

# A CONCEPTUAL ANALYSIS OF ORGANISATIONAL EFFECTIVENESS

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## ABSTRACT

Organisational effectiveness as a subject of study has received considerable attention from academicians, researchers, and practising managers. It has been observed, however, that the subject of effectiveness is plagued by problems of definition, circumspection, and criteria identification. Although the OB experts have attempted to delineate the construct space of effectiveness, the present paper provides ample research evidence to prove that both theoretical and empirical researches conducted by researchers in this direction have met with little success. This lack of success in limiting the construct space of effectiveness has been attributed to the researchers' conceptualizations of organisations, their utilisation of different constituencies or groups within organisations, their focus of activity, level of analysis etc. In addition, the present paper attempts to examine some of the significant models of organisational effectiveness. Subsequently, an attempt has been made to analyse the researchers' efforts to integrate different models of effectiveness. In the end, certain significant issues regarding the measurement or assessment of organisational effectiveness have been discussed.

**Keywords :** Organisational behaviour; Effectiveness construct; Models; Measurement; Central focus.

## Introduction

Organisational effectiveness as a subject of study has occupied a significant place in the realm of Organisational Behaviour (OB). In his famous book 'Wealth of Nations', Adam Smith (1776) argued that efficiency results from division of labour and specialisation. Taylor (1914) published

his famous treatise 'Principles of Scientific Management' and emphasized upon important management concepts such as rationality, functional foremanship, specialisation of efforts, efficiency and so on. Subsequent to these classic writings, there has been considerable growth of literature in the form of popular writings on what makes some firms efficient, productive, excellent, vibrant, or possessing vitality – all synonyms for the concept of organisational effectiveness as used in the literature available on organisational behaviour. As noted by Goodman and Pennings (1977,1980), effectiveness continues to remain a central theme in various studies of formal organisations. In spite of the importance of the concept of effectiveness, it has been observed that the literature on effectiveness is plagued by problems of definition, circumspection, and criteria identification. The concept of effectiveness is still not well defined, thereby conveying different meanings to different persons e.g. ROI or profit to a financial analyst or economist, quantity and quality aspects of output to a production manager, innovations or new products to an entrepreneur or research scientist, employee satisfaction or sound human relations to a social scientist, and so on. These diversities in opinions regarding the conceptual meaning of effectiveness can be seen from a plethora of definitions offered by management experts and researchers, as discussed below.

According to Etzioni(1964), effectiveness refers to the extent that an organisation has been able to attain its goals. Argyris(1964) views that organisational effectiveness represents a condition in which an organisation maximizes its output with constant or decreasing resource inputs or has constant output with decreasing inputs being used. Katz and Kahn(1978) define effectiveness as 'maximization of return' to the organisation by all means. Such maximization by economic and technical means has to do with efficiency; maximization by non-economic or political means increases effectiveness without adding to efficiency. Mohr(1973) defined effectiveness as "a measure of how well and to what extent something is accomplished". Drucker(1977) distinguished between efficiency and effectiveness by relating efficiency to "doing things right" and effectiveness to "doing right things". Reddin(1970) viewed that effectiveness is the extent to which the manager achieves the output requirements of the job, by what he achieves rather than what he does. Seashore and Yutchman (1967) provided a systems level perspective of effectiveness, defining effectiveness as the organisation's ability to

acquire scarce and valued resources from its environment so as to ensure its sustained functioning. An organisation is said to be most effective when it maximizes its bargaining strength vis a vis its environment and optimizes the acquisition of resources. Another systems level analysis of organisational effectiveness has been provided by Bennis(1962), who viewed that the systems level attributes of effectiveness include : (1) Adaptability (i.e. the ability to adapt to changing environmental conditions and solve problems); (2) A sense of identity (i.e. members' knowledge and insights regarding the organisation's missions, objectives, goals, activities etc.); and (3) Capacity to test reality (i.e. the organisation's ability to perceive and interpret the properties or characteristics of the environment).

