Organisational Effectiveness:
Whom and What Do We Believe?

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Abstract

This paper extensively reviews relevant literature on the complex and multidimensional nature and measure of effectiveness. After analyzing 15 perspectives on organizational effectiveness, it recommends that managers should appreciate the challenges inherent in striving for effectiveness [especially the multiple and contradictory goals constraints and constituents], adopt a multi dimensional mindset by applying various perspectives simultaneously and also adopt a contingency paradigm by aligning their peculiar circumstances to the choice of perspectives.

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1 Introduction

Organisational effectiveness is a complex and contentious concept. No two authorities agree on what constitutes effectiveness or on how it is measured although they all agree that it involves attention to goals, satisfaction of constituents and relationship with the external environment. But we live in a world tyrannised by effectiveness. Workers, managers, departments and organizations are always asked to be effective and that simply means to produce some form of results. Early management thinkers believe that effectiveness is the ultimate measure of managerial and organisational performance. Barnard (1964) believes that effectiveness relates to the accomplishment of the cooperative purpose which is social and non-personal in character, insisting that organisations cannot continue to exist without effectiveness and that this effectiveness can easily be measured. Drucker was more emphatic that the society and individuals within it cannot satisfy their needs without effectiveness. In his own words: "Only executive effectiveness can enable this society of ours to harmonise its two needs: the needs of organization to obtain from the individual, the contribution it needs and the need of the individual to have organisation serve as his tool for accomplishing his purposes" (Drucker, 1967:177).

Herbert Simon had earlier argued that the behavior of people in organisations should be integrated and purposive. In his words: "A great deal of behavior, and particularly the behavior of individuals within administrative organisations, is purposive- oriented towards goals and objectives. This purposiveness brings about an integration in the pattern of behavior, in the absence of which administration will be meaningless; for if administration consists in *getting things done* by groups of people, purpose provides a principal criterion in determining what things are to be done" (Simon, 1957 :4).

But while we all seek and demand effectiveness, its meaning is contentious and how it is measured is even more problematic. The deceptively simple, but actually complicated question, given the cacophony of voices as it concerns organizational effectiveness is: whom and what do we believe? The objective of this paper is to examine some of the perspectives on organisational effectiveness, establish the divergence and convergence between them and suggest some practical ways of escaping from the tight-corner into which the complexities have pushed management practitioners and scholars. It is divided into five parts. In addition to this introduction, part two defines the organisation; part three defines effectiveness; part four x-rays the cacophony of voices on the measures of organisational effectiveness while the paper is concluded in part five.

2 Defining the Organisation

An organisation is a consciously coordinated social unit, composed of two or more people that functions on a relatively continuous basis to achieve common

goals (Robbins, 2003). Organisations can also be seen as a system of roles and stream of activities designed to accomplish shared purpose (Robey and Sales, 1994), a definition that emphasises the importance of organisational structure and processes in pursuit of common goals. However they are defined and whatever their peculiarities, all organisations are characterised by coordination of efforts, a common goal, division of labour and a hierarchy of authority (Schein, 1980).

Hierarchy of authority

Coordination of effort

Division of labor

Common goal
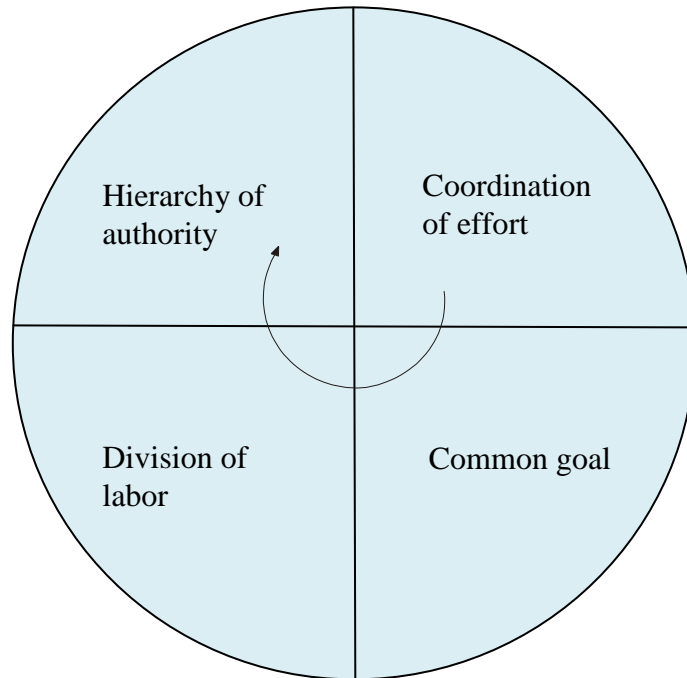
Source: Kreitner and Kinicki, (2004) Organisational Behaviour,6th ed.Botson, McGraw- Hill, p. 635.

Figure 1: Four Characteristics Common to All Organisations

These are similar to five characteristics enumerated by Lawler et al (1975): social composition, goal orientation, differentiated functions, intended rational coordination and continuity through time. It is also important to stress that even though organisations have common characteristics they have been viewed from different perspectives over the years (Morgan, 1986). They are seen as:

- Machines: the oldest view in which managers see themselves as organisational mechanics ensuring that the organisation works together to achieve its goals efficiently.
- Organisms: living organisms that are sustained by the resources in their environment.

- Brains: a view that emphasises the value of learning and intelligence in organisation and the need for managers to increase the organisations capacity to process information.
- Cultures: drawing ideas to the values, ideas and norms in organizations.
- Political systems: this view holds that conflicts of interest are very prevalent in organisations where political maneuvers are commonplace.
- Psychic prisons: a view that sees the individual as being held captive by their own thoughts, ideas and preoccupations and managers should try to free these individuals so that they can contribute optimally.
- Flux and transformation: the view focus on the challenge of constant change in organizations.
- Instruments of domination-which produce control and conformity over individuals and societies.

Katz and Kahn (1978) distinguish organisations by genotypic functions and second order characteristics. By genotypic functions, they refer to the activities of an organisation as a subsystem of the larger society and in that regards, we have:

- Productive or economic organisations, concerned with the creation of wealth through the manufacture of goods and services.
- Maintenance organisations are those devoted to the socialisation of people for their roles in other organisations and the society at large like schools and churches.
- Adaptive organisations create knowledge, develop and test theories and to some extent apply information to existing problems like universities and research institutions.
- Managerial or political organisations which are concerned with adjudication, control and coordination of resources, people and subsystems like the state[at the apex] and its various subsystems and other adjunct structures like labour unions, pressure groups etc.

