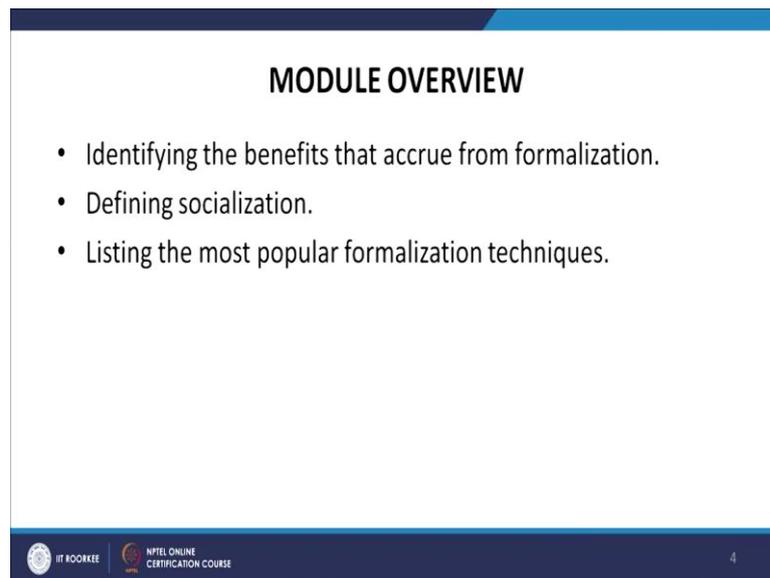


Organization Theory/Structure and Design
Prof. Zillur Rahman
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture - 09
Dimensions of Organization Structure -- II

Welcome to this course on Organization Theory/Structure and Design. Now, we will talk about module 9. Now, as you can see that this module 9 is included in part 1, that is Introduction to the Organization Theory and in these modules 8, 9 and 10, we will be discussing about the Dimensions of Organization Structure. So, now, let us see what are the things that will be covered in this module. So, it starts with identifying the benefits that accrue from formalizations.

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MODULE OVERVIEW

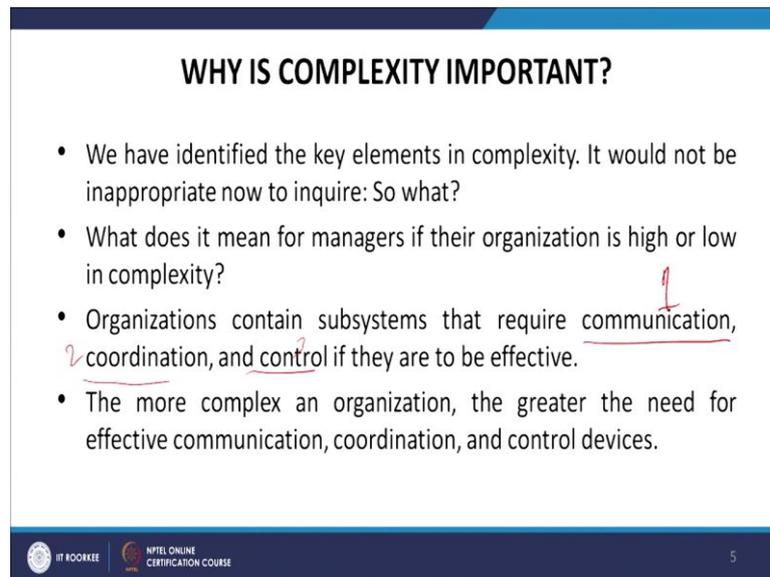
- Identifying the benefits that accrue from formalization.
- Defining socialization.
- Listing the most popular formalization techniques.

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Then, we will define socialization and thereafter, listing the most popular formalization techniques. Now, the first thing that we will talk about in this module is why is complexity important.

We have identified the key elements in complexity. It would not be inappropriate now to enquire. So, What does it mean for managers if their organization is high or low or complexity? Organizations contain sub systems that require communication one, coordination two and control three, if they are to be effective.

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WHY IS COMPLEXITY IMPORTANT?

- We have identified the key elements in complexity. It would not be inappropriate now to inquire: So what?
- What does it mean for managers if their organization is high or low in complexity?
- Organizations contain subsystems that require communication, coordination, and control if they are to be effective.
- The more complex an organization, the greater the need for effective communication, coordination, and control devices.

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The more complex an organization, the greater the need for effective communication, coordination and control devices. In other words, as complexity increases so do the demands on management to ensure that differentiated and dispersed activities are working smoothly and together, achieving the organization's goals. The need for devices such as committees, computerized information systems and formal policy manuals is reduced for organizations that are low in complexity.

So, one way of answering the 'what does complexity mean to managers?' question is to say that it creates different demands and requirements on manager's time. The higher the complexity, the greater amount of attention they must pay to deal with problems of communication, coordination and control. This has been described as a paradox in the analysis of organizations.

Management's decision to increase differentiation is made typically in the interest of economy and efficiency; but these decisions create cross pressures to add managerial personnel to facilitate control, coordination and conflict reduction. So, the economies that complexity creates may be counterbalanced by the increased burden of keeping the organization together.

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WHY IS COMPLEXITY IMPORTANT?

- So the economies that complexity creates may be counterbalanced by the increased burden of keeping the organization together.
- In fact, there may be a built-in automatic process in organizations that fosters increased complexity.
- Placed in a systems perspective, we know that organizations have a natural propensity to grow to survive.
- Over time, therefore, those organizations that survive will tend to become more complex as their own activities and the environment around them become more complex.

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In fact, there may be a built-in automatic process in organizations that fosters increased complexity. Placed in a systems perspective, we know that organizations have a natural propensity to grow to survive.

Overtime, therefore, organizations that survive will tend to become more complex as their own activities and the environment around them becomes more complex. We can add, then that an understanding of complexity is important, for it is a characteristic that managers should look for and expect if their organization is healthy.

The second comes formalization. The second component of organization's structure is formalization. Moving forward, we will first define the term; second, we will explain its importance; third, introduce the two general ways in which management can achieve it; fourth, we will demonstrate the more popular formalization techniques and the fifth is to compare formalization with complexity.

Now, let us start with the definition of formalization. Formalization refers to the degree to which jobs within the organization are standardized.

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FORMALIZATION

Definition

- **Formalization** refers to the degree to which jobs within the organization are standardized.
- If a job is highly formalized, the job incumbent has a minimum amount of discretion over what is to be done, when it is to be done, and how he or she should do it.
- Employees can be expected to always handle the same input in exactly the same way, resulting in a consistent and uniform output.

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If a job is highly formalized, the job incumbent has a minimum amount of discretion over what is to be done, when it is to be done, and how he or she should do it; because everything is well described. Employees can be expected to always handle the same input in exactly the same way, resulting in a consistent and a uniform output.

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FORMALIZATION

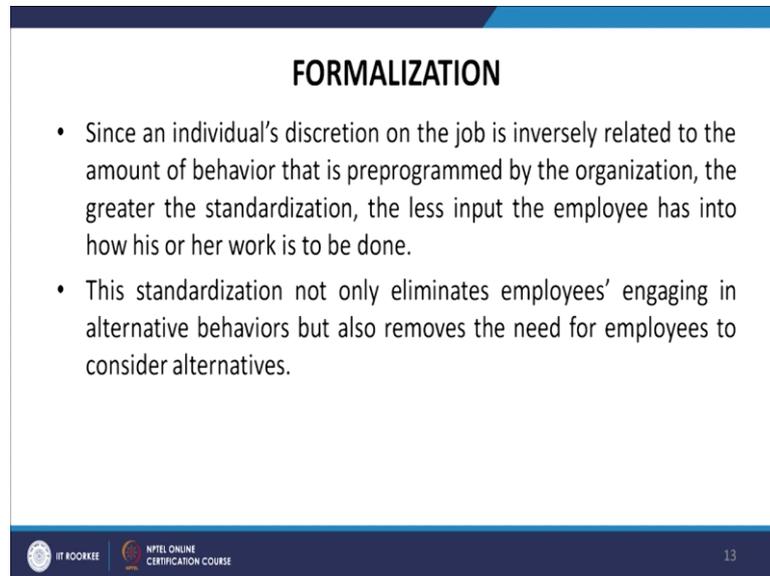
- There are explicit job descriptions, lots of organizational rules, and clearly defined procedures covering work processes in organizations where there is high formalization.
- Where formalization is low, employees' behavior would be relatively non-programmed.
- Such jobs would offer employees a great deal of freedom to exercise discretion in their work.
- So formalization is a measure of standardization.

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There are explicit job descriptions, lots of organizational rules, and clearly defined procedures covering work processes in organizations where there is high formalization. When formalization is low, employee's behavior would be relatively non-programmed.

Such jobs would offer employees a great deal of freedom to exercise discretion in their work. So, formalization is a measure of standardization.

