UNIT 16 INSTITUTION BUILDING

Objectives
After studying this unit, you should be able to understand:
- the concept of ‘organization’, ‘institution’, ‘institution building’ and the characteristics of institution
- the factors which influence institution building
- the process aspects of institution building
- significant dimensions of institute building: self-renewal and innovation
- the role of the chief executive in institutional building.

Structure
16.1 Organization Vs. Institution
16.2 What is an Institution
16.3 Factors Influencing Institution Building
16.4 Institution Building: The Process
16.5 Significant Dimensions of Institution Building: Self-Renewal and Innovation
16.6 Institutional Building: The Role of Chief Executive
16.7 Summary
16.8 Self-Assessment Questions
16.9 Further Readings
Appendix 1. Organisation Crises and Outcomes
Appendix 2. Checks to Measure the Extent of Institutionality

16.1 ORGANIZATION Vs. INSTITUTION

An organization comes into existence in order to achieve a goal or a set of goals. Since no one individual can achieve the goal or set of goals by himself, a number of individuals come together. Hence there tends to be a division of work where in the overall goal or objective is broken down into sub-goals and they in turn into activities to be performed by each of the individuals thus, giving rise to differentiation in power, authority, role and responsibilities. These differentiated functions are coordinated, in terms of rationally conceived role relationships, and a normative order.

This rationally conceived hierarchisation has to be maintained over time to achieve the overall objective. Hence maintenance of the normative order is an important sub-goal of the organization.

While organizations aim at maintenance of internal order and efficiency in goal realisation, institutions extend beyond these goals. Institutions have relatively more permanence than organisations. Organizations are organic, they have a birth, growth and finally, decay. Institutions are more enduring, have capacity of continuous growth, ability to cope and adopt under diverse pressures and pulls to make thrust into the future, in addition to having an impact on the society or community in which they exist. They perform services and functions which are valued in the community or society and also play the roles of a change inducing, a change-protecting agent within the community. While all institutions basically start as organisations, it is only a few organizations that can survive, grow and adopt to achieve finally an institution status.
16.2 WHAT IS AN INSTITUTION?

Institution may be defined as a responsive, adaptive organisation which is a product of social needs and pressures. It is a part of the larger system i.e. the community or the society and is a forward looking, adaptive and proactive part of the community. Esman and Blaise (1966) define institutions ‘as organisations which incorporate, foster and protect normative relationships and action patterns and perform functions and services which are valued in the environment.’

What Characterises an Institution?

1) An institution is an organisation which is relatively more enduring and is perceived as an indispensable part of the community.
2) Its functions and services are related to society’s commonly agreed requirements.
3) It has the ability to adopt overtime to changing needs and values in the society and contribute to the community needs.
4) Its internal structures embody and protect commonly held norms and values of the society.
5) Its achievements overtime include influencing the environment in positive ways through the values it creates, (where such necessity arises).
6) Its influence extends to other similar institutions which are linked to it.
7) It is a change protecting and change inducing format organisation. It tends to protect positive values within the community or create new beliefs and values that are necessary for the sustenance of the community or to bring social order at times where negative forces are likely to affect the community.
8) It has permanence that extends beyond the role incumbents who may come and go.

Activity A
Define the concepts ‘organisation’, ‘institution’.

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Activity B
What are the characteristics of an institution? Can we differentiate between the terms ‘organisation’ and ‘institution’?

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What is Institution Building?

Institution building refers to transforming an organisation into an integrated organic part of the community, so that the organisation can effectively play the role of projecting new values and become an agent of change in the community. Hence institution building refers to the process aspects of:

a) establishing or transforming an organization;
b) making an organisation an integrated or organic part of the community;
c) the maintenance role of adopting or adjusting to the existing values;
d) projecting new values through its own efforts of self growth and organisational renewal, and thus; and
e) the proactive role of bringing change contributing to change in the existing values of needs of the society.

Activity C

What is Institution Building? Explain.

