

Chapter - 1

The Nature of Organization

Concept of Organization:

Organization relates to a group of people working together to achieve common goals.

Characteristics of organization:

- a) **Association of people:** An organization is a group of people who come together to achieve a common objective.
 - b) **Division of work:** In an organization, tasks are divided among members according to their skills and expertise.
 - c) **Perpetual existence:** An organization is a continuous entity that exists beyond the lifespan of its individual members.
 - d) **Leadership:** An organization has a hierarchy of authority, with leaders who guide and direct the actions of its members.
 - e) **Common goal:** Members of an organization work towards a shared objective or purpose.
 - f) **Structure:** Hierarchy of authority: An organization has a formal structure that defines the roles and responsibilities of its members, with a clear chain of command.
 - g) **Environment specific:** An organization operates within a specific environment, whether it be a market, industry, or geographical location.
- Coordination: Members of an organization work together in a coordinated manner to achieve their common goal, with clear communication and collaboration.

Concept of Organizational Goals:

Goals are the expected outcomes of an organization. They clearly show the managerial commitment towards performance achievement.

Importance of Organizational Goals:

- a. **Encourages good planning:** Organizational goals provide a roadmap for planning and decision-making. They help organizations determine what actions to take in order to achieve their desired outcomes.
- b. **Relationships must be defined:** Organizational goals help define the relationships between different parts of the organization, ensuring that everyone is working towards the same objectives.

c. Shows relevancy of vision: Goals help to demonstrate the relevance of an organization's overall vision and mission, by showing how they will be achieved.

d. The base for decision making: Goals serve as the foundation for decision-making. They help organizations prioritize their actions and allocate resources accordingly.

e. The base for management function: Organizational goals help to define the management functions of planning, organizing, leading, and controlling.

f. Gives future directions: Goals provide direction for future activities, helping organizations to stay focused on their long-term objectives.

g. To provide image and identity: Goals help to establish an organization's image and identity, providing a sense of purpose and direction for its members and stakeholders.

h. Reveals priority and sources of motivation: Goals reveal the priorities and sources of motivation for an organization, helping to align the actions of its members with its desired outcomes.

TYPES OF ORGANIZATIONAL GOALS

On the basis of Level:

- **Tactical goals:** Tactical goals are short-term goals that help to implement the broader strategies of an organization. These goals are usually specific, measurable, and achievable within a period of one to three years.
- **Strategic goals:** Strategic goals are long-term goals that help to define the overall direction and purpose of an organization. These goals are usually broad, abstract, and may take several years to achieve.
- **Operational goals:** Operational goals are day-to-day goals that help to accomplish the routine tasks and activities of an organization. These goals are usually related to efficiency, productivity, and the use of resources, and are achievable in the short term.

In simple terms, tactical goals are like small steps taken to achieve a larger goal, strategic goals are the big picture objectives, and operational goals are the day-to-day tasks needed to keep the organization running smoothly.

2. On the basis of time

On the basis of time:

- **Short-term goals:** Short-term goals are specific, measurable goals that can be achieved in a period of days, weeks, or months. They are often used to achieve quick results, address urgent issues, or to establish momentum for larger goals.
- **Intermediate goals:** Intermediate goals are goals that can be achieved in a period of one to three years. They are more specific than long-term goals but broader than short-term goals.

- **Long-term goals:** Long-term goals are broad, general goals that take several years or even decades to achieve. These goals are usually aligned with an organization's overall mission and vision.

3. On the basis of area/functions

On the basis of area/functions:

- **Financial goals:** Financial goals are goals related to an organization's finances, such as increasing revenue, reducing costs, or improving profitability. These goals are important for the financial health and sustainability of the organization.
- **Human resource goals:** Human resource goals are goals related to the management of an organization's workforce, such as improving employee productivity, reducing turnover, or increasing employee satisfaction. These goals are important for the effective management of the organization's human resources.
- **Marketing goals:** Marketing goals are goals related to the promotion and sales of an organization's products or services, such as increasing market share, improving brand recognition, or launching a new product. These goals are important for the success of the organization in the marketplace.
- **Production/operational goals:** Production/operational goals are goals related to the production and delivery of an organization's products or services, such as improving efficiency, reducing waste, or increasing output. These goals are important for the effective and efficient operation of the organization.
- **Research and development goals:** Research and development goals are goals related to the development of new products or services, or the improvement of existing ones, through research and innovation. These goals are important for the long-term growth and sustainability of the organization.