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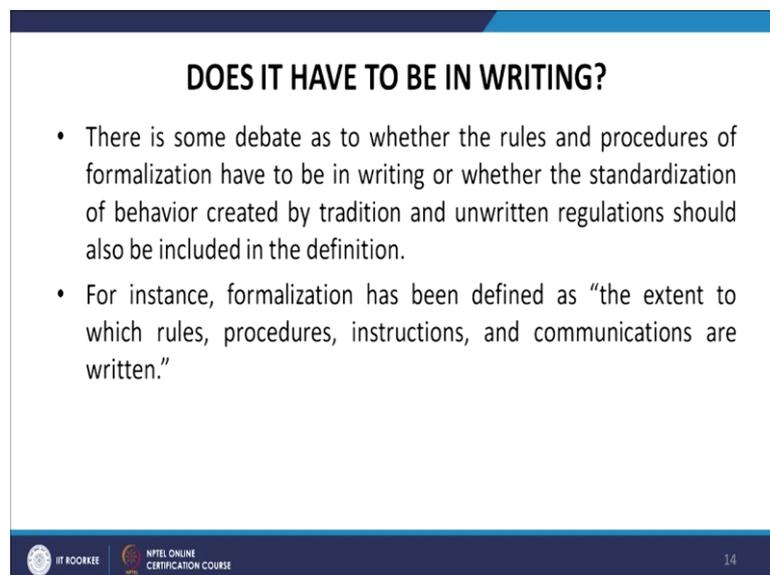
FORMALIZATION

- Since an individual's discretion on the job is inversely related to the amount of behavior that is preprogrammed by the organization, the greater the standardization, the less input the employee has into how his or her work is to be done.
- This standardization not only eliminates employees' engaging in alternative behaviors but also removes the need for employees to consider alternatives.

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Since an individual's discretion on the job is inversely related to the amount of behavior that is preprogrammed by the organization, the greater the standardization, the less input the employee has into how his or her work is to be done. This standardization not only eliminates employees engaging in alternative behaviors, but also removes the need for employees to consider alternatives.

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DOES IT HAVE TO BE IN WRITING?

- There is some debate as to whether the rules and procedures of formalization have to be in writing or whether the standardization of behavior created by tradition and unwritten regulations should also be included in the definition.
- For instance, formalization has been defined as "the extent to which rules, procedures, instructions, and communications are written."

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Now, does it have to be in writing? There is some debate as to whether the rules and procedures of formalization have to be in writing or whether the standardization of behavior created by tradition and unwritten regulations should also be included in the definition.

For instance, formalization has been defined as “the extent to which rules, procedures, instructions, and communications are written”. Following this definition, formalization should be measured by, 1 - determining if the organization has policies and procedures manual; 2 - assessing the number and specificity of its regulations.

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DOES IT HAVE TO BE IN WRITING?

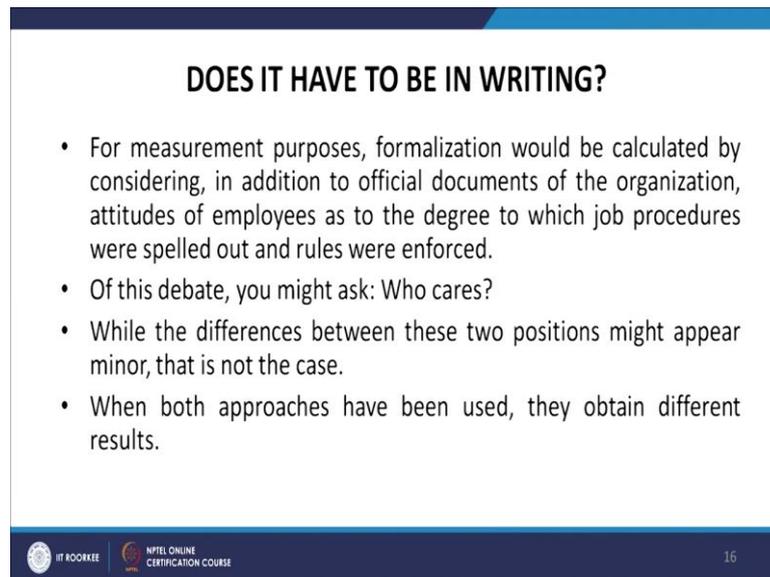
- Following this definition, formalization would be measured by:
 - 1 – determining if the organization has a policies-and-procedures manual,
 - 2 – assessing the number and specificity of its regulations,
 - 3 – reviewing job descriptions to determine the extent of elaborateness and detail, and
 - 4 – looking at other similar official documents of the organization.
- An alternative approach argues that formalization applies to both written and unwritten regulations.
- Perceptions, then, are as important as reality.

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3 - reviewing job description to determine the extent of elaborateness and detail and looking at other similar official documents of the organization. An alternative approach argues that formalization applies to both written and unwritten regulations. Perceptions, then, are as important as reality.

For measurement purposes, formalization would be calculated by considering in addition to official documents of the organization, attitude of the employees as to the degree to which job procedures were spelled out and rules were enforced. On this debate, you might ask, who cares? While the differences between these two positions might appear minor, this is not the case.

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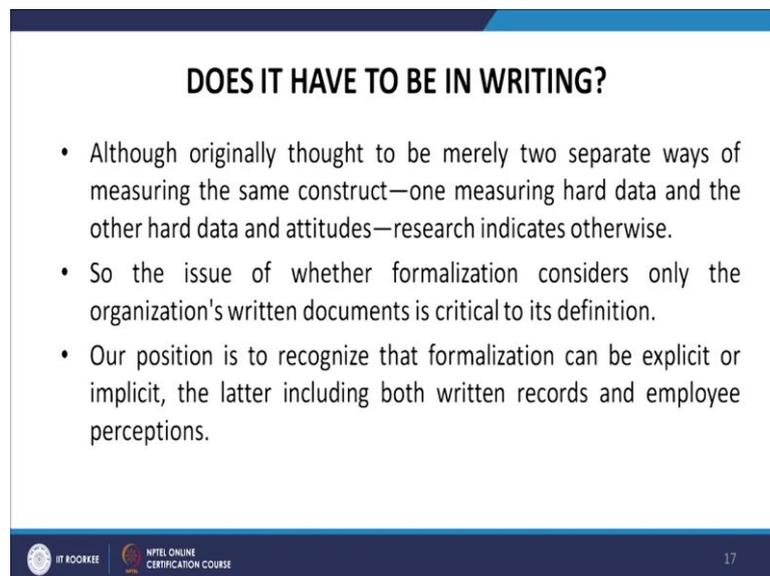
DOES IT HAVE TO BE IN WRITING?

- For measurement purposes, formalization would be calculated by considering, in addition to official documents of the organization, attitudes of employees as to the degree to which job procedures were spelled out and rules were enforced.
- Of this debate, you might ask: Who cares?
- While the differences between these two positions might appear minor, that is not the case.
- When both approaches have been used, they obtain different results.

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When both approaches have been used, they obtain different results.

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DOES IT HAVE TO BE IN WRITING?

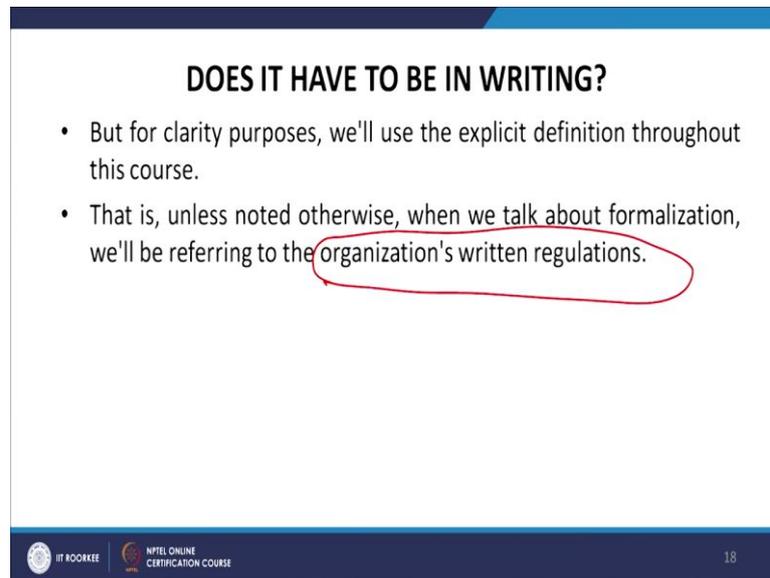
- Although originally thought to be merely two separate ways of measuring the same construct—one measuring hard data and the other hard data and attitudes—research indicates otherwise.
- So the issue of whether formalization considers only the organization's written documents is critical to its definition.
- Our position is to recognize that formalization can be explicit or implicit, the latter including both written records and employee perceptions.

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Although originally thought to be merely two separate ways of measuring the same construct; one measuring hard data and the other hard data and attitudes research indicates otherwise. So, the issue of whether formalization considers only the organization's written documents is critical to its definition.

Our position is to recognize that formalization can be explicit or implicit, the latter including both written records and employee's perceptions. But for clarity purposes, we will use the explicit definition throughout this course.

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DOES IT HAVE TO BE IN WRITING?

- But for clarity purposes, we'll use the explicit definition throughout this course.
- That is, unless noted otherwise, when we talk about formalization, we'll be referring to the organization's written regulations.

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That is, unless noted otherwise, when we talk about formalization, we will be referring to the organization's written regulations.

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RANGE OF FORMALIZATION

- It's important to recognize that the degree of formalization can vary widely among and within organizations.
- Certain jobs are well known to have little formalization.
- College book salespeople—the people from various publishers who call on professors to discuss their companies' new publications—have a great deal of freedom in their jobs.
- They have no standard sales pitch, and the extent of rules and procedures governing their behavior may be little more than requiring the submission of a weekly sales report and some suggestions on what to emphasize for the various new titles.