16.3 FACTORS INFLUENCING INSTITUTION BUILDING

There are several factors that influence institutional building:

1) **Goals or Objectives**: Clarity or specificity of the goals is basic to institution building. The goals should also be perceived as important and justify the need for the organization both with respect to expectations of the members within and society outside the organization. When the goals are seen as challenging and interesting and widely accepted among members of the organization and the activities of the members are focused around these goals, institution building is possible. Superordinate goals like commitment, loyalty and patriotic fervour among employees generally tend to facilitate institution building.

2) A Second Variable that Contributes to Institutional Building is the ‘People’: Selection of the people for positions in the organization should be in terms of a right fit between the individual and the job. Two aspects are important in this context: task maturity and psychological maturity. Task maturity refers to the extent to which the role incumbent has the necessary job knowledge and skills required on the job. Psychological maturity refers to zeal and enthusiasm to work, commitment to the job and the organization, confidence in ones’ own abilities to accomplish tasks and responsibility for ones’ job. It is the people, who finally make an institution. Developing trust among one another, generating team spirit and positive interaction among the
role set members and providing sufficient autonomy which is commensurate with responsibilities on the job, are essential for institution building. Trust is an important dimension for effective interpersonal relationship and it is often said that trust begets more trust. Organizations should provide opportunities for upward growth and development for those who are competent and have potentialities for growth and development. Otherwise, institutional development is jeopardised.

3) A Third Variable of Importance is Organisational Structure and Design: Organisation is basically a system of input process and output sub-systems. Men, money, raw-material and machinery form the inputs. The process aspect is concerned with the optimum utilisation of these inputs to produce certain outputs. The output can be the goods produced or services rendered that serve the needs and interests of the society.

The organization design and structure is the basic frame work around with formal interactions take place within and in between the different sub-systems (departments). The structure influences:
- the extent to which the different resources may be optimally utilised,
- the work culture that is created and sustained within the institution,
- the relations with systems outside the institution,
- the ability to adopt to changing demands and requirements arising from the external environment.

Too rigid structure stifles individual autonomy, creativity and ability of the organization to meet changing demands. At the same time, too loose a structure results in sub-optimisation of resources, lack of appropriate direction and work culture. In such an environment organizations may soon become defunct.

The structure should not be static but dynamic and have the necessary mechanisms to foster and stabilise appropriate traditions and work culture and also establish linkages with its customers and major client systems. It should be able to provide a leadership role to similar organizations. Such a structure forms the basis for institution building.

4) A Fourth Aspect that Fosters Institution Building is the Organisational Culture: Organizations should strive at developing greater cooperation among the members. This can be achieved by better integration of departmental functions and developing homogeneity of thinking among the members. Commonality in the goals of the organization and those of the employees, and recognition and understanding of the symbiotic relationship that exist between one employee and the other, or one department and another result in better accommodation and cooperation. Conflicts are to be viewed positively as providing opportunities for innovativeness and understanding other’s position in addition to one’s own. Mechanisms of establishing a balance between the autonomy of individual members and coordination for common goals help in institution building. In its relationship with outside organisation, the institution should seek collaborative relationships at the same time maintaining its own identity.

5) A Fifth Factor Contributing to Institutional Building is Leadership at the Top Management Level. The leadership style should be an amalgamation of the roles of a ‘developer’s and an ‘executive’. A developer places trust in his subordinates, provides them opportunities to take up responsibilities, motivates them to the peak of their performance and provides a creative work atmosphere. He is supportive in his relationships with others and provides opportunities for growth, self-direction and self-control for his subordinates. An executive as a team-builder, inspires participation among
the members and thereby ensures their commitment to organisational goals, builds loyalty among his subordinates and also a keen sense of self-respect, and resolves conflicts strategically and creatively.

The leader ought to devote his full attention and time for institution building and take pride in the development of his people. He has to establish effective linkage with outside organisations and project the image of the institution as a competent entity to serve the needs of the society. He needs to gear up the organization to meet changing needs and demands effectively. At the same time he is not enamoured of his position, but is willing to develop others to step into his whenever required.

