CHAPTER I
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INTRODUCTION

Men live, if not in a fully organized world, at least in a world full of organizations. While discussing the pervasive influence of organizations in human life, Etzoini (1964) remarked that man is born in organizations, educated by organizations, most men spend much of their lives working for organizations, and finally when life comes to an end, the State, which is the largest organization, has to give permission for burial. Modern man has to learn to accommodate himself to a world that is getting increasingly organized. Almost all aspects of human life, whether it is economic development or health care, education or work life, are being today entrusted to organizations created for fulfilling various needs of man. Hence, not only the quality of human living, but even the survival of civilization depends upon how effectively various organizations are coordinated and managed for the achievement of individual and collective goals.

Management: The Critical Element in Organizational Living

Innumerable studies conducted to ascertain the causes for the ever widening economic disparity between developing and developed nations have brought out clearly the evidence for the decisive role of effective management in the
achievement of human welfare, progress and growth (Rostow, 1962; Sayles, 1964; Farmer and Richman, 1965). Farmer and Richman (1965) while discussing the role of management have summed up such studies as follows:

> We view management as the single most critical activity in connection with economic progress... A country can have sizeable natural and man power resources...but still be relatively poor because very few competent managers are available to put these resources effectively together in the production and distribution of useful goods and services.

Summing up several studies on business failures, the Bank of America in its publication Small Business Reporter (1973) said: "In the final analysis, more than 90% of business failures are due to managerial incompetence and inexperience".

Thus, there is overwhelming evidence for the decisive role of effective management in the achievement of organizational and societal goals. The **sine qua non** of effective organizations is effective management.

**Managerial and Organizational Effectiveness**

A number of conceptual themes or models have been suggested for the study of organizational or managerial effectiveness. Campbell, Bownas, Peterson and Dunnette (1974) have classified these models under two headings: 1. The systems view, and 2. The goal centered view.

From the early fifties onwards, organizational analysts have been expressing their dissatisfaction with
the then prevailing view point that complex institutions can be studied primarily as a closed system, that is, from an intra organizational perspective. This approach was considered elementary, non-gestaltic and therefore inadequate, and by the sixties, organizational researchers were turning more and more to open systems theory as the more meaningful framework for the study of organizations (Emery and Trist, 1965; Katz and Kahn, 1966; Rice, 1958, 1963; Scot, 1964).

Effective management, from the systems point of view consists in: 1. The ability of management in integrating the various subsystems into a harmonious whole for the achievement of enterprise goals, and 2. While systems differ in their degree to which they are in an open versus closed stat., organizations and sub parts of organizations are essentially open systems in that they exist in interdependent, exchange relationship with their environments.

Effective management consists in maintaining these exchange relationship at an optimum level.

Organizations as Goal-Seeking Systems

Almost all definitions of organization emphasize the goal seeking nature of organizations (Barnard, 1938; Etzoini, 1964; Schein, 1965; and Porter, Lawler and Hackman, 1975). Goals, as used by organizational theorists, are defined as desired future state of affairs (Vroom, 1960; Etzoini, 1964). Though in some cases they may never be
realized, organizations are viewed as striving to achieve them. According to Perrow (1970) the goals an organization pursues often provide insight, not found elsewhere, into an organization's character and thus its behaviour.

Arguing for the powerful directing influence that goals can have on behaviour, several writers have proposed setting up of objectives as an important management technique (Drucker, 1954; McGregor, 1960). Management by objectives (MBO) (Odiorne, 1965) has become perhaps the most widely used version of this approach. Though hailed by many as a powerful tool to achieve individual and organizational effectiveness, others (e.g., Carroll and Tosi, 1973) have pointed out its limitations and disfunctional consequences under certain conditions.

