CHAPTER II

SURVEY OF THE EXISTING LITERATURE

- The Significant Approaches and Models of Organisational Effectiveness.
- Focus of the Present Study: Identification of criteria and predictors of Organisational Effectiveness.
- View Point of Western Academics
- View Point of Indian Academics
- Important Approaches & Models of Managerial Effectiveness
- Major Conceptual Framework:
  i) Organisational Effectiveness
  ii) Managerial Effectiveness
  iii) Centralization
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- The Hypotheses
- The Objective/Tasks
- Chief Limitations
- Organisation of the Study
Organisational Effectiveness:

There is hardly any debate on the point that organisations must be effective as they are vital/indispensable to our present day living. But the basic issues before us are: what do we mean by organisational effectiveness; how to measure organisational effectiveness; and what are those factors/variables which determine organisational effectiveness. At this juncture let us first of all make it clear that sometimes the words productivity, efficiency and effectiveness are used interchangeably. But, in fact, there is a substantial difference in these words. The word productivity is taken to mean output from one particular factor of production or particular form of input. The term efficiency is taken to mean output from the total of input. Thus, the efficiency of an organisation can be measured by the amount of resources used for providing an unit of output. Effectiveness was generally defined as the degree to which organisation realised its goals (1). However, hidden in this definition are 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 organisation's official goals or operating goals?
In recent years there has been proliferation of OE studies. Now they are using multiple criteria in place of single criterion. One such study used as many as 30 criteria (2). Here, difficulty is that some items were contradictory to each other. For example, efficiency and adaptability were both used at the same time. Efficiency is achieved by using resources to their maximum. It is characterized by an absence of slack. In contrast adaptability/flexibility can be achieved only by having 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. Similarly growth and profitability both are included as measures of effectiveness at a time. But profitability can be enhanced at the cost of growth. For example if expenditure on research and development is curtailed, the profitability can be substantially improved, but growth as a matter of concern for future will suffer. However, most people agree that multiple criteria approach is more helpful in assessing OE.

Organisational Effectiveness as a Construct:

Campbell holds that to ask a global question about whether an organisation is 'effective' or 'ineffective' is virtually useless. Effectiveness is not one thing. An organisation can be effective or ineffective on a number of different facets that may be relatively independent of one another. OE criteria undoubtedly can be dimensionalized with regard to an even greater number of facts than
individual performance. Also the number of situations in which multiple criterion measures should be combined into an overall measure seem fewer for organisational effectiveness than for individual performance. Perhaps a better way to think of OE is an underlying construct that has no necessary and sufficient operational definition but that constitutes a model or theory of what OE is. The function of such a model would be to identify the kinds of variables we should be measuring and to specify how these variables or components of effectiveness are interrelated or should be interrelated. A fully developed construct or model would also tell us how measures of individual components of effectiveness be used (3,4,5).

Strictly speaking, it is not possible for any one concerned with OE to avoid using it as a construct or to avoid operating via some kind of theory of some sort, even if it has never been made public, it is not possible to say that one organisation is more effective than another or to say that variable 'X' is a measure of OE and variable 'Y' is not, or to plan ways to 'change' an organisation. It is incumbent on all those concerned to make their "theories of effectiveness" as explicit as possible.

Schmidt and Kaplan 1971 holds that the number of situations in which multiple criterion measures should be combined into an overall measure seems favour for OE than for individual performance, when such procedure is looked at with suspicion (6).
VARIOUS APPROACHES OF ORGANISATIONAL EFFECTIVENESS:

The Goal Attainment Approach:

An organisation is, by definition, created deliberately to achieve one or more specified goals. It should come as no surprise then to find that goal attainment is probably the most widely used criterion of effectiveness. The goal centered view makes a reasonably explicit assumption that organisation is in the hands of a rational decision maker who have in mind a set of goals, that they wish to pursue. Further, these goals are few enough in number to be manageable and can be defined well enough to be understood. Given that goals can thus be identified, it should be possible to plan the best management strategies for attaining them. Within this orientation, the way to assess OE would be to develop criterion measures to assess how well the goals are being achieved. There are a number of variances of goal centered view. The MBO (Odiorne 1965, 1969) tends to fall into this category. The recently renewed interest in cost-benefit analysis (Revlin 1971) is an ambitious attempt to assess the actual utility of accomplishing specific goals. The attempt during the 1960's to derive overall measures of Military readiness (Hayward 1968, Poppler and Miller 1965) is yet another variance (7,8,9,10,11).
SPECIFIC EXAMPLES OF GOAL APPROACH

Organisational/Industrial Psychology Criterion Model:

In the context of measuring individual performance the criterion problem has a large and honourable niche in the literature concerned, for example, Campbell and others 1970, Schmidt and Kaplan 1971, Wallace 1965, Blum and Naylor 1968. They define criteria as a measure of the degree to which an individual is contributing to the goals of the organisation. This definition in the context of OE places the criterion securely within the goal centered view of the construct. In this context, overall effectiveness is not one thing but is made up of a finite number of relatively independent component criteria. The specification of individual criterion component flows from a detailed and systematic job descriptions. That is, the major task in the criterion development is to describe correctly the major tasks the individual is to perform. Campbell holds that empirical relationship among the component criteria should also be determined. That is, a fairly large number of individuals should be assessed on each criterion component and multi-variable analysis techniques (for example factor analysis) should be used to examine the pattern of relationship among the components. Empirical analysis should be performed to find out if changes in individual component scores or their patterning represents changes in the true scores or changes in error scores (4,6,12,13).
If we were to use the goal criterion model in considering OE, we might do the following. First, we would conduct an organisational job analysis to establish what the major tasks of the organisation are. To accomplish this we might consider the feasibility of using techniques of job analysis, such as, those described by Blum and Neyler 1968 or Dunette 1963. The critical incidence technique is one such example. After some potential criterion measures are developed, we must try them out on a large number of organisations so as to examine the psychometric properties of the components. Finally, we need to assure ourselves that the component measures are included assessing variables over which the organisation has some control (13,14).

Cost Benefit Analysis:

The formal use of cost-benefit analysis to evaluate alternative organisational strategies got its biggest push from the United States Dept. of defence (Hitch 1965) in the form of the Planning Programme Budgeting System (PPBS). The use of PPBS methodology and the cost-benefit model subsequently spread to the evaluation of social programmes as well as to a variety of other programmes (15).

Management by Objective (MBO):

Although Odiorne 1965 views MBO as a complete system of management planning and control, it could also be viewed in a more restrictive content as a model of OE. However, with regard to MBO as a model of OE, it perhaps bears
repeating that the measure that the model specifies as the primary criterion of effectiveness is whether or not the organisation has accomplished the concrete tasks that were previously identified as necessary. It represents ultimately in a goal oriented model of effectiveness. Thus, rather than evaluating the organisation on a single abstracted continuum such as the cost benefit ratio or on several criterion continua that are in some sense abstractions from specific task behaviours (for example, productivity or profit), MBO says that effectiveness is some aggregation of specific concrete and quantifiable accomplishments.

The MBO model yields a definition of effectiveness that is unique to each organisation. For a particular time period each organisation must specify in concrete detail the specific things it wishes to accomplish. The relevant measures of effectiveness is then an accounting of which objectives were accomplished and which were not.

Behavioural Objective Model (B.O.)

