

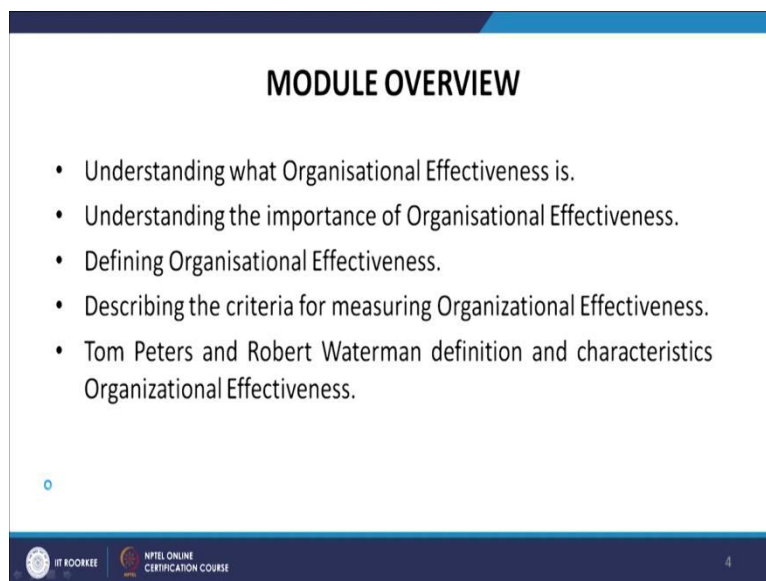
Organization Theory/Structure and Design
Prof. Zillur Rahman
Department of Management Studies
Indian Institute of Technology, Roorkee

Lecture – 05
Organizational Effectiveness – I

Welcome to this course Organization Theory/Structure and Design. Now, we will talk about module 5. Now, as you can see from this slide that we are in part 1, that is Introduction to this course on Organization Theory. In module 1 and 2, we have talked about the overview of this course; in module 3 and 4 we have discussed the evolution of organization theory.

Now, module 5, 6 and 7 they are dedicated to understanding of Organizational Effectiveness. So, let us start with module 5 and see what are the things that will be covered in this module.

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A presentation slide titled "MODULE OVERVIEW" with a blue header and footer. The slide lists five bullet points about organizational effectiveness. The footer includes the IIT Roorkee logo, the NPTEL Online Certification Course logo, and the number 4.

MODULE OVERVIEW

- Understanding what Organisational Effectiveness is.
- Understanding the importance of Organisational Effectiveness.
- Defining Organisational Effectiveness.
- Describing the criteria for measuring Organizational Effectiveness.
- Tom Peters and Robert Waterman definition and characteristics Organizational Effectiveness.

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So, we will talk about understanding what organizational effectiveness is; then we will understand the importance of organizational effectiveness. After that we will define organizational effectiveness and then describe the criteria for measuring organizational effectiveness. And, it will be followed by Tom Peter's and Robert Waterman's definition and characteristics of organizational effectiveness.

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INTRODUCTION

WHAT IS ORGANIZATIONAL EFFECTIVENESS? (OE)

- On the average, each Toyota employee produces 57.7 vehicles a year.
- In contrast, Ford gets only 16.1 vehicles from each employee.
- Similarly, Toyota spends only \$630 on labour for each vehicle, whereas Ford spends \$2379.
- Yet, Ford earns \$555 per vehicle to only \$466 for Toyota.
- Which Company Ford or Toyota would you consider more effective?

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Now, to start with what is organizational effectiveness or OE, as it will be called OE? On the average each Toyota employee produces 57.7 vehicles in a year. In contrast, Ford gets only 16.1 vehicles from each employee.

So, you can see the difference between the outputs of these two. Similarly, Toyota spends only dollar 630 on labor for each vehicles whereas, Ford spends dollar 2379. So, that is about 4 times, yet Ford earns dollar 555 per vehicle to only dollar 466 for Toyota. So, which company Ford or Toyota would you consider more effective and why?

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INTRODUCTION

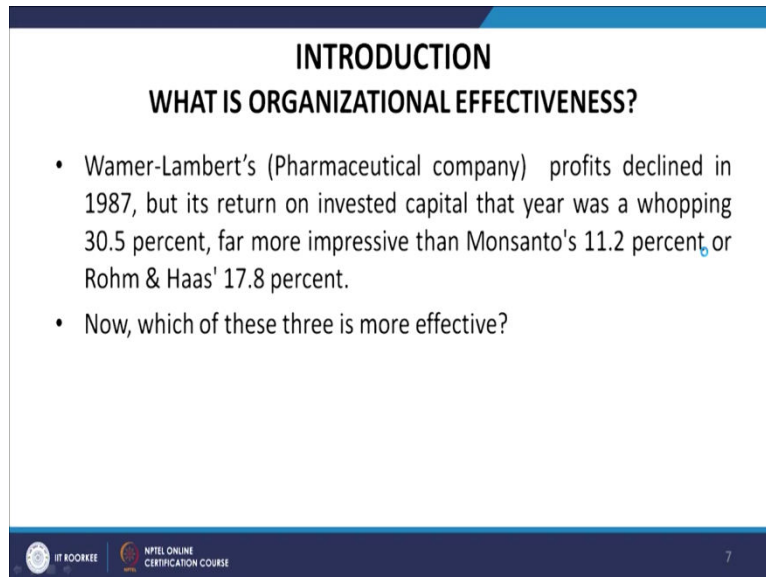
WHAT IS ORGANIZATIONAL EFFECTIVENESS?

- During the year 1987, Monsanto's (Agrochemical company) sales rose 11 percent over 1986.
- In contrast, during the same period, Rohm & Haas (Chemical manufacturing company) Chemical's sales rose only 7 percent.
- Yet, Rohm & Haas' profit increased 41 percent compared to only 1 percent for Monsanto.
- Which is more effective Monsanto or Rohm & Haas?

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So, during the year 1987, Monsanto, that is an agro chemical company sales rose 11 percent over 1986. In contrast, during the same period Rohm and Haas that is again another chemical manufacturing company, its sales rose only 7 percent, yet Rohm and Haas profit increased 41 percent compared to only 1 percent for Monsanto which is more effective.

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INTRODUCTION

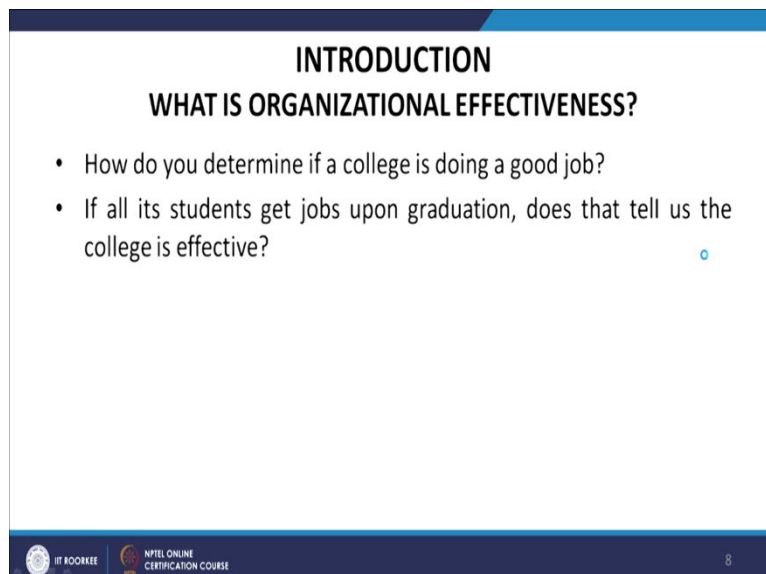
WHAT IS ORGANIZATIONAL EFFECTIVENESS?

