



# Role of Management in Today's Changing World Environment and Emerging Challenges of Organizational Behaviour

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## ABSTRACT

Few things touch our daily life as much as organizations do. We depend on organizations for education, employment, food, clothing, shelter, health, wealth, recreation, travel and much more. They touch every aspect of human life, from birth-to-death. In fact, life becomes unlivable *sans* organizations.

But most of us have a casual attitude towards organizations. We notice their importance when they fail to deliver their goods and services to us. In today's competitive scenario, organizations will have to reorient themselves to meet the new challenges. Organizational Behaviour (O.B) as a discipline plays a vital role in this age of superior technological advancement and tremendous uncertainty.

Most people are born and educated in organizations, acquire most of their material possessions from organizations, and die as members of organizations. Many of our activities are regulated by the various organizations that make up our governments. And most adults spend the better part of their lives working in organizations. Because organizations influence our lives so powerfully, we have every reason to be concerned about how and why those organizations function. The present study includes importance, the role of management in today's changing world environment, environmental challenges and emerging challenges of organizational behaviour.

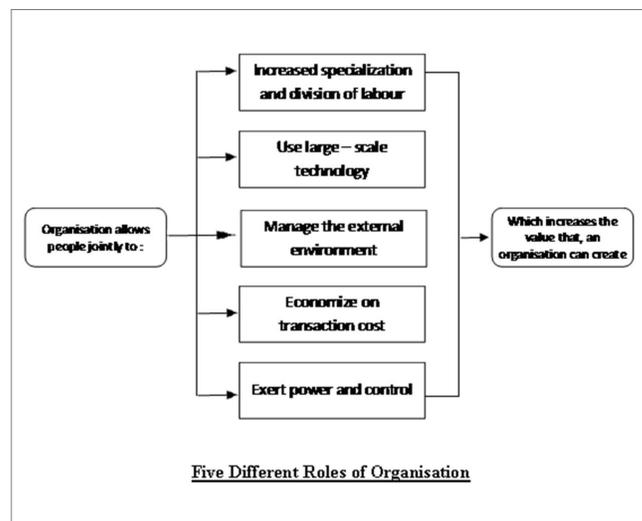
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## 1. About Organizational Behaviour

Organizations are as old as the human race itself. Archaeologists have discovered massive temples dating back to 3500 BC that were constructed through the organized actions of many people. The fact that these impressive monuments were built suggest that not only did complex organizations exist, but that the people in them worked cohesively for common causes.

Organizations play five different roles. An organisation allows people to jointly increase specializations and division of labour. Use large scale technology, manage the external environment, economize on transaction costs, and exert power and control – all of which increase the value the organisation can create. (K. Aswathappa, 2012)



## 2. Definitions

Organizational Behaviour is concerned with the study of human behaviour at work. In other words, organizational Behaviour is the study and application of knowledge about how people as individuals and as groups behave or act in organizations.

In the opinion of **Robbins**:

“Organizational Behaviour is a field of study that investigates the impact that individuals, groups, and structure have on behaviour with in organizations for the purpose of applying such knowledge towards improving an organization’s effectiveness.”



In the opinion of **Davis** and **Newstrom**:

“Organizational Behaviour is a study and application of knowledge how people act or behave within organisation. It is a human tool for human benefit. It applies broadly to the behaviour of people in all types of organizations such as business, government, schools and service organizations.”

According to the definitions, Organisation Behaviour is concerned with the study of how and what people act in organizations and also how their acts affect the performance of the organisation. It also applies the knowledge gained about individuals, groups and the effect of structure on human behaviour in order to make organizations work more effectively. (S S. Khanka, 2013)

### **3. Importance of Organizational Behaviour**

Most people are born and educated in organizations, acquire most of their material possessions from organizations, and die as members of organizations. Many of our activities are regulated by the various organizations that make up our governments. And most adults spend the better part of their lives working in organizations. Because organizations influence our lives so powerfully, we have every reason to be concerned about how and why those organizations function.

