

**Designing Work Organization**  
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**Lecture-48**  
**Organization Bureaucracy and Control**

In this particular session in the organization bureaucracy and control, we will talk about the bureaucracy in the changing world, approaches towards the bureaucracy, bureaucracy versus the other forms of control, organizational decline in the downsizing, a model of the decline stages, techniques to facilitate the smooth downsizing, how do mighty organizations fail, the enduring the logic of organizational success and as usual the case study. Here we will discuss in the two case studies salvation army and the Yahoo get to work, then in research paper, book recommendation and references. The bureaucracy worked for the individual age, the system no longer works for the today's challenges. So, organizations face the new challenges and need to respond quickly. Over-bureaucratization is evident in the inefficiencies of the large US government organizations. Narrowly defined jobs and roles limit creativity, flexibility and a rapid response.

Some organizations are using the temporary structures for the emergency or the crisis situations are there. So, approaches to busting the bureaucracy is the small geographic based team is there. Increasing the authority of workers, by increasing the authority of workers organizations can check the unnecessary rate of wisdom that is the central to the bureaucracy is there. The increasing professionalism of the employee is attacking the bureaucracy professionalism is defined as the length of the formal training and experience of employees.

Formalization is not needed because the professional training, they will raise a high standard of the behavior for the employees, which acts as a substitute for bureaucracy is there. So, bureaucratic control the use of the rules, policies, hierarchy of authorities and written documentation, standardization and the other bureaucratic mechanisms to standardize the behavior and the assess performance. The primary purpose of the bureaucratic rules and the procedures is to standardize and the control the employee behavior. To make bureaucratic control work, managers must have the authority to maintain the control over the organization. We have identified three types of the authority that could explain the creation and control of a large organization.

So, rational legal authority, traditional authority and the charismatic authority. Now, when we are talking about the market control, market control occurs when the price

competition is used to evaluate the output and the productivity of an organization or its major departments and the divisions. The idea of market control originated in economics, a dollar price is in an efficient form of control because managers can compare the prices and profits to evaluate the efficiency of their corporation. Top managers nearly always use the price mechanism to evaluate the performance in their corporations. The use of the market control requires that outputs be sufficiently explicit for a price to be assigned and that competition exists without competition, the price does not accurately reflect the internal efficiency.

When we talk about the client control, client control is the use of the social characteristics such as the shared values, commitment, traditions and beliefs to control the behavior. Organization that use the client control have these strong cultures that emphasize the shared values and trust among the employees are there. So, client control is important when the ambiguity and uncertainty are high. So, high uncertainty means the organization cannot put a price on its services and things change so far as that the rules and regulations are not able to specify every correct behavior. There is a strong pressure to conform to the group norms which will govern a wide range of employees behaviors.

Managers act primarily as mentors, role models and the agents for the transmitting values are there. So, organizational control strategies are the bureaucratic and when we talk about the bureaucratic organizational control strategy, then it goes to the rules, standards, hierarchy, legitimate and authority is there. When we talk about the market strategies, then it goes for the prices, competition, exchange relationship is there. When we talk about the client, then the tradition, shared values and beliefs and the trust is there. So, therefore, here we see that is the whenever we want to make the organizational control strategies, then we have to decide that is the what type of the dimensions we have to consider.

My suggestion here is this that is the when we want to control these strategies, then organizational control strategies, then in that case, we have to have a mix of it. So, we cannot only go by the bureaucratic system is there because the if you go by these only bureaucratic system, then you will not be able to change as per the price, competition, exchange relationship. Because the price is a dynamic factor and in the dynamic you have to sometimes you on the basis of your competition, you have to decide whether you will go by these the price high or price low and therefore, in that case, it becomes important that is the we are making this the organization which will be having the control strategies with the market strategies also. So, now, it will be within the rules and standards are there. Naturally, when we talk about these the joint organization specially, then we find out that is these rules standards, they are highly dominating.