There is a recurring theme in a number of different fields of psychological and educational research that speaks to the general problem of measuring effectiveness and that has taken on many of the characteristics of a Kuhinian (Kuhn 1962) paradigm. Although basic idea has never been really applied to the problem of measuring OE, it appears frequently enough in other places to warrant consideration in the present context (16).
This theme arises in several different contexts. Probably its first major articulation came from research and development on Programmed Instructions (PI). The P.I. model has been expanded into a comprehensive behaviourally oriented model for designing and evaluating almost any instructional effort. The seminal contributions were those of Gagne 1962, Briggs 1968 and Glaser 1969. Another domain in which this face surfaces is an individual performance measurement. Smith and Kendall (1963) used Flanagan's 1954 critical incident technique to develop a method for defining individual performance in terms of specific behaviours. The technique is referred to as Behaviour Expectation Sealing (BES). Individual performance or competence can only be assessed by reference to a long list of highly specific behavioural objectives. Specification of these objectives serves as rigorous definition of what it is we want the individual performer to be able to do. By analogy, the way to assess organisational performance would be to force the appropriate "experts" in the organisation to specify a complete catalogue of organisational objectives. According to the curriculum development literature (Briggs 1968), these objectives should have three characteristics:

(1) They must be concrete, observable things that organisations do.

(2) The conditions under which the organisation should be able to perform them must be specified.
3) The degree to which each objective must be satisfied must also be specified (17, 18, 19, 20, 21, 13).

Problems with the Goal Attainment Approach:

The goal attainment approach is fraught with a number of problems that make its exclusive use highly questionable. Many of these problems relate directly to the assumptions that we noted earlier.

It is one thing to talk about goals in general, but when we operationalize the goal attainment approach we have to ask: whose goals? Top management's? If so, who is included and who is excluded? In some large corporations, just vice presidents/presidents can include dozens of respondents. It's also possible that some of the decision makers with real power and influence in the organisation are not members of senior management. There are cases in which individuals with a number of years of experience or particular expertise in an important area have a significant influence on determining their organisation's goals (they are part of the dominant coalition), even though they are not among the senior executive cadre.

What an organisation states officially as its goals does not always reflect the organisation's actual goals (22). Official goals tend to be influenced strongly by standards of social desirability. Representative statements such as "to produce quality products at competitive prices," "to be responsible member of the community," "to ensure that
our productive efforts do nothing to damage the environment," "to maintain our reputation for integrity," and "to hire the handicapped and members of minorities" were gleaned from several corporate brochures. These vague "apple pie and flag" official statements may sound good, but rarely do they make any contribution to an understanding of what the organisation is actually trying to accomplish.

Given the likelihood that official and actual goals will be different, an assessment of an organisation's goals should probably include the statements made by the dominant coalition plus an additional listing derived from observations of what members in the organisation are actually doing.

An organisation's short-term goals are frequently different from its long-term goals. For instance, one firm's primary short-term goal was directed financially to raise Rs.50 lakh of working capital within the next twelve months. Its five-year goal, however, was to increase its product market share from 4 to 10 percent. In applying the goal-attainment approach, which goals-short or long term-should be used?

The fact that organisations have multiple goals also creates difficulties. They can compete with each other and sometimes are even incompatible. The achievement of "high product quality" and "low unit cost", for example, may be directly at odds with each other. The goal-attainment approach assumes consensus on goals. Given that there are
multiple goals and diverse interests within the organisation, consensus may not be possible unless goals are stated in such ambiguous and vague terms as to allow the varying interest groups to interpret them in a way favourable to their self-interest.

Multiple goals must be ordered according to importance if they are to have meaning to members. But how do one allocates relative importance to goals that may be incompatible and represent diverse interests? Add to this the fact that, as personnel change and power relationships within the organisation change, so will the importance attributed to various goals, and one begins to realise the difficulty that operationalizing the goal-attainment-approach poses.

It just may be that for many organisations, goals do not direct behaviour. "The common assertion that goal consensus must occur prior to action obscures the fact that consensus is impossible unless there is something tangible around which it can occur. And this 'something tangible' may well turn out to be actions already completed" (23).

Dalton, M. views that the use of goal attainment as a criterion of effectiveness is complicated by the tendency of goals to change, to be stated vaguely, and to exist in sets and at different levels. Moreover, the goals themselves must be evaluated if they are to be used as criteria for effectiveness. Although the effectiveness can be measured
only against a goal or a standard, it is misleading to talk about effectiveness in attaining inadequate or wrong goals (24).

Simon (1964) is less concerned with the motivational or catholic dimensions than with the directional or cognitive dimension of goals. He emphasised the role of organisational goals in participant decision making, arguing that organisational goals may be viewed as contributing a set of constraints of individual decision (25).

Clark and Wilson (1961)'s typology emphasised that most organisations do not rely on their goals to provide incentive to members. Purposive organisations are only one of several types and their analysis suggest that organisations that do so may have difficulty in maintaining a constant flow of incentives (26). Starbuck (1965) goes a step further and argues that in many cases goals are not set internally but are imposed on the organisation by environmental forces (27).

Dornbusch and Scott (1975) opine that we must analytically distinguish between goals employed to motivate or direct participants behaviour, on the one hand, and goals used to set criteria for the evaluation of the participants, or the entire organisation's behaviour, on the other. An attempt to motivate and direct the behaviour of organisational participants may not be the same as those that specify the criteria by which the organisation's performance is appraised (28).
Buckley (1967) holds that "goal directed and not merely goal oriented, since it is the deviation from the goal state itself that direct the behaviour of the system rather than some pre-determined internal mechanism aims blindly" (29).

In his influential paper on goal Vs system model for evaluating effectiveness, Etzioni (1960) notes that "goals as norms, as sets of meaning depicting target states, are cultural entities". These normative statements are to be compared with selected indicators of the actual behaviour of organisation. He argues that it involves, "comparing objects that are not on the same level of analysis, as for example, when the present state of an organisation (a real state) is compared with a goal (an ideal state) as if the goals were also a real state" (30).

What does all this mean? It would appear that only the naive would accept the formal statements made by the senior management to represent the organisation's goals. As one author concluded after finding that corporations issue one set of goals to stockholders, another to customers, a third set to employees, a fourth to the public, and still a fifth set for management itself, formal statements of goals should be treated "as fiction produced by an organisation to account for, explain, or rationalize its existence to particular audiences rather than as valid and reliable indications of purpose" (31).
The Systems Approach:

In Chapter I, we described organisations in a systems framework. Organisations acquire inputs, engage in transformation processes, and generate outputs. It has been argued that defining OE solely in terms of goal attainment results in only a partial measure of effectiveness. Goals focus on outputs. But an organisation should also be judged on its ability to acquire inputs, process these inputs, channel the outputs, and maintain stability and balance. Another way to look at OE, therefore, is through a systems approach (32).

In the systems approach, end goals are not ignored, but they are only one element in a more complex set of criteria. Systems models emphasize criteria that will increase the long-term survival of the organisation—such as the organisation's ability to acquire resources, maintain itself internally as a social organism, and interact successfully with its external environment. So the systems approach focuses not so much on specific ends as on the means needed for the achievement of those ends.

The systems approach view makes the assumption that if an organisation is of any size at all, the demands placed on it are so dynamic and complex that it is not possible to define a finite number of organisational goals in any meaningful way. Rather the organisation adopts the overall goal of maintaining its viability or existence through time.
without depleting its environment or otherwise fouling its nest. Thus to assess OE, one should try to find out whether an organisation is internally consistent, whether its resources are being judiciously distributed over a wide variety of coping mechanisms, whether it is using up its resources faster than it should and so forth. One implication that this orientation does not always recognise is that to be effective the organisation needs some theory or model specifying the coping mechanisms to be built and kept lubricated. It cannot prepare itself for literally everything. One clear example of a systems model that incorporates specific a priori notions of what system variables should be assessed is the one developed at the university of Michigan Institute for Social Research (ISR) by Likert and his associates (Likert 1961, 1967). In the beginning the basic systematic variable was the degree to which subordinates participate in making the decision that affected them, or put another way the degree to which supervisors shared their control. By implication an organisation in which decisions were made participatively was a healthy and capable organisation. The list of variables has since been expanded to include communication factors, motivational practices and the like. The focus is on people factors and not on the state of the organisation technology or its physical structure. The current state of organisation is measured via a questionnaire. Taylors and Bowers 1972 and Franklin 1973 have described the most recent
formalization of the model and the current measurement instrument. Other examples of system models are those tried by Argyris 1964, Blake and Mouton 1968 and Katz and Kahn 1966 (33-39).