Clearly, then, an understanding of organizational behaviour can play a vital role in managerial work. (Moorhead, et al., 2000)

### **4. The Role of Management in Today's Changing World Environment**

The world scenario shows that we are in the midst of political, economic, social and cultural and technological sweeping changes taking place especially in the aftermath of the September 11, 2001 events. There are various international events like the terrorists attack on the World Trade Centre, New York, and the Nuclear War threat from Pakistan and so on, which is definitely affecting the domestic scenario. Organizations are looking out for inspired leadership and people with far-away vision to bring about fundamental changes both within and outside the firm in order to grow, build and excel in the twenty first century.

Managers are persons who are required to reach their goals through other people at the place where they work that is the organisation. In present day's highly competitive and demanding work place they are required to display their good interpersonal skills by making



decisions, allocate resources and lead and direct others' activities to achieve and attain their goals.

Traditionally, we have been following the five management functions written by Henry Fayol. These management functions included Planning, Organizing, Commanding, Coordinating and Controlling.

**Planning** involves decision making by selecting the courses of action which a firm and every department will follow.

**Organizing** involves the establishing of an intentional structure of roles for all persons within the enterprise in order to accomplish the goals.

**Commanding** means through effective leadership, managers are required to command and influence employees so that they will strive willingly and enthusiastically towards achieving the organisation and group goals.

**Coordinating** is the essence of management. This means the manager has to strive towards the achievement of harmony of individuals efforts towards the accomplishment of group goals.

**Controlling** refers to measuring and correcting performance of subordinates against goals and thereby ensuring accomplishment of the plans. This means based on the feedback, appropriate adjustments have to be made where outcomes have deviated from expectations.

## 5. Changes Affecting Managerial Functions

- **The Continous pace of change:** Many of the changes are – Social and Cultural or Political or Technological or Economic or Environmental seem to be affecting the way in which organizations function and manage themselves.
- **Power in the hands of buyers:** Today's consumer has become more demanding. They seek more and better products at lesser cost; want more flexibility, better convenience and continous change.
- **Learn to build systems to collect, share and retrieve knowledge in the new era:** Organizations have to learn to grow effectively by continuously adding value and proving their ability to encourage their people to be creative and innovative. A big challenge before companies is to nurture and build a reservoir of wisdom.
- **Companies need to re-invent themselves:** World over and in India too, companies are learning that the challenge before them is to become trim without becoming weak and



build up an entrepreneurial spirit infused with the agility, flexibility and responsiveness of a new organisation.

- ***Be ready for tomorrow today:*** Companies have to adopt a proactive stance and continuous efforts to lookout for tomorrow and reinvent themselves, the firm and products/ services for the future customers.
- ***The need to provide an able leadership style:*** Very often the concept of leadership is thought to be different for the role specific concept of *Management*. Leadership is associated with an individual, his ability to motivate and influence others rather than anything to do with his or her position in the organisation.

Most of the organizations need to change their working paradigm from an individual/centralized to collective style. A well known leader to have adopted the change in work culture is *Jack Welch* at GE. He had signaled for a change in the work culture towards collaboration – break down the walls across departments and build bridges.

There is a need for a shift in the mindset of organizations today to adopt the *working together* concept. The benefits will be visible when all the people linked with an organisation seem comfortable with each other and are keen to share, interact and work towards organizational goal achievement. (Suja Nair, 2011)

## 6. Environmental Challenges

Managers also face numerous environment challenges. The environmental issues most relevant to the domain of organizational behaviour are competitive strategy, globalization, , quality and productivity, and manufacturing and service technology.

- Competitive Strategy:*** A firm's **competitive strategy** explains how it intends to compete with other firms in the same industry. In general, most firms adopt one of three business strategies. A firm using a *differentiation strategy* attempts to make its products or services at least appear to be different from others in the market place. A firm that adopts a *cost leadership* strategy, this allows the firm to charge a lower price for its products/services and thus gain more market share. Finally, a *focus* strategy involves targeting products to meet the unique needs of a specific customer group.
- Globalization:*** It is no secret that the world economy is becoming increasingly global in character. But often people do not realize the true magnitude of this **globalization** trend for managers. The globalization trend started right after World War II. The U.S. economy emerged strong and intact. U.S. businesses were the dominant worldwide suppliers in virtually all major industries. The situation is further confounded by the



rapid change that has characterized the international arena. When the 1980s began, the Eastern bloc countries were going nowhere economically; the Japanese and German economies were dominant.