6) **Ability to Establish Effective, Operative Linkages with External Environment is Necessary for Institution Building:** Such a liaison helps in understanding the needs and expectations of the external sub-system such as clients, customers, suppliers, other organizations etc., to which the institution has to finally cater to carve a niche for itself in the environment. The linkages are:

- enabling linkages with other organizations or social groups which are likely to control the allocation of resources and authority (e.g. for government) needed the organisation to function.
- functional linkage with those external sub-systems that provide the inputs for the organization and utilise the product or service outputs of the organisation (e.g. suppliers, customers or client group).
- associative linkages with other institutions of a similar nature for possible collaborative relationships (e.g. sister institutions).
- contingent linkages, depending upon the situational necessities with certain other sub-systems that may become relevant or important at a given time (for e.g. a legal system, a consultancy unit).

**Activity D**

How the following factors influence institution building:

- organizational goals.
- organizational structure and design.
- organization culture.
- relationship with external environment.

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16.4 INSTITUTION BUILDING : THE PROCESS

Institution building refers to two aspects:

1) Development of an institution by an outside expert (which may be an individual or an organization) including development of relevant norms and values, and

2) Internal development of an institute to be able to play its role effectively (i.e. the self-renewal process).

In terms of either of these definitions, institution building refers to the process of birth, development, renewal and institutionalisation.

All organizations are organic i.e. they have birth, development, growth and finally, decay if the organization does not invigorate and renew itself. Invigoration and renewal extend the longevity and performance of the organization where it stabilises as an institution. While many organizations die aborning, it is only a few that seem to live forever.

Warren Schmidt (1967) has suggested that organizations have stages of potential growth in their life cycles. At each of the stages, the organization is subject to certain crises that make demands on the managerial or organizational activities. If the organisation is able to cope effectively with the crisis it will enter the next stage of growth. The crisis is generated either because of internal factors or external factors in the environment or both. The stage of development at which an organization is, is more in terms of the crisis factors rather than its financial status or number of employees or its share in the market etc.

The first stage is birth of an organization. Organizations originate at first, in the minds of individuals, as an idea. An operative model with necessary resources and support mobilisation characterises the earliest stage.

The second stage is survival and sacrifice. An organization is born in a climate of a new idea, hope and excitement, but has to struggle to survive in the world of competition and challenge. The need to survive, makes heavy demands on the entrepreneur’s money, confidence, commitment, effort, personal time and even family life. If this crisis is adequately resolved the organization gains a firm foot-hold, accepts realities and learns from experience. If unable to meet the challenges, demands and competition, the organization may become defunct or exist marginally with still heavier demands made on the entrepreneur.

If the organization survives, then it should seek for stability which is the third stage. Organization should strive for an efficient work culture based on discipline, reorganization or role relationships, adequate employee compensation structure, team-spirit and appropriate balance between short-term and long-term perspectives. It should also strive to stabilise its resources, customers, clientele etc. Resolving the crisis of achieving stability makes the organization efficient, strong and flexible; while inability to do so results in the organization returning back to the survival stage and stagnation.

The fourth stage is self-examination regarding where the organization stands in the eyes of the public, customers, competitors and others. The organization should be prepared to look critically at its products and services and its internal and external operations. Thus it should be open to criticism and strive to monitor, review, evaluate and improve its performance from time to time. Resolving crisis at this stage successfully enhances the reputation of the organization and results in the improvement of its quality of goods and services.
Failure to resolve the crisis leads to living on past laurels and ‘image-creation’ or ‘image-boosting’ which may be at variance with its actual performance the greater the variance the greater is the likelihood of returning to instability.

The next issue that concerns the organization is to actualise its potentialities and to achieve uniqueness (characteristic of its activities). Such a goal can not be realised until the organisation is willing to bring the necessary changes that involve certain amount of risk. Successfully overcoming a crisis provides opportunities for growth and development to its personnel. Unsuccessful resolution leads to specialisation in a narrow field, conservatism and resistance that inhabits further development. The organization may not be able to realise its uniqueness.