In the light of the aforesaid observations, the present paper attempts to explain the confusion still existing in the effectiveness literature in regard to the construct space of effectiveness or the problems of criteria identification and circumspection. This paper provides necessary research evidence to prove that both theoretical and empirical efforts made by researchers to delineate the construct space of effectiveness have met with little success. In addition, the paper attempts to present and analyse certain models of organisational effectiveness in order to explain the construct space of effectiveness under certain unique conceptualizations of organisations, personal values, preferences, needs and so on. In the end, an attempt has been made to explore certain significant issues regarding the assessment or measurement of organisational effectiveness.

### **The Construct Space of Effectiveness is Still Unknown**

It must be emphasised that organisational effectiveness should be seen as a construct rather than as a concept. While concepts can be exactly specified by observing objective events and then defined, constructs are mental abstracts that lack objective reality and are intended to give meaning to ideas or interpretations. Although the authors have attempted to delineate the construct space of effectiveness or specify all possible criteria of effectiveness, it must be admitted that none of these theoretical perspectives has captured the total construct space or the total meaning of effectiveness. Price (1968) reviewed and integrated 50 studies with a view to developing a theory of effectiveness. Although he proposed 34 propositions with cause and

effect relationship between some predictor variables and effectiveness, his inventory of propositions has led to no meaningful research on organisational effectiveness. Steers(1975) reviewed 17 models of organisational effectiveness and identified 40 evaluation criteria mentioned in two or more such models or studies. As observed by him, adaptability and flexibility was mentioned in more than half of such studies while productivity and satisfaction were included in about a third of the studies. All other criteria of effectiveness were mentioned in less than a quarter of the studies reviewed. Steers attributed this lack of agreement on evaluation criteria of effectiveness to such problems as the unstable nature of existing evaluation criteria, suitability of different criteria for different time perspectives, conflict between multiple criteria, difficulties in measurement of some effectiveness criteria etc. Campbell (1977) reviewed organisational effectiveness literature and presented a taxonomy of various criteria of organisational effectiveness. As suggested by Campbell, all such criteria of effectiveness accounted for “all variables that have been proposed seriously as indices of organisational effectiveness.” Campbell’s taxonomy of effectiveness criteria included productivity, profit, efficiency, quality, growth, absenteeism, motivation, flexibility, adaptation, participation and shared influence, evaluation by external agencies, job satisfaction, conflict/cohesion, goal consensus, stability, value of human resources, etc. It is noteworthy, however, that Campbell suggested a relative lack of value in such objective enquiry and viewed that organisation-specific models based on certain clear-cut assumptions would be more appropriate and thus need to be developed.

Thus, it can be observed that theoretical attempts made by authors to discover the construct space of effectiveness have not been really successful. Therefore, subsequent authors have adopted empirical approaches to delineate the boundaries of effectiveness instead of proposing a comprehensive theory of organisational effectiveness. Georgopoulos and Tannenbaum(1957) studied three criteria of effectiveness within an industrial service organisation that specialised in the task of transporting and delivering retail merchandise. These three criteria of effectiveness were : (1) Organisational productivity; (2) Organisational flexibility or the capacity to adapt to both internal and external changes; and (3) Absence of intra-organisational tension or strain. The researchers found that these three effectiveness

criteria or measures were quite valid as each of these criteria was related to an independent evaluation of effectiveness by some experts. Thus, Georgopoulos and Tannenbaum provided research evidence for certain effectiveness criteria that possessed the characteristics of validity as well as reliability. Seashore and Yutchman(1967) made a factor analysis of 76 objective measures of performance in 75 insurance agencies. They identified 10 factors through such analysis which were subsequently integrated into the system resource model. Then, the authors specified the boundaries of the effectiveness construct, including therein only criteria pertaining to the organisation's bargaining power or position in acquiring scarce and valued resources from the environment. Mahoney and his colleagues (Mahoney, 1967 ; Mahoney and Frost, 1974 ; Mahoney and Weitzel, 1969) made a factor analysis of 114 variables obtained from the literature and derived 24 independent dimensions of effectiveness. These dimensions were compared with the managers' perceived ratings of overall effectiveness in order to assess their appropriateness as criteria in the construct space of effectiveness. Mahoney and his colleagues identified different types of construct space for organisations utilising varying technologies. Quinn and Rohrbaugh(1981) made a cluster analysis of Campbell's list of effectiveness criteria and found that the clustered criteria immensely matched four major theoretical approaches to organisational effectiveness : rational goal model, systems model, decision-process model and human relations model. Queen and Rohrbaugh identified the construct space of effectiveness as consisting of three value dimensions such as flexibility versus control, organisation concerns versus individual concerns, and means versus ends.

