

Public Organization and Management
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Lecture – 24
Goals, effectiveness, and Performance - IV

Hello dear learners, let us continue the discussion on organizational goals, effectiveness and performance. In the previous session, we discussed about the goals of the public organizations and I have talked about the aspects related to goal clarity and ambiguity and I have talked about the model of goal ambiguity in terms of different kind of goal ambiguity and the measures related to the goals in the organization and refer to the work of Rainey and colleagues. In this session, we will continue with the discussion on theories of, some of the theories of decision making and how it is related to the pursuit of goals. how these theories can actually impact the goal setting. We will briefly review some of the theories and then we will continue the discussion on the effectiveness in the organization. So, some of the theories which the text talked about is first is the behavioral theory of the firm.

Now, according to this theory, the authors suggest that the firms they make decisions based on the satisfactory outcomes rather than the optimal ones, because they are influenced by limited information and because there are conflicting goals. Now, as per the authors and of course, as cited by Rainey also, they say that the idea here is or the assumption here is that the decision makers, they have the goals and in order to achieve those goals, they look for the alternatives in terms of best choice option available and they pick up some option. which best you know help in achieving the goal of the organization and with the least possible resources so that's what so when this kind of thing happens so ultimately it will again have the impact on the goals of the organization because the thing is it's not linked to the optimal outcomes but basically what satisfies the condition depending upon that the the goals the pursuit of goals will also be impacted Another is the administrative behavior and I think we have talked about this as before also the work of Herbert Simon in terms of understanding the concept of bounded rationality that whenever decision makers they are to decide in terms of the choices that they have to make. So, it is assert that the decision makers are constrained by the cognitive limitation and, of course, the available information.

So, what they do is they seek to satisfactory solution rather than the best one solution. Again, the work of behavioral theory of the firm is also based on the work of the Herbert Simon. Cyert and March also talked about a similar assertion here that decision makers will not have the entire information with them when they were taking the decision. So, ultimately they will rely on the subset of the information which is available and

depending upon that their rationality is always bounded by the certain constraint which are cognitive limitation or whatever available information is available. So, in that way also the pursuit of goals will be different because this will largely impact how goals are designed and of course goals are to be achieved.

Then comes the garbage can model of decision making. This model argues that the decision making in the organization is very chaotic. Why? Because The stream of the problems or the solutions and of course the decision makers they are loosely connected in that particular organization and the decisions occur at a time randomly when the right combinations it emerge. So, this is the contribution of the garbage can model. So, it's not that easy especially in the context of public sector organization, lot of factors, multiple stakeholders, people, lot of people joining, lot of people leaving and of course, lot of information keep on entering into the system.

So, you see that the streams of the problems and streams of the solution, they will loosely connected in the system. And the decision making emerge, decisions emerge at the right time when all these things come together and randomly decisions are then taken. Again, it will have impact on the goals of the organization. Finally, the prospect theory. which explain how people make decisions under the conditions of risk. So, depending upon this thing the emphasis is when people take decision they always look for loss aversion rather than the potential gains. So, what happen is there is a tendency to overweigh small probabilities while underweighing the large ones. So, ultimately, whenever the decision makers, they try to take decisions, of course, in terms of the risk, they always look forward to situation where they will try to minimize the loss rather than looking at the potential gains of this. Again, this will have important implication for the pursuit of the goals in the organizations. So, this is with this we are discussion on the goals is kind of we are concluding.

We are now going ahead with the discussion on organizational effectiveness as an important concept of course and we will talk about the issues related to the aspect of organizational effectiveness especially with to do with evaluating. Now, if you look at the concept of organizational effectiveness, it's a very broad term. It's also the research says that's very complex effectiveness of particular organization or a system of or individuals or groups or people if we say that it cannot be based on a single characteristics. Perhaps maybe one person is or one organization is doing good in one area but may not be in the other. So can we say that the organization is effective? So the concept of organizational effectiveness is a very complex concept.

And where the author Cameron in his 1980 paper, Critical Questions in Assessing Organizational Effectiveness, mentioned that there are no perfect evaluation while we are evaluating the effectiveness of the organization. There are no perfect evaluation. That's what author mentioned. And say that but if these questions can be addressed while who is

evaluating any organization, if these questions can be addressed, what can happen is the evaluation can be improved. Perfection is not possible, that's what the authors mentioned.