Specific examples of Systems Approach of OE:

Organisational Development Model (OD):

The term OD means different things to different people in the most general sense, it could refer to any activity designed to effect some change in an organisation and thus would include the efforts of economists, technologists, engineers, computer scientists, and psychologists and many others. However, for present purpose a delineation similar to that of Bennis (1969) will be used which restricts organisational development to a class of behavioural sciences, like intervention technique derived from the pioneering work in T-group and sensitivity training at the National Training Laboratories during the 1950's (Baladford, Gibb and Benne 1964). A central concern of such techniques is to provide mechanisms by which organisational members can examine their behaviour in the "Here and Now", team building (French and Bell 1973), process consultation (Schien 1969), confrontation (Beckhard 1969), the managerial grid (Blake and Mouton 1969) are all variations on this basic theme (40-45).

Backhard tried to reflect this consensus by presenting a synthesized list of characteristics that define
an effective or healthy organisation (Backhard 1969). They include the following:

1. The total organisation, the significant sub-parts and individuals manage their work against goals and plans for achievement of these goals.

2. Decisions are made by and near the sources of information regardless of where these sources are located on the organisation chart.

3. Communication laterally and vertically is relatively undistorted. People are generally open and confronting.

4. There is minimum amount of inappropriate win-loss activity between individuals and groups. Constant effort exists at all levels to treat conflict and conflict situations as problems subject to problem solving methods.

5. There is a shared value and management strategy to support it, trying to help each person or unit in the organisation, maintaining integrity and uniqueness (44).

Thus OD concentrates its efforts on achieving a normative state whose worth is accepted on a priori grounds. That is the OD model assumes that if an organisation can achieve the state characterized by a list such as, Beckhard's, it will be effective as an organisation and will be optimally equipped to carry out its mission. Most of the variables of the Model are concerned with the human
resources of organisation rather than with technological or material aspects of the organisation. These human variables pre-dominantly have to do with phenomena of intra and inter group behaviour.

**Likert ISR Model**: In some what of a class by itself is a system model of OE attributed to a group of researchers at the university of Michigan, Institute of Social Research; (Folyamann, Stanley Seashore, David Bowers, Renisis Likert and others). It will be labelled at his (Likert's) even though he is not the sole contributor.

In his 1967 statement, Likert (34) used the term systems to level what he considered to be the standard for healthy and effective organisation. The actual state of an organisation was assessed via a questionnaire intended to measure the perceptions of organisational members. The principal organisational characteristics tapped by this instrument are as follows:

1. The nature of the leadership process that are used, that is whether superior subordinate relationships are characterized by mutual trust, confidence and consultation.

2. The character of the organisation's motivational practices, that is whether compensation system was developed via participation and whether personnel at all levels feel joint responsibility for achieving the organisational goals;
3. The character of the communication process, that is the extent to which communication frequently flows in all directions, is accurate and is genuinely listened to;

4. The character of interaction or influence process, that is to what extent they are friendly and cooperative;

5. The character of decision making process that is to what extent decisions are well integrated throughout the organisation in a system of overlapping groups, to what extent technical and professional knowledge is used in an optimal way, and to what extent subordinates are involved in decisions related to their work;

6. The character of goal setting, that is to what extent goal setting is carried out by group participants and to what extent goals enjoy the acceptance;

7. The character of control process, that is to what extent responsibility for control is wide spread, shared across many levels of management and supported by informal organisations and to what extent control data are used for self guidance and group problem solving;

8. The level of performance goals and adequacy of training, that is to what extent performance goals
are high and to what extent industrial job training is thorough and proficient.

There is obviously a great deal of similarity between the Michigan characterization of an effective organization and that of as showed by Backhard's list and many of the summary statements apply. However, at least two differences are worth noting. First, the Michigan group is much more research oriented and its members have devoted more effort to developing measures of their system variables and to linking these variables with outcome measures, such as profitability and turnover. As a result their variables are more concretely defined, although some would argue Argyris 1968 (46) that the concreteness is illusory. Second the Michigan list is not quite so heavily oriented toward interpersonal and self actualization type variables.

Still another system application to OE is the Management Audit developed by Jackson Martindell at the American Institute of Management. The Management Audit analyzes the key activities in a business firm, past, present and future, to ensure that the organization is getting the maximum effort out of its resources. Using a ten-thousand-point analysis sheet, Martindell appraises performance in ten areas: economic function, organization structure, health of earnings, service to stockholders, research and development, board of directors, fiscal policies, production efficiency, sales vigor, and executive evaluation. Although a number of the criteria are relevant
to profit-making organisations alone, the concept could be modified for use in the non-profit sector (47).

**Operational Research Model (OR)**

This model is said to possess the characteristics of both the viewpoints. *Ackoff and Sasiene 1968* describe operations research as an applied discipline with the following essential characteristics:

1. A system at executive operation.
2. Inter-disciplinary team.
3. Scientific methods applied to control.

They define OR as "the application of scientific methods by inter-disciplinary teams to problems involving the control of organized (man-machine) systems so as to provide solutions which best serve the purpose of the organisation as a whole". They state that OR's method is to build formalized models of the systems with which the decision makers are concerned (48).

Thus OR approach is to study an organisation (system), break it down into sub-systems, define models for those sub-systems, solve these models for optimal performance, and implement the indicated procedures. Over the last few years, modeling techniques and solutions for most often occurring situations have been developed for each of the problem areas.

Several common themes seem to turn through much of the OR literature (for example *Ansoff and Brandenburg 1971*). Since ultimate criteria of organisational functioning are so hard to conceptualize and measure, the next best thing is to
measure variables representing the state of the system (49).

Thus the model of OE implicit in the OR approach seems to have both goal oriented and system oriented elements, although the nature of the system variables felt to be important is considerably different from that of variables posited by the behavioural science OD orientation. Variables like satisfaction, morale, participative decision making, managerial skills, size, technology, climate and so on are not examined. Instead, only those variables that appear to be directly related to a readily measured criterion outcome and that can be manipulated by management are considered.

OR methods as outlined in texts and journals are aimed at the control problem of organisation rather than the humanization problem (Ackoff 1973). The general OR point of view is a decision making optimizing one, concerned almost totally with upper management problems. The typical OR approach is to define the goals of an organisation sub-system and then to determine ways of improving operations of the system set up to attain those goals (50).

The construct of OE usually is not directly addressed in OR model. Rather it is finalised by using a mathematical model of some sort, in which the parameter values are often set-up by expert judgement to combine whatever specific indices are used. OR does, however, have an extensive literature dealing with optimum solutions of specific problems encountered by organisations. This constitutes an
effective intervention technique and any one hoping to improve the organisation performance can well be advised to take advantage of these solutions.

Problems with the systems approach

The two most telling shortcomings of the systems approach relate to measurement and the issue of whether means really matter. Measuring specific end goals may be easy compared with trying to measure process variables such as "flexibility of response to environmental changes" or "clarity of internal communications". The problem is that, while the terms may carry a lay person's meaning, the development of valid and reliable measures for tapping their quantity or intensity may not be possible. Whatever measures are used, therefore, may be constantly open to question.