Features of effective organizational goals:

Features of effective organizational goals:

- **Specific:** Effective organizational goals should be clear and specific. This means they should be well-defined and focused, so that everyone in the organization knows exactly what needs to be achieved.
- **Measurable:** Effective organizational goals should be measurable, which means they should be quantifiable and trackable. This allows progress to be monitored, and adjustments to be made if necessary.

- **Achievable:** Effective organizational goals should be achievable, which means they should be realistic and attainable. This ensures that they are not too difficult to achieve, which can lead to frustration or demotivation, but also not too easy, which can lead to complacency.
- **Realistic:** Effective organizational goals should be realistic, which means they should be based on the organization's resources, capabilities, and limitations. This ensures that they are feasible and can be accomplished within the given time frame.
- **Time:** Effective organizational goals should have a defined timeline, which means they should be time-bound. This ensures that there is a sense of urgency and accountability for achieving the goals within a specific timeframe.
- **Trust:** Effective organizational goals should be developed and communicated in a way that builds trust among the organization's stakeholders. This means that the goals should be transparent, inclusive, and aligned with the organization's values and culture.
- **Support between each other:** Effective organizational goals should be mutually supportive and aligned with each other. This means that the goals should not conflict with each other, and that they should be designed to work together to achieve the organization's overall mission.
- **Evaluation:** Effective organizational goals should be evaluated regularly to assess progress and identify areas for improvement. This allows for adjustments to be made as necessary, and for the organization to stay on track towards achieving its goals.

CONCEPT OF ORGANIZATIONAL GOALS

The goal is the organization's desired future outcome. Goal formulation includes analysis of the internal and external environments.

PROCESS OF GOAL FORMATION

Process of Goal Formation:

Step 1: Evaluation and review of the goals: The first step in goal formation is to evaluate and review the existing goals of the organization. This involves analyzing the effectiveness of past goals and identifying areas for improvement.

Step 2: Formulation of the goals: The second step is to formulate new goals for the organization. This involves identifying the overall mission and vision of the organization and then setting specific, measurable, achievable, realistic, and time-bound goals that will help to achieve that mission.

Step 3: Formulation of the tactical plans: The third step is to formulate tactical plans that will help to achieve the goals. This involves identifying the specific actions and strategies that need to be taken to achieve the goals, and assigning responsibilities to different individuals or teams within the organization.

Step 4: Formulation of operational goals: The fourth step is to formulate operational goals that will help to implement the tactical plans. This involves setting specific, measurable, achievable, realistic, and time-bound goals for different departments or functions within the organization, so that everyone is working towards the same objectives.

Step 5: Environmental Scanning: The fifth step is to conduct an environmental scanning, which involves analyzing the external factors that could impact the organization's ability to achieve its goals. This includes factors such as market trends, competition, technological advancements, and regulatory changes.

In simple terms, the process of goal formation involves evaluating and reviewing existing goals, formulating new goals that are specific and measurable, identifying the tactical plans and operational goals needed to achieve those goals, and conducting an environmental scanning to identify external factors that could impact the organization's success. By following this process, organizations can set clear and effective goals that align with their overall mission and vision.



APPROACHES TO GOAL FORMULATION

1. **Top-down approaches:** Top-level management establishes organizational goals in this approach. It does not seek the participation of middle and lower-level employees while doing.
2. **Bottom-up approach:** Goal formulation begins at the lowest levels of an organization using a bottom-up approach. As a result, it is a participative approach to goal formulation.

3. **Interactive/mixed (MBO) approach:** The interactive goal formulation approach is a process in which employees at all levels of the organization contribute to the formulation of organizational goals.

PROBLEMS OF ORGANIZATIONAL GOALS

a. Reluctance to establish goals: Some organizations may be reluctant to establish goals due to a lack of clarity about their purpose or an inability to determine the most effective strategies for achieving success.

b. Improper reward system: Organizations may encounter problems when their reward systems are not aligned with their goals. This can lead to employees feeling demotivated or disconnected from the goals they are supposed to be working towards.

c. Resistance to change: Change is a natural part of organizational growth, but it can also be met with resistance from employees who are comfortable with the status quo. This can make it difficult to establish and implement new goals.

d. Dynamic and complex environment: The modern business environment is dynamic and complex, with rapidly changing market trends and technological advancements. This can make it difficult for organizations to establish and achieve long-term goals.

e. Inappropriate goals: Sometimes organizations set inappropriate goals that are either too easy or too difficult to achieve. This can lead to employees becoming disengaged or frustrated, and can ultimately undermine the success of the organization.

f. Other barriers: Other potential barriers to goal achievement include lack of resources, unclear communication, and poor planning.