But if these kind of questions can be addressed in terms of evaluating the effectiveness of the organization, the evaluations can be improved. So, let's look into what kind of the question the authors has listed and asked the people to focus on in terms of increasing the improvement in the effectiveness measures. So, first critical question is that whenever some organizational member or the people, they are looking at evaluating the effectiveness of the organization, they need to answer these set of questions or address these set of questions before even starting evaluating the effectiveness. Now, the first question they mentioned is the effectiveness, the focus of effectiveness is on what domain of activity. So, for example, an organization will be following various domain activities that they will be undergoing.

For example, if you look at NGO, non-government organization, the foundation, they will have various domain of activities. For example, inside the organization, they will be having some kind of processes in terms of improving the functioning of the organization. or outside the organization they will have lot of activities in terms of recruiting people reaching out to volunteers reaching out to the partners and collaborators reaching out for the funding so a lot of domain of activity these organizations would be doing. so in this case the authors mentioned whether the focus of the effectiveness measure is on the internal activity or the external activities in terms of domain is the focus of effectiveness is on the internal or the external activity of the organization right Sometime it can also happen that internal activities will come to be, you know, very effective, external might not be or vice versa. So, it is important to declare and address this.

So, when we are evaluating the effectiveness of the organization, what is the focus of the effectiveness, what focus is on the domain of activity of the organization. So, it is important. Second is consideration, perspective or viewpoint of which constituency. Like for example, public sector organization, they are largely influenced by various stakeholders, various constituencies are there, competing demands are there. So, consideration is again to internal or external.

So, there are multiple stakeholders within and outside. So, whose perspectives, whose perspectives or viewpoint are to be considered while evaluating the effectiveness of an organization. Then comes the level of analysis. Is level of analysis individual? or group level or organizational level. So, these also have to be, are we talking about the effectiveness of the individuals or the groups or the organizations.

So, depending upon different kind of analysis, the effectiveness measure will also will have to be changed. Time frame is short term versus long term. For example, if you look at the short term, for example, business organization, if you look at profit making would

be more of a short term thing and looking into the aspect of sustainability related issues that will be more long term. So, let us say if you are looking at short term, the effectiveness criteria will be different. But if you look at the long term, the effectiveness criteria would be different.

So, on what basis, what is the time frame with which you are trying to evaluate the effectiveness of the organization? So, these questions are to be really much need really attention of for the one who is effecting, actually evaluating the effectiveness of the organization because without this, whatever effectiveness evaluation you will do, it will be open to much more questions, more complexity and there will be no end to the confusion being there. Then comes the type of data for evaluation. It is perceptual data based on the perception, you have collected the perceptions of the people or you will have some kind of objective data on basis of which you are trying to achieve the effectiveness or try to test the effectiveness of a particular system. What referent is used for evaluation? Are you comparing the performance of the existing organization with the competitor? So, different kind of effectiveness criteria or are you focusing on how organization is achieving the goals which are being set for them or how much organization has improved from the past performance. So, what is the reference that you are going to use here? Whether you are comparing the effectiveness of the organization with a competitor, you are considering that if the organization's pursuit of goals are effective, they are accomplishing their goals, it should be goal-centered reference or you are checking the improvement of the organization with its past performance.

Now, you see that these are the some of the critical questions that the author has kind of asked the evaluators to keep in mind whenever the aspect of organizational effectiveness is taken into consideration. Because one particular dimension to look into organizational effectiveness does not mean that the organization is doing well. good in one or good in other and all will be taken care of. It may be the case that different effectiveness criterias will lead to different kind of effectiveness outcomes in terms of the evaluation. So, these are the important questions that require attention of the people who are evaluating the functioning effectiveness of the organization.

Let us look at some of the models of organizational effectiveness in the literature and then we will talk about the other models which are highlighted in the text. Varied perspective as I have just mentioned that evaluating criteria is dependent upon various factors, whether you are talking about the goals, whether you are talking about the internal or external features or which constituencies we have just talked about. So, what happened is because of these various perspective, the organizational effectiveness as a concept has varied criteria and measures. Now, focus on criteria and indicators of organizational performance, but not the individual performance. We are talking about organizational effectiveness.