In sports, it is frequently said that "it's whether you win or lose that counts, not how you play the game!" It can be argued that the same holds true for organizations. If ends are achieved, are means important? The objective is to win, not to get out there and look good losing! The problem with the systems approach, at least according to its critics, is that its focus is on the means necessary to achieve effectiveness rather than on organizational effectiveness itself.

Nevertheless, these shortcomings are not sufficient enough to undermine the importance of systems approach altogether. Thus, Managers who use a systems approach to OE
are less prone to look for immediate results. They are less likely to make decisions that trade off the organization's long-term health and survival for ones that will make them look good in the near term. Additionally, the systems approach increases the managers' awareness of the interdependency of organizational activities. For instance, if management fails to have raw materials on hand when they are needed or if the quality of those raw materials is poor, it will restrict the organization's ability to achieve its end goals.

A final plus for the systems approach is its applicability where end goals either are very vague or defy measurements. Managers of public organizations, for example, frequently use "ability to acquire budget increases" as a measure of effectiveness—substituting an input criterion for an output criterion.

The Strategic-Constituencies Approach

A more recent perspective on OE — the strategic constituencies approach — proposes that an effective organization is one that satisfies the demands of those constituencies in its environment from whom it requires support for its continued existence (51). This approach is similar to the system view, yet it has a different emphasis. Both consider inter-dependencies, but the strategic-constituencies view is not concerned with all of the organization's environment. It seeks to appease only those in the environment who can threaten the organization's
survival.

The goal attainment approach views organizations as deliberate, rational and goal seeking entities. The strategic constituencies approach views organizations very differently. They are assumed to be political areas where vested interests compete for control over resources. In such a context, organizational effectiveness becomes an assessment of how successful the organization has been at satisfying those critical constituencies, upon whom the future survival of the organization depends.

The "political arena" metaphor further assumes the organization has a number of constituencies, with different degrees of power, each trying to satisfy its demands. But each constituency also has a unique set of values, so it is unlikely that their preferences will be in agreement. For example, a study of the major tobacco companies found that the public evaluated the companies in terms of not harming smokers health, while stockholders evaluated the firms' ability to produce cigarettes efficiently and profitably. Not surprisingly - using such diverse criteria - the public rated the tobacco firms as ineffective, and stock-holders rated the same firms as highly effective (52). Effectiveness of a tobacco company, therefore, can be said to be determined by its ability to identify its critical constituencies, assess their preference patterns, and satisfy their demands. Stockholders and consumers might be satisfied with tobacco firms, but if the public, through its
legislative representatives, outlaws the sale of cigarettes, then the tobacco companies lose and lose big:

Finally, the strategic constituencies approach assumes that managers pursue a number of goals selected represent a response to those interest groups that control the resources necessary for the organization to survive. No goal or set of goals that management selects is value free. Each implicitly, if not explicitly, will favour some constituency over others. When management gives profits highest priority, for instance, they make the interests of owners paramount. Similarly, adaptability to the environment, customer satisfaction and a supportive work climate, favour the interests of society, clients, and employees, respectively.

The Fig. 2.1 identifies a list of strategic constituencies a business firm might confront and the typical organisational effectiveness criteria each is likely to use.

**Fig. 2.1**

**Typical of Criteria of Selected Strategic Constituencies.**

<table>
<thead>
<tr>
<th>CONSTITUENCY</th>
<th>TYPICAL OE CRITERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owners</td>
<td>Return on investment; growth in earning.</td>
</tr>
<tr>
<td>Employees</td>
<td>Compensation; fringe benefits; satisfaction with working conditions.</td>
</tr>
<tr>
<td>Customers</td>
<td>Satisfaction with price, quality, service.</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Satisfaction with payments; future sales potential.</td>
</tr>
<tr>
<td>Creditors</td>
<td>Ability to pay indebtedness.</td>
</tr>
<tr>
<td>Unions</td>
<td>Competitive wages and benefits; satisfactory working condition; willingness to bargain fairly.</td>
</tr>
</tbody>
</table>
The strategic constituency approach too is not free from problems. The task of separating the strategic constituencies from the larger environment is easy to say but difficult to do in practice. Because the environment changes rapidly, what was critical to the organization yesterday may not be so today. Even if the constituencies in the environment can be identified and are assumed to be relatively stable, what separates the strategic constituencies from the "almost" strategic constituencies? Where do we cut the set?

And won't the interests of each member in the dominant coalition strongly affect what he or she perceives as strategic? An executive in the accounting function is unlikely to see the world—or the organization's strategic constituencies—in the same way as an executive in the purchasing function. Finally, identifying the expectations that the strategic constituencies hold for the organization presents a problem. How do we tap that information accurately?

However, by operationalizing the strategic constituencies approach, managers decrease the chance that they might ignore or severely upset a group whose power could significantly hinder the organization's operations.
If management knows whose support it needs if the organization is to maintain its health, it can modify its preference ordering of goals as necessary to reflect the changing power relationship with its strategic constituencies. For instance, if survival is important for an organization, then it is incumbent upon managers to understand just who it is (in terms of constituencies) that survival is contingent upon.

The Competing Values Approach

If we are to have a comprehensive understanding of OE, it would seem worthwhile to identify all of the key variables in the domain of effectiveness and then determine how the variables are related. The competing-values approach offers just such an integrative framework (53).

The main theme underlying the competing values approach is that the criteria we value and use in assessing an organization's effectiveness—return on investment, market share, new-product innovation, job security—depend on who we are and the interests we represent. It is not surprising that stockholders, unions, suppliers, management, or internal specialists in marketing, personnel, production, or accounting may look at the same organization but evaluate its effectiveness entirely differently.

This approach begins with the assumption that there is no "best" criterion for evaluating an organization's effectiveness. There is neither a single goal that everyone can agree upon nor a consensus on which goals take
precedence over others. Therefore, the concept of OE, itself, is subjective, and the goals that an evaluator chooses are based on his or her personal values, preferences, and interests. This can be seen if we take one organization and look at how OE criteria change to reflect the interests of the evaluator. At lathe producing plant, we might find financial analysts defining OE in terms of high profitability; production executives focusing on the amount and quality of equipment manufactured; marketing people and competitors looking at the percentage of market that plant’s various products hold; personnel specialists viewing OE in terms of ability to hire competent workers and absence of strikes; research-and-development scientists keying in on the number of new inventions and products that the company generates; and the employment officer of the city, defining OE in terms of employment opportunities created by the Company.

Competing values goes significantly beyond merely acknowledging diverse preferences. It assumes that these diverse preferences can be consolidated and organised. The competing values approach argues that there are common elements underlying any comprehensive list of OE criteria and that these elements can be combined in such a way as to create basic sets of competing values. Each one of these sets then defines a unique effectiveness model.

To apply this approach, it's necessary to go into more detail of how it evolved. It began with a search for
common themes among the thirty OE criteria listed below (Fig. 2.2).