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Now, let us look at the range of formalization. It is important to recognize that the degree of formalization can vary widely among and within organizations. Certain jobs are well

known to have little formalization. College book sales people, the people from various publishers who call on professors to discuss their company's new publications, have a great deal of freedom in their jobs.

They have no standard sales pitch, and the extent of rules and procedures governing their behavior may be little more than requiring the submission of a weekly sales report and some suggestions on what to emphasize for the various new titles.

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RANGE OF FORMALIZATION

- At the other extreme, on other jobs for example, the clerical and editorial positions employees are required to "clock in" at their work station by 8 a.m. in the morning.
- And are required to follow a set of precise procedures dictated by management.
- *It is generally true that the narrowest of unskilled jobs—those that are simplest and most repetitive—are most amenable to high degrees of formalization.*

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At the other extreme, on other jobs for example, the clerical and editorial positions employees are required to “clock in” at their work stations by 8 a.m. in the morning and are required to follow a set of precise procedures dictated by management. It is generally true that the narrowest of unskilled jobs, those that are simplest and most repetitive, are most amenable to high degrees of formalization.

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RANGE OF FORMALIZATION

- *The greater the professionalization of a job, the less likely it is to be highly formalized.*
- Yet there are obvious exceptions.
- *MRA* Public accountants and consultants, for instance, are required to keep detailed records of their hour-by-hour activities so that their companies can bill clients appropriately for their services.
- In general, however, the relationship holds.
- The jobs of lawyers, engineers, social workers, librarians, and like professionals tend to rate low on formalization.

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The greater the professionalization of a job, the less likely it is to be highly formalized. Yet there are obvious exceptions. Public accountants and consultants, for instance, are required to keep detailed record of their hour-by-hour activities so that their companies can bill clients appropriately for their services. In general, however, the relationship holds.

The job of lawyers, engineers, social workers, librarians, and like professionals tend to rate low on formalization.

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RANGE OF FORMALIZATION

- Formalization differs not only with whether the jobs are unskilled or professional but also by level in the organization and by functional department.
- Employees higher in the organization are increasingly involved in activities that are less repetitive and require unique solutions.
- The discretion that managers have increases as they move up the hierarchy.
- *So formalization tends to be inversely related to level in the organization.*

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Formalization differs not only with whether the jobs are unskilled or professional, but also by level in the organization and by functional departments. Employees higher in the organization are increasingly involved in activities that are less repetitive and require unique solutions.

The discretion that managers have increases as they move up the hierarchy. So, formalization tends to be inversely related to level in the organization. Additionally, the kind of work in which people are engaged influences the degree of formalization.

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RANGE OF FORMALIZATION

- *Additionally, the kind of work in which people are engaged influences the degree of formalization.*
- Jobs in **production** are typically more formalized than are those in sales or research.
- Why? Because production tends to be concerned with stable and repetitive activities. Such jobs lend themselves to standardization.
- In contrast, the sales department must be flexible to respond to changing needs of customers, while research must be flexible if it is to be innovative.

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Jobs in production are typically more formalized than are those in sales or research. Why? Because production tends to be concerned with stable and repetitive activities. Such jobs lend themselves to standardization. In contrast, the sales department must be flexible to respond to changing needs of customers, while research must be flexible if it is to be innovative.

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WHY IS FORMALIZATION IMPORTANT?

- Organizations use formalization because of the benefits that accrue from regulating employees' behavior.
- *Standardizing behavior reduces variability.*
- McDonald's, for example, can be confident that a Big Mac will look and taste the same whether it is made at an outlet in Delhi, Bangalore, Mumbai or Haridwar.
- McDonald's, in fact, attributes its corporate success to its product consistency and uniformity.

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After having completed the range of formalization, now we will talk about why is formalization important. Organizations use formalization because of the benefits that accrue from regulating employees' behavior. Standardizing behavior reduces variability. McDonald's, for example, can be confident that a Big Mac will look and taste the same whether it is made at an outlet in Delhi, Bangalore, Mumbai or Haridwar. McDonald's, in fact, attributes its corporate success to its product consistency and uniformity.

The company's operating manual has 385 pages describing the minutest activities in each outlet. No cigarettes, candy or pinball machines are allowed. Strict standards of employees' grooming are specified. The manual states clearly how a basic chicken burger would be made, how much would be fat content and how much would be pure chicken.

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WHY IS FORMALIZATION IMPORTANT?

- The company's operating manual has 385 pages describing the most minute activities in each outlet.
- No cigarette, candy, or pinball machines are allowed.
- Strict standards of employee grooming are specified.
- The manual states clearly how a basic chicken burger should be made, how much would be fat content and how much would be pure chicken.
- French fries are to be kept under the warming light for no more than seven minutes.

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French fries are to be kept under the warming lights for no more than seven minutes.

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WHY IS FORMALIZATION IMPORTANT?

- Specifically designed scoops are to be used to ensure that the precise number of fries goes into each pouch.
- Even the exact procedure for greeting customers and taking orders is standardized.
- Is there any doubt why the food at McDonald's, regardless of where in the world it is purchased, always looks and tastes the same?
- As the above description demonstrates, it isn't by chance!

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Specifically designed scoops are to be used to ensure that the precise number of fries goes into each pouch. Even the exact procedure for greeting customers and taking orders is standardized. Is there any doubt why the food at McDonald, regardless of where in the world it is purchased, always looks and tastes the same? As the above description demonstrates, it is not by chance.

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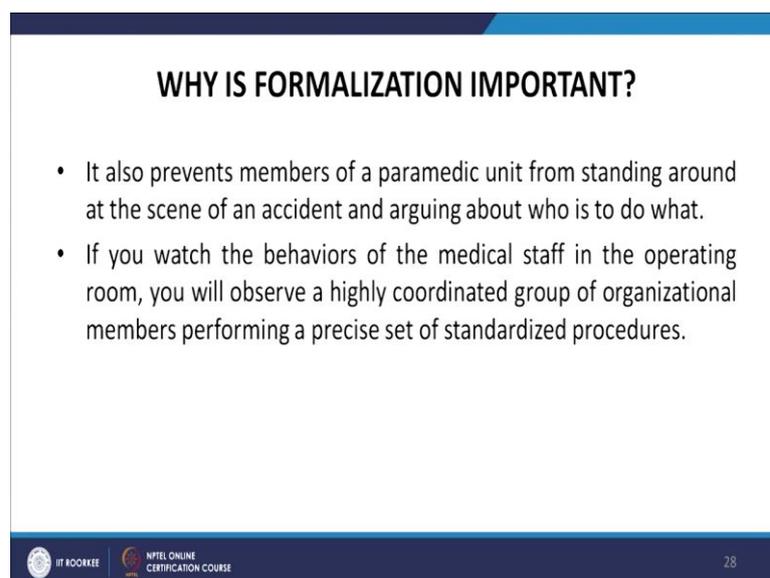
WHY IS FORMALIZATION IMPORTANT?

- *Standardization also promotes coordination.*
- Football coaches spend dozens of hours introducing a complex set of procedures for their players.
- When the quarterback calls “wing-right-44-on-3,” each team member knows exactly what task is to be performed.
- Formalization allows automobiles to flow smoothly down the assembly line, as each worker on the line performs a highly standardized set of repetitive activities.

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Standardization also promotes coordination. Football coaches spend dozens of hours introducing a complex set of procedures for their players. When the quarterback calls “wing-right-44-on-3”, each team member knows exactly what task is to be performed. Formalization allows automobiles to flow smoothly down the assembly line, as each worker on the line performs a highly standardized set of repetitive activities.

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WHY IS FORMALIZATION IMPORTANT?

- It also prevents members of a paramedic unit from standing around at the scene of an accident and arguing about who is to do what.
- If you watch the behaviors of the medical staff in the operating room, you will observe a highly coordinated group of organizational members performing a precise set of standardized procedures.

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It also prevents members of a paramedic unit from a standing around at the scene of the accident and arguing about who is to do what. If you watch the behaviors of the medical

staff in the operating room, you will observe a highly coordinated group of organizational members performing a precise set of standardized procedures. The economies of formalization also should not be overlooked. The greater the formalization, the less discretion required from a job incumbent.

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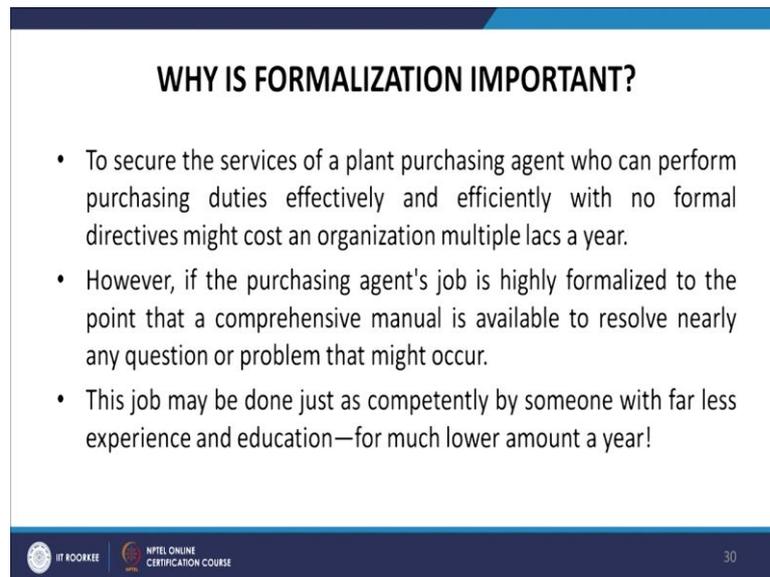
WHY IS FORMALIZATION IMPORTANT?

