

## Typology of Information Technology Enabled Organizations

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### Abstract

This paper primarily focuses on the need for finding typology of Business Process Outsourcing organization. The frequent claim by most of the managers of BPO is to say that it is a nascent industry and most of the experience with other organizations is not applicable here. However, giving credence to their thought literature survey is undertaken to study work on providing typology to organization to apply some general principles. This led to extensive work done by Allport (1962) and Katz and Khan (1966) to enunciate the principles of typology of organizations. The role of instrumental cycle and expressive cycle in performance of tasks is discussed. Based on interview method with ten human resources managers and self-introspection, typology of BPO organization is given with suggestions for human resources interventions.

**Key words:** Typology of organizations, Genotypic Function, Expressive Cycle, Instrumental Cycle, Partial Inclusion, Potency of Involvement and Priority of Commitment.

### Introduction

For managers to apply universal principles of management, the organizations need to be same or near similar. If all organizations are unique there cannot be any universal principles. On the other hand a general discussion with managers on issues, we find commonalities either in production of goods or in services. It has been observed by research by Allport (1962) that deeper the discussions on the organizations with managers indicated that there are greater genotypical similarities. However, there cannot be a unified field theory of all social situations on a social canvas; an attempt can be made to create a typology. Organizations can be assigned to certain types and generalizations can be made. It will be an over simplification if the different types of organizations are to be assigned to a particular type. Organizations may be for profit

and not for profit, or based on purpose such as health care, education, production, utilities and run in an autocratic, bureaucratic, democratic or with benevolent authoritarian style, with centralized control and decentralized control. If an attempt is made to typify organizations, one of the dangers is the oversimplification of complexities and proposes a pure type which makes the entire exercise futile. The approach suggested by research is to regard type-defining characteristic as a dimension along which organizations can be suitably placed. However, it is difficult to determine a single characteristic that can be used. Even in an organization, it is observed that one part has a different characteristic compared to others. If an organization is an aggregation of organizations, as in the case of modern organizations where some of the tasks are undertaken by the organization and rest are outsourced; what is the typology that can be discerned? Furthermore organizations represent the interaction of many factors, social, psychological, biological, political and respond to external environment differently and describing them tends to infinity. One of the important aspects that can be borrowed from Biology is to describe by structure and functioning. Any organization can be mapped into this set of dimensions and described as being high or low in each. The characteristics also need not be equally important; some are very important and some are of secondary importance in nature. Thus the most important factors are described as first order factors, which describe genotypic function (not factor) of the organization, and second order factors, which in general are related to these basic functions.

Well-developed typologies, however, are more than just classification systems. As defined by Doty and Glick (1994), typologies are conceptually derived, interrelated sets of ideal types that meet three criteria: (1) they contain explicitly defined constructs that can be quantified, (2) relationships among the constructs are articulated, and (3) predictions associated with the typology are testable and subject to disconfirmation.

Constructed in this way, a typology can account for multiple causal relationships in a given setting, and it can reduce complexity to manageable levels both conceptually and methodologically (Fiss, 2011).

**Business process outsourcing (BPO)** is a subset of outsourcing that involves the contracting of the operations and responsibilities of specific business functions (or processes) to a third-party service provider.

### **Genotypic Function**

The genotypic function of an organization is defined as “a function performed by organization as a subsystem of the society.” It is the type of activity in which organization is engaged as a subsystem of the larger society. Therefore it is concerned with the through-put or work that gets done in relation to its contribution to the surrounding social structure. The genotypic function consists of four functions, with four types of organizations identified on the following basis, though minor subtypes can be identified within these organizations.

**Productive or economic organizations:** These organizations are concerned with providing goods and services, and include mining, manufacturing, farming, utilities, and communication.

**Maintenance organizations:** These organizations are concerned with the socialization and training of people for roles in other organizations. Schools, religious organizations are examples of maintenance organizations.

**Adoptive organizations:** These are organizations that create new knowledge, innovate, find solutions to problems etc. Universities and research organizations are examples of this category.

