MODELS OF ORGANIZATIONAL EFFECTIVENESS

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INTRODUCTION:

The complexity and competitiveness of today’s business environment requires that companies continuously raise the bar on their effectiveness.

Top performance increasingly demands excellence in all areas, including leadership, productivity, and adaptation to change, process improvement, and capability enhancement (knowledge, skills, abilities, and competencies). According to research, there are some directions to improve organizational effectiveness, viz.,

- Process mapping and measurement;
- Process improvement
- Expert facilitation of internal interventions;
- Productivity improvement;
- Monitoring and evaluation;
- Measuring and assessing climate and culture;
- Improving communication processes;
- Team building and team effectiveness improvement;
- Cohering management teams and
- Retionalizing the complexities of organizational structure.

OBJECTIVES OF THIS STUDY:

1. To study the assessments of Organizational Effectiveness which provide departments with a clear and objective view of the current state of leadership, structure, processes, people and climate issues, often uncovering situations that inhibit complete success.

2. To study OE assessments which reveals the perceptions of “what is.” This understanding, along with partnered discussion about future needs and opportunities, creates a sound base for meaningful strategic planning, visioning and/or mission definition.

3. To study OE activities which reaffirm that out most important
resource is people. A talented and dedicated workforce is essential to reaching full potential. By developing employees’ skills and knowledge, departments realize gains in productivity and efficiency.

- Improved employee competencies, coupled with a collaborative environment and strong leadership, produce desired goals.

- To study the importance of people is a necessity for efficient organizational structures and processes and well-designed jobs. OE assessments identify areas for improvement, while insuring connectivity to customer needs, and department objectives.

**LIMITATIONS OF THE STUDY:**

- This article has discussed four models of Organizational Effectiveness only. It is not taken the other models into consideration.

- This study undergoes the inconsistencies among OE with respect to these four models of OE.

- This study is concerned with profit and non-profit organizations only. It is also posing a constraint on this study.

**Review of Literature**

Organizational Effectiveness Literature

Despite its elusive nature, organizational effectiveness has been considered a critical concept in organizational theory (Goodman & Pennings, 1980). Some of the earliest models developed were goal based (Etzioni, 1960; Steers, 1977) but immediately identified as an unsatisfactory construct since the selection of inadequate goals cannot lead to an effective organization (Miles, 1980; Mohr, 1983). These early models gave way to system models, which focused on a broader set of variables and on measuring the means necessary to achieve the organizational goals (Miles, 1980). But like goal based models, relevant systems and key processes within the organizational systems could be misdirected and prove inefficient if they caused, even if unintended, undesirable external consequences (Mohr, 1983). From these concerns emerged the multiple-constituency models designed to measure effectiveness not only internally but also as a function of customer satisfaction (Connolly, Conlon & Deustch, 1980). The most recently developed models that have managed to obtain some level of agreement among organizational theorists assume a multidimensional construct (Robbins, 1983; Ridley & Mendoza, 1993). A literature review conducted
for this paper yielded four multidimensional models worthy of consideration and analysis.

Models of Organizational Effectiveness

The first model comes from a study performed on contemporary Indian organizations and proposes that organizational structure has the potential to improve the overall perceived effectiveness of the organization (Bhargava & Sinha, 1992). In this study, a 7-point scale applied to four specific components was used to predict organizational effectiveness. Specifically, the components were production, commitment, leadership and interpersonal conflict. Production was defined as the flow of output of the organization. Commitment was established as a component to measure the degree of attachment to the organization. Leadership was defined as a degree of influence and personal ability. Interpersonal conflict refers to the degree of perceived misunderstanding between supervisors and subordinates. This study shows that an organization with a heterarchical structure was perceived as having higher degrees of production, commitment and effective leadership with less interpersonal conflict than a hierarchical structure. Although these results are derived from the public sector, the model and outcomes of this study suggest research possibilities for the non-profit sector.

Despite its simplicity, a major difficulty in using this model as a measure of organizational effectiveness in comparing for-profit and non-profit organizations is the relative interpretation of the commitment and productivity components. It is thought that commitment in the for-profit domain is tied to career progression, personal income and business survival, whereas commitment for non-profits is based on generosity and volunteerism, which may not have a bearing on organizational effectiveness. The concept of productivity in the non-profit sector is less tangible and more perceptual than in the for-profit sector. With the noted refinements the model might be used for both sectors.

The second organizational effectiveness construct is also based on interrelated organizational processes and was recently developed primarily as a tool for management consultants (Ridley & Mendoza, 1993). This model, which integrates foundational concepts of systems theory, organizational theory and consultation theory, is formulated on the most basic processes of organizational effectiveness, namely,
the need for organizational survival and the maximization of return on contributions. The theoretical framework of this model is based on a series of assumptions, such as the availability of "organizational energy reserves", the ability to benefit from returns, the presence of a resource utilization metric, and a long term perspective. These assumptions lead the authors to develop a model of eleven key processes that are posited as contributing to organizational effectiveness. The first two processes, organizational survival and maximization of return, are defined as superordinate processes. The third process is self-regulation, which is responsible for orchestrating balance among the superordinate and subordinate processes. The eight subordinate processes are listed as internal-external boundary permeability, sensitivity to status and change, contribution to constituents, transformation, promoting advantageous transactions, flexibility, adaptability and efficiency.