As your size of the organization increases, you will find that is the your organization is becoming more and more bureaucratic is there. Now, the beauty of the successful organizations are that is they keep the flexibility also. So, here, this particular aspect that is about this the clan aspect is there. So, the clan type of these organizational control strategies that will also making the difference is there. So, that is why it should be the flexible also.

So, you have to make the bureaucracy plus market and plus clan is required. So, therefore, in that case, when we are talking about that what should be the organizational control strategies, the philosophy. The philosophy of the organization is now, we have to also understand that is each type of the control strategies are having their own advantages and disadvantages are there. Many times this in the session, previous sessions also I have talked about the red tapism and whenever there is a red tapism in the organization structure itself, then it will take a lot of time to take the decisions and it might be possible that is the organization will find difficulty in survival also. So, I would like to give the example, like for example, the prices is there.

So, therefore, in that case, because of the competition or these the exchange relationship or the economic recession, especially the external environmental factors and as external environmental factor changes you like the competition, suppliers, vendors, cost of the raw material and all. So, your price will be having the required attention, but if your rules or standards they do not allow for a particular period, suppose it is a period for this financial year, the prices will be remaining this. So, this will be a very harsh bureaucratic system will be there. So, what is required? We have to develop the trust, the trust value, shared values and beliefs are very necessary and this shared values and beliefs will give a window, a window to come out from that bureaucratic system and work according to the market situation. Now, whenever we are talking about the organization declining and the downsizing is there.

Here I would like to mention that is the when organization declines and this is a life cycle of the organization, the organization goes like this. So, it is the growth or the this is the embryonic or the starting up, this is the growth, this is the maturity and this is a decline. Now, the downsizing actually when it reaches to the maturity and then the organizations think of this the downsizing is there. My suggestion here is that is this life cycle of this organization that can be changed and here if we change to this organization's life cycle, then definitely in that case, we will find that is it is going to be a different another life cycle will be there. So, it will be like this that is the one is this and in spite of this, the another one starts from here.

So, when it reaches here to the maturity another life cycle from the growth it starts, for example, the product diversification. So, whenever you are going for the product diversification, when the energy sector specially, so when the traditional energy sectors are there thermal power system is there like in India and now we are going for the alternate hydro energy centers or the solar energy centers. However, may not be for the nuclear energy, but in that case that this growth, growth will start from here and here from the maturity, it will be going for from this place to the these are particular organizations. So, what is important is this that is downsizing necessary. However, the term organizational decline is used to define a condition in which a substantial absolute decrease in an organization resources base occurs over time and organization decline is often associated with the environmental decline.

In the sense that an organization domain experience either a reduction in size such as a shrinkage in the customer, demand reduction of a city's tax base or reduction in the share such as a shift in the customer demand is there and as a result of which the organization starts the declining and most of the organizations they think of the downside. But if the organization is proactive, organization understands that these the external like the shrinkage in customer demand has to be there in the products we find that is the products with the development of the new technologies, development of the slim products, the old products are getting replaced from in the shelf. So therefore, these type of these changes are expected. So what proactive organizations do then when we talk about the successful organizations then they develop their another product, they develop their another the investment of provisions. For example, when the cost of the city's tax base is increasing, then in that case they come out with the reducing the cost of the production is there or that is whenever there is a reduction in the shape of the organization, then the organization expands maybe the geographically also.

So, maybe the extent to the another reason where these type of the products will be acceptable. So, in general three factors are considered causes the organization decline is there. The first we will take the organizational atrophy. So, atrophy occurs when the organizations grow older and become inefficient and the overly bureaucratize right. So, I mentioned at the time of that is the bureaucracy market and clan control strategies that is many organizations, large organizations they become old and they become the inefficient.

In India also we find that is the some of the power sector organizations, they have become the old and because of the overly bureaucratize. So because of these the bureaucratized of the organization that making these the atrophy occurs. Now, often atrophy follows a long period of success because this is an old organization, old organization means this organization has survived for a long period of time. So, how it is

survived? It is because of the success. So, because of the successes of the organization, they have been successful.