With reference to second order characteristics (like structure, transactions with the environment, internal transactions), Katz and Kahn (1978) classify organisations as follows:

- Nature of organisational throughput: a distinction between objects and people as end products of organisational functioning.
- Nature of maintenance process: a distinction between expressive (intrinsic) rewards and instrumental (extraneous) rewards as ways of attracting and holding members of the organization.
- Nature of bureaucratic structure: a distinction in terms of permeability of organizational boundaries[ease of joining and leaving] and in terms of structural elaboration (degree of role specialisation and number of echelons).
- Type of equilibrium: a distinction between the tendency to a steady state and a tendency towards maximisation of organisational return as dominant organisational dynamics.

But while we always see organisations as rational systems, deliberately established with definite and noble intentions and in tandem with the realities of the environment, Perrow (1977) takes a more down-to-earth view of organisations as: 'intentional human organisations but not necessarily rational systems guided by official goals; as bargaining arenas rather than cooperative systems; as systems of power rather than cooperative institutions reflecting cultural norms and as resources for other organisations rather than closed systems.

Imevbore (2011) see an organisation as being alive and stresses its need to sustain that life by responding to its internal dynamics and external realities. In that regard he sees an organisation as a system that is set up to convert resources into products and services which are then provided to an external receiving system. As a result, the organisation must be guided by its own criteria and feedback but must also be flexible enough to accept and incorporate into its system, feedback from the external environment. The understanding is that except the organisation learns to adapt to changes in the internal and external environment factors that influence performance, it would continue to lose its power of relevance and impact in the market place. The presence of 'organ' in organisation suggests the evidence of life and the need for a set of systems and processes to sustain and improve that life. An organisation must therefore be seen not just as a part of the economic system but also as an entity that must receive and give life in order to survive. In this regard, it must be proactive in its response to the internal environment. It also has to respond to external environmental factors.

3 Exploring the Realms of Effectiveness

Effectiveness is difficult to define because it means different things to different people depending on perspectives and frames of references. Any definition is a function of who is defining or who is evaluating effectiveness and why he or she is doing so. As there are problems with its meaning, so also are there problems with the measures because each perspective introduces a different dimension to the meaning. Other problems with the issue of organisational effectiveness as enumerated by Ivancevich and Matteson (2002) include the criteria for its identification and the best models to guide research and practice. There is no single criterion to measure effectiveness. There is no agreement among the experts as to its meaning and indicators; some measures contradict each other, say for example, is it more rewards to shareholders or more compensation to employees? At times, the system is very complex with many wanted and unwanted by different constituents, making a unitary view of effectiveness inadequate and unrealistic (Katz and Kahn,1978). Effectiveness is also a function of the internal function, dynamics and values of any given organisation and each organisation runs its affairs in such a way it believes will lead to effectiveness.

Initial attempts to unravel the concept of effectiveness viewed it as the attainment of an objective or some ultimate criteria and as earlier as 1949, Thorndike has already identified productivity, net profit, mission accomplishment, and organisational growth and stability. By the time Campbell delved into the matter in 1973, 19 indicators had emerged which included emerging terms as conflict-cohesion, internalisation of organisational goals, evaluation by external entities, utilisation of environment, readiness and the usual ones like productivity, efficiency, quality, profit, growth absenteeism and staff turnover. The most prominent of these 19 were overall performance, productivity, employee job satisfaction, return on investment and employee withdrawal.

Beyond this approach which Steers (1977) calls univariate, there is another approach based on relationships between key variables that affect organisational success. He reviewed 17 of these models and the most popular evaluation criteria in order of importance were adaptability/flexibility, productivity, satisfaction, resource acquisition and absence of strain. Thus, there are serious problems in defining and measuring organisational effectiveness and some of these problems stem from construct validity, criterion stability, time perspective, multiple criteria, measurement precision, generailisability, theoretical relevance and level of analyses (Steers, 1977:55). With this in the background, we attempt to define effectiveness.

Effectiveness generally refers to the extent to which an organisation is able to achieve its goals. Bernard (1938) defines effectiveness as the accomplishment of recognized objectives of cooperative effort and adds for emphasis that the degree of accomplishment is the degree of effectiveness. But these goals are at times difficult to define and measure, inconsistent, seen differently by different organisational members or even used as camouflage for the hidden agenda of the powerful forces within the organizational. Furthermore, Steers (1991) reminds us of the difference between operative goals (what organisations actually do) and official goals (what they claim they do) and that what matters are the operative goals. To address some of these shortcomings Zamuto (1984) adopts a stakeholder approach by defining organisational effectiveness as human judgments about the desirability of the outcomes of organisational performance from the vantage position of the varied constituencies directly and indirectly affected by the organisation. But stakeholders change over time; the preferences of stakeholders change and the society itself also changes.

Organisations can also only achieve their objectives if they are able to survive and the primary condition for survival is enough profitability to enable them maintain their wealth creating capabilities. An organisation that is not profitable cannot even survive, not to think of the level of its effectiveness, There are also other basic requirements for organisational stability, predictability and overall survival and these include resource acquisition, efficiency, production or output, rational coordination, renewal and adaptation, conformity and constituency satisfaction (Steers, 1991).These are perquisites for effectiveness. The issue became more complicated when Robbins and Coutler (2002) added another

dimension; that effectiveness is also concerned with '*how appropriate the goals are'!* Apart from the fact that appropriateness is subjective and value-laden, the question is appropriate from whose judgment and/or for whom or what group of people?

Thus whichever way effectiveness is defined or measured, it must take these basics into consideration and that is why it is a multi-dimensional affair. Friedlander and Pickle (1967) express this succinctly when they assert that effectiveness criteria must take into account, the profitability of the organisation, the degree to which it satisfies its members and the degree to which it *is* of value to the larger society. These three perspectives include system maintenance and growth, subsystem fulfillment and environment fulfillment.

4 Perspectives on Effectiveness

4.1 The Goal Approach

The goal approach is the oldest and most widely used means of measuring effectiveness (Strasser et al, 1981) because organisations exist primarily to achieve some specified objectives. But there are several issues with organisational goals and consequently with this approach, and these are discussed as follows:

o   *There are various categories of goals:* Perrow (1970) identifies five of them as societal goals (how the organisation satisfies societal goals); output goals (type of outputs defined by functions); system goals (functioning of the organisation independent of its products); product goals (characteristics of the products), and derived goals (like community services).

o   *Goal displacement is very common:* An unintended diversion of organisational energies away from the stated goals. Like when the means to an end is being treated as the end itself! Some causes of, or reasons for, displacement include need to operationalise abstract goals, the delegation process, uncertainty associated with new or intangible goals, necessity for coordinated and controlled activities, measurements and evaluations, prior commitments and evaluations, absence of goal consensus, and personal goals/aspiration levels (Steers, 1977).

o   *The ranking of goals varies amongst managers*: England (1967) ranks goals in order of importance according to manager's perspective. Organisational efficiency and high productivity are ranked as the most important while social welfare seems to be of little important. This is presented in Table 1.

o   *Goal preferences vary amongst organisations as indicated:* As seen in Table 2, Shetty (1979) also prepares a table of goal preference among organisations. From this table, profitability, growth, market share are the most preferred, while resource conservation and management development are the least preferred.