Fig. 2.2

Criteria and Measures of Organisational Effectiveness

1. Overall Effectiveness:
2. Productivity:
3. Efficiency:
4. Profit:
5. Quality:
6. Accident:
7. Growth:
8. Absenteeism:
9. Turnover:
10. Job Satisfaction:
11. Motivation:
12. Morale:
13. Control:
14. Conflict/cohesion:
15. Flexibility/adaptation:
16. Planning and goal setting:
17. Goal consensus:
18. Internalization of Organizational Goals:
19. Role and norm congruence:
20. Managerial interpersonal skills:
21. Managerial task skills:
22. Information management and communication:
23. Readiness:
24. Utilization of environment:
25. Evaluation by external entities:
26. Stability:
27. Value of human resources
28. Participation and Shared influence:
29. Training and development emphasis:
30. Achievement emphasis: (2)
Now, what was found in this list were three basic sets of competing values. The first set is flexibility versus control. These are essentially two incompatible dimensions of an organization's structure. Flexibility values innovation, adaptation and change. In contrast, control favours stability, order, and predictability.

The second set deals with whether emphasis should be placed on the well-being and development of the people in the organization or the well-being and development of the organization itself. The people-organization dichotomy is another set of essentially incompatible dimensions: the concern for the feelings and needs of the people within the organization versus the concern for productivity and task accomplishment.

The third set of values relates to organizational means versus ends; the former stressing internal processes and the long term, the latter emphasizing final outcomes and the short term. We saw this dichotomy before when we compared the goal-attainment and systems approaches. Goal attainment focusses on ends, and systems emphasizes means. These three sets of values can be depicted as a three-dimensional diagram (Fig.2.3).

Fig: 2.3

A Three Dimensional Model of Organizational Effectiveness
These three sets of values can be further combined to form eight cells or sets of OE criteria. For example, combining organisation, flexibility and means (OFM) creates one cell, combining organisation, flexibility and Ends (OFE) creates another cell; combining organisation, control and means (OCM) creates still another; combining organisation, control and Ends (OCE) creates another; combining people control and means (PCM) creates still another; combining people, control and Ends (PCE) creates another; combining people, flexibility and means (PFM) creates still another and finally combining of people, flexibility and Ends (PFE) creates another cell (Fig. 2.4).

![Fig. 2.4 Eight OE Criteria Cells](image)

<table>
<thead>
<tr>
<th>CELLS</th>
<th>DESCRIPTION</th>
<th>DEFINITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>OFM</td>
<td>Flexibility</td>
<td>Able to adjust well to shifts in external conditions and demands.</td>
</tr>
<tr>
<td>OFE</td>
<td>Acquisition of resources/growth</td>
<td>Able to increase external support and expand size of work force.</td>
</tr>
<tr>
<td>OCM</td>
<td>Planning</td>
<td>Goals are clear and well understood.</td>
</tr>
<tr>
<td>OCE</td>
<td>Productivity and efficiency</td>
<td>Volume of output is high; ratio of output to input is high.</td>
</tr>
<tr>
<td>PCM</td>
<td>Availability of information/communication</td>
<td>Channels of communication facilitate informing people about things that affect their work.</td>
</tr>
<tr>
<td>PCE</td>
<td>Stability</td>
<td>Sense of order, continuity, and smooth functioning of operations.</td>
</tr>
<tr>
<td>PFM</td>
<td>Cohesive work force</td>
<td>Employees trust, respect, and work well with each other.</td>
</tr>
<tr>
<td>PFE</td>
<td>Satisfied work force</td>
<td>Employees needs are satisfied.</td>
</tr>
</tbody>
</table>
Now, we begin to combine the eight cells into some distinct models. The cells OFM and OFE are subsumed under the Open System Model. This model emphasises organisation and flexibility and defines organisation effectiveness in terms of flexibility (as means) and the ability to acquire resources (as ends). The cells PCM and PCE form the Internal Process Model. This model stands in contrast to Open System Model as its emphasis is on people and control. It stresses adequate dissemination of information (as means) and stability and order (as ends) in the assessment of OE. The cells PFM and PFE are subsumed under the Human Relations Model. It emphasises people and flexibility. The Human Relations Model would define OE in terms of cohesive work force (as means) and satisfied work force (as ends). The cells OCM and OCE form Rational Goal Model. This model stands just opposite to Human Relations Model, as its emphasis is on organization and control. The existence of specific plans and goals (as means) and high productivity and efficiency (as ends) is used as evidence of effectiveness. All these four models of effectiveness are shown in Figure 2.5. which is exhibited on the following page.
Figure: 2.5

Four Models of Effectiveness

Values

Human-Relation Model

Means: Cohesive work force

ENDS: Satisfied work force

Open-Systems Model

Means: Flexibility

ENDS: Acquisition of Resources

Organization

ENDS: Productivity and efficiency

Rational-Goal Model

Means: Planning

ENDS: Stability

Control

ENDS: Availability of information
Now it is evident that each model represents a particular set of values and has a polar opposite with contrasting emphasis. "The human relations model with its effectiveness criteria reflecting people and flexibility stands in stark contrast to the rational goal model's value-based stress on organization and stability. The open system model, defined by values of organization and flexibility, runs counter to the internal process model, the effectiveness criteria of which reflect a focus on people and stable structures" (54).

Competing values acknowledge that multiple criteria and conflicting interests underlie any effort at defining and assessing OE. Additionally, by reducing a large number of effectiveness criteria into four conceptually clear organizational models, the competing-values approach can guide the manager in identifying the appropriateness of different criteria to different constituencies and in different life-cycle stages.
Focus of Study: Identification of Criteria and Predictors of OE

The main concern of OE studies has been to identify criteria and predictors of OE. While, some studies have been done expressly for the purpose of developing criterion measures, others have focussed on predicting OE by using some sort of independent variables. In this case the investigator's primary interest was in the predictors (for example, type of technology, leadership styles, need satisfaction, organisation culture, management skills etc.) and the effectiveness measures chosen as criteria were matters of convenience.

In order to prepare a base for defining the problem precisely, for making interpretation of data meaningful and for making comparison among similar studies the investigator studied the related studies extensively. The review provided an insight into various dimensions of the problem and related issues at different stages. In this attempt, the investigator was selective and reviewed researches which have direct bearing on the present study.

Review of studies has been divided into the following sections:

(A) Studies conducted outside India:
   (i) Studies conducted outside India regarding criteria of OE.
   (ii) Studies conducted outside India regarding predictors of OE.
Studies Conducted Outside India Regarding Criteria of Effectiveness:

Only a few years ago Campbell and Others 1974 (3) went through this literature and attempted to make a list of the criterion measures of OE that have been used. The intent was to include all variables that have been proposed seriously as indices of OE. This comprehensive list of OE criteria has already been provided on page no. 2.30 (Fig. 2.2)

James Price has reviewed and analysed fifty studies and developed a model comprising of a dependent variable called 'effectiveness'. After surveying the available research literature Price came to the conclusion that five variables are positively related to effectiveness. These five variables are: Productivity, morale, conformity, adaptiveness and institutionalization. Price also concluded that productivity is more closely related to effectiveness than are the four other variables (55).

individual goals with organisational goals. 14 Open communication 15. Survival 16. All other criteria (56).

Eugene Benge, has suggested making performance comparisons by the use of indexes, covering industry comparisons, financial conditions, sales, manufacturing, purchasing and profit. Each factor is weighted as to its importance by executive judgement. An average is calculated for each factor from historical performance data and the deviations from the average at any point are expressed statistically in terms of standard deviations. The index of management effectiveness is the algebraic average of the weighted standard deviation of such factors (57).

Mahoney and Weitzel and Norman: hold the view that both supervisors and higher managers rate productivity very high. But supervisors assign less priority to human relations variables as instrumental in achieving productivity, not as ends in themselves, it is productivity that is often an important measure of effectiveness to those inside the organisation at the middle and lower level (58).