So, we can take success for granted. So, here when organization is having a legacy of success, then organization may get relaxed and as a result of which then they take the success for granted and become attached to the practice and structures that worked in the past and fails to adopt the change in the environment is there. So therefore, in that case, it is very important that is the this change becoming a very, very successful organizations because of their these long legacy of the success, they are making this particular practices and structures. But now changing that structure is it becoming very, very difficult because the downsizing when you say that is the downsizing is required means changing the structure, but that is not that easy and that because and then fails changes in the environment is there. This another factor which is considering the cause of the organizational decline is the vulnerability.

Vulnerability reflects an organization's strategic inability to prosper in its environment is there. Now, you see that is the success is a continuous event. You cannot just one can be successful and that success will be long lasting, no, because the now the new life cycle starts and therefore, in that again you have to compete, again you have to make your control strategies. So, that strategic move is required after your grand success, but if the strategic move is not required, then after some time the organization start declining. So, this strategic inability to prosper in its environment that that is causing the vulnerability for an organization and this often happens to small organizations, they are not yet fully established and therefore, as a result of which while the organization atrophy for the older organizations, while the vulnerability is causing this the organization decline is about the strategic inability is there.

Now, the third one which is equally important is the environmental decline or the competition is there. So, it is not that you are only growing, the others are also growing. So, environmental decline refers to the reduced energy and the resources available to support an organization. So, when the environment has less capacity to support organizations, the organizations has to enter the scaled down operations are shift to the another domain is there. Here we find that that is this particular resource which are available the organization then in that case they are becoming the environmental the support is required.

Now, the these challenges of the environmental will be there and these are the external parameters which will be affecting your organization. The now the organization has to either scale down operations or shift to the another domain is there as I mentioned, but only my submission is here is there is the shift to the another domain that should be

proactive leader and that will depend on the vision of the leader. If the leader is visionary, he will understand that it is going to be the change and my product will not be more acceptable and therefore, he becomes the proactive and it is a continuous process. So, therefore, environment is keep on changing and whatever environment is today, we understand that it will not be tomorrow. So, maybe a part of periodic cycle, so that periodic cycle once is a visionary leader, they understand this periodic cycle, when they understand this periodic cycle, they will be able to come out with this particular strategy that is how to come on do these the declining the organization decline that can be stopped.

Now, in detail we will discuss about these declining stages are there. Actually, these there are the 5 stages are there now blinded, inaction, faulty actions, crisis and the dissolution is there. So, declining begins from these the blinded stage is there. Now here successful organization which is given in the red, you will find that it is a continuously is growing, but that has become static. So, these organizations from the blinded to the dissolution and they are going for this the organizational performance is there, but when we talk about the appropriate organizational responses, so, why they could have been successful, why this particular the rate that has been maintained? Because of the prompt action.

As we know there is the internal and environmental factors that will affect. So, your resources will affect the situations which are not under your control, environmental especially that will be also affect. So, what is required? So, whenever the stars declining organization will take the prompt action and this prompt action is to be taken into the stage between the 1 and 2. If you are taking the stages 1 and 2 prompt action, you again will go become the successful organization, but here the prompt action is not taken declining organization performance because there is an inaction. So, that reason and strategic ability that is required.

So, in long term strategies are you are able to match then in that case, you will go for this prompt action and therefore, you will not go for the inaction stages there. In these those organizations, but some organizations even in the faulty action, they try to take the correct action is there, some more declining is there and then they take them this particular the correct action and then they are making the successful organizational performance is there. But here if the not fault action has been taken correct action, then again it will be more declining. If it is declining again and now the crisis comes, so you have to do or die, you have to take the actions right for that like the downsizing. Downsizing organization will like to do the downsizing, but if organization has reached to the crisis situation, then definitely in that case reorganization is required and the downsizing is the reorganization is required right one of the methods.