- *The economics of formalization also should not be overlooked.*
- The greater the formalization, the less discretion required from a job incumbent.
- This is relevant because discretion costs money.
- Jobs that are low on formalization demand greater judgment.
- Given that sound judgment is a scarce quality, organizations have to pay more (in terms of wages, salaries, and benefits) to acquire the services of individuals who possess this ability.

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This is relevant because discretion costs money. Jobs that are low on formalization demand greater judgment. Given that sound judgment is a scarce quality, organizations have to pay more in terms of wages, salaries, and benefits to acquire the services of individuals who possess this ability.

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WHY IS FORMALIZATION IMPORTANT?

- To secure the services of a plant purchasing agent who can perform purchasing duties effectively and efficiently with no formal directives might cost an organization multiple lacs a year.
- However, if the purchasing agent's job is highly formalized to the point that a comprehensive manual is available to resolve nearly any question or problem that might occur.
- This job may be done just as competently by someone with far less experience and education—for much lower amount a year!

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To secure the services of a plant purchasing agent who can perform purchasing duties efficiently and effectively with no formal directives might cost an organization multiple lacs of rupees a year. However, if the purchasing agent's job is highly formalized to the point that, the comprehensive manual is available to resolve nearly any question or problem that might occur.

This job may be done just as competently as someone with a far less experience and education - for much lower amount a year. This explains, incidentally, why many large organizations have accounting manuals, personnel manuals and purchasing manuals, occasionally running into several thousand pages in length.

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WHY IS FORMALIZATION IMPORTANT?

- This explains, incidentally, why many large organizations have accounting manuals, personnel manuals, and purchasing manuals, occasionally running to several thousand pages in length.
- These organizations have chosen to formalize jobs wherever possible so as to get the most effective performance from employees at the lowest cost.

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These organizations have chosen to formalize jobs wherever possible so as to get the most effective performance from employees at the lowest cost.

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THE "MAKE OR BUY" DECISION

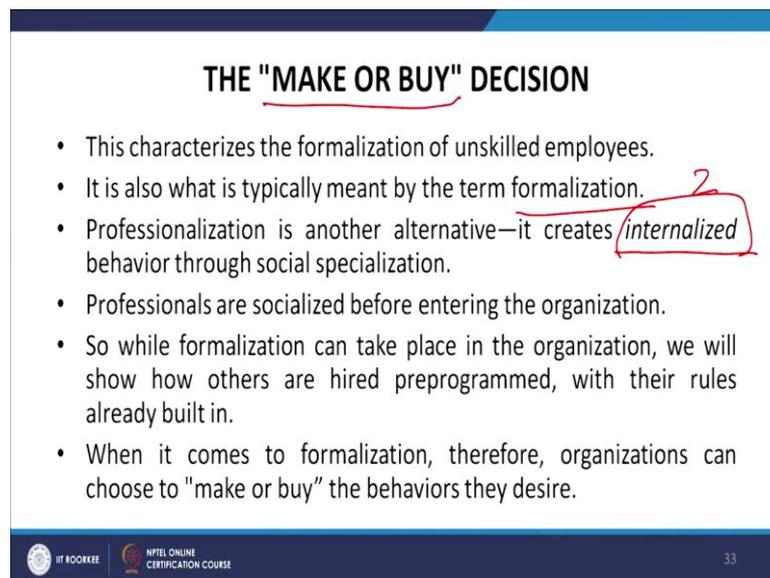
- We noted earlier the difference between unskilled and professional employees and indicated a relationship between each classification and the propensity to formalize jobs.
- In this section, we propose that formalization can take place on the job or off.
- When it's done on the job, we use the term externalized behavior.
- This means that the formalization is external to the employee; that is, the rules, procedures, and regulations governing the individual's work activity are specifically defined, codified, and enforced through direct management supervision.

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Now, we will discuss the make or buy decision. We noted earlier the difference between unskilled and professional employees and indicated a relationship between each classification and the propensity to formalize jobs. In this section, we propose that formalization can take place on the job or off it. When it is done on the job, we use the term externalized behavior.

This means that the formalization is external to the employee, that is the rules, procedures, and regulations governing the individual's work activity are specifically defined, coded, and enforced through direct management supervision. This characterizes the formalization of unskilled employees. This is also what is typically meant by the term formalization. Professionalization is another alternative, it creates internalized behavior through social specialization.

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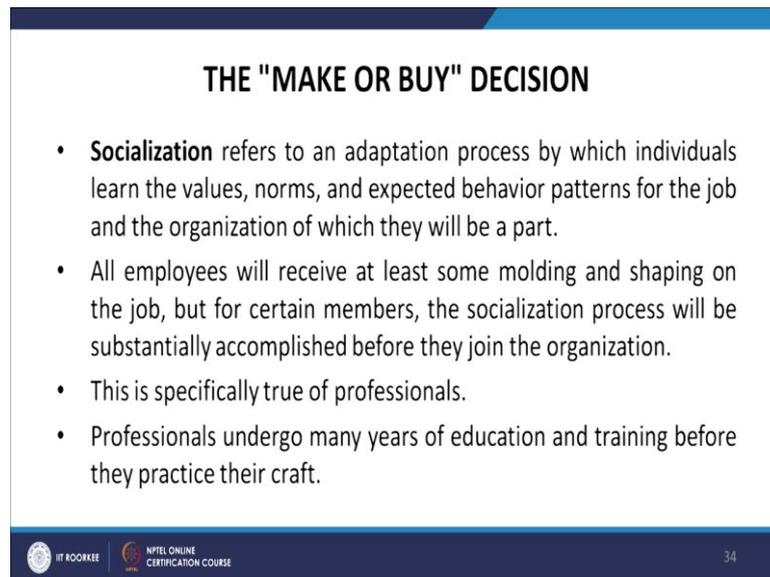
THE "MAKE OR BUY" DECISION

- This characterizes the formalization of unskilled employees.
- It is also what is typically meant by the term formalization.
- Professionalization is another alternative—it creates *internalized* behavior through social specialization.
- Professionals are socialized before entering the organization.
- So while formalization can take place in the organization, we will show how others are hired preprogrammed, with their rules already built in.
- When it comes to formalization, therefore, organizations can choose to "make or buy" the behaviors they desire.

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Professionals are socialized before entering the organization. So, while formalization can take place in the organization, we will show how others are hired, preprogrammed, with their rules already built in. When it comes to formalization, therefore, organizations can choose to “make or buy” the behavior they desire.

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THE "MAKE OR BUY" DECISION

- **Socialization** refers to an adaptation process by which individuals learn the values, norms, and expected behavior patterns for the job and the organization of which they will be a part.
- All employees will receive at least some molding and shaping on the job, but for certain members, the socialization process will be substantially accomplished before they join the organization.
- This is specifically true of professionals.
- Professionals undergo many years of education and training before they practice their craft.

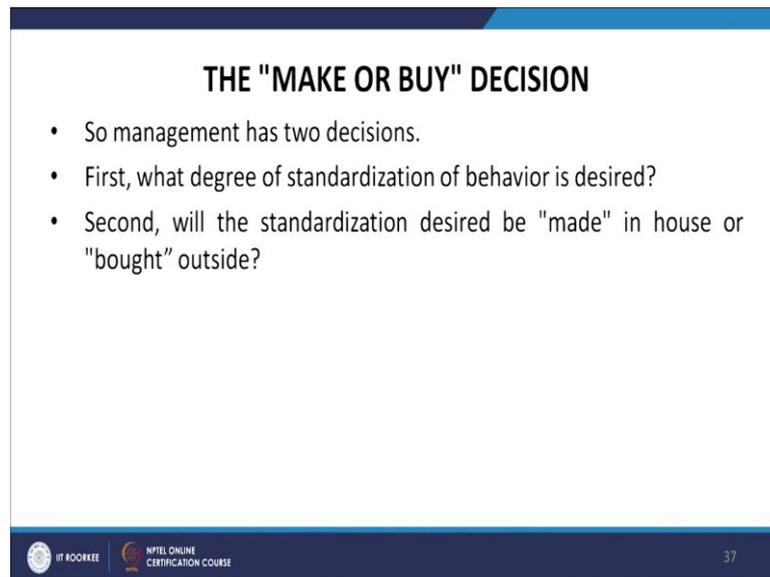
IT ROORKEE | NPTEL ONLINE CERTIFICATION COURSE 34

Socialization refers to an adaptation process by which individuals learn the values, norms, and expected behavior patterns for the job and the organization of which they will be a part. All employees will receive at least some molding and shaping on the job, but for certain members, the socialization process will be substantially accomplished before they join the organization. This is specifically true of professionals. Professionals undergo many years of education and training before they practice their craft.

Engineers, for instance, must spend 4 or more years studying before they can be certified. This education process gives the engineer a common body of knowledge that can be called upon in performing the job. It is often overlooked; however, this training also includes molding the person to think and act like an engineer. In a similar way it can be argued that one of the main tasks of a business school is to socialize the students to the attitudes and behaviors that business firms want.

If business executives believe that successful employees; one, value the profit and ethic; two, are loyal; three, they will work hard; fourth, they desire to achieve and fifth, willingly accept directions from their superiors, they can hire individuals out of business school, who have been pre molded in this pattern.