Now, if you look at the paper of Campbell here, number 2 reference, by referring to the work of Gorpade, 1971, Assessment of Organizational Effectiveness, they say that organizational effectiveness, there is a goal-centered view versus natural system-centered view dichotomy. Let us look into this. What does that mean? What is the meaning of goal-centered view of the effectiveness and what is the natural system-centered view of the effectiveness? Now, when we talk about the goal-centered view of effectiveness, the focus is on end goals. The focus is on end goals, meaning that how organization is trying to achieve, is achieving the goals. So, the effectiveness will be based on how well the organization is able to achieve the end goals.

We can also talk about in terms of the end outcomes, in terms of the goals point of view. Versus if we talk about the natural system centered view, they did not talk about the aspect of the end goals. They are talking about largely we can talk about in terms of the means or we can say also the processes which is being followed. But the authors equated them in terms of independent variables and dependent variables. But in a simpler term, the meaning is whether the effectiveness is based on how well the organizational goals are being achieved or how well are the means and processes that will lead to the achievement of the goals.

So, this is what is the goal-centered, natural system-centered view dichotomy. So, we need to also look into this because of the diverse criteria, different measures will prevail. Let us look at some of the example of what authors have talked about in terms of end goals. In terms of end goals, they talked about overall effectiveness. They have talked about profit, growth, they can talk about turnover, employee turnover, employee motivation, level of motivation or level of satisfaction in terms of the end goals, in terms of evaluating the effectiveness of the organization.

In terms of the processes, they talked about human resource management, managerial interpersonal skills, interpersonal skills they have talked about. As input into the system which can lead to then the outcomes, reward procedures organizational support, things like these means and processes. So, the criteria in this particular, according to this particular thought process is whether we are focusing on the effectiveness in terms of the goal achievement or we are focusing on the natural systems, processes of the organization. So, depending upon where the focus is, the evaluation also will differ. And also they talked about in between, the intervening variables also the authors talked about, that there could be some kind of intervening variables also, which is going to work in between, something like that, how much goal consensus is there.

Are people in consensus in terms of what goals organization want to achieve? what is the organizational climate? There are intervening variables. For example, if we are saying that means will lead to the end goals, how goal consensus is going to moderate the relationship between the two. So, effectiveness criteria will change depending upon

whether the focus is on the end goals or the focus is on the means or the processes of the organization. I hope it is clear. The second effectiveness varied perspective is based on the review of the empirical studies on management and organizational performance conducting during 1970 and 2012 by Walker and Andrews.

And they highlighted that most of the studies, you know, which have they reviewed between 1970 and 2012, most of the studies focused on the organizational performance along following eight dimensions. And largely in the public sector organization, these are applicable. In terms of effectiveness, aggregated performance indices, service quality, cost effectiveness, equity, efficiency, customer or user satisfaction or output quantity. So, this is another model which talks about some of the important criteria and measures for organizational effectiveness as per the study of Walker and Andrews and also being cited in the work of Rainey, Fernandez and Malatesta. So, two frameworks that we have discussed about in terms of the organizational effectiveness.

There are others also, but I am only covering the two here. There are large number of studies which are trying to talk about the aspects of effectiveness in the organization, defining criteria and measures, but there are more, these are the ones which are more applicable to, this one in particular more applicable to the public sector organizations. Now, let us look at the models in terms of various models of organizational effectiveness as per Cameron, the effectiveness of ineffectiveness. So, Cameron has kind of integrated or compiled the various models which are prevalent in research in terms of looking at the models of organizational effectiveness. and has come up with a list of around 9 to 10 particular models depending upon their focus and have talked about that in what kind of situation these particular models will be much more effective.

So, please refer to the paper cited at number 2 here. These models are you know, actually not given by Cameron, but mostly the compilation. Some of them, they are actually proposed by Cameron, but mostly compiled, from the various other research studies. So, first among this model is the goal model. Now, this particular model as the name indicates and we are talking about the aspect of the effectiveness.