The sixth issue of concern involves the organization’s responsibility to society, a desire to gain society’s respect and appreciation and to improve the quality of life of its own employees. The crisis generated by efforts to be respected and appreciated depends upon the felt-needs for such an endeavour, organization’s financial status, investment opportunities elsewhere and the present self-image. By resolving this crisis correctly the organisation gains public respect and appreciation for itself as an institution contributing to society. Incorrect resolution leads to castigation by the public as ‘heedless barons’ or ‘heedless tycoons.’

The different crisis discussed so far need not operate in the same consecutive order. Depending upon the environmental forces acting on the organization, a mature organization may revert back to crisis of the earlier stages. When the nature of the crisis is not correctly understood, organisations are unable to resolve it adequately resulting in confusion and intolerance. However, by resolving the crisis at each of the stages successfully, an organization grows from strength to strength. Resolution of crisis makes demands on the management’s knowledge, skills, experience and attitudes and it is quite possible that at different stages of growth, the managerial and leadership skills required are different.

**Activity E**

What are the different stages of growth of institutions?

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Earlier we have described the growth stages and crises experienced in institution building. Two of the significant dimensions of institution building are self-renewal and innovation.

**Self-renewal** refers to concentrated and continuing efforts on the part of the organization to relate its technology, structure and people to problems confronting it from political, economic and social changes. The act of self-examination from time to time forms the basis of organization renewal. The different stages in self-renewal process are:

1) **Sensing of change**: Organizations should be aware of changes in their internal and external environment. Unable to perceive these changes, the organization fails to cope adequately with its environment.

2) Identification of the implication of these changes. The question is how these changing forces are going to affect the ongoing system.

3) Deciding an appropriate plan of action. A suitable course of action is conceived on the basis of:
   - obtaining necessary information with regard to 1 and 2 based on surveys, reports, statistical data and such other fact finding methods.
   - accurate evaluation of the obtained information.
   - deciding at what sub-system level (i.e. organisational structure or task or technology or individual/group) the necessary changes are to be brought about.
   - implications of change in a sub-system for the other sub-systems.
   - weighing the different alternatives for their probabilities for effectively coping with external forces.

4) Introducing the change. The intended changes are implemented. Timely action is important.

5) Stabilising the change, enough system support is to be given to freeze the change i.e. consolidate the new equilibrium.

6) Obtaining feedback on the outcome of change for further sensing of the state of the external environment and the degree of integration of the internal environment.

Failure at any of these stages results in unsuccessful resolution. Successful resolution also depends upon certain conditions within the organisation such as:

- effective information processing and communication.
- flexibility within the sub-system for introducing relevant changes or remedial measures.
- willingness to change among the people and commitment to organizational goals.
- supportive climate at the top management level. Involvement of top-policy making group gives legitimacy to the change process.
The present day organizations are at a nexus of various external and internal forces. Organizational renewal, hence, is of high priority so that organizations can do a self-analysis of their growth and their problems. The organizational leadership should look for new paths, new methods and innovative approaches so that the organization can cope with changing demands and forces.

**Innovation**

Innovation may be defined as a new idea or practice or approach that helps the system or the individual to deal effectively with a problem or change. Innovation is possible if the organization has a conducive environment for it to occur such as openness, flexibility, decentralization etc. Some characteristic features of innovation are:

- It does not function in isolation or vacuum. Innovative changes should be thought of in a system perspective *i.e.* the likely changes in the internal sub-systems.
- It thrives in a collaborative rather than a competitive environment.
- Acceptability of innovative change depends upon: 1. Its relative advantage over the existing ideas or approaches or other suggested ideas or approaches. 2. Compatibility with existing norms, values and work behaviours. 3. Simplicity both in concept and practice. 4. Utilitarian value for either coping with external demands or obtaining the desired results and the stakes involved. 5. Compatibility with existing skills. If innovative changes require new skills, people should be trained sufficiently in advance. Otherwise, resistance may be built in spite of the functional value.
- Innovative planning is an organizational necessity for self-renewal and institutional building.