Table 1: Ranking of Goals by Managers

	Type of goal	% Rating it as highly Important	% Indication goal as significant for corporate success
1	Organisational efficiency	81	71
2	High productivity	80	70
3	Profit maximization	72	70
4	Organisational growth	60	72
5	Industrial leadership	58	64
6	Organisational stability	58	54
7	Employee welfare	25	20
8	Social welfare	15	6

Source: England, G.W (1967) Organisational Goals & Expected Behaviour of
American Managers, Academy of Management Journal, No 10, p. 108.

Table 2: Goal Preferences Amongst Organisations

S/N	Goal	% Corporations
1	Profitability	89
2	Growth	82
3	Market share	66
4	Social responsibility	65
5	Employee welfare	62
6	Product quality & service	60
7	R&D	54
8	Diversification	51
9	Efficiency	50
10	Financial stability	49
11	Resource conservation	39
12	Management development	35

Source: Shetty, Y.K (1979), A new Look at Corporate Goals,
California Management Review, 22, 2.p.71-79

o *The question of whether organisations actually have goals still persists.*
   Cyert and March (1963) argue that organisations consist of coalitions; that
   what are termed the goals of the organizations are indeed, the goals of the
   dominant coalition, that different sub-coalitions have different goals or

preference ordering of goals and that the main determinants to goal formation by coalitions are the bargaining process, the internal organisation process and the process of adjustment to experience. When it is furthermore recognised that goals at times take the character of aspiration levels (Blau, 1955), it becomes '*unwise to look for organisational goals as a clear, consistent and widely accepted set of collective objectives*' (Katz and Kahn, 1978).

o *There is also a world of difference between official and operative goals* (the general purposes put forth in the charter, annual reports, public statements by key executives and other authoritative pronouncements) and designated ends sought through the actual operating policies of the organisation. They tell us what the organization actually is trying to do, regardless of what the official goals say' (Perrow, 1961).

o *Goals shifts are common [they change over time]. This is mostly due to :*
  ▪ Direct interaction with the environment through interorganisational relationships (IORs). Goal setting is affected by competition (goal structure is realigned to ensure continued support); bargaining (the organisation engages in give and take); co-optation (absorbing new elements into the leadership to avert threats to existence or stability) and coalition (combining of two or more organizations and thus, the goals will automatically be readjusted).
  ▪ Direct interactions with other organizations in the focal organisations environment.
  ▪ Internal organisational changes.
  ▪ Shift of emphasis to quantifiable goals, and
  ▪ Indirect pressure from the general environment [PESTEL] (Hall, 1991).

o *The temporal dimension of goals:* Do we use short-run, long-run or both in the analyses? How do we manage the reality that different hierarchies and departments adopt different timeframes?

o *Different meaning of goals in effectiveness analyses:* goals are simultaneously used for motivation, direction and evaluation. Scott (1977) identifies three uses of goals as:
  ▪ Goals as sources of incentives for organizational members.
  ▪ Goals as guides for participants efforts.
  ▪ Goals as criteria for identifying and appraising selected aspects of organisational functioning

o *Other shortcomings* include the difficulty of measuring goals for non-tangible product organisations; some are achieved at the expense of others, the challenge of specificity and at times, it is difficult to reach consensus about these goals.

4.2 Strategic constituencies satisfaction approach

Under this perspective, effectiveness is measured by the ability to satisfy the strategic constituents, including the delicate task of striking a balance between these interests. But there are several stakeholders; some are more powerful than others; their interests are different and at times contradictory; the composition of the stakeholders varies and it is even doubtful how to ascertain if the stakeholders have been satisfied-by consensus, voice-vote or by the attestations of the vocal minorities as two or three individuals claiming to speak for all shareholders in Nigeria. If we take the stakeholder view, we are invariably upholding the unpalatable picture painted by Kanter and Brinkerohf (1981) of organisations as 'battlegrounds for stakeholders', competing to influence the criteria for effectiveness to advance their own interests'.

Cummings introduced the instrumental dimension to the stakeholder perspective. He defines an effective organisation as one in which the greatest number of participants perceive themselves as free to use the organisation and its subsystems as instruments for their own ends. This psychological slant to the discourse incorporates both the number of people who see the organisation as the instrument for needs fulfillment and the degree of that perception for each person. Profitability and efficiency thus become preconditions for effectiveness. But individuals have varying forms of linkages with the organisation; some people outside the organisation are affected by the activities of the organisation and this angle ignores the activities of the organisation as a whole. The main issue with the stakeholder satisfaction approach is that as Hall (1991) has argued, effectiveness lies in the eyes and minds of the beholder but some beholders are more powerful than others!

4.3 The Safety-Critical Approach

This perspective developed subsequent to the unprecedented industrial disasters of the 1980s like the Chernoboyl nuclear disaster, Bhopal Union Carbide and spills from Exxon's Tanker, Valdez. With increasing attention on safety, importance of prevention and organisational response to such disasters, this perspective emerged, proposing as the single criterion for effectiveness: make no errors, because a single error could pose disastrous results (Robey and Sales, 1994). Most disasters are attributable to human errors and complacent executives who refuse to 'think the unthinkable', commit resources to prevent disasters which they feel are rather rare and that even when they occur, the insurers are always around (Carey, 1991). This perspective expects managers to be proactive in disaster management, knowing that they would occur with disastrous consequences and taking concrete preventive measures. Thus, effective organisations should *not only meet the ongoing expectations of their multiple stakeholders but also ongoing requirements for safety... avoid unsafe production*

processes that threaten the health of their employees, unsafe products that endanger consumers and unsafe computing applications' (Robey and Sales, 1994). The recent world-record BP oil spill, which brought out the warrior in Obama, has so far cost $40bn to manage and disposal of assets, sacking of the CEO and takeover bids as well as the earthquake/tsunami- induced nuclear crises Fukushima Daiichi, Japan which is estimated to cost Japan about N250bn and has already led to the contraction of its economy by 3.7% on an annualized basis among other consequences, will definitely renew interest in this perspective.

