not work. If you try to control them, if you try to direct them, what will happen? Their morale will go down. Vice versa, these kind of practices will not work with theory X people because they ultimately will not work. If you start, you know, involving them in terms of participation. They are lazy. They are passive. They are resistant to change and authority. They will never contribute.

So, what you want is they always need some kind of external push. I would say motivation to indulge into the efforts required to achieve the goals of the organization. Now, this also have very important contribution in terms of the managerial role, that you will come across different types of employees when you are managing the organizations. Now, you cannot manage all the employees with the same kind of practices. So, you have to actually make use of different kind of strategies or different kind of managerial behaviors to actually take the maximum outcome from these people.

And this is the reason that we also talked about with some people what will require formal authority. And with others, personal authority. It is more likely that the people coming from theory Y will actually respect personal authority. and people from theory X will be more formal authority. I'm just trying to relate the Barnard's view of authority with Douglas McGregor's view of the employees as per theory X and theory Y. So, these were the contributions.

Then comes Chris Argyris. Chris Argyris argued that there is inherent conflict between mature human personality and needs of the organizations. It's very important, you know, the view. Chris was of the view that there always exists an incongruence between demands of formal organization, which is more of extremes towards efficiency, effectiveness, the higher number of goals and highest level of the efforts by the organization. And then there are needs of individuals. Now, when we apply classical principle of administration that we just talked about hierarchical authority or narrow specialization, this will lead to experience of frustration among healthy individuals.

Because we'll say there is always a conflict. Now, if this will happen, they will show their frustration in terms of anger. They becoming passive in terms of their action. And of course, frustration. If we try to follow the classical principle of management with these people. What Argyris suggested is we should go for participative leadership and job enlargement.

See, the idea here is these people really want to contribute. These people really want to work. So what is required is giving them kind of work that will interest them and basically stimulate them to actually work in the line of their interest. And then there is a participative leadership which is required to actually motivate these people to work. Now what healthy individual desire? They desire independence, activeness, and use of their abilities, which is clashing with the classic principle of classical approaches. Because these classical approaches, they are doing what? These are fostering dependence on superiors, promote passiveness, and limit workers opportunities.

So according to the Chris Argyris view, the force of classical principles of administration with people will not work. In order to enhance the productivity levels of employees and to increase their outcomes, what is required is that one use participative leadership and the practices which will actually entice them to make use of their abilities and work accordingly.