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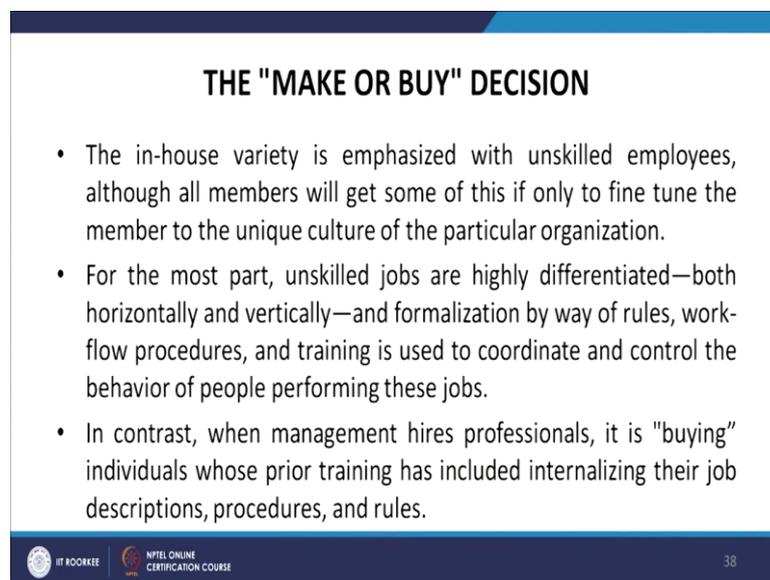
THE "MAKE OR BUY" DECISION

- So management has two decisions.
- First, what degree of standardization of behavior is desired?
- Second, will the standardization desired be "made" in house or "bought" outside?

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So, management has two decisions. First, what degree of standardization of behavior is desired? Second, will the standardization desired be “made” in house or “bought” from outside?

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THE "MAKE OR BUY" DECISION

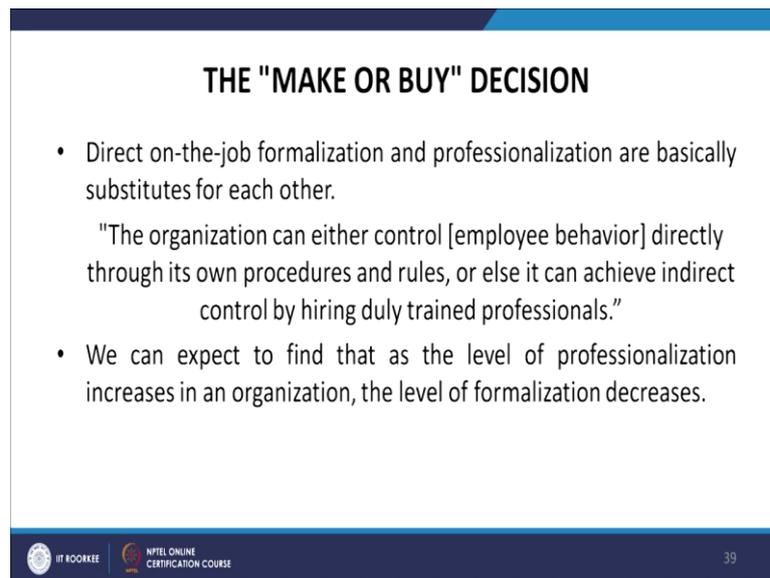
- The in-house variety is emphasized with unskilled employees, although all members will get some of this if only to fine tune the member to the unique culture of the particular organization.
- For the most part, unskilled jobs are highly differentiated—both horizontally and vertically—and formalization by way of rules, work-flow procedures, and training is used to coordinate and control the behavior of people performing these jobs.
- In contrast, when management hires professionals, it is "buying" individuals whose prior training has included internalizing their job descriptions, procedures, and rules.

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The in-house variety is emphasized with unskilled employees, although all members will get some of this if only to fine tune the member to the unique culture of the particular organization.

For the most part, unskilled jobs are highly differentiated, both horizontally and vertically and formalization by way of rules, work flow procedures and training is used to coordinate and control the behavior of people performing these jobs. In contrast, when management hires professionals, it is “buying” individuals whose prior training has included internalizing their job descriptions, procedures and rules.

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THE "MAKE OR BUY" DECISION

- Direct on-the-job formalization and professionalization are basically substitutes for each other.
"The organization can either control [employee behavior] directly through its own procedures and rules, or else it can achieve indirect control by hiring duly trained professionals."
- We can expect to find that as the level of professionalization increases in an organization, the level of formalization decreases.

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Direct on-the-job formalization and professionalization are basically substitutes for each other. “The organization can either control employee behavior directly through its own procedures and rules, or else it can achieve indirect control by hiring duly trained professionals.” We can expect to find that as the level of professionalization increases in an organization, the level of formalization decreases.

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FORMALIZATION TECHNIQUES
SELECTION

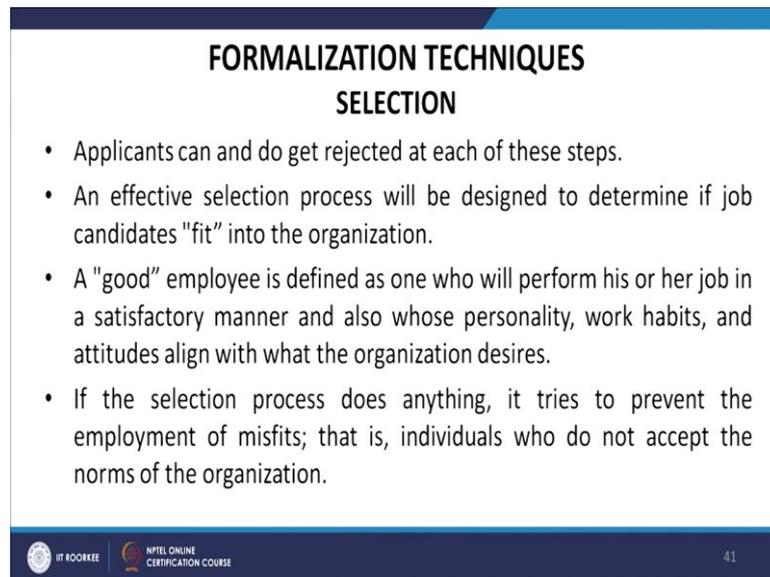
- Managers have at their disposal a number of techniques by which they can bring about the standardization of employee behavior.
- Organizations do not choose employees at random.
- Job applicants are processed through a series of hurdles designed to differentiate individuals likely to be successful job performers from those likely to be unsuccessful.
- These hurdles typically include:
 - 1 – completion of application blanks,
 - 2 – employment tests,
 - 3 – interviews, and background investigations.

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Now, let us look at some more formalization technique. Selection - Managers have at their disposal a number of techniques by which they can bring about the standardization of employee behavior.

Organizations do not choose employees at random. Job applicants are processed through a series of hurdles designed to differentiate individuals likely to be successful job performers from those likely to be unsuccessful. These hurdles typically include 1, completion of application blanks; 2, employment tests; 3, interviews and background investigations.

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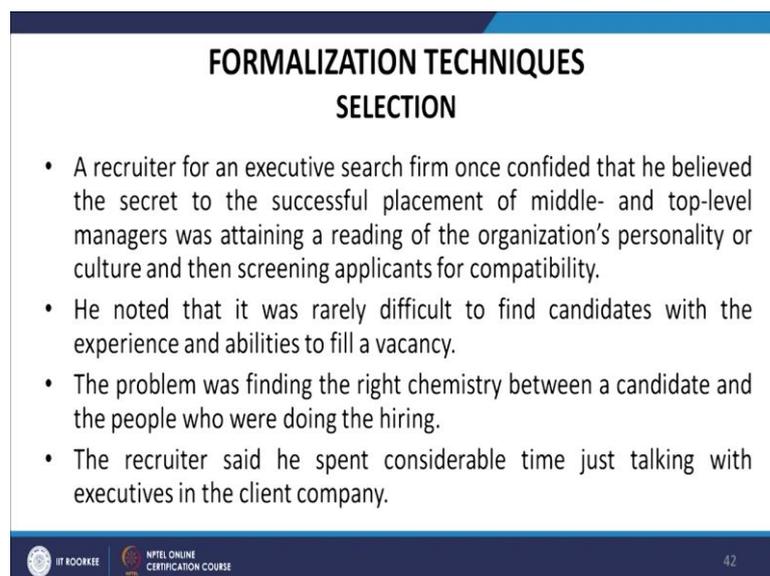
FORMALIZATION TECHNIQUES
SELECTION

- Applicants can and do get rejected at each of these steps.
- An effective selection process will be designed to determine if job candidates "fit" into the organization.
- A "good" employee is defined as one who will perform his or her job in a satisfactory manner and also whose personality, work habits, and attitudes align with what the organization desires.
- If the selection process does anything, it tries to prevent the employment of misfits; that is, individuals who do not accept the norms of the organization.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 41

Applicants can and do get rejected at each of these steps. An affective selection process will be designed to determine if job candidates “fit” into the organization. A “good” employee is defined as one who will perform his or her job in a satisfactory manner and also whose personality, work habits, and attitudes align with what the organization desires. If the selection process does anything, it tries to prevent the employment of misfits; that is, individuals who do not accept the norms of the organization.