4.4 Pennings and Goodman's Constraints and Multiple Goals Perspectives

Pennings and Goodnman's (1977) perspective on effectiveness is based on constraints and multiple goals. Under this perspective, an organisation is effective if relevant constraints are satisfied while the organisational results approximate or exceed a set of referents for multiple goals. Constraints are policies or procedures set in advance that guide organisational decision-making and behavior. Goals are end-states specified by the dominant coalition. Pennings and Goodman recognise the following important factors:

- There are multiple goals and constraints and that the timeframe for these are not constant.
- The difference between goals and constraints depends on the attention of the dominant coalition. For instance, quantity or quality may be a goal or constraint depending on the interest of the coalition. For example some universities emphasize the number of students enrolled as a constraint for quality of academic excellence whereas other universities emphasise high enrollment but are constrained by the need of maintaining a level of academic excellence (1977).
- Organisations have internal and external constituents that make up the dominant coalition, which determine goals and constraints.
- Effectiveness criteria are determined by the dominant coalition on the basis of consensus reached by complicated negotiation process because the constituents have differing and multiple preferences.
- Although the constituents hold several referents and constraints with which to evaluate the organisation, it is only the extent to which these are imposed on the organisation that they become useful tools for assessing effectiveness.
- As the composition of the dominant coalition changes due to power shifts or leadership succession, goals, referents and constraints will also change.

4.5 The Social Function Model

The social-function model is based on the works of Talcott Parsons (1960) that all social systems must solve 4 basic problems:

- Adaptation: the accommodation of the system to the reality of the demands of the environment and active transformation of the external situation.
- Goal achievement: defining of objectives and mobilisation of resources to achieve them.
- Integration: that serve to establishing and organising a set of relations among member-units of the system that serve to coordinate and unify them into a single entity.
- Latency: the maintenance of the systems motivational and cultural patterns over time.

Since organisations are social systems effectiveness is thus a measure of how well the organisation resolves these problems.

4.6 Hall's Contradiction Model

Hall (1994) starts by restating that effectiveness is a multifaceted concept and agreed with Cameron (1978:625) that it is also a multi-domain phenomenon, since effectiveness in one domain may not necessarily relate to effectiveness in another. A lecturer's productivity in research may adversely affect the productivity of department in handling its students. He then recalls some of the major contradictions against which the organisation is struggling in its effort to be effective

- Organisations face multiple and conflicting environmental constraints. These constraints may be *imposed* (beyond their control) *bargained for* (due to contractual agreements or competitive pressures); *discovered* (unanticipated environmental constraint) or *self imposed* (the definitions of the environment used by the organisation). Whatever the sources, the resulting conflicts are critical as those with more constraints have a tendency for suboptimal performance.
- Organisations have multiple and conflicting goals. A university wishing to cut its budget will consider several conflicting goals: research, recruitment and retention of high quality students and faculty so as to remain a high-quality university, having a safe and attractive campus. The budget cuts would be made on the bases of goals and power coalitions.
- Organisations have multiple and conflicting internal and external constituencies (people affected by the organisation) and the extent to which these constituents are organized varies widely. There are organised groups (like unions) spontaneous coalitions, people who are completely unaware of each other's existence and even those who do not know that they are affected

by the organisation; the victims. So, whether or not they are considered in the organisations decision making and whether or not they know that the organisation affects them, they must be included in the effectiveness equation.

- Organisations have multiple and conflicting time frames. The emphasis on timeframes varies between and within organisations. The degree and mix of organisational constraints also vary over time.

Having considered all these contradictions and multiplicities, Hall (1994) concludes that no organisation is effective. Rather, organisations can be viewed as effective or ineffective to some degree in terms of specific constraints, goals, constituents and time frames! He also concludes that efforts to be effective must involve less than total rationality and that there are compromises which must be made among pressing constraints, goals, constituents and timeframes.

4.7 Katz and Kahn,s Efficiency Perspective

Katz and Kahn (1978) review 5 ways out of two key effectiveness dilemma-whether it possible to measure effectiveness in terms beyond the goals and preferences of constituents and how to choose among the competing needs of constituents and these are:

- *Preferential ordering of constituencies* and they raise a poser: whether the dominant coalition (through which corporate goals are set and decisions made) actually exist or whether it is a construct for describing the bargaining process among constituencies.
- *The linear programming solution* of optimising among competing criteria: tax. Waste generation, wage bills. In this case, variables are maximised or minimised and effectiveness consists of meeting or exceeding these constraints.
- *Survival as the ultimate criterion* and while this makes sense, one then has to wait to the very end-at times to infinity-before assessing the effectiveness or otherwise of the organization.
- *Throughput as the Organisational Goal*. This measures effectiveness as the response of the organisation to the objective task posed by the environment ;its transformation of energy and materials into forms and locations valued by outside individuals and organizations.
- *Organisational Contribution to the Suprasystem*-measuring effectiveness as the contribution of the organisation to the functioning of the next higher order of the social structure.

After reviewing and critiquing these approaches, they argue that the ultimate measure of organisational effectiveness is the maximisation of returns which is determined by a combination of efficiency as a system and success in obtaining its

inputs in advantageous terms. They posit that this maximisation should be in the long-term which is characterised by storage, growth, control over the environment and survival. But in maximising the returns, the *organisation should not incapacitate the environment as a source of its inputs and receiver of its outputs since doing so would reduce its own effectiveness; including its power to survive.* They propose the principle of the greatest good for the greatest number for the longest time subject to the needs of others (community, other organisations, nation, human race, ecosystem] which are constraints on the organisational maximisation efforts. This maximization may be through economic (reduced cost) and technical (improved quality) means (which contribute to efficiency) and political means[negotiation, lobbying or other advantageous transactions and exchanges both within and without] which adds directly to effectiveness.

4.8 Ivancevich and Matteson's Time Dimension Model

Ivancevich and Matteson (2002) developed the time dimension model which has its roots in the systems theory. From the systems perspective, the effectiveness criteria must reflect the entire input-process-output cycle and not just limited to the output] and the interrelationship between the organisation and the external environment. It is thus, indubitable that

- Organisational effectiveness is an all-encompassing concept that includes a number of component concepts.
- The managerial responsibility is to maintain an optimal balance among these components.

The ultimate criterion for organisational effectiveness is the ability to survive in the environment, an outcome that requires continuous adaptation, which in itself requires a sequence of events. Organisations pass through different stages; they grow, develop and decline, in line with environmental realities. They thus operate in their own life cycles (even whole industries and segments thereof also have life cycles) and the appropriate criteria for effectiveness should reflect the stages in this life cycle. Managers and others interested in organizations have indicators for assessing the probability of survival and there are usually, short run indicators for long run survival. These indicators include measurements of productivity, efficiency, turnover, quality, staff satisfaction. A criterion that cuts across the three time dimensions (short, intermediate and long) is quality because, without quality (as perceived by customers who continue to patronise the organisation), it will not survive.