- Wamer-Lambert's (Pharmaceutical company) profits declined in 1987, but its return on invested capital that year was a whopping 30.5 percent, far more impressive than Monsanto's 11.2 percent, or Rohm & Haas' 17.8 percent.
- Now, which of these three is more effective?

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Wamer-Lambert that is another pharmaceutical company, its profit declined in 1987, but its return on investments return on invested capital that year was a huge 30.5 percent far more impressive than Monsanto's 11.2 percent or Rohm and Haas 17.8 percent.

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INTRODUCTION

WHAT IS ORGANIZATIONAL EFFECTIVENESS?

- How do you determine if a college is doing a good job?
- If all its students get jobs upon graduation, does that tell us the college is effective?

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Now, which of these three is more effective? How do you determine if a college is doing a good job? If all its student get jobs upon graduation does that tell us the college is effective?

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INTRODUCTION

WHAT IS ORGANIZATIONAL EFFECTIVENESS?

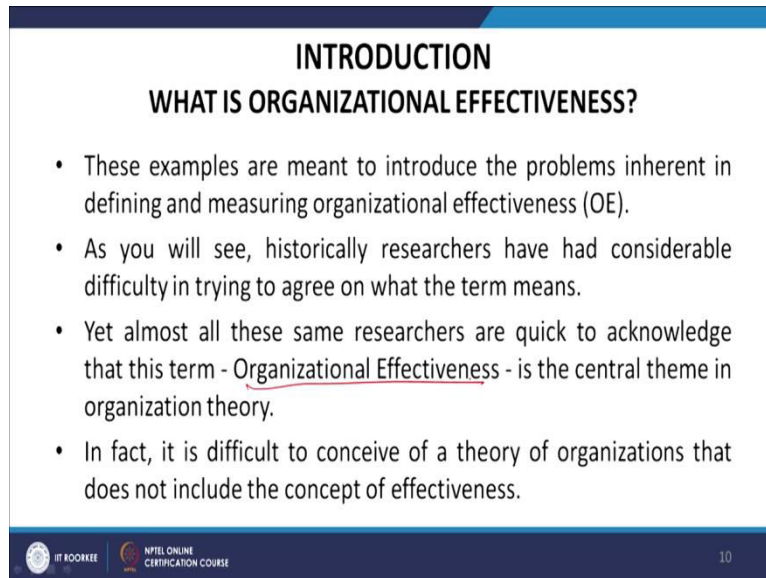
- Should we be looking at:
 - 1 - the percentage increase or decrease in freshmen applications, (freshmen circled in red with 'new' written above it)
 - 2 - a statistical report of the number of books checked out from the library by students during the past academic year,
 - 3 - a survey asking seniors what they thought of their college experience,
 - 4 - the number of publications by faculty members,
 - 5 - awards won by graduates, or
 - 6 - the average salary of former students twenty years after graduation?

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So, let us now look at what is organizational effectiveness. So, should we be looking at: 1, the percentage increase or decrease in freshmen application; freshmen means new. A statistical report of the number of books checked out from the library by students during the past academic year, or should we survey asking seniors about what they thought of the college experience, or should we look at the number of publications by the faculty members, awards won by graduates and the average salary of former student 20 years after graduation.

So, what should we look at when we want to know whether a college or a university has been effective or not?

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INTRODUCTION

WHAT IS ORGANIZATIONAL EFFECTIVENESS?

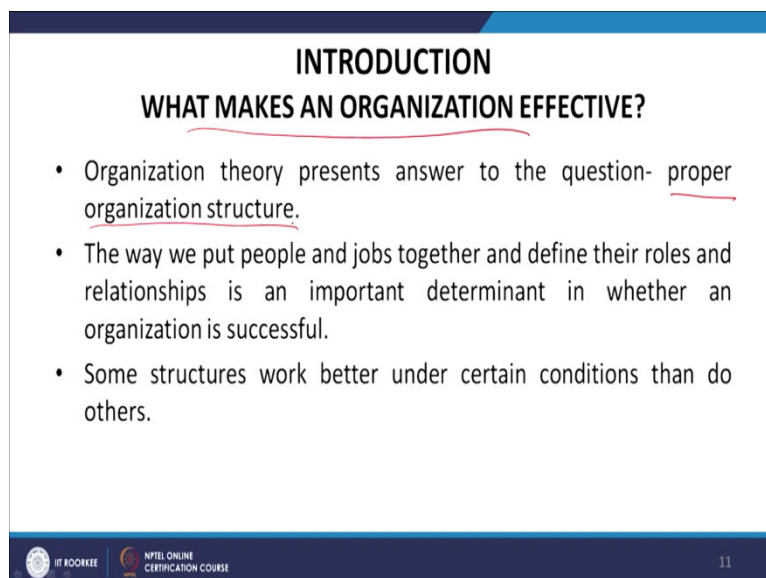
- These examples are meant to introduce the problems inherent in defining and measuring organizational effectiveness (OE).
- As you will see, historically researchers have had considerable difficulty in trying to agree on what the term means.
- Yet almost all these same researchers are quick to acknowledge that this term - Organizational Effectiveness - is the central theme in organization theory.
- In fact, it is difficult to conceive of a theory of organizations that does not include the concept of effectiveness.

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Now, these examples are meant to introduce the problem inherent in defining and measuring organizational effectiveness. As you will see, historically researchers have had considerable difficulty in trying to agree on what the terms mean.

Yet almost all these same researchers are quick to acknowledge that this term, that is, organizational effectiveness is the central theme in organization theory. In fact, it is difficult to conceive of a theory of organizations that does not include the concept of effectiveness.

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INTRODUCTION

WHAT MAKES AN ORGANIZATION EFFECTIVE?

- Organization theory presents answer to the question- proper organization structure.
- The way we put people and jobs together and define their roles and relationships is an important determinant in whether an organization is successful.
- Some structures work better under certain conditions than do others.

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So, now what makes an organization effective? Organization theory presents the answer to the question - proper organization structure. So, what is a proper organization structure? The way we put people and jobs together and define their roles and relationships is an important determinant in whether an organization is successful. Some structures work better under certain conditions than do others because we have seen in earlier modules that structures, they are dependent on external conditions.

So, importantly managers who understand their structural options and the conditions under which each one is preferred will have a definite advantage over their less informed counterparts. So, this is important that managers should understand their structural options and in the conditions in which they are operating.

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INTRODUCTION

WHAT MAKES AN ORGANIZATION EFFECTIVE?

- Importantly, managers who understand their structural options and the conditions under which each is preferred will have a definite advantage over their less informed counterparts.
- Organization theory, as a discipline, clarifies which organization structure will lead to, or improve, organizational effectiveness.