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FORMALIZATION TECHNIQUES
SELECTION

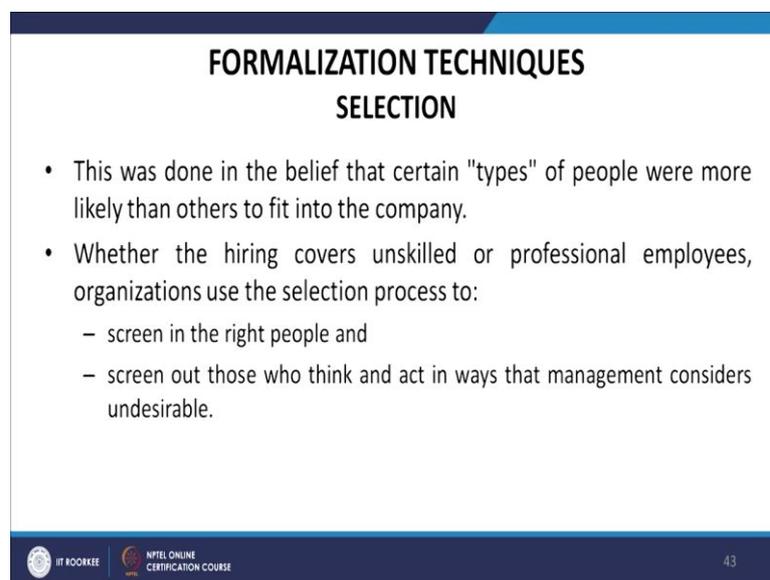
- A recruiter for an executive search firm once confided that he believed the secret to the successful placement of middle- and top-level managers was attaining a reading of the organization’s personality or culture and then screening applicants for compatibility.
- He noted that it was rarely difficult to find candidates with the experience and abilities to fill a vacancy.
- The problem was finding the right chemistry between a candidate and the people who were doing the hiring.
- The recruiter said he spent considerable time just talking with executives in the client company.

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A recruiter for an executive search firm once confided that he believed the secret to the successful placement of middle and top-level managers was attaining a reading of the organization's personality or culture and then screening applicants for compatibility. He noted that it was really difficult to find candidates with the experience and ability to fill a vacancy.

The problem was finding the right chemistry between a candidate and the people who were doing the hiring. The recruiter said he spent considerable time just talking with executives in the client company. This was done in the belief that certain types of people were more likely than others to fit into the company.

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FORMALIZATION TECHNIQUES
SELECTION

- This was done in the belief that certain "types" of people were more likely than others to fit into the company.
- Whether the hiring covers unskilled or professional employees, organizations use the selection process to:
 - screen in the right people and
 - screen out those who think and act in ways that management considers undesirable.

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Whether the hiring covers unskilled or professional employees, organizations use the selection process to one, screen in the right people and two, screen out those who think and act in ways that management considers undesirable.

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FORMALIZATION TECHNIQUES
SELECTION

- The selection of professionals may be done with greater latitude than the selection of unskilled employees— the former’s prior professionalization reducing the need for the organization to identify misfits.
- Part of this task was assumed by the universities and associations that conferred the professional’s certification.
- However, all new members must meet the organization’s minimum requirements of an acceptable employee, and the selection process provides one of the most popular mechanisms for achieving this end.

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The selection of professionals may be done with greater latitude than the selection of unskilled employees; the former’s prior professionalization reduces the need for the organization to identify misfits.

Part of this task was assumed by the universities and associations that conferred the professional’s certification. However, all new members must meet the organization’s minimum requirement of an acceptable employee, and the selection process provides one of the most popular mechanism for achieving this end.

So, now, let us look at formalization techniques - role requirements. Individuals in organization fulfill roles. Each job carries with it expectations on how the role incumbent is supposed to behave. Job analysis, for instance, defines the job that needs to be done in the organization and outlines what employee behaviors are necessary to perform the job.

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FORMALIZATION TECHNIQUES
ROLE REQUIREMENTS

- Individuals in organizations fulfill roles.
- Every job carries with it expectations on how the role incumbent is supposed to behave.
- Job analysis, for instance, defines the jobs that need to be done in the organization and outlines what employee behaviors are necessary to perform the jobs.
- This analysis develops the information from which job descriptions are created.

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This analysis develops the information from which job descriptions are created.

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FORMALIZATION TECHNIQUES
ROLE REQUIREMENTS

- The fact that organizations identify jobs to be done and the desirable role behaviors that go with those jobs means that role expectations play a major part in regulating employee behavior.
- Role expectations may be explicit and defined narrowly.
- In such cases, the degree of formalization is high.
- Of course, the role expectations attributed to a given job by management and members of a role set can traverse the spectrum from explicit and narrow to very loose.

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The fact that organizations identify jobs to be done and the desirable role behaviors that go with those jobs means that role expectations play a major part in regulating employee behavior. Role expectations may be explicit and defined narrowly. In such cases, the degree of formalization is high. Of course, the role expectations attributed to a given job by management and members of a role set can traverse the spectrum from explicit and narrows to very loose.

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The slide features a blue header with the text "FORMALIZATION TECHNIQUES" in white, bold, uppercase letters. Below the header, the subtitle "ROLE REQUIREMENTS" is centered in black, bold, uppercase letters. The main content consists of four bullet points in black text. At the bottom of the slide, there is a dark blue footer containing the logos for IIT ROORKEE and NPTEL ONLINE CERTIFICATION COURSE, along with the slide number "47" on the right.

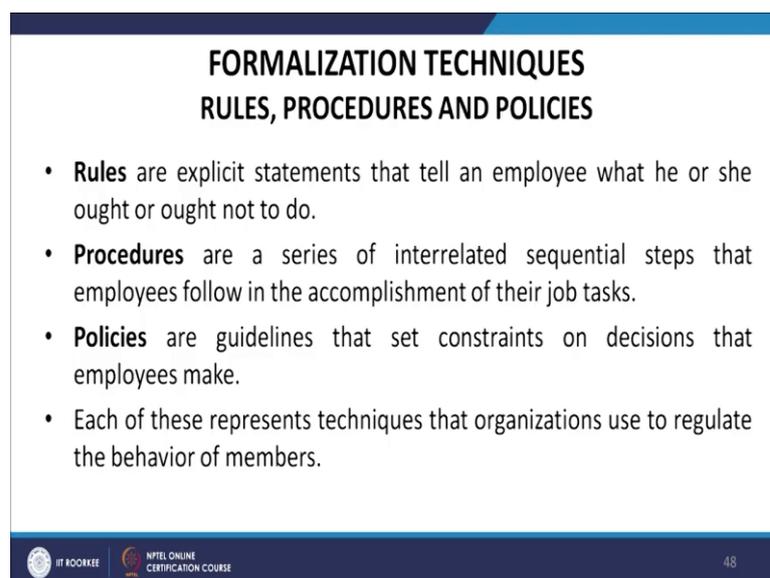
FORMALIZATION TECHNIQUES
ROLE REQUIREMENTS

- The latter, for instance, allows employees freedom to react to situations in unique ways.
- It puts minimum constraints on the role incumbent.
- So organizations that develop exacting and complicated job descriptions go a long way toward defining the expectations of how a particular role is to be played.
- By loosening or tightening role expectations, organizations are actually loosening or tightening the degree of formalization.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 47

The latter, for instance, allows employees freedom to react to situations in unique ways. It puts minimum constraints on the role incumbent. So, organizations that develop exacting and complicated job description go a long way toward defining the expectations of how a particular role is to be played. By loosening or tightening role expectations, organizations are actually loosening or tightening the degree of formalization.

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The slide features a blue header with the text "FORMALIZATION TECHNIQUES" in white, bold, uppercase letters. Below the header, the subtitle "RULES, PROCEDURES AND POLICIES" is centered in black, bold, uppercase letters. The main content consists of four bullet points in black text. At the bottom of the slide, there is a dark blue footer containing the logos for IIT ROORKEE and NPTEL ONLINE CERTIFICATION COURSE, along with the slide number "48" on the right.

FORMALIZATION TECHNIQUES
RULES, PROCEDURES AND POLICIES

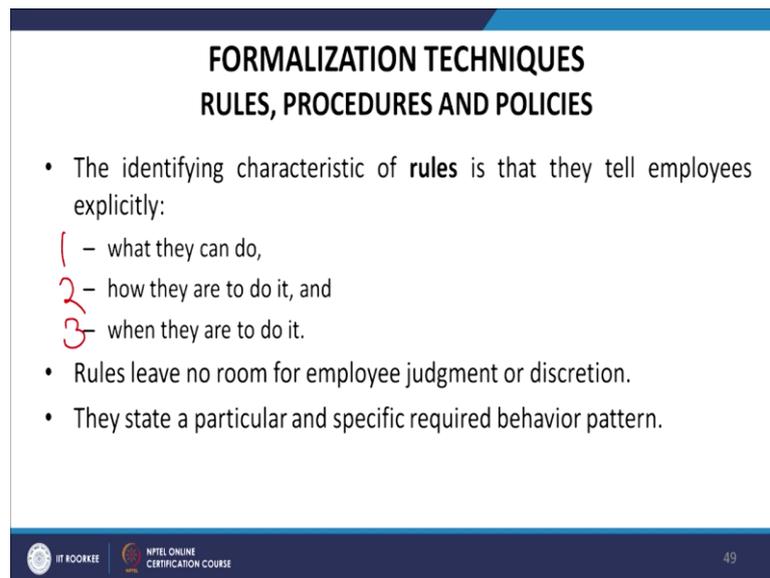
- **Rules** are explicit statements that tell an employee what he or she ought or ought not to do.
- **Procedures** are a series of interrelated sequential steps that employees follow in the accomplishment of their job tasks.
- **Policies** are guidelines that set constraints on decisions that employees make.
- Each of these represents techniques that organizations use to regulate the behavior of members.