**Managerial-political organizations:** These organizations have to do with the coordination and control of people and resources, and with arbitrating among competing groups. The state and agencies of government are examples of this category. Penal institutions represent the repressive side or enforcement side of these organizations; police and other law enforcing institutions represent the punitive and custodial aspects. Rehabilitation agencies represent the socialization or normative function, however representing the same type of organizations.

Society sustains these organizations by way of economic rewards to desirable behavior, by maintenance of structure of education that inculcate the general norms and specific behavioral codes and by the political structure, which enforces the law. These are the expressions of three basic social systems; task requirements in relation to needs; shared values and norms; and rule enforcement. In short, for the society to sustain there must be economic and productive activities to satisfy needs, there must be a set of values and norms which are inculcated by socializing agencies to play different roles. Consecutively, to ensure integration and sustainability an authoritative decision making structure for the allocation of resources and rewards is needed and to a large extent state plays the role in allocation of resources based on the societal needs. If the state is of the opinion that some institutions are for it to generate revenue for public good, it may allow such institutions; however, with heavy taxation. Gambling houses is an example of this type of organization. To increase the overall capability of the society universities and research organizations are created and maintained. Though an organization is typified by a particular genotype, which is predominant, it also supplements other institutions. The research done at different universities are in turn sent to business organizations for commercialization. However, organizations perform more than one genotypic function. For example universities do both research as well as work as teaching institutions. While they are not dichotomous; they are complementary albeit different. This genotypic function gives rise to the phenomenon of commonalities and if different business units work with the same genotype in similar business environments, its likely to have fewer issues.

### **The Second-Order Characteristics**

Nature of organizational throughput: Distinction between objects and people as the products of working of organizations. For example, output of BPO organization is people satisfied with their informational needs.

Nature of maintenance processes: a distinction between expressive or intrinsic rewards and instrumental or extraneous rewards as a way of attracting and holding members in organizations.

Nature of bureaucratic structure: a distinction in terms of joining and leaving the organization, and the structure elaboration (degree of role scope or role elaboration and number of levels within an organization).

### **Expressive Cycle and Instrumental Cycle**

There is a need to distinguish between Expressive Cycle and Instrumental Cycle. The example for expressive cycle is activities in a sports club. The members interact for self-enjoyment. The very task of sports club activity provides them with satisfaction. The energy spent on maintenance of the system is simple as there is total motivation to go through the process of input-process-output and come back to original state for next cycle with same energy. The creation of Wikipedia is based on volitional trait. The task of creating content that is read by the entire world itself provides enjoyment and the expressive cycle goes on, on a virtual momentum. The same case with ORKUT and FACEBOOK. The urge to share information and personal feelings and creative expression of self is an expressive cycle where people return to same tasks with more energy, to keep the cycle moving on. The other extreme of this typology is all negative emotions but for the pay or salary at the end of the month. For example, dropping bombs in an enemy territory may not be a pleasant task, however, the instrumental reward in terms of money, fame etc. keep the cycle moving.

The expressive versus instrumental cycle of activities is directly related to three bases of the organization. **The task requirements, shared values and expectations, and rule enforcement.** If the task generates its own motivation, people will carry out their activities in accordance with their values and opportunities so that expressive satisfaction is maximized. Where performance is needed to follow rules, which must be followed to obtain rewards, the satisfaction tends to be instrumental. This discussion has to be cautiously interpreted. Expressive cycle is excellent reward; however, not all social and economic goals can be achieved by expressive cycle alone. There is need for instrumental cycle. The cycles described has to do with the **character of commitment** of people to the system. Where the activities are intrinsically rewarding, it is directly expressive of the needs and values of the individuals involved. Members may not get away from such organizations or occupations, as the eco system is in synchronization with that of his or her value system. The process of individualization of work, which was found to be high in BPO organizations, a transition occurred with respect to reward of job from instrumental and extrinsic towards intrinsic and expressive. Personal development, autonomy, self-expression, self-unfolding are the most important needs of the people. In this case the instrumental cycle appears to be of more importance.