The above analysis points to the fact that the empirical approaches made by authors to define the construct space of effectiveness have also met with little success. Authors have used different research methodologies in defining the effectiveness construct and thereby obtained a different sets of effectiveness criteria or indicators. Cameron and Whetton(1983) have pointed out several reasons for this discrepancy in results obtained. As stated by Cameron and Whetton, the researchers often consider limited number of constituencies from whose point of view effectiveness is to be judged. The researchers use obtainable data and tend to ignore certain important constituencies having different performance criteria for the organisation. In addition, the focus of activity and the level of analysis often differ with respect to the

effectiveness criteria selected by researchers for different studies. Finally, the conceptualisations of organisations made by researchers often restrict or limit the criteria or indicators of effectiveness to be used.

It has become obvious that no single, well-defined meaning of the effectiveness construct is available in the literature on account of divergent criteria used in defining organisational effectiveness. However, the organisation experts view that this lack of well-defined construct space of effectiveness should not be negatively interpreted. Attempts to define the construct space of effectiveness often restrict organisational possibilities. An unlimited construct space of effectiveness allows for many different organisations with contradictory or conflicting characteristics to be judged as effective simultaneously. It also allows for certain criteria of effectiveness to be included that do not appear to be significant from the point of view of the organisation's major constituencies but that might become crucial to the organisation's survival in the future.

### **Models of Organisational Effectiveness**

As discussed earlier, the OB experts have proposed both theoretical and empirical models to explain the construct space of effectiveness. In spite of the existing controversy as to which of these models should be considered as the best one, the fact remains that each model examines the effectiveness construct with different assumptions, different sets of relationships among the variables studied, and different dimensions of effectiveness. According to Cameron and Whetton(1981), "the utility of any particular model may depend upon the environment, the constituency under investigation, and the life cycle stage."

It must be stated that two early models of organisational effectiveness that have dominated effectiveness research are : (1) the rational goal model; and (2) the systems model. In view of certain limitations of these two approaches, however, the organisation theorists have proposed certain alternative effectiveness models- the internal process or maintenance model, the process model, the strategic constituencies model, and the legitimacy model. In addition to these theoretical models of effectiveness, the OB experts have developed some empirical models with considerable practical relevance. Some of these important empirical models as

mentioned earlier, are Mahoney and Weitzel model(1969), the System Resources model (Seashore and Yutchman, 1967), and the Spatial model (Quinn and Rohrbaugh,1981). An analysis of some of the important effectiveness models along with their relative strength and limitations has been presented as given below.

### **The Rational Goal Model**

The rational goal model focusses upon an organisation's ability to achieve its goals. This rational goal model is based upon Weber's(1964) concept of functional rationality. According to this model, an organisation should be viewed as a network of roles, division of labour, hierarchy of authorities and various activities, programs, projects etc. that are directed towards the achievement of overall objectives or goals of the organisation. The effectiveness of an organisation is judged on the basis of actual attainment of goals as compared with the stated, official goals. As observed by Barnard (1938), "what we mean by effectiveness..... is the accomplishment of recognised objectives of cooperative effort. The degree of accomplishment indicates the degree of effectiveness".

Although the rational goal model provides an objective and reliable tool for the measurement of organisational effectiveness, it is been argued by Etzioni(1960) that goals as ideal states do not ensure the realistic assessment of effectiveness. While goals as norms or ideal states are cultural entities, organisations as systems of coordinated activities are social systems. Another argument against the goal model is that the measurement of organisational effectiveness may be based upon official goals or upon actual, operational goals. In fact, the official goals of an organisation may never be realised because these goals are, in many cases, not intended to be realised. Another problem is that organisations usually serve multiple goals at the same time, which are often competing or incompatible in nature. In addition, it has been noted that the rational goal model is based upon the assumption of some commonly accepted organisational goals. However, the diverse interest groups existing within an organisation may not always be able to reach agreement regarding some common goals of the organisation.