In the time dimension model, criteria for effectiveness are stated in terms of short, medium and long run and these are the following indicators, with quality cutting across the entire timeframe.

Table 3: Criteria For Effectiveness in Different Time Dimensions

	Short Run (<1 year)	Intermediate Run ([circa 5 years)	Long Run (indefinite future)
Indicators	• Quality • Productivity • Efficiency • Satisfaction	• Quality • Adaptiveness • Development	• Quality • Survival

Adapted from Ivancevich, J.M & Matteson, M.T (2002), *Organisational Behaviour And Management* [6th ed] Boston, McGraw-Hill Irwin, p. 28

- Quality: for organisations to survive, they must satisfy the quality imperative and quality is as defined by the customer; like beauty, it is in the eye of the beholder!
- Productivity: this is used to denote the relationship between inputs and outputs and excludes the concept of efficiency which is a separate indicator. Measures of productivity (profit, sales, document processed, travelers booked) vary with industries.
- Efficiency: this is the ration of outputs to inputs as indicated by measures likerate o return, unit cost, occupancy rates, down time etc. this measure is usually in ratio terms.
- Satisfaction: since an organisation is a social system, consideration must be given to the benefits received by the participants and in this case, staff. Measures of satisfaction include employee attitudes, turnover, absenteeism, grievances, etc.
- Adaptiveness: the extent to which the organisation can and does respond to internal and external changes. In this sense, it refers to 'management's ability to sense changes in the environment as well as within the organization itself'. Change readiness, managerial practices that encourage innovation are ways to assess adaptiveness but the ultimate measure is weather the organisation adapts or not when the need arises.
- Development: the ability for the organisation to increase its capacity to deal with environmental demands- training, development, OD programmes.
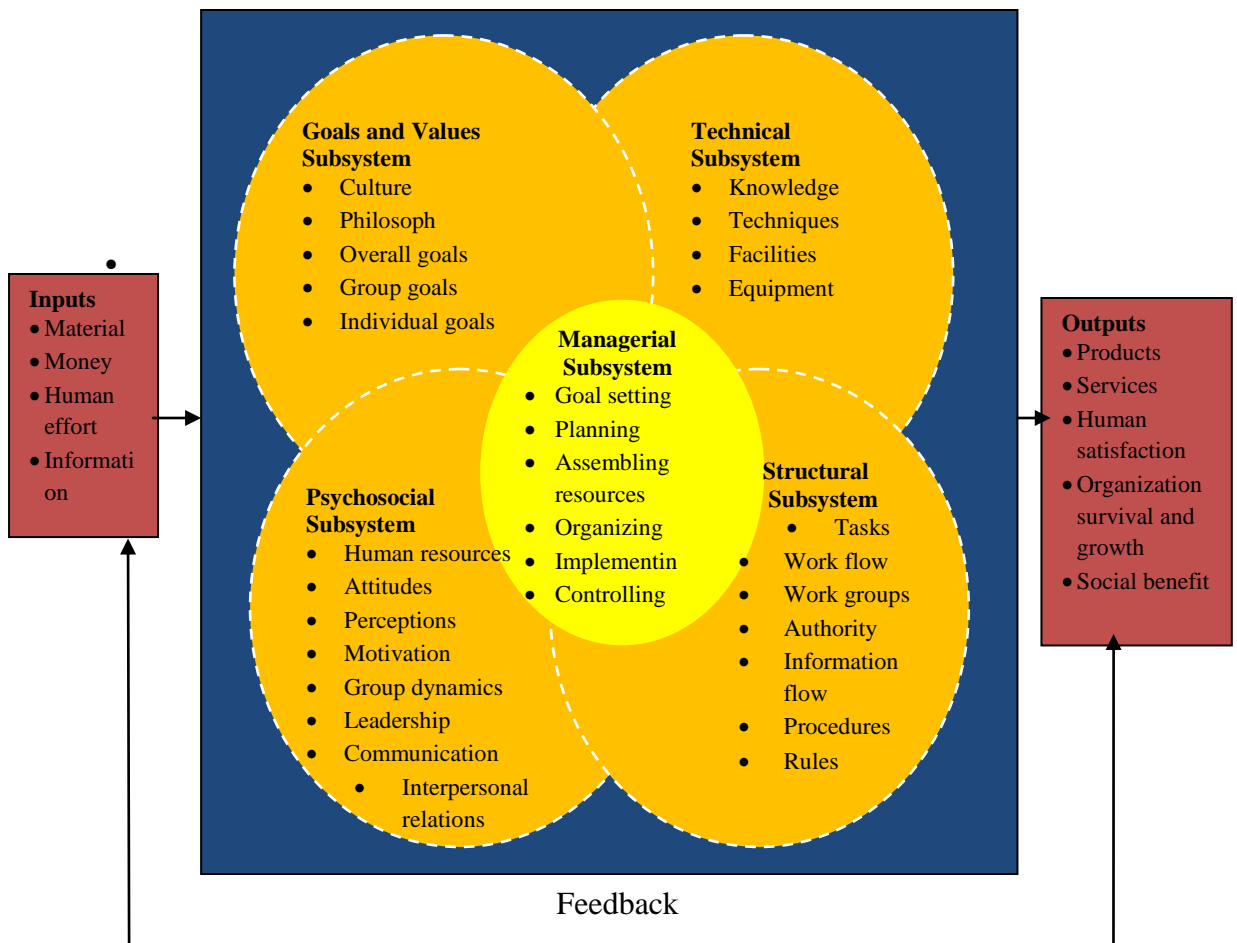
4.9 The Systems Approach

The System Theory sees the organisation as an open system that engages in continuous exchanges and feedback with the external environment. The

organisation continues to survive as long as it is able to attract or acquire the appropriate inputs and have its outputs valued and accepted by the external environment. Thus, the ultimate survival of the organisation depends on its ability to adapt to the demands of its environment and consequently, the input-process-output cycle must be the focus of managerial attention. Effectiveness is thus defined in terms of these two considerations (Ivancevich and Matesson, 2002). Most authorities depict the organisational system as being made up of five subsystems even though the nomenclature varies. Thus Kast and Rosenweig, (1986) identify them as   goal/values, technical, structural, psychological and managerial subsystem[see figure three], Katz and Kahn (1978) see it as productive (concerned with the major work], supportive (secures inputs and distributes outputs), maintenance (protecting structural integrity and character e. g training and development), adaptive (concerning wit adaptations in a changing environment, like research and development) and managerial (coordination, controlling, directing) subsystems.