William A. Mc eachern opines that social responsibility audits have not been willingly accepted, but there is a well spring of social consciousness in the philosophies of managers and in the behaviour of organisations. Social responsibilities in the form of expectations of interest groups that comprise the public are becoming increasingly important as criteria of effectiveness to be used along side the more familiar ones (59).
Warren G. Bennis says that instead of static measures of output, effectiveness should be inferred from the processes by which the organisation approaches problems. He argues that a single measure of output of slice of time will not provide an indication of organisation health. Instead he suggests three kinds of criteria: adaptability, a sense of identity, and the capacity to test reality (60). Chriss Argyris believes that restriction of output, destructive competition and employee apathy or any behaviour that puts personal needs ahead of organisational goals are symptoms of poor organisational health. Thus, the criteria of organisational health is that of the integration of individual and organisational goals (37).

Douglas Mcgregor describes the well functioning effective group somewhat as follow:

1. The atmosphere tends to be informal, comfortable and relaxed.
2. There is good deal of discussion in which every one participates, but the discussion remains relevant to the task.
3. The objectives are well understood and accepted by all the members of the group.
4. The members listen to one another. Every idea is given hearing. No one is afraid of being considered foolish by putting forward even extreme ideas.
5. There is disagreement for disagreements are not over-ridden. The reasons for disagreement are examined and there is an attempt to resolve them rather than supress them.
6. Most decisions are reached by some form of consensus in which there is general agreement and willingness to accept the decision.
7. Criticism is frequent and frank but comfortable and shows little evidence of personal attack.

8. Members feel free to express their feelings as well as ideas not only on the problem to be solved but on the very operation of the group.

9. Assignments to members are clear and are accepted.

10. The group chairman does not dominate nor is there evidence of power struggle while the group is involved in achieving its task. The issue is not who controls but how to get the job done.

11. The group is self-conscious about its own operations (61).

The assertion of McGregor is further supported by Katz and Kahn (62).

Richard Scott argues that we should focus on a more limited set of criteria, establish explicit normative bases for selecting those criteria, identify those constituencies that support or reject those criteria and select criteria that will facilitate comparative organisational studies rather than searching for some specific universal criteria of effectiveness. He further adds that the three areas where indicators of effectiveness could be identified are: outcome, process and structure (63).

According to Silver and Sharman the following factors constitute effectiveness:

1. Goals: The organisation without interlocked goals and objectives can be compared to a ship without a radar.

2. Adaptability: Another measure of OE is its ability to adapt to changing opportunities by developing sensors to pick up and allow change in the system, whether those changes be threats or opportunities.
3. Communication: An overcontrolling environment and bureaucratic rituals tend to chop off and destroy inputs from employees and stifle the flow of ideas.

4. Job Description: An important dimension of OE is the clarity of Job description based on reality are essential to effective work.

5. Manpower Development: Organisation development and manpower development are no longer luxury service for companies that expect to be vital and competitive over years to come.

6. Organisation self concept: Every organisation needs to look at itself and at its values.

7. Information sharing: An effective organisation is characterized by communication network where information exchanges can be rapid, reliable and reciprocal.

8. Performance feedback: The effective organisation will prevent proliferation of unneeded staff experts.

9. Planning: Effective organisation planning levels to be on a relatively long time scale and from bottom to top planning as opposed to unilateral planning from the top (64).

According to George Polous and Tanenbaum the OE criteria includes:

(i) Productivity (ii) Flexibility in the form of adjustment to internal changes and successful adaptation to external changes (iii) the absence of excessive internal strain, tension and conflict among sub-groups (65).
Mott has developed the following criteria of Organisational Effectiveness:

A. Organising centers of power for routine production (Productivity)
   i) Quantity of the product
   ii) Quality of the product
   iii) Efficiency with which the product is produced.

B. Organising centers of power to change routines (Adaptability)
   i) Symbolic adaptation
      a) Anticipating problems in advance and developing satisfactory solutions.
      b) Staying abreast of new technologies and methods applicable to the activities of the organisation.
   ii) Behavioural adaptation
      a) Prompt acceptance of solutions
      b) Prevalent acceptance of solutions.

C. Organising centers of power to cope with temporarily unpredictable overloads of work (Flexibility) (66).

Barnard M. Bass as early as in 1952 suggested that the criteria of organisational worth need to be expanded. Instead of evaluating the success of programmes solely by productivity, efficiency and profit, he proposed that programmes also be evaluated on their contributions to the organisation's worth to its members and to society (67).

Fred, H. Blum has also suggested a social responsibility measures, an "audit of progress in human relations". Blum proposes that each company set aside a certain percentage of its profits for research and action in regard to factors influencing the satisfaction of human needs for unity and integrity in order to improve human relations (68).
While examining the behaviour of directors of organisations, Thompson 1967 specifies that two considerations are noteworthy: (i) how much agreement is there in the individuals about the criteria to be employed (ii) how much consistency is there between the criteria employed for assessing organisational performance and the goals announced to participants in allocating work (69).

Charles Perrow defines effectiveness in terms of the degree of goal achievement observed in the organisation. He further argues that "as we refer to the degree of goal achievement, this allows us to refer to grades or levels of effectiveness and not simply effectiveness as against non-effectiveness, i.e., an ordinal as against non-ordinal measurement" (70).

Rosengren 1975 has recently revealed his condition into what he termed as "nutcracker" theory of organisations insisting that organisations are increasingly subject to common expectations and regarded as "general resources that may legitimately be reinforced by force if necessary to serve the goals and purposes of multiple external publics" (71).

Hirschman has argued in his brilliant essay on this subject two broad classes of alternatives, which are available to dissatisfied parties: (i) Exit - taking one's business elsewhere and (ii) Voice - expressing one's dissatisfaction (72).
Simon (1957 A) insists that organisations are and (should be) happy to settle for satisfactory level of performance as opposed to optimal performance (73).

INSTITUTIONAL ATTEMPTS AT CRITERION SEARCH OUT

There have been only two rigorous institutional attempts to examine the structure of effectiveness criteria. One is the study conducted by Mahoney and Weitzel 1969 at the Minnesota Study Centre and the other is the well known efforts made by Seashore Yuchtman and others at the Michigan Institute for Social Research (74-77).

The Minnesota study used a questionnaire format to obtain ratings on the effectiveness of 283 departments or sub units sampled from over a dozen different firms. The ratings were made by managers and the questionnaires included 114 items gleaned from the literature as being potential indicators of effectiveness. The correlation among the 114 items were factored and 24 effectiveness factors were labelled and defined. Eight of the factors are described below, they are intended to be representative of the full set.

(1) Development: Personnel participation in training and development activities; high level of personnel skill and competence.

(2) Democratic supervision: Subordinate participation in work decisions.

(3) Reliability: Meeting objectives without necessity of follow up and checking.

(4) Diversity: Wider range of Job responsibilities and
personnel abilities within the organisation.

(5) Emphasis on results - Results, output, and performance emphasized, not procedures.

(6) Understanding: Organisation philosophy, policy, directives are understood and accepted by all.

(7) Planning: Operations planned and scheduled to avoid lost time, little time spent on minor crises.

(8) Productivity - support utilization; Efficient performance, mutual support and respect of supervisors and subordinates, utilization of personnel skills and abilities

In general, the Mahoney and Weitzer's 1969's factors are meant to be descriptive and not prescriptive relative to the functioning of organisation sub-units. They cover a fairly broad range on the means-ends continuum and whether a high rating on a factor is good or bad is a value judgement on the part of the organisation.

At Michigan Institute for Social Research (ISR), nine effectiveness dimensions identified in a factor analytic study of the performance of seventy five insurance agencies (Seashore and Yuchtman) are listed below. The basic data for this Michigan study were not questionnaire responses or subjective ratings but archival records of sales and personnel data.

