

# Building an Organizational Freedom: Utopia or Reality?

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## Abstract

Most of the people think that building an organizational is a utopia as companies nowadays resort to authoritarian rules to attain objectives. This should never be the case as dictatorship reduces the productivity in the company. This paper attempts to prove if building organizational freedom is a reality or utopia for companies. The paper uses J&K bank as case study. For the bank, easy looks into various characteristics of corporate freedom and organizational effectiveness. It similarly records possible benefits of building organizational freedom. Freedom in places of work is significant in all the aspects of the company's operation.

**Keywords:** *Utopia, reality, freedom, supportive structures, democratic rule*

## Introduction

If people hear about firms where workers care completely free and are in charge of any action they decide turns out to be the best for an organization, then the initial rejoinder is regularly: "Utopia"! It is appropriate for people to give such reactions. Not only does the pervasiveness of categorized bureaucracies within commercial globe quasi-total, but most of these administrations are incredibly successful (Shklar, 2015). For instance, one would think about Microsoft and GE companies during

the end of 20th century otherwise Apple during the 21st century. Whatever is known is the fact that Max Weber, a known sociologist once said that supremacy within "bureaucratic organizations" was rational and came as a result of "technical superiority over whichever organizational category". Weber further purported that market economy demands could simply be attained by most of the "firmly bureaucratic firms" that were having the capability of discharging their duties officially. These companies must discharge their roles unambiguously, precisely, continually with utter speed. On the other hand, Shklar (2015) discourses that if at all Max Weber knew various facts concerning bureaucracies then he could have commenced questioning their "superiority". In economics, utopia indeed is defined as imagines society or rather a community which has a greatly necessary otherwise approximately perfect characteristic for the citizens. One can argue that utopia is an ideal "place" which has been premeditated to lack no problems (Shklar, 2015). The ideals of utopia highlights on the principles of egalitarian on equality in justice, economics and government. However, there are no means exclusively where the structure and method of proposed implementations might vary anchored on ideologies.

## Freedom in an organization

According to Dunleavy (2014), freedom has been a study subject and argument since antiquity. The description, extent together with implications of human freedom notion have been discoursed within several disciplines starting from humanities, sciences, and arts. In an organizational setting, the definition of freedom is categorized into two major forms. That is there is external freedom and internal freedom. External freedoms entail human and legal rights conferred to people who are not within an organization. They are contingent. Their misuse, absence or rather a withdrawal might be demonstrated against. On the other hand, there is internal freedom which is by nature metaphysical. This form of freedom is about inner mechanisms, thought processes as well as self-determination freedom. Internal freedom is less visible and more complicated but has far-reaching impacts.

Corporate freedom implies a kind of organizational governance where every person rules but not only shareholders or managers. Critical within corporate democracy enthusiastically consists of employees. Workers need to share responsibilities all through the company concerning appropriate reward and incentive structures for labor and capital. For that matter, corporate freedom is a system of democratic governance which incorporates residual claims which are shared by every member of an organization (Dunleavy, 2014). All the workers have the right to assist in making rules for decision-making democratically. The workers' ideas should be anchored on supportive structures for the company. Organizational freedom is reflected in formal employees' representatives who are usually non-executive members of the company's management. Evidently, organizational freedoms come in various shapes and forms. Therefore, as building organizational freedom a matter of utopia or

reality is a subject that should be looked into details in this paper.

### **Characteristics of corporate freedom and organizational effectiveness in the case of J&K bank**

#### **Shared residual claims**

These entail shareholders (capital) and employees (labor). Shared residual claims are reflected in the elements of corporate freedom. Primarily, this shows that financial capital is never placed above the human capital. The profits of a company are equally distributed to the workers and shareholders as per the allocation procedures co-determined. However, most of the buffering firms are normally against the workers' freedom. For that matter a democratic firm otherwise business units are never listed in most of the stock exchange markets. For the case of J&K bank, capital is portioned to a financial institute which is owning the bank. The owners accept fixed interest rates over invested capital. For that matter, shareholders are disconnected from the distinctive short horizontal related to value maximization of shareholders. This transforms most of the disloyal share traders who are committed to owning shares of the company.

#### **Democratic rules for decision-making**

The democratic rules of a company facilitate equal rights of all workers (Filatotchev & Nakajima, 2014). This needs a rigorous intra-company communication. The rules of democratic decision-making are critical for a company. Workers have to be involved in the strategic and operational process of decision-making. In the case of J&K bank, every business unit operates in an election procedure for the workers' council. The councils represent the views of workers to management and shareholders. The council is similarly tasked with the duty of pointing management team of an organization. The management team appointed then becomes

accountable to the employees' and managers' interest. The workers' council and management team appointed review every proposal autonomously to vote for the approval of the proposal jointly.

### **Supportive organization structure**

In a case where freedom within an organization is never reflected in formal rules, procedures, and structures, then the democratic principles in such company would erode into game power where shareholders and manager dominate (Christensen & Cheney, 2015). Obviously, not every person can decide on every happening of an organization. For that matter, building freedom in an organization combines centralization and decentralization in which democracy becomes a structure which is structured. For the case of J&K BANKbank, the organizational structure incorporates workers' association, explicit institutions, holding companies and network structures of business units. Every worker is a member of an association which is owned by a company. Workers take part in all the training programs organized by the workers' association. Building organizational freedom requires a framework which is a constitution-like where every detail concerning rules for decision-making, organizational structure, roles, and responsibilities are put down in a document which is legally enforceable. It is the constitution which warrants shared residual claims for labor and capital. The constitution also prevents unforeseen circumstances resulting in short-term escapes from various principles of democracy.

### **Possible benefits of building organizational freedom**

To many people, liberty is an essential principle for governing a country. Surprisingly, the majority of these similar people work in various organization where they can exercise a little influence concerning

their work. Most of the contemporary organizations tend not allow workers their freedom. The management is being biased towards hierarchical controls and owners' dominance (Hahn & Weidtmann, 2016). Such authoritarian firms are dominating most of the business world due to their systems of command and control resulting in mechanistic structures as well as low trust in most of their operating environments. Several workers for such companies feel disconnected from their firms thus are dissatisfied with the duties. On the other hand, costs of denying workers their freedom in an organization are huge. It leads to higher absenteeism from work as well as poor productivity by workers. According to Choi, Jia and Lu (2014), freedom in an organization brings about increased effectiveness, higher productivity, innovativeness thus leading to the company's profitability.

### **Conclusion**

Building organizational freedom is a reality, which should be made to come true by companies that yearn for growth and development. The reality is that a company stands to reap more from building organizational freedom than operating on totalitarian rules.

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