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Geo }
Factors }

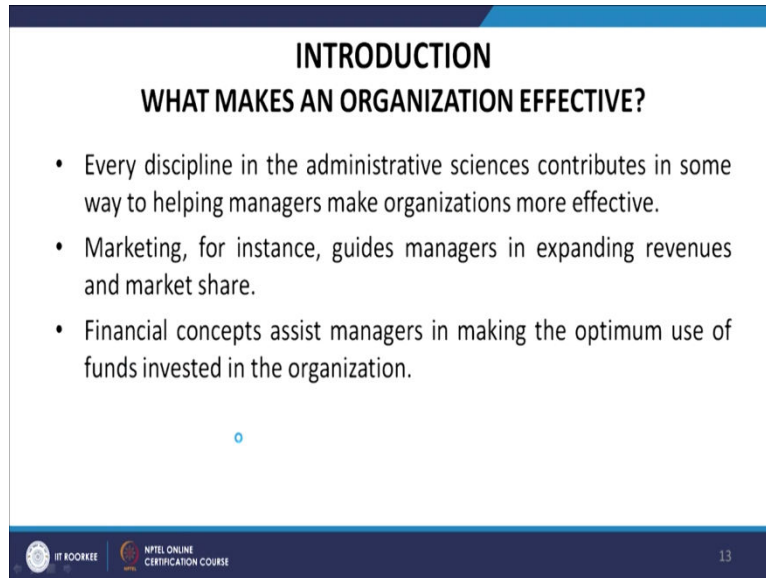
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So, if they are able to match these two then obviously, they will have a better organizational structure and a better organizational effectiveness. So, organization theory as a discipline clarifies which organizational structure will lead to or improve organization effectiveness.

So, your organization structure that will improve or that will determine the organizational effectiveness and you see that there are some broad factors that affect your organizational structure and there are some geographic factors that affect your organizational structure.

So, this geography factor will also include culture among other things. So, we have talked about in detail about the factors that affect organizational structure in one of the earlier modules.

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INTRODUCTION

WHAT MAKES AN ORGANIZATION EFFECTIVE?

- Every discipline in the administrative sciences contributes in some way to helping managers make organizations more effective.
- Marketing, for instance, guides managers in expanding revenues and market share.
- Financial concepts assist managers in making the optimum use of funds invested in the organization.

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So, let us continue with this. We are trying to understand what makes an organization effective. Every discipline in the administrative science contributes in some way to helping managers make organization more effective.

Marketing, for instance, guides managers in expanding revenues and market share. Financial concepts assist managers in making the optimal use of funds invested in the organization.

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INTRODUCTION

WHAT MAKES AN ORGANIZATION EFFECTIVE?

- Production and operations management concepts offer guidance in designing efficient production processes.
- Accounting principles assist managers by providing information that can enhance the quality of the decisions they make.

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Production and operations management concepts offer guidance in designing efficient production processes. And accounting principles they assist managers to provide information that can enhance the quality of the decision made by their managers. So, all these management disciplines they contribute to the effectiveness of an organization.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

- The early approach to OE which probably lasted through the 1950s was innocently simple.
- Effectiveness was defined as the degree to which an organization realized its goals.
- Hidden in this definition, however, were many ambiguities that severely curtailed both research on the subject and practicing managers' ability to grasp and use the concept.
- For example: Whose goals? Short-term goals or long-term goals? The organization's official goals or actual goals?

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Now, let us define what organizational effectiveness is. The early approach to organizational effectiveness which probably lasted through the 1950s was innocently simple. Effectiveness used to be defined as the degree to which an organization realized its goals.

Hidden in this definition, however, were many ambiguities that severely curtailed both researchers on the subject and practicing managers' ability to grasp and use the concept. For example, whose goal are we talking about? Whether we are talking about the short-term goal or the long-term goals and the organization official goals or actual goals?

So, there can be a dichotomy between all this. So, which goals? Organization goals or personal goals, short-term goals, long-term goals, declared goals or actual goals. So, that is the problem with this definition because it is so simple, it is that you the degree to which an organization realized its goals.

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The slide is titled "DEFINING ORGANIZATIONAL EFFECTIVENESS". It contains a bulleted list of three points. The first point is "Let's take a goal, for example, that most researchers and practitioners agree is a necessary condition for an organization's success: survival." followed by a handwritten red note "→ through time & climes:". The second point is "If there is anything that an organization seeks to do, it is to survive." The third point is "But the use of survival as a criterion presumes the ability to identify the death of an organization." The slide footer includes the IIT Kharagpur logo, the text "NPTEL ONLINE CERTIFICATION COURSE", and the number "16".

DEFINING ORGANIZATIONAL EFFECTIVENESS

- Let's take a goal, for example, that most researchers and practitioners agree is a necessary condition for an organization's success: survival. → through time & climes:
- If there is anything that an organization seeks to do, it is to survive.
- But the use of survival as a criterion presumes the ability to identify the death of an organization.

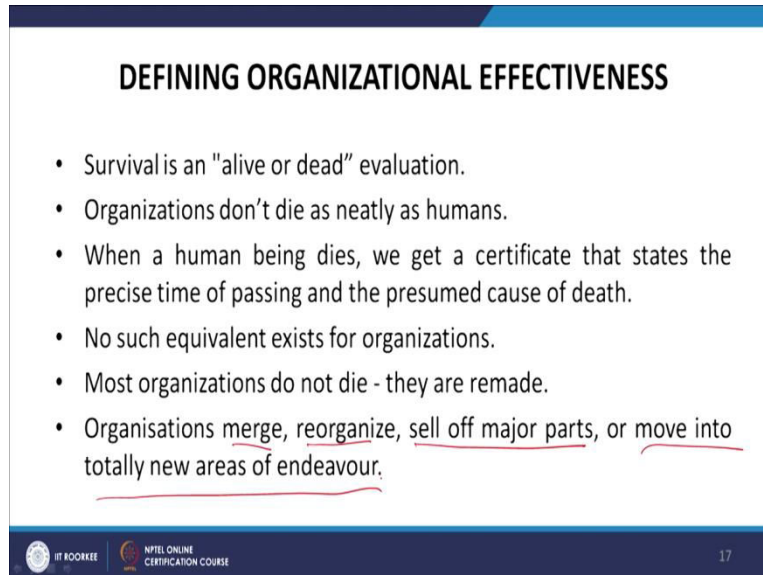
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But, what goals are they talking about is not clear. So, let us take a goal, for example, that most researchers and practitioners agree is a necessary condition for an organizational success that is survival; survival through times and climes; climes means different changing conditions.

So, if there is anything that an organization seeks to do it is to survive. So, that is the first basic principle, the first basic objective that the organizations they want to achieve is that they want to survive. If there is anything that an organization seeks to do it is to survive, but the use of survival as a criteria presumes the ability to identify the death of an organization.

So, with survival is another related concept that is that of death. So, what is the death of an organization? How do we define or how do we identify whether the organization has died or not?

