

Impact of Power Distance on Industrial Health : Data from Two Industrial Organizations of West Orissa, India

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ABSTRACT In this paper a sample of 159 executives from two privately own industrial organizations varying in their health status have been assessed with Hofstede's questionnaire on power distance scale. It is found that the executives of healthy organization significantly differ than those of unhealthy organization in terms of acceptance of power distance. Based upon our analysis, it is concluded that the acceptance of high power inequality among its organizational members is an important factor in the maintenance of better health status in Indian industries.

In contemporary business communication in India, there has been an increasing incidence of industrial sickness across the regions. This unabated incidence is yet to be controlled and widely accepted as greatest challenge to management practitioners. Many researchers from diverse fields of exposure put their heads to sieze this engulfing trend (Yadav, 1992; Bibeault, 1982; Slatter, 1984 and Khandwalla, 1981). Some of them emphasize the finance (Slatter, 1984), marketing and production (RBI, 1984 and Sutton, Eisenhardt and Jucker, 1986) as constraint factors to industrial health. However, a few eminent scholars consider the personnel quadrant of the organization as one of the determining factors for the industrial health (Khandwalla, 1991; Sayeed and Mehta, 1981 and Mookherjee, 1988). The importance of the study emphasizing the humanside of the organization is evident from the fact that the manpower of an organization is only the living being to do work and to get work done. Thus, it is obvious to maximize the attention on humanside of the organization in maintaining its health status. Even the financial institutions assigned for rehabilitation of sick units ascertain that human factor contributes exceptionally more for organizational effectiveness and maintaining its health. Reserve Bank of India,

an apex body of financial institution in India, reported that 54 per cent of total sick units accounted for man made causes (RBI Report, 1984, 1992, and Joshi, 1987). Therefore, in this study an attempt has been made to analyze the impact of power distance on industrial health.

In many literatures it has been recommended to monitor the organization from its incipient stage of sickness to curb the industrial sickness and revamp its good health status (Sayeed, 1991; Bidani and Mitra, 1982; Desai, 1984 and RBI Report 1993). The main problem in identifying the sick units becomes cumbersome due to its vary nature of indistinguishable definitions of industrial sickness. Goswami Committee has recommended for the change of definition to identify the sick units during its incipient stage (Economic Survey Report 1992-93 : 65-67). Highlighting the comparison between the organization's present and past performance and as well as comparing the same with other rival organizations in comparable business situation, P.N. Khandwalla stated that

"a sick organization is one that is performing far below its performance potential as judged by organizations' historical performance or by the performance of comparable other organizations. Thus even a profit making organization may be judged as sick if its profitability is far below that achieved by rivals, or that shown by the organization in past in comparable business situation" (Khandwalla, 1981 : 145).

In this definition the infrastructure and latest technological development may obscure the comparison with rival organizations, as they use to differ in many aspects. Secondly, no quantification is made to measure how far below is its profitability.

Organizational health as system properties,

Sayeed and Mehta (1981 : 532) define it as proactive strategy to deal with obstruction organizational forces with minimum cost dissipation of energies and utilize energy inputs in a most efficient manner. They emphasize the capacity of an organization to overcome crisis, scarcity and obstruction in achieving its goals with minimum input cost. For present purpose, the industrial health is defined as the state of ability and competency of an industrial organization to adopt the changes in its environment (Behera, 1995 : 12). In other words, an organization is in healthy state when it is able to manage the internal as well as external environmental forces in achieving its goals. When unable to do so, due to some reasons or abnormalities, the industry is termed as unhealthy organization.

In work environment, each individual use to interact with organizational members, viz. superiors, subordinates, colleagues, stake holders, etc. to get work done in achieving the targets. During this interaction - process, some accept the power equality among the organizational members in authoring and reauthoring their responsibility and accountability, while other follow the philosophy of power inequality in their work environment. The work values, attached with power equality among the organizational members, emphasize the importance of participative - consultative style of leadership. So authorized power assign in the hierarchical status no more plays the role in getting work done, but, the mutual trust among the organizational members get them involved in attaining the organizational goals (Tjosvold, 1985; Harris and Moran, 1987; Maloney and Federle, 1991 and Sherwood, 1988). Sherwood argues that power equality among the organizational members facilitate the likelihood of reaching the desire set of organizational goals (Akin and Hopelain, 1986; Rastogi, 1986 and Sherwood, 1988), because, it tends to high-work commitment and accountability among the members. Whereas, in the work environment of power inequality, the members emphasize the hierarchical form of control, paternalistic and authoritative style of leadership (Das and Manimala, 1993; Reddy, 1991; Ghosh, 1985 and Hebden, 1986). Particularly in India,

the dependency proneness and bureaucratic structure exhibit high power inequality among the organizational members in turbulent environment (Negandhi and Reimann, 1993; Reddy, 1991 and Hebden, 1986) and the decentralization of power (power equality) in stable-environment for more productive result (Akin and Hopelain, 1986).