CONCEPT OF GOAL SUCCESSION:



Goal succession is the act of top-level management reviewing and changing existing goals on purpose.

FORMS OF GOAL SUCCESSION

a. Add the new objective to the existing objective: In this form of goal succession, new objectives are added to the existing objectives without changing or replacing any of the old goals. This can

be useful when new opportunities or challenges arise that require additional objectives to be added to the existing ones.

b. Replace old goals with new goals: This form of goal succession involves replacing old goals with new ones. This can happen when an organization has achieved its old goals or when those goals are no longer relevant. By replacing old goals with new ones, an organization can continue to move forward and remain relevant.

c. Expand the scope of existing goals: In this form of goal succession, the scope of the existing goals is expanded to include new objectives or areas of focus. This can be useful when an organization wants to grow and expand its operations, or when it identifies new areas of opportunity that align with its existing goals.

Reasons for Goal Succession

a. Achievement of the original goal: This happens when the goal has been successfully accomplished, and there is no need to continue pursuing it.

b. Failure to meet the original goal: This occurs when despite making efforts, the goal is not achieved, and the decision is made to shift to a new goal.

c. Environmental change: This is when external factors such as economic, political, or social changes affect the organization, and it becomes necessary to revise the original goal to adapt to the new circumstances.

d. Organizational priority shifting: This happens when the company's focus or direction changes, and a new goal is identified that aligns better with the new priorities. It could be due to a change in leadership, restructuring, or a shift in market demand.

CONCEPT OF GOAL DISPLACEMENT

Moving away from the desired aim is referred to as Goal displacement. When there is aim displacement, the organization's activities become oriented on the processes, and the organization's functioning becomes distorted.

Reasons for Goal displacement:

a. Unachievable objectives: This occurs when the set objectives are too high or unrealistic to attain, leading to goal displacement or shifting to new goals that are more achievable.

b. Employees lack confidence and attitude: When employees do not believe in the set objectives or do not have the right attitude to achieve them, goal displacement may occur, and new goals are set that align better with the employees' capabilities.

c. Difficulties with bureaucracy and tough rules: When the organizational processes and rules are too complex or difficult to follow, it can lead to goal displacement as employees may prioritize tasks that are easier to achieve.

d. Unable to attain the objectives: When an organization is unable to achieve its set objectives, it can lead to goal displacement, where new goals are set that are more attainable.

e. Sub-ordination of organizational goals: This occurs when individual or departmental goals are prioritized over the organization's overall objectives, leading to goal displacement.

f. Formulation of two (vague) sets of goals: When there are multiple goals with vague or unclear objectives, it can lead to goal displacement as it may not be clear which goals should be prioritized and how they should be achieved.

CHANGING PERSPECTIVES OF ORGANIZATIONS

1. Changing structures: Organizations may change their structures, such as reorganizing departments, creating new roles, or changing reporting lines, to improve efficiency and effectiveness.

2. Changing culture and values: Organizations may focus on changing their culture and values to align with new business goals, improve employee engagement, and support a positive work environment.

3. Employee participation and teamwork: Organizations may prioritize employee participation and teamwork to enhance collaboration, promote knowledge sharing, and increase engagement.

4. Orientation in Learning: Organizations may focus on creating a learning-oriented culture, where employees are encouraged to continuously develop their skills and knowledge.

5. Workforce diversification: Organizations may focus on diversifying their workforce by hiring employees with different backgrounds, experiences, and perspectives, to improve innovation and creativity.

6. Respond to a consumer mindset: Organizations may shift their focus to respond to changing consumer preferences and needs, to remain competitive in the market.

7. Change in national boundaries: Organizations may expand their operations or move their headquarters to other countries to access new markets, lower costs, or take advantage of favorable regulations.

8. Change in Technology: Organizations may adopt new technologies or update their existing systems to improve efficiency, reduce costs, and enhance customer experience.

9. Level of knowledge: Organizations may prioritize knowledge management, such as collecting, storing, and sharing information, to improve decision-making and innovation.

10. Social responsibility in business: Organizations may focus on their social responsibility, such as reducing their environmental impact, promoting ethical practices, and giving back to their community, to create a positive impact and enhance their reputation.

Best of Luck Guys for your upcoming exams. "Stay foolish stay hungry" – Steve jobs.