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DEFINING ORGANIZATIONAL EFFECTIVENESS

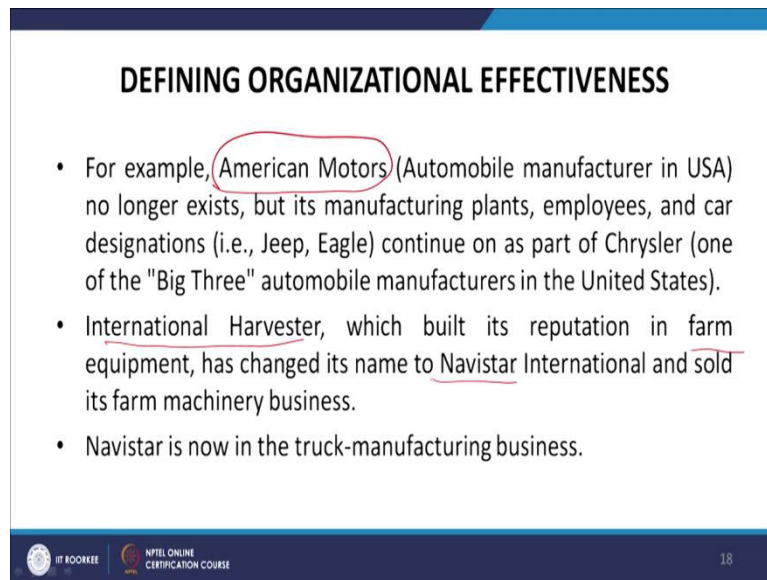
- Survival is an "alive or dead" evaluation.
- Organizations don't die as neatly as humans.
- When a human being dies, we get a certificate that states the precise time of passing and the presumed cause of death.
- No such equivalent exists for organizations.
- Most organizations do not die - they are remade.
- Organisations merge, reorganize, sell off major parts, or move into totally new areas of endeavour.

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So, survival is an alive or dead evaluation. Whether it is alive, so it survived,;if it is dead, then it is not surviving. Organizations do not die as neatly as human. When a human being dies we get a certificate that states the precise time of passing and the presumed cause of death. But, no such equivalent exists for organization that this organization has died on that particular day that particular time and because of this and this reason. So, most organizations do not die, they are remade.

So, organizations, they merge, reorganize, sell off major parts or move into totally new areas of endeavor. So, there is no such thing as the death of an organization.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

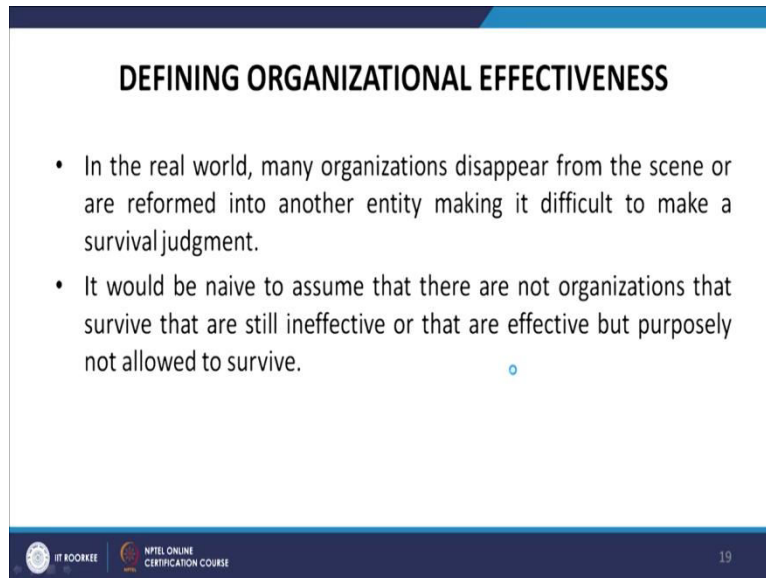
- For example, American Motors (Automobile manufacturer in USA) no longer exists, but its manufacturing plants, employees, and car designations (i.e., Jeep, Eagle) continue on as part of Chrysler (one of the "Big Three" automobile manufacturers in the United States).
- International Harvester, which built its reputation in farm equipment, has changed its name to Navistar International and sold its farm machinery business.
- Navistar is now in the truck-manufacturing business.

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For example, American Motors, that is an automobile manufacturer in USA no longer exists, but its manufacturing plants, employees and car designations like Jeep, Eagle they continue on as part of Chrysler, one of the Big Three automobile manufacturer in the United States. So, although American Motor the name that does not exist, but then the various products of that organization they continue, the people they continue, their plants continue.

International Harvester, which built its reputation in farm equipment has changed its name to Navistar International and sold its farm machinery business. So, this international harvester changed its name to Navistar International and then they also sold the farm machinery business. Navistar is now the truck-manufacturing business. So, now you see that how organizations are remade.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

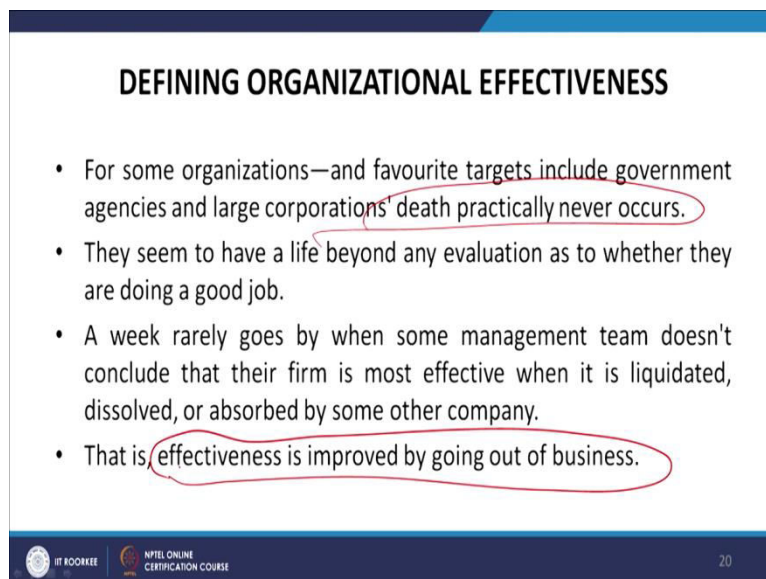
- In the real world, many organizations disappear from the scene or are reformed into another entity making it difficult to make a survival judgment.
- It would be naive to assume that there are not organizations that survive that are still ineffective or that are effective but purposely not allowed to survive.

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In the real world, many organizations disappear from the scene or are reformed into another entity making it difficult to make a survival judgment. So, whether they survive or not so, that is a difficult question to answer.

So, it would be naive to assume that there are not organizations that survive that are still ineffective or that are effective, but purposely not allowed to survive.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

- For some organizations—and favourite targets include government agencies and large corporations' death practically never occurs.
- They seem to have a life beyond any evaluation as to whether they are doing a good job.
- A week rarely goes by when some management team doesn't conclude that their firm is most effective when it is liquidated, dissolved, or absorbed by some other company.
- That is, effectiveness is improved by going out of business.

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For some organizations and favorite targets include government agencies and large corporations' death practically never occurs. So, some large organizations, the government

organizations, large companies, they never die. They seem to have a life beyond any evaluation as to whether they are doing a good job or not.