**Goal setting and effective management**

In the ultimate analysis, a manager's effectiveness can be assessed only in the light of his contribution to the achievement of the goals of the department or unit over which he has some responsibility. The effectiveness of his effort or performance is to be finally judged in the light of his contribution to organizational outcomes or goals. An effective manager is usually defined as one who is able to get results. Though goal setting and result achieving are necessary and important, there are certain potential dangers associated with them (Campbell, Dunnette, Lawler and Weick, 1970). For example, when a manager is
held accountable for results and outcomes of his activities are the salient basis on which he will be judged, then many of his activities are likely to be guided solely for obtaining the desired results overlooking the state of the system which ultimately generates the outcomes. By interfering with the processes of result achievement, he may unwittingly be responsible for the deterioration of the system. It is akin to the athlete using drugs to better his chances of winning or the dairy owner injecting chemicals on his animals to increase milk yield, both of which can turn out to be harmful or even dangerous sooner or later. Hence though goal setting is a crucial step for effective management, evaluation of goal achievement has to be done carefully keeping in proper perspectives its functional and dysfunctional aspects and the short term and long term effects on individual and organization.

**Goal Typologies**

The most common typology of goals is that of official, operative, and operational (March & Simon, 1958; Perrow, 1961; Porter et al, 1975).

**Official goals** represent the formal statements of the purpose made by executive management concerning the nature of an organization's mission. They are usually vague and too general (such as 'maximization of profit', 'to provide higher education and to promote knowledge', 'contribute to community welfare', and so on).
Operative goals represent the real intentions of an organization. There can be sometimes great divergency between 'official' and 'operative goals'. The operative goals reflect what an organization is actually trying to realize irrespective of what it claims to be doing. Thus 'official goal' may be operative or non-operative to the extent they reflect actual organizational practices.

Operational goals are somewhat similar to the operative goals, but not identical with it. Goals are said to be operational when there are 'agreed upon criteria', for determining the extent to which particular activities or programme of activity contribute to these goals (March & Simon, 1958). Operative goals will be more or less 'operational' to the extent that there is agreement on how this attainment can be measured. Operative goals such as 'maximize profit' or 'manufacture electronic equipments' will not be considered operational; but 'manufacture and sell 100 sets of electric motors by the end of July current year' would make it operational.

Managerial Effectiveness and its relation to Organizational Effectiveness

Organizational and managerial effectiveness are intertwined. They are like two sides of a coin. They complement and reinforce each other. The end result of managerial effectiveness is to help the organization function at an optimal level. This raises a very vital and difficult
question as to what constitutes organizational effectiveness.

It has been conceptualized in a variety of ways. (Georgopoulos & Tannenbaum, 1957; Bennis, 1962; Katz & Kahn, 1966; England, 1967; Lawrence & Lorsch, 1967; Yuchtman & Seashore, 1967; Schein, 1970; Mott, 1972; Duncan, 1973 and Child, 1974,1975). For example, Seashore and Yuchtman (1967) defined organizational effectiveness as the 'ability of an organization to exploit its environment in the acquisition of scarce and valued resources to sustain its functioning. Katz and Kahn (1966) using a systems perspective defined organizational effectiveness as 'the maximization of returns to the organization by all means'.

Steers (1977) has defined effectiveness as the 'organization's capacity to acquire and utilize its valued resources as expeditiously as possible in the pursuit of its operative and operational goals'. Instead of evaluating success in terms of the extent to which goal attainment has been maximized, it is better to recognize a series of identifiable and irreducible constraints (for example, money, technology, personnel etc.) that serve to inhibit goal maximization. When they are recognized, it is possible to identify the resulting optimized goals (that is, an organization's desired goals as
constrained or modified by available resources). He points out that the effort to maximize goal attainment may lead to depletion and or imbalance in the utilization of resources. On the contrary, the use of goal optimization approach allows for the explicit recognition of multiple and often conflicting goals as well as for the existence of several constraints on goal effort. Thus, effectiveness is evaluated in terms of how well an organization can attain its feasible goals. This focus on feasible optimized goals appears to be far more realistic for evaluation purposes than is the use of desired or ultimate goals.

Managerial effectiveness is to be adjudged in the light of a manager's contribution to the optimization of the goals of the organization of which he is a member. And managerial effectiveness has to be evaluated with reference to operative and more specifically operational goals that have been set for him by the organization.