(1) Business volume - Number and value of policies sold related to size of agency.

(2) Production cost- Cost per unit of sales volume.

(3) New member productivity: Productivity of agents having less than 5 years tenure.
4. Youthfulness of members: Frequency and productivity of members under thirty five.

5. Business Mix: A combination of three conceptually unrelated performance indices, interpreted as reflecting the ability of agencies to achieve high overall performance through any of several strategies.

6. Man-power growth: Relative and absolute change in man power levels.

7. Maintenance costs.

8. Member Productivity: Average new business volume per agent.

9. Market Penetration: Proportion of potential market being exploited (75-77).

Studies Conducted Outside India Regarding Predictors of OE:

What determines organisational effectiveness or in other words what are those variables which can predict organisational effectiveness is another important issue which has disturbed all along researchers and practitioners, therefore, clarity is sought in this direction. A number of serious attempts made by researchers in past towards this are enumerated as under:

Richard Scot explains determinants of effectiveness not in terms of general model but through an attempt to develop and test more precise predictors relating particular measures of effectiveness to particular features of organisations or system of analysis (63).
Paul Mott on the basis of research of five non-business organisations relates certain organisational characteristics to productivity, adaptability and flexibility as well as to a combine score of these three indices of OE. He has divided the determinants of OE into two broad categories; (i) organisational characteristics, (ii) behavioural characteristics. He finds that certain aspects of the normative environment like clarity of objectives, rules, policies and guidelines were clearly related to overall effectiveness. There was also a strong relationship between functional integration and effectiveness (66).

Price J. L. (1968) views the determinants of OE as under:

i) Organisations which have a high degree of division of labour are more likely to have a high degree of effectiveness.

ii) Organisations which have a high degree of vertical communication are more likely to have a high degree of effectiveness.

iii) Organisations which have a high degree of autonomy are more likely to have a high degree of effectiveness (55).

Richard M. Steers identifies the major influences on OE as under:

Organisational characteristics (Structure, Technology)

Environment characteristics

Employee characteristics (Performance Job attainment)

Managerial policies and practises

(56).
Silver and Sherman (1974) hold the view that the reason for swing factor is the effectiveness of managers who lead an organisation's social system. Managers are the quarter-backs and other players any good capital equipment and physical facilities can be purchased down the street. The consideration, then is the effectiveness as well as the subsequent efficiency of the personnel that cause an organisation ship to sunk or float (64).

Chandler in his classic study found that multi-divisional structure was more effective than a unitary functional structure (78). Runnet has further confirmed the view point of Chandler in his studies at United States and Europe (79). Reimann and Negandhi in their study of 20 manufacturing organisations in India also found that large complex organisations need well designed and rationalized organisation structures to be effective in the long run. In the short run, however, these organisations may be effective regardless of their structural arrangements, as long as they face relatively non-competitive market (80).

Renesis Likert too considers structure as the most important factor which influences the OE. He advocate that the relatively decentralized, participative "system structures are much more likely to lead to high performance than the relatively more autocratic or bureaucratic structures (81). Reimann, in his study also confirmed the view that high performance organisations had high degree o
states that structure, as an independent variable, affects several factors like technical, economic and human, which in turn, act as intervening variables for behaviour; they determine organisation productivity and member satisfaction (82). Harold Leavitt and others (1958) also found that group working on relatively simple and certain tasks tended to perform better when the groups had more-structure whereas groups working on uncertain more complex tasks performed better with less structured communication net (83).

Lawrence and Lorsch who made a comparative study of six organisations in the same industrial environment found a relationship between the extent to which the state of differentiation and integration in each organisation met the requirements of the environment and the relative economic performance of the organisation. Differentiation and integration are seen as intrinsically opposite states, that is, one can be obtained only at the expense of the other. All six organisations studied had similar integrative devices (integrating teams and departments) but in the high performing organisation, the integration devices led to greater effectiveness by being more sensitive to the determinants of effectiveness and by having the ability to respond to changes in them (84).

Following the pioneering work of Lawrence and Lorsch, a few scholars have further explored the relationship between organisation and its environment. For instance, Osborn conducted one such study in this regard. He divided
the environment into three broad categories: (i) Macro environment, (ii) aggregation environment, (iii) task environment. Based on this perspective he finds complexity of the environment represented by risk dependency and inter-organisational relationships. He submitted that whereas neither complexity nor risk was associated with effectiveness, nevertheless, task environment dependency and inter-organisational interaction were individually and in combination, positively and significantly related to effectiveness (85).

Thomas Burns and Stalker, G.M. (1961) also found that organisations that were profitably coping with uncertain, changing environment had a low degree of formalized structure instead of the higher degree of structure associated with success in more certain environment (86).

In major studies in Britain Woodward (1976) found a relationship between the nature of the task and the structure of the organisation, and noted that more profitable organisations tended to adapt structures consistent with the requirements of technological environment (87). However, Blan (1976) studies do not support the Woodward's views. Blan, for instance rejects Woodward's notion of a "broad technological imperative" for internal structure (88). Lax Donaldson (1976) reviewing four major studies also concluded that the bivariate relationship between technology and structure has not been confirmed and in fact has been disconfirmed (89).
Thompson and Baltes suggested a number of ways in which technology can have a bearing on OE, for example, as the technology of an organisation becomes more sophisticated, the organisation's flexibility in shifting from one goal to another is curtailed. Similarly as technology becomes elongated, any particular organisation will tend to have less control over the total technological process and would become more dependent on other organisations for prior or subsequent operations in the total process. Consequently the flexibility of the organisation in deciding goals and managing resources would be reduced (69).

Studies Conducted in India Regarding Criteria and Predictors of OE:

Bhattacharya and Venkatraman hold that the success of an organisation to a large extent would be the function of its ability to continually align its organisational strategy with the environmental changes. The corporate management would be increasingly required to play major role in insuring that such corrections in alignment take place as the environment changes (90).

The most significant study on the effectiveness of organisations is by Khandawalla (1981). Based on the four-in-depth case studies of public enterprises, he found considerable support for his effective response hypotheses [Fig.2.6] (91).
<table>
<thead>
<tr>
<th>Choice: Evolving Situation</th>
<th>Response: Hypothesised to be Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong pressure for performance from the ministry</td>
<td>Risk taking and organic top management with strong intelligence, planning, and control systems.</td>
</tr>
<tr>
<td>Turbulent industry environment</td>
<td>Risk taking and organic top management</td>
</tr>
<tr>
<td>Complex industry environment</td>
<td>Professional and participative top management</td>
</tr>
<tr>
<td>Multi faceted competitive pressure on PE</td>
<td>Decentralised authority structure, sophisticated intelligence, planning, and control systems.</td>
</tr>
<tr>
<td>Large size of PE</td>
<td>Bureaucratic structure (in Weber's sense) characterised by high levels of managerial specialisation, procedural standardisation, and formalisation of roles, relationships, and communication</td>
</tr>
<tr>
<td>Sophisticated capital intensive technology</td>
<td>Sophisticated selection and reward system</td>
</tr>
<tr>
<td>Conglomerate diversification</td>
<td>Divisionalised organisational structure (divisionalisation based on the profit centre concept)</td>
</tr>
<tr>
<td>A number of strongly held partially conflicting goals for the enterprise</td>
<td>Professional and participative top management; a sophisticated intelligence, planning, coordination, and control system; a sophisticated reward system (that responds in a sophisticated manner to a broad range of human needs)</td>
</tr>
<tr>
<td>Specialist managers, strong defence as well as growth needs in them, and intolerance of ambiguity in them</td>
<td>Performance based reward system for managers, job rotation, movement over time through increasingly less structured managerial jobs, participatory decision making structure, and task oriented but nurturant, fatherly supervision</td>
</tr>
<tr>
<td>Professional top management orientation</td>
<td>Participative top management orientation</td>
</tr>
</tbody>
</table>
A study of comparative effectiveness of steel manufacturing enterprises was done as a part of doctoral thesis in USA (Singh, 1979). It was suggested that effectiveness must be defined from a societal frame of reference. Singh used all the three dimensions - social, economic and behavioural and defined an effective organisation as one which balances its performance in all three spheres. It has been suggested that there are advantages of this three dimensional framework, (i) effectiveness is not defined from the perspective of any single interest group, (ii) it allows an assessment of systematic performance, and (iii) it may be applied to both profit and non-profit organisations (92).