A week really goes by when some management team does not conclude that their firm is most effective when it is liquidated, dissolved or absorbed by some other company, that is effectiveness is improved by going out of the business. So, now you see this is another major issue of organizational effectiveness; it improves by going out of business.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

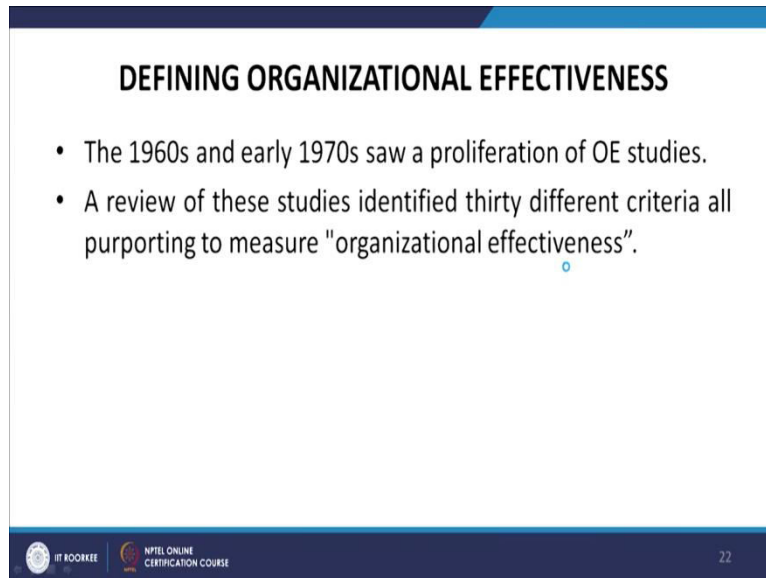
- Hence, it is understandable now that even a goal that almost everyone agrees is important – survival – bogs down under more careful scrutiny.

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Key of OE

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Hence, it is understandable now that even a goal that almost everyone agrees in is important, that is survival – bogs down under some careful scrutiny. So, survival is also not the key thing. It is also not the key of organizational effectiveness. Sometimes it is the other way that the organizations they go out of business and they are still considered to be more effective.

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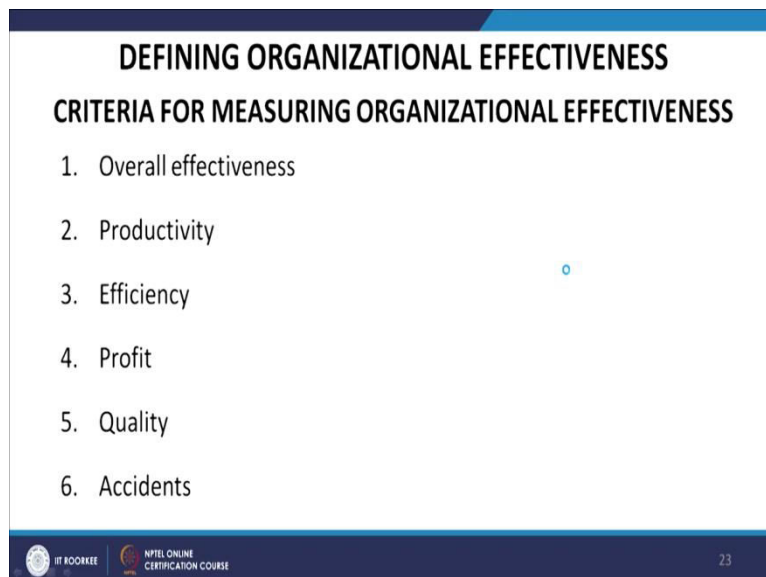
DEFINING ORGANIZATIONAL EFFECTIVENESS

- The 1960s and early 1970s saw a proliferation of OE studies.
- A review of these studies identified thirty different criteria all purporting to measure "organizational effectiveness".

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So, 1960s and early 70s saw a proliferation of organizational effectiveness studies. A review of these studies identified 30 different criteria all purporting to measure organizational effectiveness.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

CRITERIA FOR MEASURING ORGANIZATIONAL EFFECTIVENESS

1. Overall effectiveness
2. Productivity
3. Efficiency
4. Profit
5. Quality
6. Accidents

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And, these are those areas. So, these are the criteria for measuring organizational effectiveness. The 1st is overall effectiveness, the 2nd is productivity, the 3rd is efficiency, the 4th is profit, 5th is quality, 6th is accidents.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

CRITERIA FOR MEASURING ORGANIZATIONAL EFFECTIVENESS

- 7. Growth
- 8. Absenteeism
- 9. Turnover
- 10. Job satisfaction
- 11. Motivation
- 12. Morale

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The 7th is growth, 8th is absenteeism, 9th is turnover, 10th is job satisfaction, 11th is motivation, 12th is morale.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

CRITERIA FOR MEASURING ORGANIZATIONAL EFFECTIVENESS

- 13. Control
- 14. Conflict/cohesion
- 15. Flexibility/adaptation
- 16. Planning and goal setting
- 17. Goal consensus
- 18. Internalization of organizational goals

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13th is control, 14th is conflict or cohesion, the 15th is flexibility or adaptation, 16th is planning and goal setting, 17th is goal consensus, the 18th is internalization of organization goals.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

CRITERIA FOR MEASURING ORGANIZATIONAL EFFECTIVENESS

- 19. Role and norm congruence
- 20. Managerial interpersonal skill
- 21. Managerial task skills
- 22. Information management and communication
- 23. Readiness
- 24. Utilization of environment

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The 19th criteria is role and norm congruence, the 20th criteria is managerial interpersonal skills, 21st is managerial task skills, 22nd is information management and communication, 23rd is readiness, 24th is utilization of environment.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

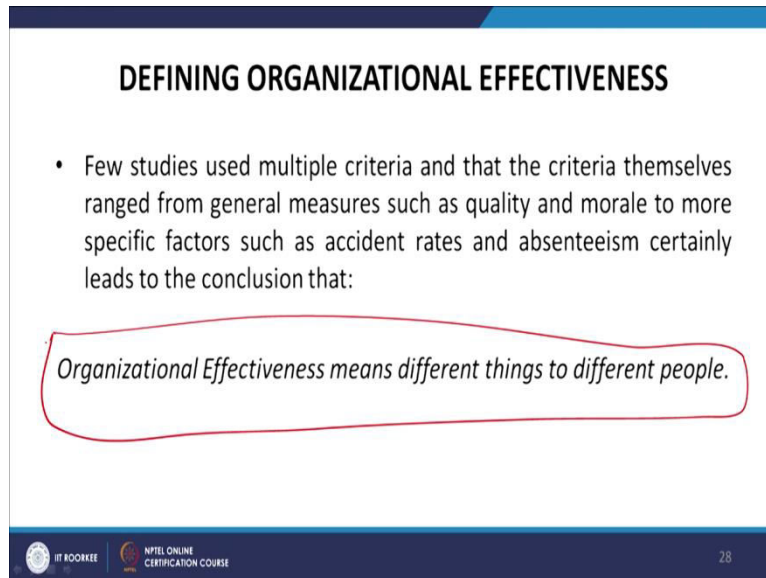
CRITERIA FOR MEASURING ORGANIZATIONAL EFFECTIVENESS

- 25. Evaluations by external entities
- 26. Stability
- 27. Value of human resources
- 28. Participation and shared influence
- 29. Training and development emphasis
- 30. Achievement emphasis

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25th is evaluation by external entities, 26th is stability, 27th is value of human resources, 28th is participation and shared influence, 29th is training and development emphasis and 30th is achievement emphasis.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

- Few studies used multiple criteria and that the criteria themselves ranged from general measures such as quality and morale to more specific factors such as accident rates and absenteeism certainly leads to the conclusion that:

Organizational Effectiveness means different things to different people.