**16.6 INSTITUTIONAL BUILDING: THE ROLE OF CHIEF EXECUTIVE**

Certainly the chief executive is a crucial figure in institutional building. Probably, it may be in your experience that a sinking organization not only comes out of the red but also stabilizes and makes considerable amount of profit because of change at the top management level. There are certain chief executive who have been very successful despite the nature of the organization they were asked to manage.

The role of chief executive involves:

- optimum utilization of resources which is a basic ingredient of organizational success.
- creation of team spirit and work commitment, thus providing a synergic effect for optimum utilization of human resources (where the contribution of the group is much more than a summation of the efforts of each of the individuals, it refers to synergy).
- achieving a positive balance between individual expectations and organizational goals and demands. For example, there is absolute necessity for formalization (*i.e.* rules, regulations and procedures determining work behaviour) but at the same time the individual should have autonomy and flexibility in work behaviour. Centralisation in decision-making is important but at the same time people at lower levels should be involved in decision making.
An institutional image is in terms of not only how it perceives its own status but also how it is perceived by similar organizations in the environment. A chief executive is not only a spokesman for his organization but also a liaison builder. It is in terms of his efforts that the institution can play the role of a leader, trend-setter and a collaborator.

The chief executive should have the basic discipline, devotion and commitment to work, a sense of vision, a futuristic perspective and above all a determination to build the organisation to reach its maximum potentiality.

He should allow others to grow and should not be threatened by the achievements of his colleagues. When the time comes he should give way for his successor without being highly possessive about the organization.
INSTITUTION BUILDING:
LESSONS FROM VIKRAM SARABHAI’S LEADERSHIP

Institutions are social areas where unique strategies are pursued for inducing and maintaining values which satisfy societal needs. Organizations are formal, social mechanisms which facilitate constant transmission of values, for example, a business enterprise or the church. Leaders are key actors in these arenas embodying the values. The process of institution building is the energizing of people so that not only they internalize values that transcend narrow self-interests but they also become infused with a sense of mission in their total life. What distinguishes an economic organization from an institutional organization is the intensity and the depth with which individual members of an institutional organization hold the core values which seem to suffuse their total being.

Leaders and Institution Building

Peters and Waterman (14) in their recent research on “excellent organizations” focus on the role of leadership in institution building. They emphasise the role of leadership in shaping the values of organizational members as well as in developing distinctive organizational cultures.

Sarabhai was a prolific institution builder. He set up an institution every year beginning from 1947 till his death in 1971.

List of Institutions with which Vikram Sarabhai was Associated

Scientific Research: Physical Research Laboratory, Ahmedabad
Communications: Vikram Earth Station, Arvi, Poona
 Atomic Energy: Fast Breeder Reactor, Kalpakkam
 Nuclear Centre for Agriculture, New Delhi
 Variable Energy Cyclotron Project, Calcutta
Electronics: Electronics Corporation of India Ltd.
 Hyderabad
 Electronics Prototype Engineering Laboratory, Bombay
Space Research: Thuma Equatorial Rocket Launching Station, Trivandrum
 Vikram Sarabhai Space Centre, Trivandrum
 Space Applications Centre, Ahmedabad
 Sriharikota Range, Sriharikota
 ISRO Satellite Instructional Television Experiment
Textile Research: Ahmedabad Textile Industries Research Association, Ahmedabad
Development and Educational Research: Nehru Foundation for Development, Ahmedabad
 Vikram A. Sarabhai Community Science Centre, Ahmedabad
Management and Operations Research: Indian Institute of Management, Ahmedabad
 Performing Arts: Darpana Academy for performing Arts, Ahmedabad
He was also associated with

One of the ways of understanding the impact of leadership actions on institution building is by presenting the three guiding strategies he had intuitively used. These three strategies rest on a single pivotal value which is the primacy and centrality of an individual.

The three guiding ‘strategies’ he used to build institutions are:

 Networking strategy’ or creating interacting and overlapping clusters internally as well as externally both to produce a vision for the institution and to translate the vision into actions in terms of research programmes and projects.