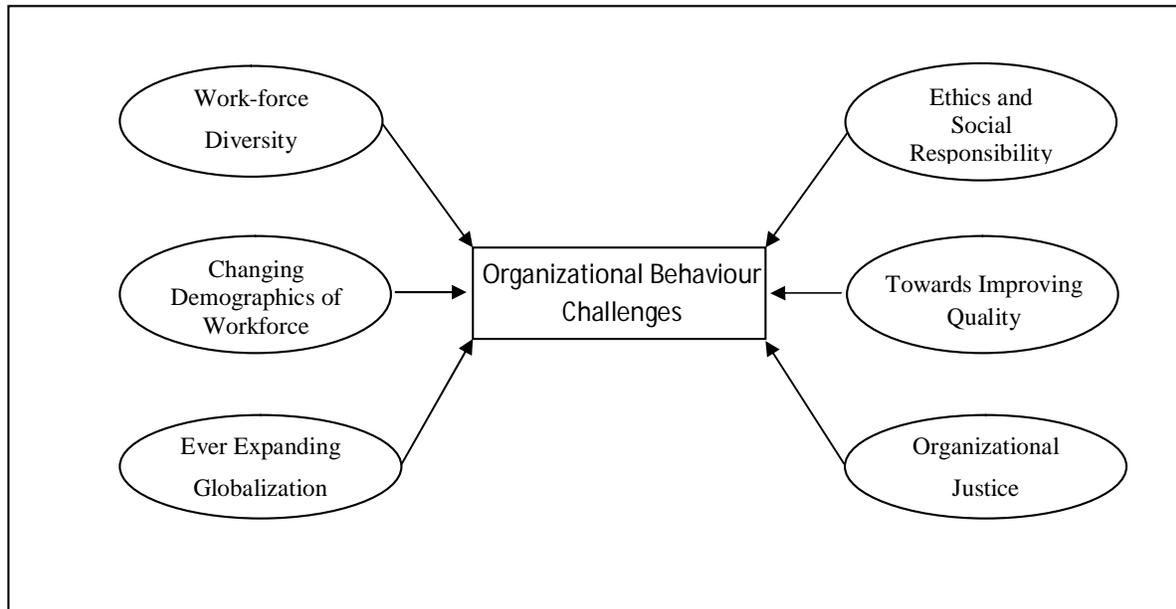
- c) **Quality and Productivity:** Another competitive challenge that has attracted much attention is quality and productivity. **Quality** is the total set of features and characteristics of a product or service that define its ability to satisfy a stated or implied need of customers or consumers.

Quality is an important issue for several reasons. *First*, more and more organizations are using quality as a basis for competition. *Second*, improving quality tends to increase productivity because making higher-quality products generally results in less waste and rework. *Third*, enhancing quality lowers costs.

- d) **Manufacturing and Service Technology:** A final environmental challenge confronting managers today is the set of issues involving technology. **Technology** is the set of processes the organisation uses to transform resources into goods and services. Managing this form of technology requires managers to keep abreast of new forms of technology and to make appropriate investments in the acquisition of new manufacturing equipment. In addition, training employees for this type of work and then evaluating their performance was a relatively straight forward undertaking. (Moorhead, et al., 2000)

## 7. Emerging Challenges of Organizational Behaviour

Although the field of organizational behaviour has been around the past three decades, there are a few dramatic challenges taking place as we have entered the twenty-first century. For example, the typical employee is becoming older, his/her expectations are fast changing, loyalties to the organizations have become a feature of the other day, more and more women and nonwhites are joining the work force, and the ever increasing global competition of business is requiring employees to become more flexible and to learn to cope with rapid changes posing challenges.