Two contrasting theories of managerial effectiveness

With the increasing realisation of the importance of effective management, there is a bourgeoning of interest in understanding what constitutes managerial ability or effectiveness. How is it that some managers are effective while others are not so effective? How are effective managers made?
Usually, we come across two types of answers or theories to the questions raised. Jennings (1959) contrasted the two points of view, calling one the 'life process theory', emphasising the crucial role of development and upbringing in the making of executives, and the other, the 'skill insight theory', emphasising the role of inborn characteristics or traits of executive success. While discussing managerial effectiveness, Dunnette (1967) expressed the view that it is naive to look to either one of the suggested theories as the absolute or sole answer. Executive effectiveness emerges from the interaction of maturation as well as learning. Lopez (1970) expressed the same thought through an effective analogy. He said:

Effective managers are neither born, as the Europeans somehow continue to insist, nor are they developed as most American corporatives have found to their chagrin. Like fine sherry, they are the product of long and meticulous cultivation and aging process...To produce a great fino or amontillado, one must first start with high quality Palomino grapes and then bring wine to a point of excellence and perfection through the solera process by which the older and finer wine educate and improve the younger ones.

As in solera process, good or effective managers are first carefully selected and then developed in a way that is only occasionally achieved without planned direction.

The need for the scientific study of managerial job dimensions and effective behavioural patterns

In order to understand managerial effectiveness, it is important that one should know clearly who is
a manager, what are the personal requirements of effective management, what kinds of managerial behaviours lead to effective performance, and finally, the role of organizational contexts in effective managerial behaviour. Literature is full of commentary and speculation about possible answers. These are nearly always based on insufficient evidence – ranging from anecdotes derived from personal experience to results of opinion surveys and managerial appraisal programmes (Campbell et al, 1970). What is needed is a thorough knowledge of managerial role and effective behavioural patterns based on scientific observation and study.

What do managers do?

Regarding the functions or activities of managers, opinions seem to be divided. For example, Mintzberg (1973) says that manager's jobs are remarkably similar and that the work of all managers can be usefully described by common sets of behaviours or roles. On the other hand, Campbell et al (1970) are of the view that managerial jobs differ substantially from one another and that the work of particular managers differs greatly because of difference in individual characteristics, situational variables and organizational contexts.

Traditionally managerial functions have been classified as planning, organizing, staffing, directing and leading and controlling. It is true that a manager has to
organize, control, lead, motivate and so on. But the crucial issue is what exactly managers do regarding those functions and how do such actions lead to managerial effectiveness or ineffectiveness? Campbell et al. (1970) have pointed out that since managerial jobs differ greatly and change rapidly, what we need is to discover the fundamental dimensions along which they differ and develop ways of measuring them.

Numerous factor analytic studies of behaviourally relevant elements have been done in an effort to explicate the basic dimensions of supervisory, managerial and executive behaviours (Fleishman, 1953a; Grant, 1955; Stogdill, Shartle & Associates, 1956; Stogdill & Coons, 1957; Creages and Harding, 1958; Rambo, 1958; Hemphill, 1959, 1960; Peres, 1962; Prien, 1963; Stogdill, Goode & Day, 1963a, 1963b, 1964). While summarizing their discussion of 'Describing Managerial Job Behaviour', Campbell et al. (1970) have pointed out the inadequacy of the search for managerial job dimensions carried out so far, and suggest that such studies and findings should be supplemented with the type of behaviourally rich information that could be derived from collecting and tabulating critical incidents indicating usually effective or unusually ineffective executive job behaviours. The modified dimensions should then be used to map more thoroughly the differential characteristics of managerial jobs in different settings.
Following the suggestions of Campbell et al (1970) Morse and Wagner (1975) undertook a major factor analytic study to identify actual managerial behaviours. They collected 106 original item statements describing specific behaviours and activities managers perform at work. These 106 item statements, on an a priori basis, were clustered around the following nine managerial roles that were built on, but were different from, the common set of roles identified by Mintzberg (1973): 1. Strategic problem solving; 2. Resource managing; 3. Conflict handling; 4. Organizing; 5. Information handling; 6. Motivating; 7. Providing for growth and development; 8. Coordinating; and 9. Managing the organization's environment. The analysis led to the following six factors: 1. Managing the organization's environment and its resources; 2. Organizing and coordinating; 3. Information handling; 4. Providing for growth and development; 5. Motivating and conflict handling; and 6. Strategic problem solving. Under each aspect certain number of actual behaviour indicators have also been identified.