4.10 Resource Based Approach

This assumes that organisations must be successful in obtaining and managing valued resources in order to be effective (Daft, 2007). Effectiveness is thus the ability of an organization to obtain scarce and valued resources and successfully integrate and manage them (Rouso and Fouts, 1997). Seashore and Yutchman (1967) fully define organisational effectiveness from this perspective as 'the ability to exploit its environment in the acquisition of scarce and valued resources to sustain its functioning'. Indicators of effectiveness in this approach include:

- Bargaining position: ability to obtain scarce and valued resources from the environment.
- Abilities of the organizations decision makers to perceive and correctively interpret the real properties of the external environment.
- The abilities of the managers to use tangible and intangible resources in daily organisational activities to achieve superior performance.
- The ability of the organisation to respond to changes in the environment.

Inputs
- Material
- Money
- Human effort
- Informati on

Goals and Values Subsystem
- Culture
- Philosoph
- Overall goals
- Group goals
- Individual goals

Technical Subsystem
- Knowledge
- Techniques
- Facilities
- Equipment

Managerial Subsystem
- Goal setting
- Planning
- Assembling resources
- Organizing
- Implementin
- Controlling

Psychosocial Subsystem
- Human resources
- Attitudes
- Perceptions
- Motivation
- Group dynamics
- Leadership
- Communication
  - Interpersonal relations

Structural Subsystem
- Tasks
- Work flow
- Work groups
- Authority
- Information flow
- Procedures
- Rules

Outputs
- Products
- Services
- Human satisfaction
- Organization survival and growth
- Social benefit

Feedback

Source: Kast and Rosenweig, 1986, p.114, as adapted by Kreitner and Kinicki, 2004, p. 639

Figure 3: The Organization as an Open System

4.11 The Internal process Approach

This perspective believes that effectiveness is measured by the internal health and efficiency of the organisation. In an effective organisation things are generally smooth; staff are contended and departments collaborate with each other for optimal performance (Ostroff and Schmitt, 1993; Cunningham, 1977). This approach does not consider the external environment-and that is the key shortcoming. Indicators of effectiveness from this perspective are.

- Strong corporate culture and positive work climate.
- Team spirit, group loyalty and teamwork.
- Confidence, trust and communication between workers and management.

- Decision making is near the source of information, irrespective of the position in the hierarchy.
- Undistorted horizontal and vertical coordination.
- Rewards to managers for performance, growth and development of subordinates and for creating effective work group.
- Interaction between the organisation and its parts with conflicts that occur over projects resolved in the interest of the organization.

4.12 The Competing Values (Integrated Effectiveness) Model

This approach acknowledges that organisations do many things and have many outcomes and that there are disagreements and competing view points about what constitute effectiveness: which goals to purse and measure, and how to measure them. Developed by Quinn and Rohrbaugh it integrates many indicators of effectiveness into a single framework to produce dimensions of effectiveness criteria that represent competing management values in organisations. The two broad values are organisational focus and organisational structure. The dimension of organisational focus is concerned with whether dominant values are concentrated with issues that are internal or external to the firm. Internal focus is a concern for efficiency and well being of employees; external focus is an emphasis on the wellbeing of the organisation with respect to the external environment. The structure dimension is concerned on whether stability or flexibility is the dominant value in the organizstion. Stability is concern for efficiency and top-down control; flexibility is learning and change. The combination of these two values provides for approaches to organisational effectiveness as shown in the figure below.

- A combination of external focus and flexibility leads to an open-systems emphasis. The management's main concern is growth and resource application and the sub goals are flexibility, readiness and positive external evaluation. The dominant value is establishing good relationship with the environment so as to acquire the resources and grow.
- Structural control and external focus yields rational goal emphasis. With the primary goals of efficiency, productivity and profits. Planning and goal-setting are the key sub-goals through which these primary goals are attained.
- A combination of internal focus and structural control reflects internal control emphasis: a stable, orderly organisation. Sub goals include efficient communication, information management and decision making.
- When internal focus and flexible structure are the key values, we have the human relations emphasis, where the management concern is the development of human resources. Staff are given autonomy and opportunities for development and the sub-goals are cohesion, morale and training opportunities.

These four dimensions, represented by four quadrants in the figure represent opposing views in an organisation. Managers decide which values take preeminence at any given period in the organisation. It is also note worthy that the dominant views change over time due to changes in the external environment or leadership of the organisation.
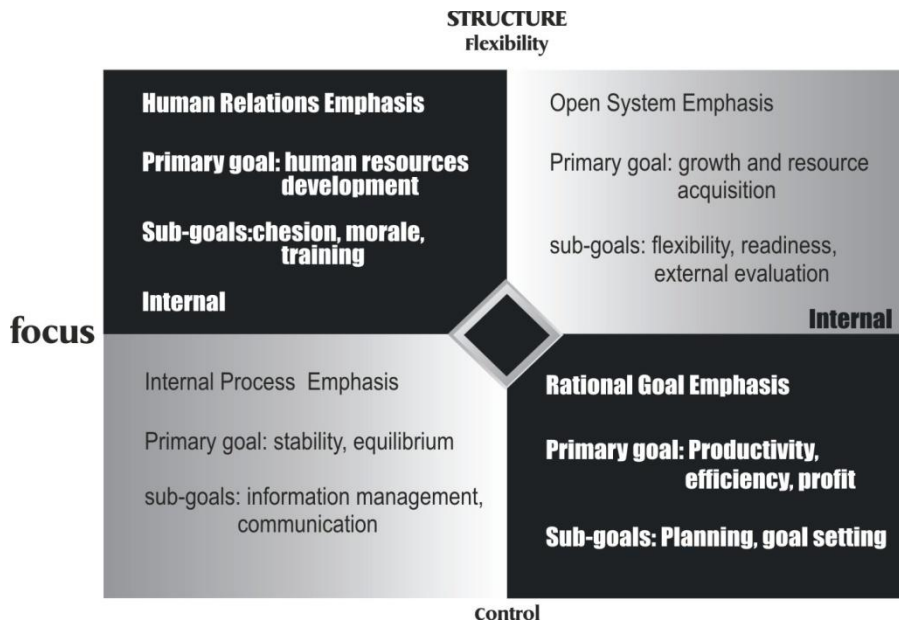
Source: Daft (2007), (adapted from Quinn and Rohsbaugh and Quinn and
        Cameron (1983)