In this study, the "power distance" as a concept spells the extent to which the organizational members accept the fact that power in industrial organization is distributed unequally (Hofstede, 1986 and Behera, 1995). While the high power distance indicates the group's preference for power inequality in organization, the least power distance reveals the group's anticipation to power equality among themselves. The objective of the paper is centred to explore the impact of power distance prevailed among the organizational members on its health status.

METHODS

This study is conducted among the executives of two privately own industrial organizations engaged in producing similar commodity. These organizations differed substantially from each other in terms of their health status related to utilization of installed capacity, production growth rate and loss/profit. In order to make proper identification, both these organizations were appraised with respect to its potentiality for three consecutive financial years, i.e. 1987-89, 1989-90 and 1990-91*. Of these two organizations, one was considered as healthy due to maximum utilization of its installed capacity and profit earning during the aforesaid financial years. The other organization was regarded as unhealthy one because it failed to meet the aforesaid parameters (Table 1). These two organizations located in close proximity have employed the work force from similar socio-cultural background#. Despite the rich

* As an exception a financial year of 18 months was adopted during 1987-89 by all the industrial organizations in India.

Names of these organizations have not been mentioned, as the author promised the concerned members of organizations to keep this matter confidential.

Table 1: Comparison between Healthy and Unhealthy Organizations Manpower and Performance

	1987-89	1989-90	1990-91
<i>Manpower Strength</i>			
Healthy Organization	2711	3109	3170
Unhealthy Organization	1432	1448	1449
<i>Employees per Executive</i>			
Healthy Organization	13.97	15.27	14.17
Unhealthy Organization	12.13	11.70	12.05
<i>Utilization of Capacity (in tonnes)</i>			
Healthy Organization	69.70%	72.50%	73.07%
Unhealthy Organization	68.17%	66.49%	61.85%
<i>Per Capita Production (in tonnes)</i>			
Healthy Organization	31.63	28.68	28.35
Unhealthy Organization	62.05	42.20	39.27
<i>Financial Turnover (in Lacs of Rupees)</i>			
Healthy Organization	8293	8468	10,552
Unhealthy Organization	5039	5520	7646.30
<i>Profit Earning (in Lacs of Rupees)</i>			
Healthy Organization	315	300	349
Unhealthy Organization	95.51	23.50	-(300.65)

resources and similar facilities organization was making descending trend of production even financially incurring cash loss. On the other, the healthy organization was generating profit and maintaining its high production rate.

159 respondents (approximately 50 per cent of the total numbers of executives) from these two industrial organizations covering all major functional areas, viz. finance, marketing, personnel and production were drawn randomly. The sample was represented by both senior and junior level executives proportionately from both the organizations under study (Table 2 and 3).

TOOL

Help of Hofstede's questionnaire on Power Distance Index was used to measure power distance. The questionnaire consisted of many more items than those used in this study. A pilot study was conducted to identify only relevant items that measure the extent of accepting power inequality among the organizational members, particularly in Indian set up. Only 6 items were selected for power distance. These items were based on analytical evaluation and interpretation of work environment, work sit-

uation and individual goals. Ratings were obtained from the respondents on a five point

Table 2 : Number of Executives in Sample

Functional Area	Healthy Organization	Unhealthy Organization	Total
Finance	5 (31.3%)	7 (78%)	14
Marketing	12 (63.21%)	9 (33%)	21
Production	75 (55.5%)	28 (53.8%)	103
Personnel	11 (44%)	12 (52.2%)	23
Total	103(52.8%)	56 (50.5%)	159

Table 3 : Hierarchical Distribution of Sample

Organization	Senior Executives	Junior Executives	Total
Healthy	44(42.72%)	59(57.28%)	103
Unhealthy	24(42.85%)	32(57.23%)	56
Total	68(42.77%)	91(57.23%)	159

scale, ranging from "strongly agree" to "strongly disagree".

RESULTS

The data from 159 respondents of both healthy and unhealthy organizations were analyzed by administering 't', ANOVA and Post - ANOVA (with unequal cell) tests to find out if there would be any significant differences in power distance among the respondents with respect to the health status of the organization. To evaluate the differences between the executives of both organizations and, senior and junior executives of respective organizations, the ANOVA and POST-ANOVA tests were administered.

The 'F' ratio between the executives of healthy and unhealthy organizations is 17.66 as shown in table 4 b. This reveals that executives of both the organizations differ significantly with respect to the organization's health status on power distance (at $P < .01$ level). Comparing their mean scores, it is found that executives of healthy organization are in favour of high power distance than those of unhealthy organization. The 'F' ratio between the senior and junior executives, irrespective of the health status of the organization, is only 0.643, (statistically insignificant). The interactional effect is

found to be 23.2. In post - ANOVA test, the critical difference between the mean scores of senior and junior executives of each organiza-

Table 4a: Mean and SD of Senior and Junior Executives of both Organizations on Power Distance

Organization	Senior Executives	Junior Executives
	n = 44	n = 59
	$\Sigma X = 835$	$\Sigma X = 1061$
	$\Sigma X^2 = 16147$	$\Sigma X^2 = 19691$
	$X = 18.98$	$X = 17.983$
	$\delta = 2.62$	$\delta = 3.22$
	n = 24	n = 32
	$\Sigma X = 376$	$\Sigma X = 559$
	$\Sigma X^2 = 6120$	$\Sigma X^2 = 9998$
	$X = 15.67$	$X = 17.47$
	$\delta = 3.09$	$\delta = 2.67$