Morse and Wagner (1975) have commented that although the work of all managers may be usefully described by the behaviour and activities incorporated in their findings, it may be expected that different managers in different managerial jobs (or a particular manager at different points of time or in different situations) will place
more or less attention on specific behaviour associated with particular roles to perform effectively. Based upon certain empirical studies, they concluded that "if managers are to be effective, they should rank the roles they engage in within the contingencies of the situation". An effective manager is one who is aware of the kinds of behaviours and actions which lead to organizational results and who then chooses to engage in those appropriate to the environment, the particular managerial job, the situation, and his own personal preferences (Mintzberg, 1973).

The study of Morse and Wagner (1975) has shown a good lead in identifying and specifying actual managerial job behaviours that will successfully discriminate between more effective and less effective managers. More of such studies will enhance the much needed scientific understanding of managerial effectiveness and the nature of managerial behaviours antecedent to it.

**Managerial Effectiveness: The interactional point of view**

According to Dewey and Bentley (1949), there are three levels in the development of knowledge and science. The first level is that of self-action and involves regarding objects as behaving under their own power. The second level is that of interaction and involves objects in a causal interconnection of one object acting upon the other. Finally, there is the level of process transaction, which
involves objects relating to one another within a system. In this third level, organism and environment influence one another as part of a total transactional field.

Much psychological research has been done at the self-action level. Some recent research has emphasized the interactional approach, while much less effort has been made to understand human behaviour within the transactional frame work. Kelly (1966) while emphasizing the transactional approach observed thus: 'Behaviour is not viewed as...but defined as an outcome of reciprocal interactions between specific social situations and individual.' The task of research is to clarify the precise relationship between individual behaviour and social structure that differentially affect various forms of behaviour. Thus interactionism and its revised version of transactionalism can be regarded as the synthesis of personologism and situationalism, which implies that neither the person per se nor the situations per se is emphasized, but the interaction of these two factors is regarded as the main source of behavioural variance (Bowers, 1973; Endler, 1975).

The essential four features of modern interactionism can be summarised as follows: 1. Actual behaviour is a continuous process or multidirectional interaction (feedback) between the individual and the situation he or she encounters; 2. The individual is an interactional and active agent in this interaction process; 3. On the person
side of interaction, cognitive factors are the essential determinants of behaviour, although emotional factors do play a role; 4. On the situation side, the psychological meaning of the situation for the individual is the important determining factor.

The contingency view of management has brought into special focus the dynamic nature of situational factors and the need to take into consideration this fact for effective managing. Forehand and Gilmer (1964) have listed three mechanisms of situational influences on behaviour. They are: 1. Definition of stimuli; 2. Constraints upon freedom; and 3. Reward and punishment.

Managerial effectiveness being the outcome of multiplicity of factors, the tendency to attribute it to either personal or situational factors alone will amount to offering hasty and simple solutions where such solutions do not exist. A more meaningful alternative is to approach managerial effectiveness from interactional point of view. Hence it is necessary to look into the patterns of interactions among personal characteristics, organizational environments as perceived by managers and managerial efforts for a proper understanding of managerial effectiveness.
Variables investigated in the study

Campbell *et al* (1970) in their extensive and scholarly survey of managerial effectiveness have commented that in traditional personnel research emphasis is on simple measures of aptitudes. Few individuals or organizations have been concerned with measuring or trying to account for the effects of situational variables, and even fewer have sought to study possible interactions between individual and environment. It is envisaged in the present study to investigate the independent, interactional and collective effects of four factors on managerial effectiveness. They are: 1. Managerial Motivation; 2. Leadership Styles (Behavioural Patterns); 3. Personality Factors; and 4. Organizational Climate. The evolution of the study and the empirical choosing of the aforesaid variables are discussed in detail in Chapter III.