However, I would like to suggest some more methods of the reorganizations are there for example, to be more creative and reduce the cost wherever possible or to going for the new product development is possible or the if we had the businesses exploring the new opportunities of businesses are there, then effectively organizations can be done. But still if you do that, then in this stage also, there is in the crisis stage also still you will be successful organizational performance will be there. But even then that case, either you are not able to take that decision or the organizations are not getting the support from these the other stakeholders like the government or from the society or from the unions and all and therefore, the reorganization is not becoming possible. Maybe the shortage of the men, machine material, money, method, minutes that Six M's resources and you are not able to manage that reorganization, then again the organization will decline and there is a no choice and you have to dissolution. Now, thus strategically we will understand in details also all these steps are there.

So, this model suggests that decline if not managed properly can move through the five stages resulting in organization dissolution and the first one is the blinded stage. The first stage of the decline is the internal and external change that threatens the long term survival and may require the organization to tighten up and here that here organizations the enforcement, enforcement is becoming very, very important and leaders often miss the signals of the decline at this point because they are having the success stories. And therefore, I do not care it comes and that is my organization is a large organization. No, no, no, it will take years together and this is just a temporary declining and leaders often miss these signals of the declining and the solution is to develop the effective scanning and the control system. We have talked about the bureaucratic system, market system, clan systems and but immediate action is required and you have to develop the effective, immediately you get the signals that is no I have to develop and otherwise my organization will decline.

So, effective scanning and control system you have to implement and that indicate when something is wrong. So, but in the beginning itself dear friends, like this is the blinded stage is there. So, in the blinded stage you should not be blind rather than you should be awake. Second is the in action stage. The second stage of decline is called the in action in which the denial occurs despite signs of the deteriorating performance, leaders may try to persuade the employees that all is well.

And therefore, in that case that in action stage that the leaders have to understand that is the if like in the after blinded stage, leaders when they miss the signals, but when they understand that is the signs of deteriorating performance is there, leaders may try to persuade that is the employees that all is well and here it is not the really the all is well

and here the actions are the prompt actions are required. Those organizations which will be having the very prompt actions, then again they will be joining the successful organizations pool. Third is declining stage is the faulty action stage. In the third stage the organization is facing the serious problem and indicators of the poor performance cannot be ignored and failure to adjust to the declining spiral at this point can lead to organizational failure. So actually, you are getting the signals, but your leader has to catch that particular signal, you have to catch that signal that something is declining and then action is required.

So, therefore, a major mistake of this stage decreases the organization's chance for a turn around is there. Now, you are reaching to a stage from where there is no U-turn. So, therefore, in that case you are required to ensure that is the you adjust, you adjust to the situation, you sense that poor performance and here you have to make the adjustments are required whatever the challenges are there, monetary or non-monetary, but you have to make those challenges are to be met. So, the effective leaders, successful organizations, they immediately understand, rather I will say they will not reach to the faulty action even, they will take in the blinded stage only they will take the prompt actions will be there and they will be proactive. But even if the organization has reached to the poor performance, but here organization should not ignore, otherwise it will reach to the fourth stage and that is a crisis stage.

The organization may experience the chaos, efforts to go back to the basics, sharp changes and the anger. So, therefore, at this stage the only solution is the major reorganization is there and that is why you find that is the unrest in the organizations that will be there. So, dissolution stage is there, the stage of decline is really irreversible. So, the only the only the effect that is to close down in the dissolution stage down the organization is in an orderly fashion and reduce the separate trauma of employees are there. So, properly managing the organization declines is necessary if an organization aims to avoid dissolution.

Some of the most difficult decisions pertain to the downsizing, which refers to the intentionally reducing the size of companies workforce. The economic fluctuations has made downsizing a common practice among the corporations. So, re-engineering projects merges an acquisition, global competition and the trend toward the outsourcing have all led to the job reductions are there. So, techniques to facilitate the smooth downsizing are there to the sub managers communication more not less to think the less that is said about the depending layoff. The better but the rumors can be much more damaging than the open communication.