Despite the limitations of the rational goal model, it must be acknowledged that this model has continued to be the most dominating one within the area of organisational effectiveness. The

rational goal model has indeed exerted considerable influence on corporate managers, researchers, and evaluators who are constantly engaged in the task of assessing the effectiveness of organisations.

### **The Systems Model**

The systems model considers the organisation as a network of interrelated parts or subsystems. The effectiveness of the organisation is dependent upon the coordinated functioning of its sub-parts, known as subsystems. The systems model lays emphasis on the mutual dependence between an organisation's sub-parts and its environment, which work together to enhance organisational effectiveness. The organisation as an open system receives resource inputs from the environment, transforms the inputs and provides new output to the environment. The organisation functions effectively only to the extent that its subsystems are well coordinated to work together. The organisation must ensure a balanced distribution of resources among various subsystems' needs rather than maximal satisfaction of these needs.

In spite of the popularity of the systems model, it must be pointed out that this model has been subject to certain criticisms. Although the systems theorists emphasize upon the optimisation of resource distribution, they have made little efforts to measure such 'optimisation'. In addition, the systems model with its multi-dimensional approach to effectiveness focusses upon multiple effectiveness measures. However, the systems theorists have shown little concern for developing such general measures of effectiveness which they consider to be so much necessary.

### **Strategic Constituencies Model**

The strategic constituencies model focusses upon the minimal satisfaction of various strategic constituencies of the organisation. As pointed out by Goodman and Pennings(1977), the organisation is perceived as a set of internal and external constituencies that negotiate a complex set of constraints, goals and referents. These constituencies involve various stakeholders such as owners, resource providers, investors, creditors, consumers, government etc. who are connected to the organisation. This model takes a holistic view of organisational effectiveness and evaluates the factors operating within the organisation as well as in the



outside environment. Thus, the strategic constituencies model focusses on the concept of corporate social responsibility (CSR) in satisfying the needs and aspirations of various interest groups or stakeholders in order to ensure its continued survival and growth in the broader society.

Although the strategic constituencies model has great deal of common sense appeal among practising managers and researchers, it must be noted that this model too is not free from criticisms. As pointed out by some OB experts, it is impossible to separate the strategic constituencies from the broader environment in which they are operating. In fact, these strategic constituencies keep on changing in response to various changes occurring in the broader environment. Another problem relates to the difficulty in assigning weightages to the strategic constituencies according to the degree of their criticality to the organisation. Finally, it is extremely difficult to pinpoint and measure the varied expectations of the critical constituencies from the organisation.

### **Competing Values Model**

Queen and Rohrbaugh (1983) used multidimensional scaling and developed a spatial model of effectiveness based upon three value dimensions: internal-external, flexibility-control, means-ends. When these value dimensions were combined together, these gave rise to four quadrants within the 'Competency Values Framework' representing (1) Rational goal model; (2) Open systems model; (3) Internal process model; and (4) Human relations model. The rational goal model seeks to enhance organisational productivity, efficiency and profit through planning and goal setting. The open systems model views flexibility and readiness of the organisation to face emergency situations as means towards resource acquisition and growth. The internal process model regards the information management and communication system as means to achieve stability and equilibrium within the organisational system. In the end, the human relations model attempts to enhance human resource development within the organisation through employee morale and cohesion. Queen and Rohrbaugh tested and established the validity of these four value dimensions on a sample of 796 executives employed in 86 public

utility firms in US. The validity of the spatial model of effectiveness has been tested by other researchers too.

### **Likert's Model of Organisational Effectiveness**

Likert's(1967) model of effectiveness attempts to relate an organisation's structure, technology, objectives, policies etc. to the development of its employees. According to Likert, effectiveness is related to the individual growth of employees who demonstrate high levels of morale, motivation, work commitment, and participation in decision-making within the organisation. Likert specified three types of variables in his model of effectiveness- causal variables, intervening variables and output variables that together help determine organisational effectiveness. Causal variables include an organisation's structure, technology, corporate objectives and policies, leadership strategies, skills, etc. Intervening variables are concerned with employee motivation and morale, communication, conflict resolution, decision making, and problem solving within the organisation. It may be noted that both the causal variables and intervening variables have their impact on such output variables as production cost, union-management relations, absenteeism, turnover etc. Likert considered System-4 approach to management as the true index of an organisation's effectiveness.