### **Work-force Diversity**

Work-force Diversity can be defined as the situation that exists when members of a group or organisation differ from each other in terms of age, gender, race, ethnicity, and education. When workers join organizations, they come with their differing cultural values and lifestyle preferences. Therefore, the challenges for organizations is to make themselves accommodating to diverse groups of people at work place by addressing their different lifestyles, cultural moorings, family needs, and work styles.

### **Changing Demographics of Workforce**

The demographic characteristics of workforce have undergone changes over the years. Increasing number of women joining industrial workforce, higher proportion of young workers, increasing share of aged people in workforce due to increased life-expectancy, and increasing tendency of husband and wife as working are the prominent changes occurred in workforce demographics everywhere in the world.

### **Ever Expanding Globalization**

By now, the whole world has become a global village. Business has crossed the national boundaries and, thus has become global, popularity known as ‘multi-national



businesses'. This has made managing men more complex. Globalization of business poses at least two major challenges for managers:

**First**, in case of multi-national companies, the managers are frequently transferred to other countries. **Second** even in their own country, the managers have to work with superiors, subordinates, and peers who were born and brought up in a different culture. The managers' problem, then, is what motivates them may not motivate others, i.e., superiors, subordinates, and peers.

### **Ethics and Social Responsibility**

Another environmental challenge that has taken on renewed importance concerns and social responsibility. An individual's **ethics** are his or her beliefs about what is right and wrong or good and bad. **Social Responsibility**, meanwhile, is the organization's obligation to protect and contribute to the social environment in which it functions.

### **Towards Improving Quality**

Yet another major challenge before today's managers have to face is offering of quality products and services to the customers. This is because the delivery of quality products and services to the customers has a direct impact on the success of organizations. The ever increasing concern for quality products and services has given genesis to today's buzzword '**Total Quality Management**' (TQM). TQM is different things to different people and has been both "cussed" and discussed in the management literature and the actual practice of management. (S S. Khanka, 2013)

### **Organizational Justice**

Justice refers to a sense of fairness. Organizational Justice refers to the perceptions held by employees about the fairness of rewards they are receiving. Forms of organizational justice are relevant: distributive, informational, procedural, and interpersonal.

*Distributive Justice* refers to the extent of satisfaction employees derive from their outcomes from the organisation. Outcomes include compensation, work assignment, foreign jaunts and the like.

*Informational Justice* refers to people's perceptions of the fairness of the information used as the basis for decision making. How does, for example, an employee feel when uninformed, his or her pay has been cut by Rs. 1000/- the amount to be donated for some relief? Decisions made based on sound information are fair and are accepted by employees without resistance.



*Procedural Justice* refers to employee's perceptions of the fairness of the procedures used to determine the outcomes they receive.

*Interpersonal Justice* refers to the fairness of the manner with which supervisors treat their subordinates. Assume an employee has been laid off. Grieved person will derive solace if the supervisor gives patient listening and offers sound advice, though lay-off is a decision that is made by the top management. Kind words from the supervisor will smoothen and ruffled feelings of the affected employee. (K. Aswathappa, 2012)

## **8. Conclusion**

Organizational behaviour is an exciting field of study which can help the managers in effective handling of human resource for the realization of organizational goals. Organizations have no parallels in so far as effecting daily is concerned. Organizations are created by individuals alone or in groups. On being formed, organizations facilitate division of labour, manage large-scale technology, manage the external environment, minimize transaction costs, and exert power and control.

Organizational behaviour is highly useful in ensuring organizational effectiveness. Managers need conceptual, interpersonal and technical skills to make them effective. Inventing organizations, globalization, multiculturalism and quality are some of the contemporary issues relevant to the management. As we go into the future, organizational behaviour experts confront several challenges while managing interpersonal relations in organizations.

By the study it can be conclude that, there is a need for a shift in the mindset of organizations today to adopt the working together concept. The benefit will be visible when all the people linked with in an organisation seem comfortable with each other and keen to share, interact and work towards organizational goal achievement.

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