Figure 4: The Competing Values Model
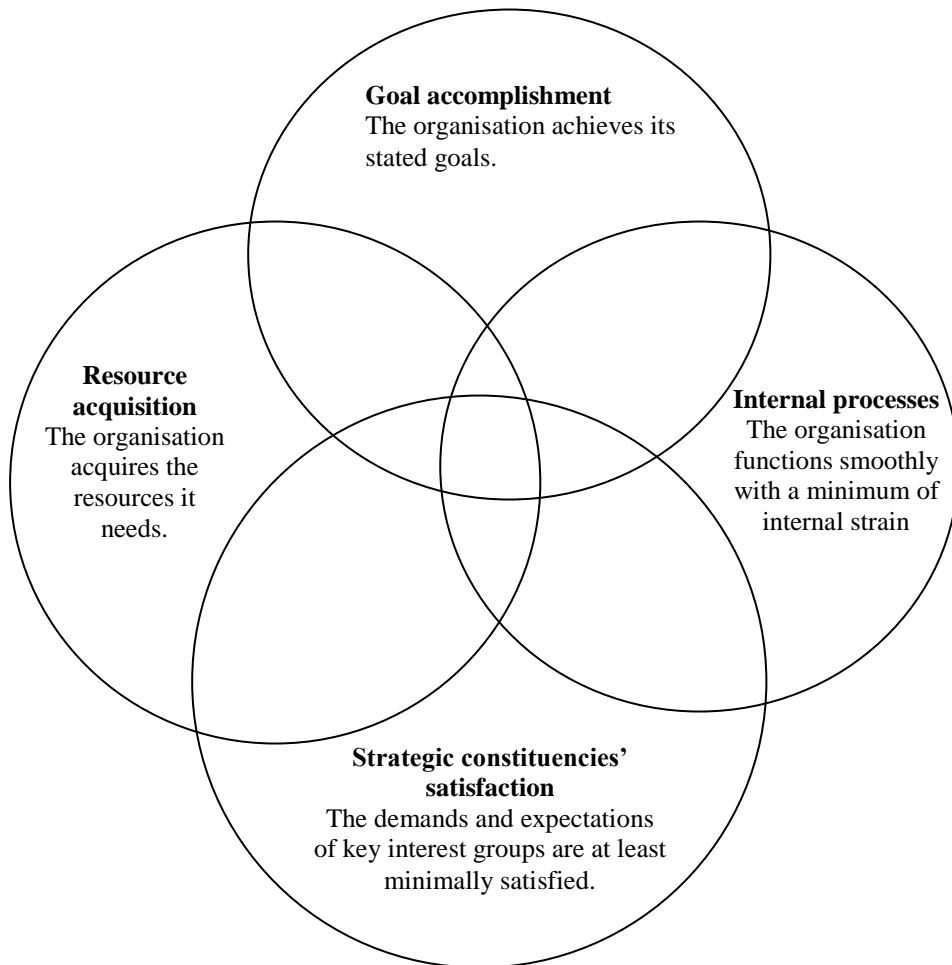
4.13 Cameron's Four-Criteria Measure

The four-criteria model was developed by Cameron (1980 and 1986) even though there have been minor modifications by others.

The overlapping nature of the above model is an obvious indication that these measures of effectiveness can be used in various combinations.

- *Goal Approach*: an organisation is deemed effective if it meets its goals. The issues with this approach have already been discussed.
- The *Resource Acquisition approach:* an organisation is deemed effective if it acquires the resources needed for its operations.
- *Internal processes approach*: This is also referred to as the healthy systems approach. An organisation is said to be healthy and thus effective if

information flows smoothly, and if employee loyalty, commitment and
satisfaction is attained.
- *Strategic constituencies satisfaction approach*-effectiveness is measured by
  the ability to satisfy the strategic constituents, including the delicate task of
  striking a balance between these interests.

Goal accomplishment
The organisation achieves its
stated goals.

**Resource
acquisition**
The organisation
acquires the
resources it
needs.

Internal processes
The organisation
functions smoothly
with a minimum of
internal strain

**Strategic constituencies'
satisfaction**
The demands and expectations
of key interest groups are at least
minimally satisfied.

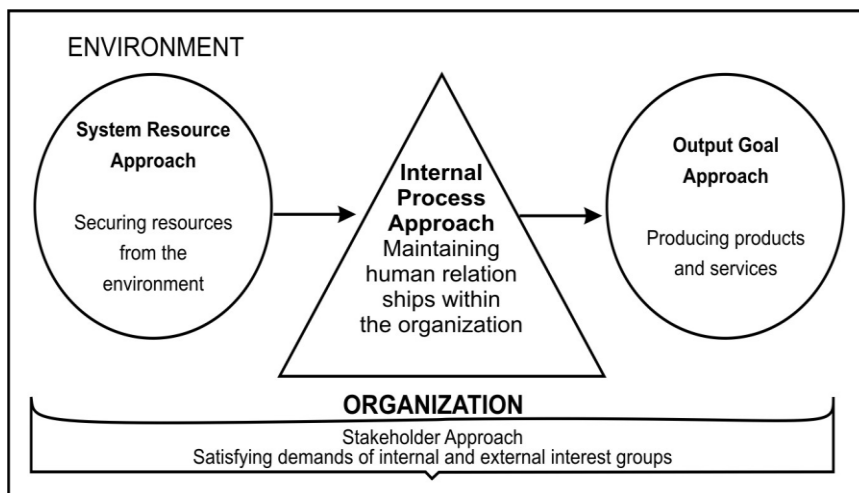Source:Kreitner and Kinicki (2004)

Figure 5: Four Criteria to Assess Effectiveness

4.14 Robey and Sales Integrated Four-Way Approach

Robey and Sales (1994) design an integrated model that contains four
approaches to organisational effectiveness:

- The output goal approach which emphasises end results as profit, quality and productivity.
- The internal process approach which emphasises the maintenance of effective human relations.
- The system resource approach which emphasises the ability to attract resources from the environment.
- The stakeholder approach which recognizes the preferences of various internal and external interest groups.

They argue that the first three approaches reflect different underlying biases about what is important to the organisation while the 4th combines the criteria used by the other three, seeking to balance the multiple biases. They also show the inter-linkages between the four approaches as the output approach results from the internal processes, to which the system resource approach serves as inputs and the stakeholder approach encompasses the goals of both internal and external interests.

