

# Chapter 1

## Managing Organizations

### ABSTRACT

*Managing organizations has always remained a challenge for its stakeholders. Challenges are not restricted only to managing factors of production like human resources, capital, and materials in the supply chain, but they also include important determinants for having a better culture, strategies for market and customer orientation, product innovations, and others. Life cycles in organizations are generally influenced by its products and services they deliver because they are to be accepted by the market, processes they adopt to meet the market-oriented product and services, and structures because of corrective measures adopted during every evolutionary phase organizations go through. Because of these effects in an organizational life cycle, organizations need to look after the systemic behaviors in order to ensure that continuity in the systems is retained. In order to achieve these objectives, there is need for the organization to remain prepared to seamlessly integrate organizational behavior with that of process, technology, and people. This chapter discusses these dimensions related to management of organizations, including motivation for creation of organizations, the desire to exist in the market with a better life cycle, and the role of management to ensure organizational continuity.*

### EVOLUTION OF ORGANIZATIONS

Understanding organizations and at the same time managing organizations are always complex in nature. These dimensions have attracted attention of practitioners, academia and others having interest in strategizing organizational life cycle management. Organizations are termed as human creations (Chandler, 1977). Over the last two decades, a major focus of organization theory has been on understanding the dynamic relation-

ships among individuals, organizations and their environments (Smith, 2008; DHS, 2008). It is argued that individuals are generally asocial and so are organizations. In other words humans tend to create, develop and manage organizations. Organizations influence the way individuals contribute to its goal and vice versa. Thus there is a need to estimate the boundaries in which organizations are created and managed keeping in view the goals and aspirations of individuals. This approach has an implicit ramification in understanding behavior of organization which may unfold the rationale behind adopting management techniques

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and to look for value additions through systemic approaches. Since organizations are asocial, it is imperative that few human beings collectively create organizations irrespective of their forms. These individuals intend to perform in a certain way to meet common objectives and/or goals (Hicks and Gullet, 1976; Marble, 1992; Budhwar, Varma, Katou and Narayan, 2009). These individuals and created organizations continue to function in an environment. They also tend to establish systems, subsystems, and processes. In many cases organizations are built to meet objectives of individuals who form them. Because of these cohesive relationships, organizations and individuals engage in the process of “organizing,” which involves creation of structure and infusing standard operating systems for internal performance management. Besides, organizations interact with the environment for its existence. Managing organizations is a continuous process in which systems, processes, strategies and structure undergo formal and informal changes to meet the overall objective of the organization. One of the critical elements other than the systems, process, and structure is “resources.” Organizations strategically identify, acquire and use these resources for its existence either with a motive of “Return on Investment (RoI)” or otherwise (Clegs, 1990). Besides, these acquisitions of resources are influenced by “structures” and “strategies.” It is often argued that strategies and structures should follow some sequences depending on the organizational climate. There is another school of thought in favor of a complementing mix between both structure and strategies for attaining synergy. Such divergence contributes adversely to the “systems theory” which largely draws inspirations from the synergic effects while designing systems for organizations. Besides, this confusion makes an organization complex since RoI urges the organization to go to the market and continue to exist. However, such a goal may be difficult to achieve without strategy and structures.

In this aspect, organization theory is not merely a collection of facts, but it is a way of thinking about organizations. Organization theory is rather a way to observe and analyze organizations more accurately and deeply than otherwise possible. The way to observe and think about organizations is largely based on patterns and regularities in organizational design and behavior. Normally organization scholars look for these regularities, define them, measure them, and make them available to the rest of the community. The facts from the finding are not as important as the general patterns and insights into organizational functioning. The insights from organization design research can assist managers improve organizational efficiency and effectiveness, including strengthening the quality of organizational life (Dunbar & Starbuck, 2006).

Evolution of organizations is critically influenced by “internal” and external factors. Market orientation, optimal utilization of resources, maintaining the organizational culture and processes largely influence internal processes. External influences include change in environment and market. Besides, organization also needs to carefully manage its resources, which are mostly market oriented for its existence. Thus organizations need to embrace continuous development process to remain engaged in dynamically changing external and internal environment. This process refers to “change management” in organizations (Sahgal, 1998). Systemic views continue to draw inspirations from the change management principles and capture dynamic behavior of the organization. Well-planned systems with adequate inclusion of change management indicators lead to development of resilient systems and process for garnering the strengths of organization for attaining the goals set.

Change management includes all areas of social, behavioural, economic, political, and scientific sciences that modern organizations practice today. This basket of inter-disciplinary linkages

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