The provide the assistance to the displaced workers, the organization has a



responsibility to help the displaced workers cope with the loss of their jobs. The organization can provide training, severance package, extended benefits and the outplacement assistance. Help the survivors thrive. Many people experience the guilt, anger, confusion and sadness after the loss of the colleagues and the leaders should acknowledge these feelings. Why do the multi organizations fails? Jim Collins expanded the prior research, how ones can get the organizations fall in some recovery while the others completely obiterate themselves.

The following are the five stages of decline that will lead an organization to its doom that is a average born of success is there. When the past accomplishment creates a sense of indigene invulnerability and the guarantee of the future success. Herbie has said in it is the false sense of the security. Another characteristics of the stage one decline is the loss of the adventurous, open minded searching orientation for the continuous learning. Answers are believed to be found in the years of experience which might be useful yet often can be blinding in the new situations.

Undisciplined pursuit more is there. Energy and resources are the stimulated by the blind or the unblinded ambitions. So, creativity, aggression and other fear, unsubstandard expectations lead to the straight resources and diminishing performance. Examples are the Motorola and the Rubbermaid which invented more products than could be marketed successfully while the organizations blindly fell towards their demise. So, denial of the risk and peril. The third stage begins the process of losing one's centre where the tendency is to amplify the positive and discount the negative.

So, huge downside risk is incurred based on the ambiguous data leading to and the erosion of healthy time dynamics are there. Grasping for salvation. So, companies in the fourth stage know that they are into the significant trouble. In turn, its board will often look to a new fast-moving CEO who will launch a new vision. Some look to a dramatic culture revolution and the game changing acquisition or a number of other silver bullet solutions.

And the Capitulation to the irrelevance or the death. The fifth stage sharpens the echoes of insolvency into a stark reality. The demise of the organization is at the hand and enter the leadership that is prepared for a fire sale while it hunts for a saving organization or unable to capitulate to the impending demise. So, ending logic of the organizational success is that is how can a company survive and thrive for the more than 100 years by studying the performance of Europe's oldest and best companies over a very long term. The study identified four key factors that accounts for their success that is explained before you are explored. And therefore, in that case, that is the neglect the exploration incremental innovation is certainly vital to the long term survival.

Companies can compensate for a lack of exploration capabilities by being more efficient explorer, but they are not able over the long run to make up for it lack of exploitation capabilities through the better exploration. The second is a diversity, but do it carefully. So, diversify as I mentioned, but it is the here the warning has been given that is a companies are needed to expand their portfolios to dampen the impact of the cyclical business and logic of such organization is quite compelling. However, many of these acquisitions are often doomed to fail as new companies have the resources and capabilities to complete successfully in many diverse industries, have a long memory. So, powerful experiences developed during and during stories that are based on the from generation to generations.

Powerful companies naturally have their good stories to tell and they tell them constantly. This practice helps motivate the people and inspires them to act in the ways that produce a success in the past and the likely to continue it in the future is there. And finally, be conservative about the change. So, conventional wisdom says that change is inevitable and it is better to lead the change, then follow it. However, great companies beg to differ, they go through the radical change only at very selective moments in their history, jumping into the every new management wave is not for them.

They use their core values and principles as the guidelines and approach change in a culturally sensitive manner that requires patience to work through the when major changes is unavoidable, these companies engage their entire organizations are there. This is the case study which you can refer and understand that is the how organizations that that can create the trust to be responsible and it is flexible also to meet the making the survivals is there. This is another case study, Yahoo get to work, I am sure that these two case studies will help you that is the how we can make these changes, what time changes and how make the organization more sustainable. This is a research paper leadership in terms of the organizational decline, a literature review of the antecedents, consequences and demodulators. This paper will be helping you to understand the research findings of related to the organization sustainability.

This is a book how the mighty fall and why some companies never gives in this by the Jim Collins and this book will be helping you to understand that is the at what stage what actions are to be taken by the organization. These are the references, please refer these references for the further detailing to understand this concept of these declining of the organization and the downsizing. I am sure that you will be able to take your organization to the successful performance. Thank you. Thank you very much.