‘Trusting strategy’ or creating a climate of trust providing freedom of action to the individuals, ensuring autonomy, and emphasising horizontal control; and caring strategy or creating a climate of caring by the leader remaining approachable through open channels of communication and emphasising the role of administration as a support system to the core tasks of the institution.

The lessons that emerge from the study of Sarabhai as an Institution builder can be summed up as follows:

In order to develop institutions it is important to place an individual at the centre of institution building efforts. The task of a transforming and transactional leadership is to present a vision which will inspire many and to provide meaningful exchange relationships.

Leadership actions have to nurture trust constantly, creating inter-acting and overlapping clusters both within and outside the organization. Failure to do so is likely to lead to the breakdown of the ‘institutional’ aspects of the organization resulting in its decline and decay.

It is important for an institution builder to identify and play multiple (formal and Psycho-Social roles within and without the institution. Decline in the performance of institutions could be traced to inadequate roles (both formal and Psycho-Social) to translate externally oriented, interface, and internally oriented leadership strategies for institution building.

While the criticality of organisational culture to the development of institutions has always been emphasised, the importance of building in trust and caring has not been adequately emphasised in the literature.

Activity F

What is the role of the Chief Executive in institution building? Describe.

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16.7 SUMMARY

In this unit, we have seen that an organization, over a period of time, depending on its stability becomes an institution. The factors which influence institution building, process and dimensions of institution building have been discussed. The role of the Chief Executive in institution building has also been dealt with.

16.8 SELF-ASSESSMENT QUESTIONS

1) Keeping in view, a number of organizations that you know, can you identify at what stages of development they are?

2) Identify an organization that is regarded as an institution. Collect information about various aspects such as: its objectives, internal culture and leadership style at the top management.

3) Interview any of the chief executive who is regarded to have built up an organization. Based on his experiences prepare a case study on institution building.

4) Analyse in terms of your own experiences whether organisational demands are effecting your need satisfaction, suggest what changes you expect to make in your work situation so that both organisational and your personal goals can be satisfied.

5) To what extent you think there is team spirit in your work-group? What steps would you suggest to enhance the team spirit?

6) In your environment there might be an organisation which is labelled as ‘sinking’ or ‘losing’. Interview some of the managers and describe its internal environment. Make a list of the reasons that have caused the failure.

16.9 FURTHER READINGS


ORGANISATION CRISIS AND OUTCOMES

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<td>Development</td>
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<td>Uniqueness and adaptability</td>
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ORGANIZATIONAL CRISIS AND OUTCOMES

**Outcome if issue is correctly resolved:**
- New Organization comes into being and starts functioning
- Organization is strong, efficient and flexible enough to respond to changes
- Reputation motivates to improve quality of goods and services.
- Takes advantage of its unique capability and provides growth opportunities to its people
- Gains appreciation as an institution contributing to society.

**Outcome if issue is incorrectly resolved:**
- Organization fails or exists marginally as it fails to adjust to realities of the situation
- Organization is likely to return back to survival stage or becomes inflexible for changes.
- Organizations more bothered about building its’ image than improve performance.
- Greater discrepancy likely to arise between projected image and actual performance.
- Fails to develop its uniqueness, concentrates on narrow areas for better security.
- Develops a paternalistic stance which hinders growth.
- Organization may be accused of lack of any social responsibility and bothered about its profits and nothing else.

Appendix 2

CHECKS TO MEASURE THE EXTENT OF INSTITUTIONALITY

1. Has the institution grown beyond the needs of survival and stability?

2. To what extent it can be considered replete with regard to goals, tasks, missions, resources etc?

3. How effectively does it relate to the external environment? Has it linkages with relevant external sub-systems to an adequate degree?

4. Does it stand by its intrinsic value? In other words, how is it rated for its functional value in the society: excellent, average or poor?

5. How pervasive is its influence on other systems? Is it a trend setter or just one among the rest? Can it generate a new need or positive values in the community or suggest novel methods for the resolution of current problems?