### **Partial Inclusion, Potency of Involvement, and Priority of Commitment**

The way of looking at the nature of maintenance inputs in an organization, is in terms of the degree of inclusion of the individual's personality in the organization. The

concepts are developed by Allport (1962) to describe the relations of the individual to social systems. **Partial Inclusion:** An individual can be included in any organization only partially. The central fact is segmental involvement of individual is the basis of organizational structure. Organizations differ, in totality of involvement which they require, and individuals differ in the magnitude of involvement which they find it acceptable. This particular aspect requires more expectations. Certain organizations such as pharmaceutical companies required its medical representatives in India almost total inclusion, in 1980s and 1990s. Even marriage dates are fixed according to the conferences that are likely to take place. This extreme expectation on the part of the organizations led to heavy unionization and at one point of time one of the pharmaceutical organizations (CIPLA) has done away with medical representatives and started using courier service to send the medical samples to doctors. However, this expectation of organizations lead to instability in profession and presently most of the organizations depend on outsourced medical representative who are attached to the distributors rather than directly to the organizations. One of the important factors that organizations fail to address is the individual as a personality generally does not need to enter into role requirement with anything that is his “full potential” or “total response.” The worker in the shop floor or a nurse in a hospital can meet their responsibilities with much of their mental energy directed elsewhere. Only part of the “life space” is occupied by the organizational role. Individuals can belong to many organizations in addition to being members working for a particular organization and satisfy their motivational needs.

Therefore, organizations consist of segments of people, rather than integration of their whole personalities. Katz and Kahn (1970) opined that organizations consist of segments of people rather an integration of their whole personalities has been ignored by scientific theory.

Kunda (1992) while studying the nature of inclusion of information technology employees into organizations found that the nature of inclusion is highest at the exclusion of other social organizations causing disturbing psychological and family issues.

**Potency of Involvement:** It is a related concept to partial inclusion. An employee who gets his major satisfaction outside his job is low on the dimension of inclusion may nevertheless be highly involved in the organization. His job provides the earning so that he can carry on life satisfactorily which is outside the organization. The correlation between potency and inclusion is positive but not perfect. A worker may be highly segmentally involved or get his satisfaction outside but may be potently involved within an organization. The potency of involvement can be supplemented with the concept of priority of commitment.

**Priority of Commitment:** As an individual belongs to different social organizations, develop reference groups, he or she is faced with competing demands. He or she can meet the competing demands with the help of values. The values that are inculcated help an individual to achieve a balance of competing demands. In addition to the values, they work on the basis of substance and to time. Nonetheless, the competing demand does lead to conflicts both within a person and between persons or person and organizations. In order to address the issue of cross pressures

organizations provide relative priority of allegiance to institutional symbols. (Killan, 1952).

### **Application To Business Process Outsourcing Organization**

The genotype of the BPO organization is that of production or economic organizations that are concerned with creation of wealth by way of providing service. There are two dimensions, creating wealth and providing service. If creating wealth for the country, or for self (as in the case of employee stock options), the expressive satisfaction will be higher. If a middle class technocrat, who prospered and created wealth for others the expressive satisfaction will be more. The shared values created by the chief executives of the organization will ensure success of the organization. The next point is the object of providing service. In BPO industry, it is moulding behavior of people or helping people to achieve their goals. The employee should know the outcome of his or her service as it would lead to better expressive satisfaction. The second order characteristics- output consists of satisfied people. Therefore, though the industry is technology intensive, people orientation and human interface are the most important considerations. Nature of bureaucratic structure is characterized by structured work specifications with stringent norms and flat structure.