### **Schein's Model of Effectiveness**

Schein(1965) viewed that organisations seek to maintain their effectiveness through adaptation to various changes in the environment. This is known as the adaptive-coping-cycle. According to Schein, the adaptive coping cycle involves six stages such as sensing changes in the environment, providing information to organisation members about such changes, making suitable changes in the production or conversion process, stabilizing changes within the organisation, exporting new products or services and getting feedback regarding the acceptability of new products or services. It must be pointed out that this adaptive coping cycle goes on continuously in an organisation, and goals are suitability redefined in order to ensure the continued survival and stability of an organisation. In the process of coping with the changes in both internal and external environment, organisations must demonstrate their ability to obtain and transmit useful information, adopt necessary internal changes in response

to the demands of the environment, and integrate individual and organisational goals with a view to promoting employee commitment and satisfaction.

### **Cunningham's Approach to Organisational Effectiveness**

Cunningham (1977) proposed seven different approaches to the assessment of organisational effectiveness. Each of these approaches or models emphasizes upon certain effectiveness criteria depending upon the organisational situations or variables- the organisation structure, the performance of the organisation's human resources, and the impact of the organisation's activities. Cunningham's seven models of effectiveness are: rational goal model, system resource model, managerial process model, organisational development (OD) model, bargaining model, structural-functional model and functional model. Each of these models seeks to measure certain relevant effectiveness criteria that include achievements or accomplishments, efficient allocation and utilisation of resources, capability or productivity of managers, teamwork among employees and managers, utilisation of resources, ability to develop structures and strengthen performance within the organisation.

Thus, as discussed above, a variety of organisational effectiveness models do exist within the OB literature. Cameron and Whetton(1983) have offered some plausible explanations for the existence of such multiple models of effectiveness. In the first place, organisation theorists have conceptualised organisations in many different ways e.g. rational entities, open systems, information processing units, coalitions etc. Researches conducted with these different conceptualizations of organisations often focus on different organisational phenomena, attempt to examine different possible relationships among variables and judge effectiveness in different ways. Thus, multiple models of organisational effectiveness have developed due to the absence of an universally accepted organisation theory. In the second place, it may be noted that since the effectiveness construct is a product of personal needs, values and preferences, the diversities in its meaning and use among researchers are always bound to exist. On account of this divergence in the usage of the effectiveness construct, the development of a single and commonly accepted model of organisational effectiveness has not been possible so far.

## Integration of Effectiveness Models

As mentioned earlier, each model of organisational effectiveness should be considered as significant in that it explains certain unique aspects of the total effectiveness construct. Therefore, it would be more logical to treat different effectiveness models as complementary to one another rather than as being competing ones. In fact, the organisation experts have attempted to examine how different models of effectiveness relate to one another. In this context, it is noteworthy that Scott (1977), Seashore (1979), and Cameron (1979) have made significant efforts to provide the much-needed integration in the effectiveness literature. Scott (1977) viewed that various criteria of effectiveness can be reduced to three basic models- the rational goal model, natural system model and open system model. The rational goal model focuses on the mechanical aspects of the organisation emphasising upon productivity and efficiency. The natural system model is concerned not only with productivity and efficiency but also with human activities and interpersonal relations. It focuses on such human characteristics as cohesion, morale and satisfaction. The open system model focuses upon research acquisition and adaptability in order to ensure the continued survival and growth of the organisation.

Seashore (1979) attempted to integrate the organisational effectiveness literature through his 3-model approach to effectiveness. While Seashore's goal model resembles Scott's rational model, his natural system model encompasses both the natural and open system approaches advocated by Scott. In his decision-process model (i.e. the third model), Seashore has described an effective organisation as the one which "optimised the process for getting, storing, retrieving, allocating, manipulating and discarding information". The decision-process model essentially focuses on the acquisition and management of information.