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Now, few studies used multiple criteria and that the criteria themselves ranged from general measures such as quality and morale to more specific factors such as accident rates and absenteeism certainly leads to the conclusion that: organizational effectiveness means different things to different people.

Now, keep in mind that different people may have a different meaning of organizational effectiveness because you see that we have these 30 criteria for measuring organizational effectiveness. So, one researcher can use 5 of these 30 and say the organization was not effective; another one can choose another 5 measures and can say that the organization was effective or the organization is effective.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

- Some of the items are even contradictory.
- Efficiency, for instance, is achieved by using resources to their maximum.
- It is characterized by an absence of slack.
- Flexibility or adaptation can be achieved only by having a surplus; that is, by the availability of slack.
- If absence of slack is a measure of effectiveness.
- How can a surplus of slack also be a measure of effectiveness?

big question

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So, some of the items are even contradictory in those 30 measures. Efficiency, for instance, is achieved by using resources to their maximum. It is categorized by an absence of slack. Flexibility or adaptation can be achieved only by having a surplus; that is, by the availability of slack.

So, now you see that efficiency is opposite of flexibility. Now, how to make these two ends meet? So, if absence of slack is a measure of effectiveness, how can a surplus of slack also be a measure of effectiveness? So, that is the big question.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

- No doubt part of the length of criteria for measuring Organizational Effectiveness is due to the diversity of organizations being evaluated.
- Additionally, it also reflects the different interests of the evaluators.
- When we consider more specifically how values affect organizational effectiveness, the criteria chosen to define OE may tell more about the person doing the evaluation than about the organization being evaluated.

*Different org
Diff. interests of evaluators*

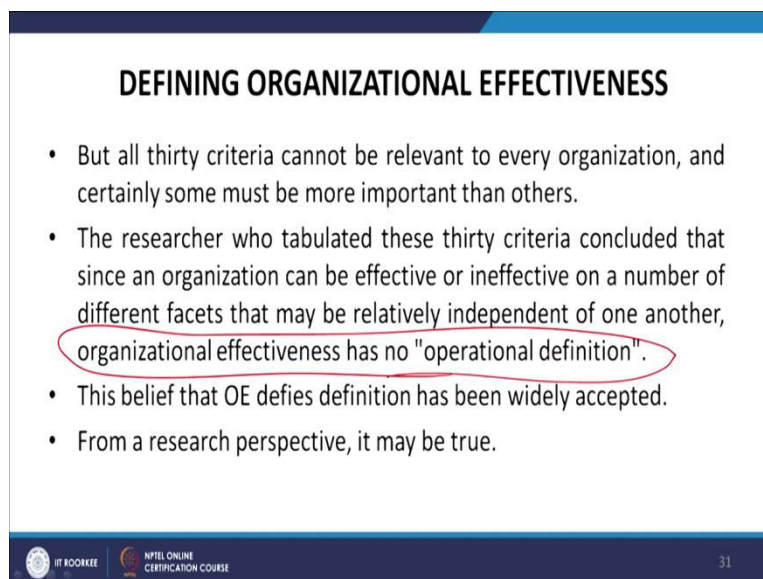
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No doubt part of the length of criteria for measuring organizational effectiveness is due to the diversity of organizations being evaluated. So, there are so many different organizations that are being evaluated. So, that becomes a difficult thing.

Additionally, it also reflects the different interests of the evaluators; because we are talking of different organizations, different types of organizations and different interest of the evaluators that is why this becomes a problem.

So, when we consider more specifically how values affect organization effectiveness, the criteria chosen to define organizational effectiveness may tell more about the person doing the evaluation, than about the organization being evaluated. So, now the problem is the criteria will tell you about the person who is doing this study rather than the organization under study.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

- But all thirty criteria cannot be relevant to every organization, and certainly some must be more important than others.
- The researcher who tabulated these thirty criteria concluded that since an organization can be effective or ineffective on a number of different facets that may be relatively independent of one another, organizational effectiveness has no "operational definition".
- This belief that OE defies definition has been widely accepted.
- From a research perspective, it may be true.

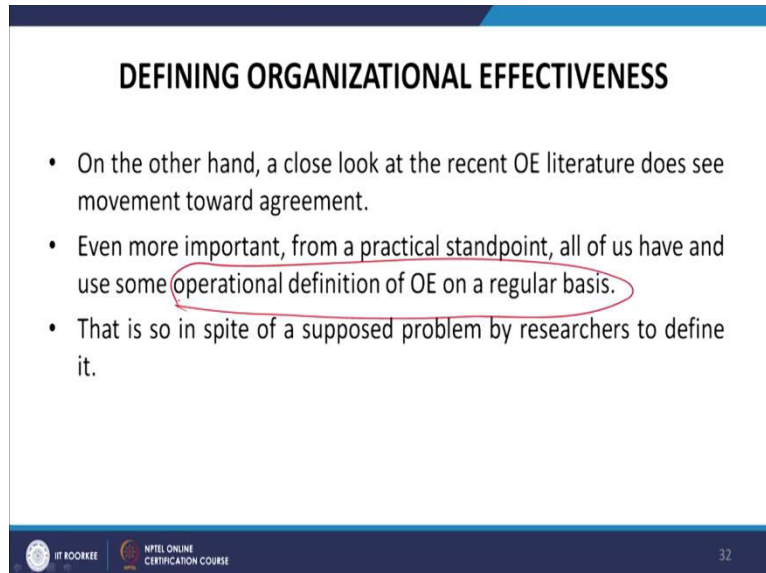
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But, all 30 criteria cannot be evaluated to every organization, and certainly some must be more important than others. So, some out of those 30 may be more important for some type of organization, some kind of organization and some may be more important for some other type and other kind of organization.

The researcher who tabulated these 30 criteria concluded that since an organization can be effective or ineffective on a number of different facets they may be relatively independent of one another. So, organizational effectiveness has therefore, no operational definition. This

belief that OE defies definition has been widely accepted. From a researcher's perspective, it may be true.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

- On the other hand, a close look at the recent OE literature does see movement toward agreement.
- Even more important, from a practical standpoint, all of us have and use some operational definition of OE on a regular basis.
- That is so in spite of a supposed problem by researchers to define it.

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On the other hand, a close look at the recent OE literature does see movement towards an agreement; agreement on the definition. Even more important from a practical standpoint, all of us have and use some operational definition of OE on a regular basis. So, there is a consensus on this operational definition of OE.

This is so in spite of a supposed problem by researchers to define it still because the researchers are not able to define it, but there is some kind of consensus some agreement on the operational definition of OE.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

- Recent literature indicates that scholars may have been focusing for so long on differences that commonalities have been overlooked.
- There is almost unanimous agreement today that OE requires multiple criteria, that different organizational functions have to be evaluated using different characteristics, and that OE must consider both means (process) and ends (outcomes).

Handwritten notes: processes, outcome

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Recent literature indicates that scholars may have been focusing for so long on differences rather than the commonalities that they have overlooked. So, the key to defining organizational effectiveness lies in commonalities and not on the differences.