As an organizational effectiveness construct, this model's value resides in its use as a mapping device from which consultants and their customers can synchronize expectations and visualize improvement opportunities. Apart from its theoretical contribution, the model lacks empirical research and valid instruments. Although this may present an interesting research opportunity, as currently stated, the model fails to satisfy the desired objective of this study, which is the search for an operationalized construct applicable to cross-sector organizational effectiveness.

The third model of organizational effectiveness considered is based on gathering perceptions of pre-selected efficiency indicators. Jackson (1999) developed this model to examine the differences between community and member-based non-profit organizations. Jackson uses a survey instrument in a descriptive research study designed to measure perception of each of six indicators and the relative priority each indicator would have within community based and member based non-profits. The six selected indicators of organizational effectiveness include management experience, organizational structure, political impact, board of directors involvement, volunteer involvement and internal communications.

Although this construct is appealing due to its simplicity and the availability of a validated survey instrument, its author recognizes that an expanded model, to include categories of organizational configuration, organizational competencies and organizational capabilities, is more desirable. An
expanded version of the model with these categories increases both the validity and reliability of the organizational effectiveness measurement. Also, the model uses indicators that are inadequate to measure OE across domains, such as volunteer involvement and board of directors involvement. A correlational study between volunteer involvement and employee involvement needs to be performed to make this indicator more applicable to the for-profit organizations. Regarding the performance of the board of directors as an indicator, Taylor and Chait (1996) have already suggested that boards of non-profits have minimal impact on effectiveness.

The fourth and last model considered for use in comparing for-profit and non-profit organizational effectiveness is the competing values framework (CVF), which is based on past attempts to formalize organizational effectiveness criteria (Quinn & Rohrbaugh, 1983). This model has been used in a wide variety of organizational research studies, including organizational culture and strategy (Bluedorn & Lundgren, 1993), effectiveness of management information systems (McGraw, 1993), organizational communications (Rogers & Hilderbrandt, 1993) and also in organizational transformation (Hooijberg & Petrock, 1993).

Initial work on the CVF came from attempts by managers and academic researchers to offer a robust construct to evaluate organizational effectiveness. Quinn and Rohrbaugh (1983) used multidimensional scaling and created a spatial model of organizational effectiveness with three subordinate value continua: flexibility-control, internal-external, and means-end. Later, Quinn (1988) demonstrated that only two of the subordinate continua, control-flexibility and internal-external, were sufficient to describe the organizational effectiveness construct and when combined, these could be visualized as a set of quadrants. Labels for each one of these quadrants are (1) human relations, (2) open systems, (3) rational goal and (4) internal process. According to Quinn, each of these quadrants constitutes a model in itself. The “Human Relations Model” sees participation, discussion and openness as a means to improve morale and achieve commitment. The “Internal Process Model” sees internal processes such as measurements, documentation and information management as methods to achieve stability, control and continuity.

The “Open Systems Model” relates insight, innovation and adaptation as a path towards external recognition, support, acquisition and growth. Finally, the “Rational Goal
Model” seeks profit and productivity through direction and goals. The validity of these four quadrants or dimensions was also tested by Quinn and Spreitzer (1991) on a sample of 796 executives from 86 public utility firms in the United States, where the analysis was performed by comparing two types of competing value scales. This model was validated a third time by using a Structural Equation Modeling (SEM) approach on a sample of 300 managers and supervisors employed by a multi-hospital system in the United States (Kallaith, Bluedorn & Gillespie, 1999).

CONCLUSIONS AND SUGGESTIONS:

The analysis of these four models suggests that the competing values framework (CVF) is the most viable model for measuring organizational effectiveness between for-profit and non-profit organizations. The CVF model has been used in a wide range of organizational research including organizational culture (Cameron & Freeman, 1991; DiPadova & Faerman, 1993), leadership styles and effectiveness (Quinn & Kimberly, 1984), organizational development (Quinn & McGrath, 1985), human resource development (Quinn & Spreitzer, 1991), and quality of life (Zammuto & Krakower, 1991). Other areas of research using CVF include organizational life cycle (Quinn & Cameron, 1983), the effectiveness of information systems (Cooper & Quinn, 1993), employee involvement (McGraw, 1993), communications in the organization (Rogers & Hildebrandt, 1993) and organizational transformations (Hooijberg & Petrock, 1993). The model’s reliability and validity is supported by multitrait-multimethod analysis, multidimensional scaling (Quinn & Spreitzer, 1991) and most recently by structural equations modeling (Kallaith, Bluedorn & Gillespie, 1999).

BIBLIOGRAPHY


Organization culture honor your past. Academy of Management Executive, 1,3, 221-229.