Cameron's (1979) four- model integration framework includes goal, system resource, internal process, and participant satisfaction models. While his goal model is similar to Scott's rational model and Seashore's goal model, his system resource model resembles Scott's open system model; and his internal process model resembles Seashore's decision-process model. His participant-satisfaction model, also known as the strategic constituencies model, is nothing but

an elaboration of the natural system model advocated by both Scott and Seashore. This model views an organisation as a coalition of various stakeholders or constituencies each of which must be satisfied so as to ensure the organisation's continued growth and survival in the society.

It may be mentioned that the OB experts' attempts to provide meaningful integration in the effectiveness literature have led to both consensus and disagreement. Although such integration efforts have led to many well-defined concepts or themes within the effectiveness literature, the fact remains that such integration efforts have been somewhat in disagreement with one another. Therefore, it must be admitted that there is so much of ambiguity regarding the effectiveness construct with the result that it has led to such important questions as to which concepts fall within the domain of the effectiveness construct, how they correlate among themselves, and what particular clusters of concepts should be known as.

### **Measurement of Organisational Effectiveness**

It must be stated that the approaches to the measurement of organisational effectiveness have moved in two directions. Some approaches focus on only one evaluation measure and are therefore known as univariate measures of effectiveness. In contrast to these univariate measures, there are multiple measures of effectiveness that utilise several criteria simultaneously. During the initial stages, the OB experts typically regarded effectiveness as the attainment of some ultimate criterion e.g. productivity, efficiency, profit etc. Therefore, the univariate measures attempted to use one of these variables as the dependent variable and find its relationship with certain independent or predictor variables. It is noteworthy, however, that these univariate measures of effectiveness have certain limitations. In the first place, none of these univariate measures adequately explains the effectiveness construct. In addition, it may be noted that these univariate measures are merely representative of value judgements made by researchers and therefore cannot be regarded as realistic or effective measures of effectiveness. Finally, although the effectiveness research has adequately defined and measured specific dependent variables, it has been somewhat less precise as to how adequately these variables have helped to explain the effectiveness construct.

As against the univariate measures of effectiveness, the multivariate measures typically involve model-building attempts in which the relationships among major variables affecting organisational success or effectiveness are sought to be explored or tested. Although it is generally suggested that multivariate effectiveness measures should be preferred over the univariate ones, the fact remains that even the multivariate measures are subject to some limitations. In spite of the existence of a variety of organisational effectiveness measures, there is lack of agreement as to what constitutes a well defined or useful set of effectiveness measures. Another problem with the multidimensional models is with regard to the external validity i.e. the extent to which these models can be regarded as being valid or applicable in different organisational set-ups. On account of the obvious uses and limitations of multivariate measures of effectiveness, it has generally been suggested that the evaluation exercise should focus on limited domains of the effectiveness construct. In other words, the evaluators should make appropriate decisions about which effectiveness criteria to include, and which areas of the construct space of effectiveness to focus on.

The measurement or assessment of organisational effectiveness is a part of the controlling function of management. The OB experts have therefore emphasized upon the measurement of effectiveness at the levels of individuals, groups, and subunits within organisations. It is through the comparison of actual performance with certain pre-established standards that an organisation will be able to assess the relative effectiveness of its members, subunits or departments. Then only, the top management would be able to initiate necessary corrective steps and thereby ensure that the organisation is moving in the right direction. It may be noted, however, that the measurement of effectiveness within organisations is often subject to various problems. First, an organisation may be highly effective on some criteria but not on others. In this case, it would be difficult to say whether the organisation is effective or ineffective. Second, it is commonly observed that organisations often have both tangible and intangible goals. While it is easy to measure the effectiveness of an organisation on the basis of tangible, operational goals or criteria such as sales turnover, net profit, ROI etc., it may not be possible to make such measurements of effectiveness when qualitative criteria or measures such as customer satisfaction, goodwill of business, social responsibility etc. are being

considered. The third problem is that members inside an organisation tend to evaluate its effectiveness on the basis of performance criteria which are different from the ones being utilised by individuals, groups, or agencies outside the organisation. Another problem relates to the fact that the effectiveness criteria being utilised by evaluators to assess organisations may change over time. Such instability of effectiveness criteria often leads to difficulties in developing and utilising long-term measures of organisational performance. Finally, it must be stated that the goals of organisations are generally vague or ambiguous in nature. Therefore, no organisation can be found to have attained its goals to the fullest possible extent. In addition, it has been observed that the evaluators of effectiveness usually overemphasize the measurable aspects of organisation goals and thereby tend to ignore the less measurable ones. This process leads to distortions of organisation goals.