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Now, let us look at the various formalization techniques; the rules, procedures and the policies. So, what are rules? Rules are explicit statements that tell an employee what he

or she ought or ought not to do. What are procedures? Procedures are a series of interrelated sequential steps that employees follow in the accomplishment of their job tasks. What are policies? Policies are guidelines that are that set constraints on decisions that employees make. Each of these represents techniques that organizations use to regulate the behavior of members.

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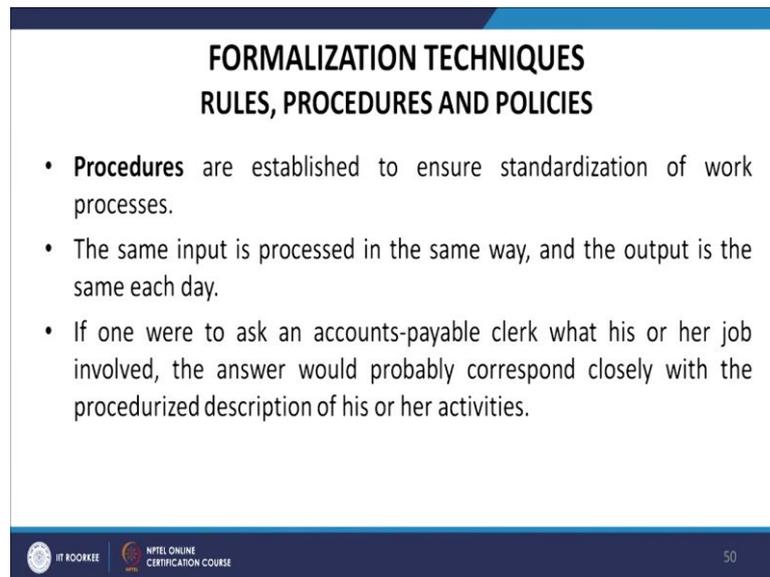
FORMALIZATION TECHNIQUES
RULES, PROCEDURES AND POLICIES

- The identifying characteristic of **rules** is that they tell employees explicitly:
 - 1 - what they can do,
 - 2 - how they are to do it, and
 - 3 - when they are to do it.
- Rules leave no room for employee judgment or discretion.
- They state a particular and specific required behavior pattern.

IT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 49

The identifying characteristic of rules is that they tell employees explicitly 1, what they can do; 2, how they are to do it and 3, when they are to do it. Rules leave no room for employee judgment or discretion. They state a particular and specific required behavior pattern.

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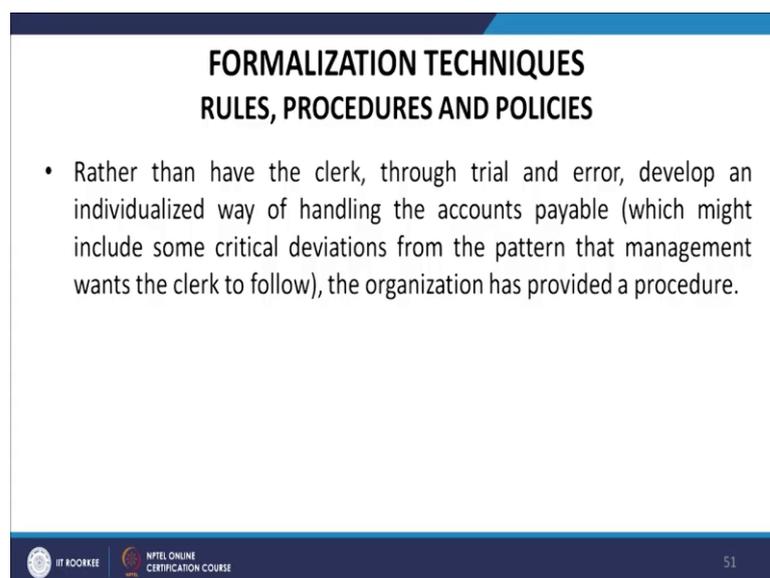
FORMALIZATION TECHNIQUES
RULES, PROCEDURES AND POLICIES

- **Procedures** are established to ensure standardization of work processes.
- The same input is processed in the same way, and the output is the same each day.
- If one were to ask an accounts-payable clerk what his or her job involved, the answer would probably correspond closely with the procedurized description of his or her activities.

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What are procedures? Procedures are established to ensure standardization of work processes. The same input is processed in the same way, and the output is the same each day. If one were to ask an accounts-payable clerk what his or her job involved is, the answer would probably correspond closely with the procedurized description of his or her activities.

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FORMALIZATION TECHNIQUES
RULES, PROCEDURES AND POLICIES

- Rather than have the clerk, through trial and error, develop an individualized way of handling the accounts payable (which might include some critical deviations from the pattern that management wants the clerk to follow), the organization has provided a procedure.

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Rather than have the clerk, through trial and error, develop an individualized way of handling the accounts payable which might include some critical deviations from the

pattern that management wants the clerk to follow, the organization has provided a procedure.

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FORMALIZATION TECHNIQUES
RULES, PROCEDURES AND POLICIES

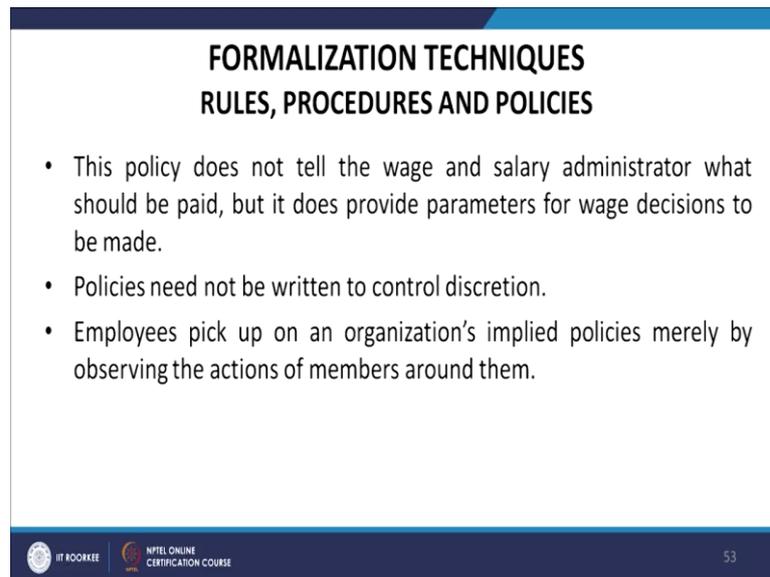
- **Policies** provide greater leeway than rules do.
- Rather than specifying a particular and specific behavior, policies allow employees to use discretion but within limited boundaries.
- The discretion is created by including judgmental terms (such as "best," "satisfied," "competitive"), which the employee is left to interpret.
- The statement from the personnel manual at a major North Indian hospital that it will "pay competitive wages" illustrates a policy.

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Policies provide greater leeway than rules do. Rather than specifying a particular and specific behavior, policies allow employees to use discretions, but within limited boundaries. The discretion is created by including judgmental terms such as “best”, “satisfied”, “competitive”, which the employee is left to interpret. The statement from the personnel manual at a major North Indian hospital that it will “pay competitive wages” illustrates a policy.

This policy does not tell the wage and salary administrator what should be paid, but it does provide parameters for wage decisions to be made. Policies need not be written to control discretion.

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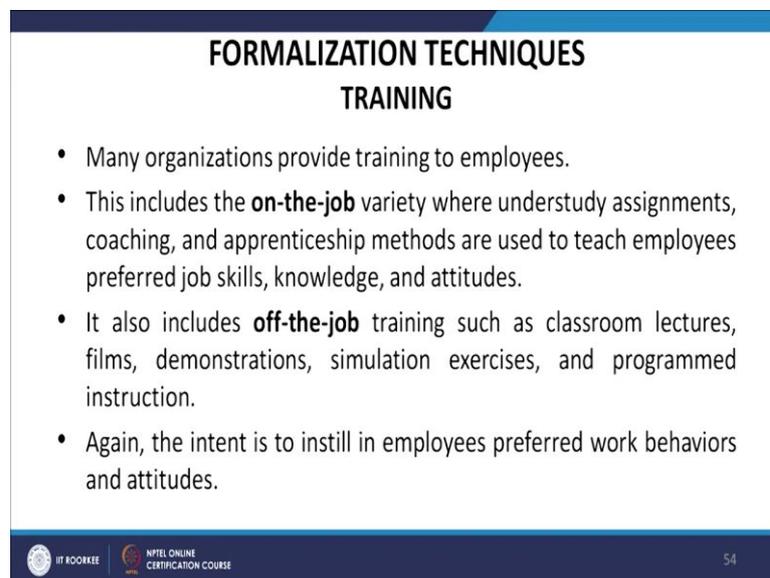
FORMALIZATION TECHNIQUES
RULES, PROCEDURES AND POLICIES

- This policy does not tell the wage and salary administrator what should be paid, but it does provide parameters for wage decisions to be made.
- Policies need not be written to control discretion.
- Employees pick up on an organization's implied policies merely by observing the actions of members around them.

