Organizational Structure in Indian Context

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ABSTRACT

After liberalization, business environment changed radically in India. Organizations faced competition and tried to improve their performance. Many organizations tried to change their business processes as well as organizational structure. Information technology played a key role in transforming organizations. Today organizations have become flat but diverse and complex. The objective of the paper is to analyze implications of personality characteristics of employees for designing an appropriate organizational structure for business organizations in India. The paper is based on review of previous research studies in the last decades. Success of any organizational structure depends upon profile of employees. Most organizations expect employees to adjust to their organizational structure. Previous studies on Five Factor Model as well as organizational structure have been reviewed and their implications for designing organizational structure in Indian context have been discussed.

KEYWORDS

Five Factor Model, India, Organisational Structures, Personality Characteristics

INTRODUCTION

Organizational theorists have been concerned with issue of identifying suitable organizational structure which can make various organizations effective. Whether a bureaucratic organization is efficient or a flexible organization is likely to improve performance has been analyzed by researchers as well as managers. Classical theorists like Weber, Fayol believed that bureaucratic structure could be efficient in most of situations. However, its limitations were realized gradually. Firstly, it was seen that some features of bureaucratic organization facilitated effectiveness in some situations but not in other situations. Secondly, it was observed that it created rigidity in organizations. Decision-making became slow and organizations could not respond

to changing needs of customers. This led to development of contingency model of organizational design.

Lawerence and Lorsch (1967) proposed a contingency model. In their study of engineering and manufacturing firms, relationship between organizational structure and organizational performance was examined. Results of study supported contingency view of organizational design. It was seen that in case of high performing organizations, structure was congruent with environmental conditions. This view was supported by other studies also. Later on, such studies concluded that flexible organizational structure was more suitable for dynamic business environment.

India adopted policy of liberalization in 1991-92. In the last two decades, private sector and multinational corporations have been allowed to participate in various sectors like banking, insurance, aviation telecom etc. Such policies created an environment of competition and forced organizations to improve their business processes. Information technology played a key role and organizations adopted it to become efficient. Multinational corporations offered better products. Customer expectations increased. Similarly, customer became more demanding and expected better products and services. Many new Indian entrepreneurs have started business operations in various sectors. Thus, it can be said that today business environment has become dynamic and uncertain.

In past, studies on organizational design have focused on impact of size, technology, culture and environment on organizational structure. It is indicated that a flexible organizational structure can be successful in dynamic environment (Khandwalla, 1977). However, each organizational structure is collective entity made by specific number of employees who are employed. Probably, it is assumed that employees should be able to adjust to a given structure of organization. They are expected to learn about structure of the company they join and follow its rules and procedures. Therefore, personality of employees has not been given enough attention in literature on organization design. The objective of the paper is to analyze implications of personality characteristics of employees for designing an appropriate organizational structure for business organizations in India. The paper is based on review of previous research studies in the last decades.

LITERATURE REVIEW

An organization is group of people who are trying to achieve a common goal. Therefore, understanding personality of employees is necessary for understanding of organizational functioning. Success or failure of organization depends upon people. They can make an organization highly successful like Infosys or TCS in India. On the contrary if an organization is not able to utilize potential of its people, it may not achieve much growth. Personality of employees will determine achievement of employees.

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