There is almost a unanimous agreement today that OE requires multiple criteria that different organization functions have been evaluated using different characteristics and the OE must consider both means processes and the ends outcomes. So, now they have agreed that OE has two dimensions; one is the processes carried out in the organization and the outcome.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

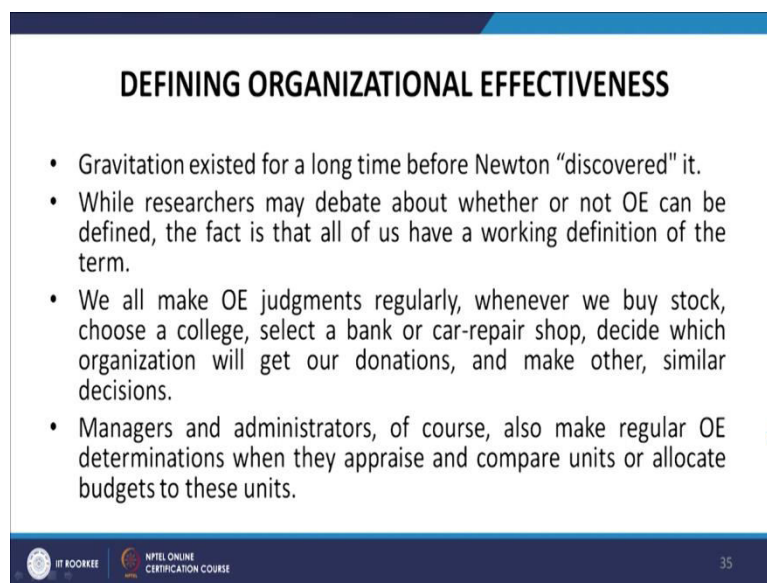
- If the search was to find a single and universal criterion of OE, then disappointment is understandable.
- But because organizations do many things and their success depends on adequate performance in a number of areas, the definition of OE must reflect this complexity.
- It is occasionally lost on researchers that regardless of whether they can define and label a phenomenon, that phenomenon is still real and continues to function.

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If the search was to find a single and universal criterion of OE, then disappointment is understandable. But because organizations do many things and their success depends on adequate performance in a number of areas.

The definition of OE must reflect the complexity because organization is a complex entity therefore, any definition of organizational effectiveness will have this kind of complexity. It is occasionally lost on researchers that regardless of whether they can define and level of phenomenon that phenomenon is still real and continues to function.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

- Gravitation existed for a long time before Newton “discovered” it.
- While researchers may debate about whether or not OE can be defined, the fact is that all of us have a working definition of the term.
- We all make OE judgments regularly, whenever we buy stock, choose a college, select a bank or car-repair shop, decide which organization will get our donations, and make other, similar decisions.
- Managers and administrators, of course, also make regular OE determinations when they appraise and compare units or allocate budgets to these units.

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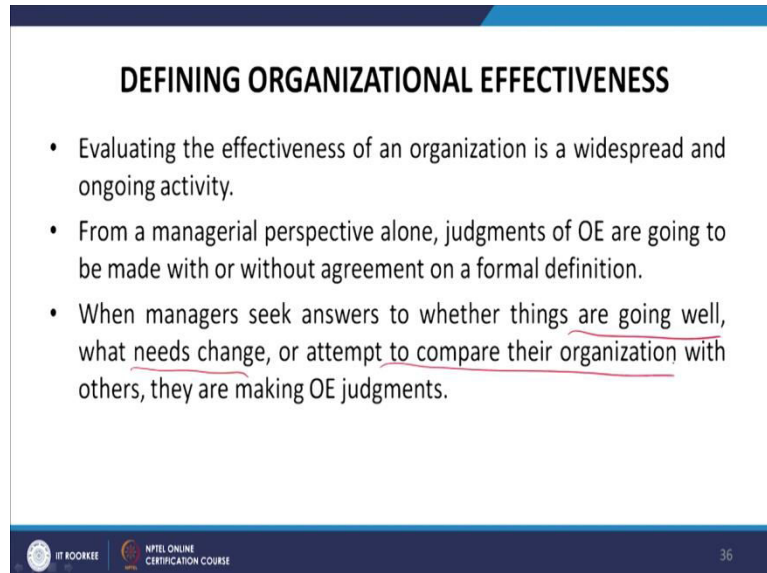
Gravitation existed for a long time before Newton discovered it. While researchers may debate about whether or not OE can be defined, the fact is that all of us have a working definition of this term OE.

We all make OE judgments on a regular basis whenever we buy stocks, choose a college to study, select a bank in which to open your account, car-repair shop where you take your car for repairs, decide which organization will get our donations and make others similar decisions. Every time we are making some kind of judgment on organizational effectiveness.

Managers and administrators, of course, also make regular OE determinations while they appraise and compare units or allocate budgets to these units. So, managers also keep on evaluating organizational effectiveness because they have to allocate resources and budgets

to these units and obviously, which are more effective will get more resources and budgets and money.

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DEFINING ORGANIZATIONAL EFFECTIVENESS

- Evaluating the effectiveness of an organization is a widespread and ongoing activity.
- From a managerial perspective alone, judgments of OE are going to be made with or without agreement on a formal definition.
- When managers seek answers to whether things are going well, what needs change, or attempt to compare their organization with others, they are making OE judgments.

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Evaluating the effectiveness of an organization is a widely spread and ongoing activity. It is not that only once in a year the effectiveness will be measured; it is an ongoing activity and is spread out in the organization. From a managerial perspective alone, judgments of OE are going to be made with or without agreement on a formal definition of OE.

When managers seeks answers to whether things are going well, what needs to change, attempt to compare their organizations with others, they are making OE judgments. So, whenever they have to understand what is going well, what is not, what needs to change, whether how my organization is doing as compared to others, every time they are making this OE judgments.

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TOM PETERS AND ROBERT WATERMAN'S DEFINITION
A BEST-SELLER'S DEFINITION OF ORGANIZATIONAL EFFECTIVENESS

- One of the most successful management books of all times is Tom Peters and Robert Waterman's *In Search of Excellence*, published in 1982.
- The book has sold more than five million copies.
- After studying forty-two companies that Peters and Waterman described as well-managed, highly effective, or "excellent" - these included firms like IBM, Du Pont, 3M, McDonald's, and Procter & Gamble - they found eight common characteristics that these companies had in common.

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Now, let us look at Tom Peter's and Robert Waterman's definition, that is, a bestsellers definition of organizational effectiveness. One of the most successful management books of all times is Tom Peter's and Robert Waterman's "In Search of Excellence", published in 1982. The book has sold 5 million copies.

After studying forty-two companies that peter and waterman described as well managed, highly effective or excellent, these include firms like IBM, DuPont, 3M, McDonald's, and Procter and Gamble – they found eight characteristics that these companies had in common.