The maintenance of the BPO organization is more through instrumental cycle rather than through expressive cycle. In order to compensate for the expressive satisfaction, the bpo organizations provide an environment of fun. There are unwinding sessions for the employees in the form of cultural activities, games, picnics etc. While partial inclusion is the condition in traditional industries, the inclusion tends to be more than required by any other type of industry. The individual loses daytime social activities and other social events such as festivals as they are not holidays for the client organizations. The potency of involvement expected out of employee is also very high. The employee is not expected to take leave and he or she is provided with only one-week leave per annum. Due to uncertain environment, the employee is unable to prioritize his commitments, which leads to higher stress in performance of tasks.

### **Identification of Typology of Bpo Organization**

A set of ten human resources managers are requested to provide inputs on the typology of an organization and their views are reflected in the Table 1. Eight of them are from information technology enabled services industry and other two are from automobile ancillary units that cater to the need of major manufacturers. The occupational characteristics of BPO sector and competency requirements from employees is different from that of information technology organizations giving rise to different kind of human resources issues from that of IT sector and is dissimilar to IT sector. A unique situation arises where BPO organizations are neither similar to that of manufacturing or service sector or to IT sector. There is a need to understand how BPO organizations are different or similar to that of other types of industry. As

per discussion with different human resources managers regarding the typology, the comment by them is that, it is a new industry at infant stage of growth and the organizations have to pass through learning curve to have a stature of industry as everybody is learning from customers, the management, and business organizations and the typology is evolving based on expectations and experience of different stakeholders. There is a need for theoretical basis for analysis of typology of BPO organization.

**Table 1:** Present typology of a typical BPO organization

First order Factors	Economic organization concerned with producing predominantly services, with some significant percentage manufacturing goods (in the present research they are from automotive industry component manufacturers). The organizations are technological intensive or dependent on high technology outcomes of organizations. The Voice BPOs are high technology intensive. The automotive outsourcing is due to high level of ERP integration that happens in the organizations.
Second order factors	Less of expressive cycle and more of instrumental cycle. The employee is not servicing the ultimate consumer. He is only part of the process who may not know the customer or he may know the customer but not allowed to have his identity disclosed. In the case of voice BPO the employees who service United States of America customers are given an identity of US name and a place in US with voice training that mimics the geography.
Partial Inclusion	BPO organizations require a person full inclusion while only partial inclusion is possible. He or she spends day time in sleep and many times the work schedule high concentration and with an average travel time of three to four hours. In the sense he or she will be on job for (seldom they complete in eight hours) more than eight hours with travel of average four hours makes it approximately fourteen hours; this leaves him with sleep of seven hours and three hours to complete other tasks. In this process total inclusion is expected from the employee.
Potency of Involvement	High potency of involvement; The employee is expected to be very involved in the organization at the cost of his or her values, culture and tradition. They cost his or her values, culture and tradition. They celebrate festivals that are not holidays in India. They work on Indian festivals as their clients work on those days. The culture of night partying for both men and women which is alien to the culture is becoming a norm in BPO industry.
Priority of commitment	Priorities of commitment do not depend upon his or her family values and pressurized to accept organizational tasks only. The important fact is he or she is supposed to have different name (generally name of client country), accept fake client country address, and mimic the accent of client.
Expressive and Instrumental cycle	The reward system emphasizes instrumental cycle in the form of salary, bonus, incentive, trips to foreign countries etc. compared to expressive reward system. There is excessive emphasis on the instrumental cycle with emphasis on achieving personal targets and not availing leave or jumping family commitments.

## Conclusion

The typology described is unstable and prone to disequilibrium. If this typology is projected into dynamic and changing global business environment and with the health issues face by the employees, there will be more destabilization. This is one of the major reasons for multinational BPO's such as GE and others to divest and move away from this sector, though the profitability is highest. The typology of BPO needs attention while providing human resource recommendations. Following are the issues to be addressed;

1. Expectation of involvement and potency of involvement of organization by employee should be culture based and need to take into consideration the occupational hazards in the form of health issues (Dataquest –IDC Employee Satisfaction Survey, ,2009)faced by BPO employees.
2. If the employee is trained to deal with the emotional labour that is expected out of him or her, it is likely to lead to higher job satisfaction.

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