So, according to this particular model, if we are talking about the evaluation of the organization effectiveness in terms of goals, basically we will say that the organization will be effective if their focus and they are actually successful in achieving their stated goals. According to the goal model, the effectiveness of any organization will be evaluated depending upon how organization is achieving the goals or accomplishment of the stated goals. Now, thing is because of the different, the focus of the models in the various organizational effectiveness perspectives. Different kind of models will be applicable in different kind of situations. For example, the focus of this model is on the goal achievement.

For that to happen, first of all, there should be clear-cut goals which are to be stated by the organization. So, applicability of this model will be particularly there where the goals are very clear. Right. They can be easily, you know, measured, clearly defined goals easily, you know, can be easily measured. And of course, there is a lot of consensus among the members of the organization that these are the goals that they are, you know, pursuing, you know, worth pursuing and they are, you know, ready to put in the efforts to achieve these kind of goals.

So, this is the goal model that the effectiveness of the organization depends upon how well the organization is trying to achieve the goals being stated. Then comes the system resource model. Now, according to this particular model, they talked about basically in terms of the resources, in terms of resources they talked about that the resources which are important for the organization. resources which are important for the organization, how organization is actually acquiring those resources and these resources are actually leading to the higher level of performance. So, how well the organization is able to acquire those resources, so that will depend upon whether, that will also decide whether this organization will be able to perform really well and hence the enhancement of the overall effectiveness of the organization.

But in this case, because resources are actually entering into the system, so they are largely the inputs to the organization. So, this model will work when we will have clear connection that these inputs are utmost required, which will lead to the performance of the organization let's look at i'll just try to see if it can be understood in terms of Indian Administrative Services in public sector organization let's say important resource for these services are the human capabilities, the resources human resources and you see that the civil services examination is one of the toughest examination uh to recruit the best of the people to come into the services So, because these are the people who will then work into the public sector organization and the government to help government achieve the performance goals, the effectiveness. So, ultimately we see there is a connection that a lot of efforts goes into their training, the selection and we will see that kind of connection that it is the performance related aspect to this.

The resources are very, very important. how these people are helping the public policy and programs being implemented taking care of the society taking care of the areas where they are working so resources in this case are very very important right so system resource model talks about how well the organization is able to achieve their resources and if this are successful one can consider that particular organization is you know a very effective organization right then comes the another you know the different type of model which is you know, talking about the internal processes. In the previous model, we talked about the inputs. In this case, the focus is on the processes. Various processes are being carried on by the organization. So, the model says that the organizations can be, you know, can be regarded as effective organization if their processes are smooth. You know,

the internal functioning of the organization is smooth. Internal functioning of the organization is smooth, the processes are effective.

Right and there is no problem there is no you know strain in the inside the organization so one can say that there is effectiveness in the system but as the as we have seen before also this kind of models will be much more prevalent when there will be a clear connection we can full you know will full confidence we can say that these processes lead to the organizational effectiveness So, smooth internal functioning of the organization will result in enhancing the effectiveness of the organization. This is about the internal process model of organizational effectiveness. Then comes the constituencies model. Constituencies model is look at in terms of you know public sector organization we can look at its you know the applicability. It says that organizations they are dependent upon many stakeholders especially the public sector organization and the government you see lot of stakeholders are involved which directly or indirectly are impacting there.

The functioning. So, the idea here is how well an organization is trying to satisfy or meeting the expectations of their constituencies at least, if not fully, but at some, parameter after some point if they are trying to meet the expectations of the stakeholders, one can consider that particular, organization is effective. But this model is applicable when the organization cannot avoid the expectations meeting the demands of the stakeholders and there is a pressure from outside the organization to deal with all those expectations. So, in that way, we can say that the applicability of model is much more. How well you are trying to satisfy the constituencies or the groups there who are actually impacting your organization and then you need to deal with all these the issues in balancing the demand sometime, sometime try to see that at least you are doing some you know satisfaction people are happy about it even if you are not able to fully satisfy the demands of the stakeholders you know in terms of the constituencies the idea here is that the people, the organizations the public sector organization the government they try to minimally at least do good for all those constituents So, we will continue to review and talk about these models in the next session also.