Table 4b : ANOVA Summary Table

Source of Variance	S. S.	df	MS	F	Level of Significance
Health Status	4.393	1	4.393	17.66	p<.01
Hierarchical Status	0.1608	1	0.1608	0.643	N.S.
Interactional Effect	5.77	1	5.77	23.2	p<.01
Error		155	0.2487		

Table 4c : POST ANOVA Test

Health Status of Organization	Mean Score of Senior and Junior	Level of Significance
Healthy	0.997	p<.05*
Unhealthy	1.8	p<.01

* C.D. at .01 level is 1.160 and at .05 level it is 0.977.

Table 5: Difference between Healthy and Unhealthy Organizations on Power Distance Score in various Functional Areas

Functional Area	Status of Organization	n	Mean	S.D.	t	Level of significance
Finance	Healthy	5	18.40	1.744	.98	NS
	Unhealthy	7	16.78	3.956		
Marketing	Healthy	12	18.33	2.38	2.65	p<.01
	Unhealthy	9	16.56	2.28		
Production	Healthy	75	18.52	3.18	2.83	p<.01
	Unhealthy	28	16.429	3.37		
Personnel	Healthy	11	17.82	2.79	0.88	NS
	Unhealthy	12	18.80	2.84		

tion are found to be significant at $P < .01$ level in healthy and unhealthy organization respectively. In comparing these mean scores, it is ascertained that senior executives of healthy organization are in favour of high power distance than that of juniors, whereas, reverse trend is found in unhealthy organization. Obviously, it is inferred that senior executives of healthy organization are highly power oriented than those of unhealthy organization, while the junior executives are in favour of high power distance in unhealthy organization than the healthy one (Table 4c).

While comparing the executives' "power distance scores" according to their respective functional areas of the organization, it is found that in production and marketing, the executives of healthy organization differ significantly from unhealthy organization but insignificant in finance and personnel fronts (Table - 5). Analyzing the mean scores, it is found that in production and marketing fronts, the executives of healthy organization prefer high power distance in contrast to their counterparts in unhealthy organization.

DISCUSSION

Based on the analytical study, it is concluded that in healthy organization, unlike juniors, the senior executives prefer high power distance and they use to take decision with paternalistic authoritative style of leadership. Because, they endorse with the healthy status of the organization and have faith and confidence

in the rule of thumb. Besides this, the dynamism of organizational environment and technological know-hows make them more power oriented, as the only means to control the organizational affairs in Indian organization is expertizing themselves with technology or manipulating the discretion power at their ends. Particularly in ours, the technological change attuned with power politics follows the bureaucratic line and is proved to be more effective in government organization. On the other hand, the junior executives deal with the day to day work mostly among the subordinates like supervisors and workers from shop floor directly and used to be fired by their seniors through different styles. Thus, they are more task oriented and follow consultative - participative style of functioning in achieving the targets inspite of the power orientation.

In unhealthy organization, the senior executives prefer low power distance and incline to take decision in participative democratic style, whereas, the juniors are in favour of high power distance and go for consultative - authoritative leadership style of functioning. The trend is obvious, as economic crisis in unhealthy organization is a prime and chronic phenomenon. Since the finance is the nerve centre of power, the seniors would not have the morality to show their generic rule of thumb. On the other side, the juniors act as agents to enhance the organizational effectiveness and get work done from subordinates with coercive and authoritative pattern and perceive that the juniors take the unhealthy state of organization as serious matter. Secondly, the lack of submissiveness in the part of juniors towards senior executives in the unhealthy organization is a matter of mistrust between these groups. At last, high power distance among the junior level executives means there would be chance of dissatisfaction among the workshop level employees, a major factor in hampering the productivity of the organization.

It is interesting to mention that the executives from various functional areas under studied for the healthy organization are reported to be in favour of high power distance than those of unhealthy organization, except in personnel department. However, statistically these differ-

ences in marketing and production department are distinctive between these two organizations. The peculiarity in healthy organization reveals that the executives of personnel department execute their accountability in participative - consultative style to solve the problems, if any, as the nature of work in personnel department is direct interaction with its human resources. Whereas in other areas, to get work done, the executives follow the paternalistic style and prefer to maintain high power distance from their subordinates as the nature of work not only includes the man power but also the infrastructure and equipment. While these trends are reversed in case of unhealthy organization.

In brief, it can be inferred from the study that power plays a major role in maintaining health status of an industrial organization. In Indian context, in spite of the economic liberalization, to get work done is not an easy task because of the generic "*Chalta Hai*" (meaning, take it ease) culture (Gautam & Luktuke, 1992: 38). However, where the punctuality and technological know-hows is in need, the culture of high power distance has good result to maintain industrial health and low power distance is required in the field where the organizational members have shared values of trust at work and realize their contributions in the organizational performance.

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