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Employees pick up on an organization's implied policies merely by observing the actions of members around them.

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FORMALIZATION TECHNIQUES
TRAINING

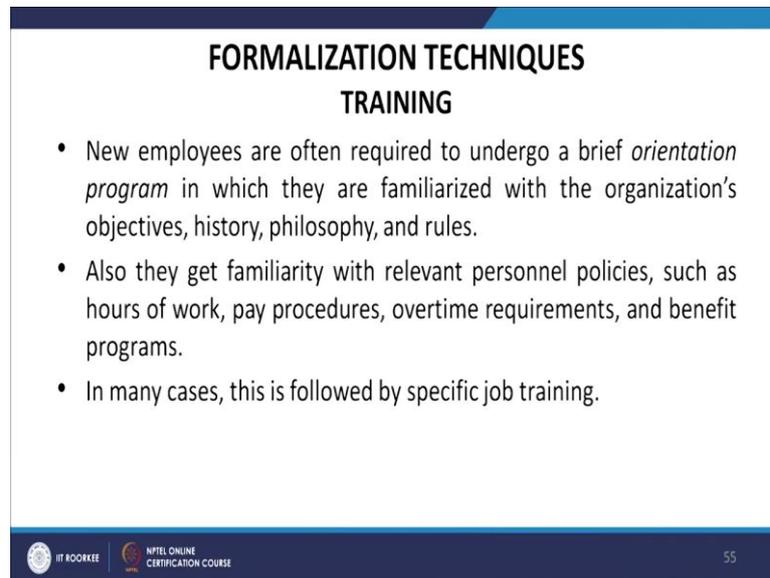
- Many organizations provide training to employees.
- This includes the **on-the-job** variety where understudy assignments, coaching, and apprenticeship methods are used to teach employees preferred job skills, knowledge, and attitudes.
- It also includes **off-the-job** training such as classroom lectures, films, demonstrations, simulation exercises, and programmed instruction.
- Again, the intent is to instill in employees preferred work behaviors and attitudes.

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Then, comes training as a formalization technique. Many organizations provide training to employees. This includes the on-the-job variety where understudy assignments, coaching, and apprenticeship methods are used to teach employees preferred job skills, knowledge, and attitudes. It also includes off-the-job training such as classroom lectures, films, demonstrations, simulation exercises, and programmed instructions.

Again, the intent is to instill an employee's preferred work behavior and attitude. New employees are often required to undergo a brief orientation program in which they are familiarized with the organization's objectives, history, philosophy and rules.

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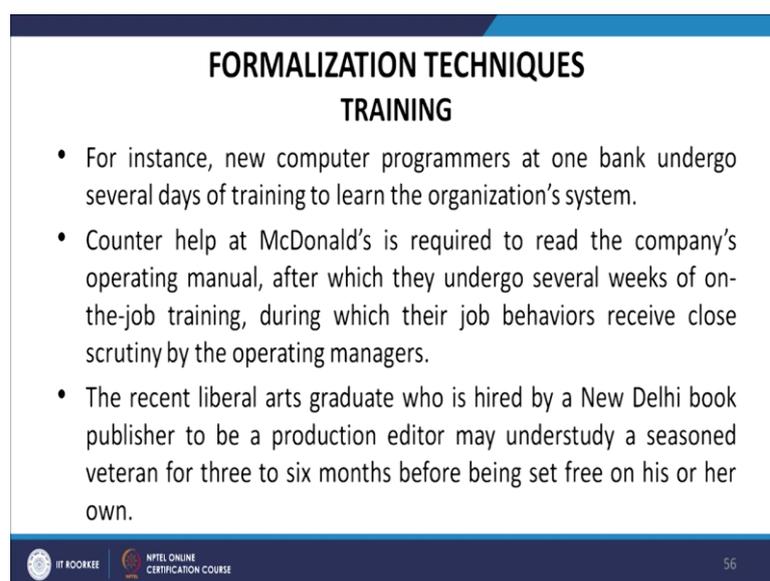
FORMALIZATION TECHNIQUES
TRAINING

- New employees are often required to undergo a brief *orientation program* in which they are familiarized with the organization's objectives, history, philosophy, and rules.
- Also they get familiarity with relevant personnel policies, such as hours of work, pay procedures, overtime requirements, and benefit programs.
- In many cases, this is followed by specific job training.

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They also get familiarity with relevant personnel policies, such as hours of work, pay procedures, overtime requirements, and benefit programs. In many cases, this is followed by specific job training.

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FORMALIZATION TECHNIQUES
TRAINING

- For instance, new computer programmers at one bank undergo several days of training to learn the organization's system.
- Counter help at McDonald's is required to read the company's operating manual, after which they undergo several weeks of on-the-job training, during which their job behaviors receive close scrutiny by the operating managers.
- The recent liberal arts graduate who is hired by a New Delhi book publisher to be a production editor may understudy a seasoned veteran for three to six months before being set free on his or her own.

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For instance, new computer programmers at one bank undergo several days of training to learn the organization's systems. Counter help at McDonald's is required to read the company's operating manual, after which they undergo several weeks of on-the-job training, during which their job behaviors receive close scrutiny by the operating managers.

The recent liberal art graduate who is hired by a New Delhi book publisher to be a production editor may understudy a seasoned veteran for three to six months before being set free on his or her own.

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FORMALIZATION TECHNIQUES
RITUALS

- Rituals are used as a formalization technique with members who will have a strong and enduring impact on the organization.
- That certainly includes individuals who aspire to senior-level management positions as well as pledges seeking active status in a fraternity or faculty members vying for tenure.
- The common threat underlying rituals is that members must prove that they can be trusted and are loyal to the organization before they can be "knighted," the "proving process" being the ritual.

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Next list comes rituals, as formalization technique. Rituals are used as a formalization technique with members who will have a strong and enduring impact on the organization.

That certainly includes individuals who aspire to senior-level management positions as well as pledge seeking active status in a fraternity or faculty members vying for tenure. The common threat underlying rituals is that members must prove that they can be trusted and are loyal to the organization before they can be "knighted," the "proving process" being the ritual.

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FORMALIZATION TECHNIQUES
RITUALS

- Business firms that promote from within do not put new employees into top management positions.
- Given the fact that many promotions place employees in situations very unlike their previous jobs, it is probably correct to conclude that experience is only part of the explanation.
- Another part is that top management positions are held out as rewards to those in the company who prove by their abilities, length of service, and loyalty that they are committed to the goals and norms of the firm.

IIT ROORKEE NPTEL ONLINE CERTIFICATION COURSE 58

Business firms that promote from within do not put new employees into top management positions. Given the fact that many promotions place employees in situations very unlike their previous jobs, it is probably correct to conclude that experience is only part of the explanation. Another part is that top management positions are held out as rewards to those in the company who prove by their abilities, length of service, and loyalty that they are committed to the goals and norms of the firm.

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FORMALIZATION TECHNIQUES
RITUALS

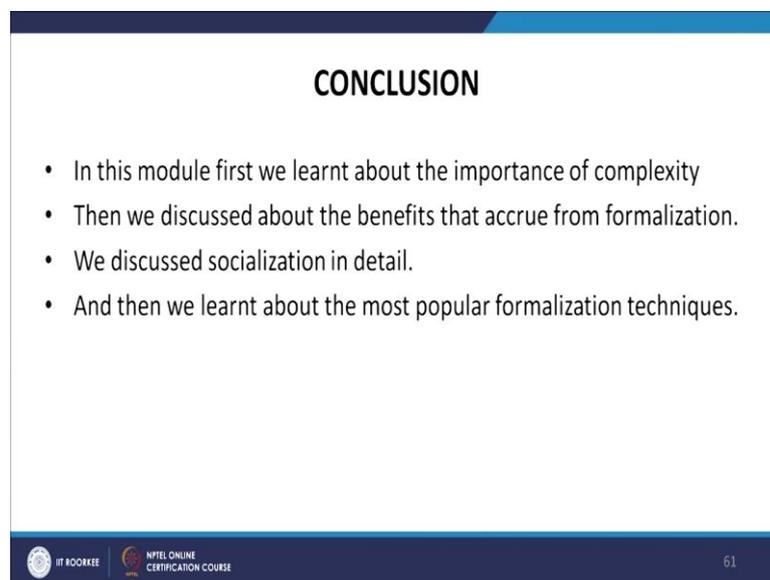
- Managers are, after all, "the guardians of the organization's ideology.
- Senior managers are the primary gatekeepers.
- Thus, the organization has a heavy stake in ensuring that managers have proven themselves before they are promoted to influential senior positions.

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Managers are after all the guardians of the organizations ideology. Senior managers are the primary gatekeepers. Thus, organization has a heavy stake in ensuring that managers have proven themselves before they are promoted to influential senior positions.

Even among firms that may fill their senior positions from outside the organization, great care is taken to ensure that – one, the candidate has paid his or her dues on earlier jobs and two, based on personality tests and extensive interviews with top executives appears likely to fit in.

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CONCLUSION

- In this module first we learnt about the importance of complexity
- Then we discussed about the benefits that accrue from formalization.
- We discussed socialization in detail.
- And then we learnt about the most popular formalization techniques.

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So, to conclude this module, in this module first we learnt about the importance of complexity; then, we discussed about the benefits that accrue from formalization. We then, discussed socialization in detail and then, we learnt about the most popular formalization techniques.

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And these are the four books from which the material for this module was taken.

Thank you.