Cameron and Whetton(1983) have suggested certain guidelines to be followed in an evaluation exercise so that these can help in limiting the construct space of effectiveness and in identifying the indicators of effectiveness. According to Cameron and Whetton(1983), these guidelines, if widely used, “can help develop a cumulative literature on organisational effectiveness by providing a general framework against which research can be compared”.

At the outset, an evaluator must be clear as to from whose point of view effectiveness is to be assessed ? In other words, effectiveness is to be judged from somebody’s viewpoint, and it is necessary to make this viewpoint explicit. The domain of activity to be considered in the measurement of effectiveness is another important issue to be born in mind. While a number of domains can be identified for different organisations, it must be noted that no organisation can be maximally effective in all its domains. Therefore, it is important to properly specify the domains being assessed or evaluated. The level of analysis to be utilised in the evaluation exercise is another important consideration. In fact, effectiveness can be measured at different levels- individual, subunit, organisation, industry, or even societal level. The selection of appropriate level is necessary because effectiveness measures employed at one level are often rendered irrelevant when viewed from another level. The purpose of measurement of organisational effectiveness also must be clearly specified. In fact, the purposes of the evaluation exercise help in determining the relevant constituencies, domains, levels of analysis,

and so on. It is also important that an appropriate time frame is fixed for use in judgements of effectiveness. This is necessary because long-term effectiveness is often different from short term effectiveness. Similarly, there may be certain organisations which sacrifice short term effectiveness in favour of long-term effectiveness or vice versa. In addition, adequate caution must be exercised in the selection of data to be utilised for the evaluation exercise, especially with regard to making a choice between subjective data (obtained from members through interviews or questionnaire responses) and objective data (obtained from the organisation's records). An organisation may be considered as effective ( or ineffective )based on members' subjective perceptions while objective data may reveal just the opposite results. Finally, a careful decision must be made regarding the selection and use of appropriate referents or standards against which effectiveness is to be judged.

### **Concluding Observations**

So far, it has been observed that the effectiveness construct occupies a pivotal place in all organisation theories and in all studies of organisations. In fact, the organisation theorists have tried to distinguish between effective and ineffective organisations while the empirical researchers have generally utilised the effectiveness construct as the ultimate dependent variable in their studies of organisations. In view of the importance of the effectiveness construct in the OB literature, efforts were made in this paper to examine both conceptual and empirical studies made by researchers to specify or delineate the construct space of effectiveness. In this context, some of the well-known models of organisational effectiveness were critically examined and, subsequently, the pioneering research efforts made by some researchers to integrate the effectiveness models were also analysed. Finally, an attempt was made to address some of the significant issues relating to the measurement of organisational effectiveness.

Although efforts have been made by organisation experts to capture the total meaning of effectiveness, it must be pointed out that the construct space of effectiveness is still unbounded, and the relationships between various theoretical perspectives or empirical assessments of effectiveness have not been adequately explained so far. Therefore, the



organisation theorists have not been able to develop any systematic theories of effectiveness so far. As noted earlier, some of the available research works on effectiveness have been too general in character and, thus, do not impart much information regarding the characteristics of effective organisations. On the contrary, some other research studies on effectiveness have limited perspective and have focussed quite narrowly on univariate measures of effectiveness. These confusions existing in the effectiveness literature have led some authors to suggest that studies on organisational effectiveness should be abandoned altogether. Nevertheless, it would be pertinent to note that these confusions or problems existing in the effectiveness literature should not be taken negatively as they have stimulated organisation studies with many different complexities and possibilities. Therefore, it can be concluded that studies on organisational effectiveness will continue to have a pre-dominant place within the domain of organisational behaviour.

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