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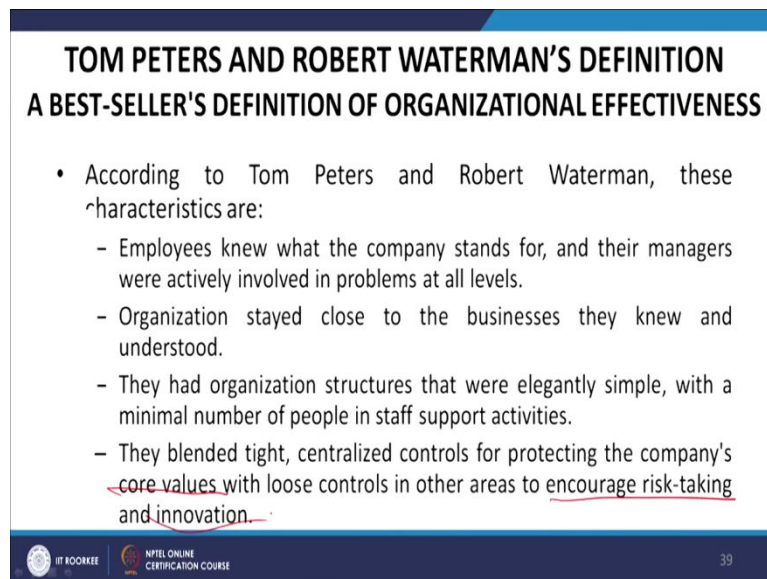
TOM PETERS AND ROBERT WATERMAN'S DEFINITION
A BEST-SELLER'S DEFINITION OF ORGANIZATIONAL EFFECTIVENESS

- According to Tom Peters and Robert Waterman, these characteristics are:
 - 1 – They had a bias for action and getting things accomplished.
 - 2 – They stayed close to their customers in order to fully understand their customers' needs.
 - 3 – They allowed employees a high degree of autonomy and fostered the entrepreneurial spirit.
 - 4 – They sought to increase productivity through employee participation.

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According to Tom Peters and Robert Waterman, these characteristics are: 1st, they had a bias for action and getting things accomplished. 2nd is they stayed close to their customers in order to fully understand their customers' need. The 3rd is they allowed employees a high degree of autonomy and fostered the entrepreneurial spirit and the 4th is they sought to increase productivity through employee participation.

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TOM PETERS AND ROBERT WATERMAN'S DEFINITION
A BEST-SELLER'S DEFINITION OF ORGANIZATIONAL EFFECTIVENESS

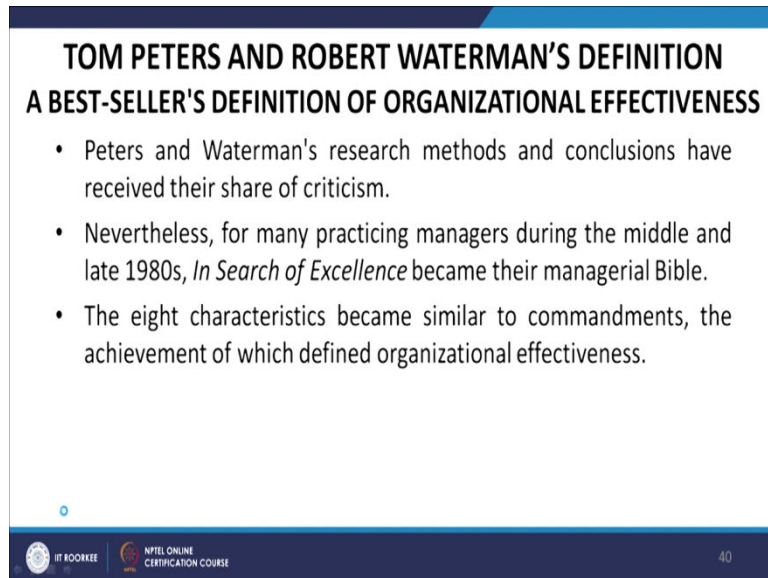
- According to Tom Peters and Robert Waterman, these characteristics are:
 - Employees knew what the company stands for, and their managers were actively involved in problems at all levels.
 - Organization stayed close to the businesses they knew and understood.
 - They had organization structures that were elegantly simple, with a minimal number of people in staff support activities.
 - They blended tight, centralized controls for protecting the company's core values with loose controls in other areas to encourage risk-taking and innovation.

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Fifth is employees know what the company stands for and their managers were actively involved in problem at all levels. Sixth is organization stayed close to the businesses they knew and understood. The seventh is they had organizational structures that were elegantly simple with a minimal number of people in staff support activities.

They blended tight, centralized controls for protecting the company's core values and loose control in other areas to encourage risk-taking and innovation. So, values were tightly controlled while risk-taking and innovation was loosely controlled. So, they had a tight grip on their core values.

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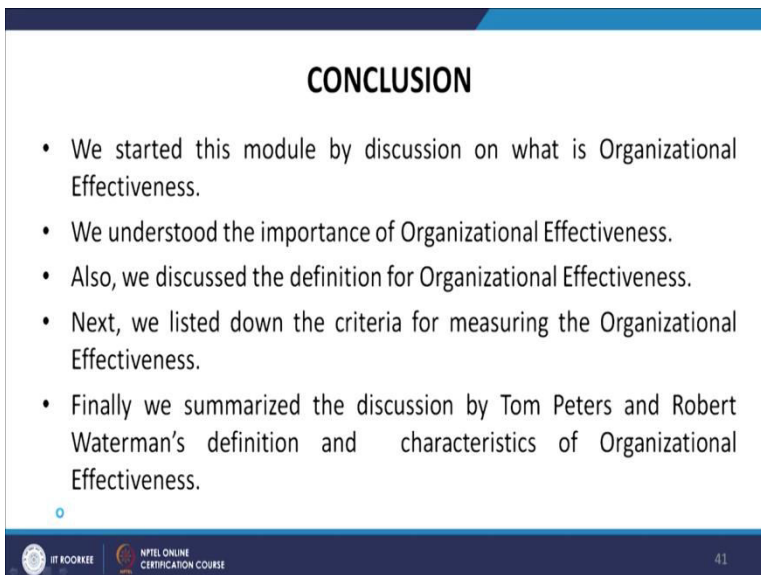
TOM PETERS AND ROBERT WATERMAN'S DEFINITION
A BEST-SELLER'S DEFINITION OF ORGANIZATIONAL EFFECTIVENESS

- Peters and Waterman's research methods and conclusions have received their share of criticism.
- Nevertheless, for many practicing managers during the middle and late 1980s, *In Search of Excellence* became their managerial Bible.
- The eight characteristics became similar to commandments, the achievement of which defined organizational effectiveness.

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So, Peter and Waterman's research methods and conclusion have received their share of criticism. Nevertheless, for many practicing managers during the middle and late 1980s, "In Search of Excellence" became their managerial bible. The eight characteristics became similar to commandments, the achievement of which defined organizational effectiveness.

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CONCLUSION

- We started this module by discussion on what is Organizational Effectiveness.
- We understood the importance of Organizational Effectiveness.
- Also, we discussed the definition for Organizational Effectiveness.
- Next, we listed down the criteria for measuring the Organizational Effectiveness.
- Finally we summarized the discussion by Tom Peters and Robert Waterman's definition and characteristics of Organizational Effectiveness.

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So, in order to conclude this module we started this module by discussion on what is organizational effectiveness. After that we went on to understand the importance of organizational effectiveness. Next we discussed the definition of organizational effectiveness.

Next we had listed down the criteria for measuring the organizational effectiveness. Those 30 criteria which are often contradictory to each other and finally, we summarize that discussion by Tom Peter's and Robert Waterman's definition and characteristics of organizational effectiveness.

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And, these are the four books from which the material for this module was taken.

Thank you.