ENVIRONMENT

System Resource Approach

Securing resources from the environment

Internal Process Approach
Maintaining human relation ships within the organization

Output Goal Approach

Producing products and services

ORGANIZATION
Stakeholder Approach
Satisfying demands of internal and external interest groups

Source: Robey and Sales (1994), Designing Organisations, Boston,
    McGrawHill/Irwin, p. 57

Figure 6: Rovey and Sales Integrated Approach

4.15 Steers' Multidimensional Perspective

Steers (1977) adopts a multidimensional perspective because of the complexity of the subject matter. It is indeed, a three-tier approach and expectedly, contains some of the elements that have been discussed before:

Table 4:Factors That Influence Organisational effectiveness

Organisational Characteristics	Environmental Characteristics	Employee Characteristics	Managerial Policies & Practices
Structure • Decentralisation • Specialisation • Formalisation • Span of control • Organisational size • Work-unit size Technology • Operations • Materials • knowledge	External • Complexity • Stability • Uncertainty Internal (climate) • Achievement orientation • Employee centeredness • Reward-punishment orientation • Security vs. risk • Openness vs. defensiveness	Organisational attachment • Attraction • Retention • Commitment Job Performance • Motives, goals and needs • Abilities • Role clarity	• Strategic goal setting • Resource acquisition and utilization. • Creating a performance environment. • Communication process. • Leadership and decision making. • Organisational adaptation and innovation

Goal optimisation he admits that this is a popular even though there has been some confusion as to its meaning with some authority going to the extent of seeing it as the ultimate mission. On this basis, he defines effectiveness as an organisations capacity to acquire and utilise its scarce and valued resources as expeditiously as possible in the pursuit of its operative and operational goal… Instead of evaluating success in terms of the extent to which goal attainment has been maximised, we recognise a series of identifiable and irreducible constraints that serve to inhibit goal maximisation. When these constraints are recognised and accounted for, it is then possible to identify the resulting optimised goal-an organisations desired goal as constrained or modified by available resources. This approach allows for the recognition of multiple and often conflicting goals and the existence of several constraints on the goal efforts. Effectiveness is thus evaluated in terms of how well an organization can attain its feasible goals as against desired or ultimate goals.

Systems Perspective: this examines various factors within and without as they relate to each other and as they ultimately affect goal directed effort. He sees

goals within a dynamic framework, subject to change over time, with the attainment of certain short term goals becoming an input for subsequent goals.

Behavioural Emphasis: this emphasizes the role of employees' behavior in the long term organisational success because the only way goals can be attained is through the behavior of organisational members-as individuals and groups.

Steers' approach thus involves the application of these three interrelated perspectives as he believes that a clear understanding of the nature of organisational effectiveness can be achieved only by employing all three dimensions simultaneously. He also further identifies 4 sets of variables that potentially have influence on organisational effectiveness as organisational characteristics, environmental characteristics, employee characteristics and managerial policies and practices.

5 Conclusion: So, Whom or What Do We Believe?

Effectiveness which we flippantly use and conjure is a complicated and complex phenomenon. From the foregoing discussions, it appears that managers may have to specify what they mean whenever they call on the god of effectiveness. If they cannot specify that precisely and concisely, they should at least appreciate the inherent challenges, especially the multiple and conflicting goals, constraints and constituents. Most of the time, the key question is effectiveness for whom (Hall, 1994)? It is proper and fine to ask the Head of Department to be effective and that simply means to produce results. But the 'results' as expected by the full time and part-time students, lecturers, non-academic staff, parents, contractors and poverty-stricken villagers who hawk poor-water in the corridors of the department are different and most often contradictory. Should he concentrate on today or tomorrow or today and tomorrow? What about his career concerns in a publish-or-perish environment? If the dean or VC has personal expectations of him, how do those key into the effectiveness equation? Should he concentrate on operative or official goals and if there are emergent developments that reconfigure the goals to suit the realities of the moment-and not necessarily the future-what should he do?

But always specifying what we mean by effectiveness, apart from being cumbersome, is also difficult because of the 'speaking in tongues' by authorities as to what effectiveness means. When we look carefully however, we discover that these perspectives are interrelated and are the various sides of a multi-sided coin. Ultimately, an organisation is effective if it continually meets its goals (goals perspective) and it cannot do this without adapting to the demands of its environment (systems theory). By achieving its goals continually and adapting to the environment, it survives and that is the ultimate interpretation of effectiveness. It can also not be considered effective if it is not efficient (cost conscious/efficiency perspective) does not balance and satisfy the needs of its constituents (strategic constituents perspective) or seen by the wider society as an

irresponsible corporate citizen (social responsibility perspective). Furthermore most models used the same components or used other models as their cornerstones.

Even some of the variables treated as measures of effectiveness are actually preconditions for stability and survival, without which the organisation cannot pursue goal attainment. Seers (1977) refers to them as 'intervening system requirements necessary for long term effort'. These must be satisfied on a continuing basis and they are:

- Resource acquisition: competing successfully for scarce and valued resources to serve as inputs for its activities
- Efficiency: securing the most advantageous input/output ratio
- Production/output: steady and predictable production of goods and services
- Rational coordination: integrating and coordinating the activities in a logical, rational fashion consistent with its ultimate goals
- Organizational adaptation and renewal: activities that will enhance the net worth of the organization in the future
- Conformity: following the prevalent norms and dictates of the environment
- Constituency satisfaction: satisfying the various and convergent needs of constituents to continue receiving their support and cooperation.

Separating preconditions for effectiveness from measures of effectiveness further complicates the matter because most of the variables mentioned above are ever-present in the various models discussed earlier! Thus effectiveness continues to be a complicated, multidimensional and inclusive affair and the following should always be appreciated.

- There is no universal definition or universally acceptable measure of effectiveness. Thus, in defining and measuring it, a multidimensional approach is imperative. There is no need to believe any single person; we need adopt a collegiate approach. Gather all the models (and they are more than 50)! Remove the elements that are recurring, and integrate what is left as a multidimensional model.
- Beyond being multidimensional, effectiveness is also a multi-domain affair, as effectiveness in one domain does not necessarily lead to effectiveness in another domain; it may even dilute effectiveness in that domain. An organisation that expands outlets so as to bring services nearer to its customers may suffer a service-quality relapse; a university that widens access to students may overstretch its facilities and a department that does well in field research may shortchange the students when it comes to lectures.
- Managers should also adopt a contingency paradigm in contending with the complexities of effectiveness. Managers must recognise the peculiarities of their organisations and the circumstances under which they operate and respond accordingly when they want to measure effectiveness. What well-managed organisations do is to mix and match the effectiveness criteria to fit

their requirements at any given situation (Ostroff and Schmitt, 1993). For instance, with reference to the Cameron's 4-Criteria model discussed earlier:

o The goal-accomplishment model is appropriate when the goals are clear, consensual, time-bounded and measurable

o The resource acquisition approach is appropriate when inputs have traceable effects on results or outputs.

o The internal process approach is appropriate when organisational performance is strongly influenced by specific processes.

o The strategic constituencies approach is preferable when powerful stakeholders can significantly benefit or harm the organization.

Thus, no single approach to the evaluation of effectiveness is appropriate for all types of organisations and in all circumstances. Consequently, multidimensionality is imperative (Cameroon, 1980) and this is the same position taken by Steers in his treatise on effectiveness (1977). We should also adopt a contingency mindset, adapting the various effectiveness constructs to the realities of our organizations.

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