Reddy (1982) has reported a case study of Andhra Pradesh Cooperative Central Agricultural Development Bank for nine year performance. n factor was proposed as an index of effectiveness. If the cost of management to total expenditure is more than the management cost to total revenues, then 'n' factor was said to be positive (93).

Kalro and Bhattacharyya (1978) found the importance of systems for productivity. They concluded that true productivity potential could be achieved only if jobs were designed to have intrinsic characteristics of motivating the job holder and sustaining his motivation. The content of jobs would therefore have to be suitably modified to bring about a change in employee attitudes (94). Deshpande (1978) has reported facilitating and restraining forces in relation
to the new role of the banks after nationalisation (95).

Sayeed (1970) has related behavioural variables with performance variables. His study elaborates on various attributes of the organisation like internal state of health and managerial characteristics that have strong impact on productivity and effectiveness of the sub-systems of a large bank. The most outstanding feature has been the revelation of the importance of personal and interpersonal characteristics like managerial value orientation, FIRO needs and the leadership styles. These findings point to the need to maintain a non-bureaucratic style of functioning (96).

In another study (Komarraju, 1981) of the relationship of organisational climate and productivity of a medium-sized company, productivity was not found to be related to (or influenced by) organisational climate (97).

Maheshwari, B.L. measured OE in terms of subjective as well as objective criteria. The objective criteria included profitability and growth dimensions. The profitability was measured in terms of profit before tax, interest and depreciation; profit before tax; and net profit after tax. Growth was measured in terms of sales volume, capital employed, net worth and net block. Subjective measures or what he called perceived effectiveness consisted four dimensions, (i) productivity of people and resources, (ii) morale of organisation members (workers and managers separately), (iii) the quality of products, (iv) the rate of growth.
Maheshwari also tried to see as to how decision making styles commonly used by the managers in the Indian Organisations, particularly participated and enterpreneurial styles related to overall organisational effectiveness as well as to various dimensions of OE (98).

Parmar, N.K., used productivity and adaptability as the two important dimensions of OE. Further, the productivity was measured in terms of quality of the product, quantity of the product and efficiency with which the production was done. Adaptability was measured in terms of anticipating problems in advance; staying abreast of new technologies; prompt acceptance of solutions and the organisation capacity to cope with temporary unpredictable overloads of work.

He also studied how various types of individual needs which he referred them as lower level and higher level needs related to various dimensions of OE (99).

Mishra, L. measures effectiveness at three levels, viz., superiors, subordinates and self. The managers were asked to rate, following Peter Drucker's (1967) Model of effectiveness, their superiors, subordinates on the management of time, orientation to result, setting and keeping of priorities and decision making.

He also studies relationship of various dimensions of OE with organisation structure and process variables. Formalization, Centralization and autonomy are considered as
Variables of organization structure, whereas, influence, reward and punishment, appointment and promotion, inter and intra support, decision making and communication are taken as process variables.

Various Approaches of Managerial Effectiveness:

What makes a manager effective? Although there are no definite answers to this question, research and experience indicate that some behavioural dimensions help managers to become effective in the organizational setting. Before discussing these behaviours, it is useful to understand the meaning of "managerial effectiveness". For this purpose we cite below the various approaches of ME:

Deliverance of Result in a Given Time Rather Than Mere Activity Approach:

The first duty of being a manager, superintendent or first line supervisor is to get effective results, not activity. Industry is not interested in frantic activity and fervored rushing to and fro. It wants predictable results. Managers spend too much time working on problems rather than letting their people solve the problems. Managers' work should lend itself to impact, significant achievement and results.

In his book, The Effective Executive, Peter Drucker points out that efficiency is doing things right. Effectiveness, on the other hand, is doing the right things.
there is nothing so useless as doing with great efficiency what should not be done at all. Anything worth doing is worth doing right. Many things that are worth doing with a little time and effort are not worth doing if they require a lot of time and effort. Time is a measure of life, and every kind of work ought to be adjudged to it. One of the commonest mistakes we all make is spending ourselves on things whose value is below the value of the time they require. Rightness is concerned with timings. The effective manager eliminates the non-essentials. He gives away the marginal activities because he knows that they cost him the most valuable resource that he has, his time (101).

It is possible for managers to be very busy and still not be very effective. They may be busy doing things that do not count very much. Moreover, unless managers have a clear conception of the basic activities they are supposed to perform, they will not be able to make plans or establish priorities for self-improvement. Like carpenters, managers must have a variety of tools in the tool kit and know both when and how to use each one. Otherwise, as the late Abraham Maslow purportedly said, "if you only have one tool and it is a hammer, than you tried to treat everything as if it were a nail." Clearly, there are somethings that effective managers do differently from their less-effective counterparts (102-103).

1. Have High Concern for People and Productivity:

Effective managers are able to communicate by the things they do—not by the slogans they repeat—that they are
equally concerned about people and productivity and expect others to be similarly concerned.

2. **Spend time Managing**:

   The effective managers spend most of their time managing. That is, they spend most of their time identifying opportunities for improvement, locating problems, training subordinates, developing contacts with others in the organisation, working through interunit differences, and the like.

3. **Use a General Style**:

   Research by management Professor Quentin Ponder has demonstrated that effective managers engage in discussions with their subordinates about the overall scope and purpose of a work assignment, so the employees are able to proceed on their own to fill the requirements of the project (104).

4. **Build Group Pride**:

   The effective managers work with their employees in groups or subgroups on a regular basis. They allow the people to talk with each other, share ideas, and establish some common perspectives.

5. **Keep People Informed**:

   Harvard Psychologist David McClelland, who has done extensive research on the achievement motivation of people, has found that it makes a real difference in their performance if people are given regular feedback and kept informed about what is happening in the organisation that affects their work day lives (105).
6. **Allow Employees to Influence Them:**

Effective Managers are aware of their own limitations and therefore seek information and advice from others. They are open to good information, whatever the source.

7. **Take Pressure Off in a Crisis:**

Crises are inevitable in managerial work. Effective Managers respond to such situations by taking some of the pressure off others and encouraging them to do their best.

8. **Have Influence Upward:**

The ability to influence their own bosses' decisions is an essential characteristic of effective managers. They must be skilled as subordinates as well as proficient as supervisors.

9. **Minimize Status Differences:**

Status symbols are an ubiquitous part of managerial work. If managers emphasise status distinctions, they will be less likely to get the information they need and the cooperation they value.

10. **Are Willing To Do Detail Work:**

Some management writers have compared managers to orchestra conductors, "by whose efforts, vision and leadership, individual instrumental parts that are so much noise by themselves become the living whole of music."(106)

Thus effectiveness does not just happen. It also takes effort in the right direction. A manager must be more than busy. A manager can be busy turning out reports or
churning through paperwork without being effective; being effective is being busy doing the right things. Finding out what those right things are is a major managerial responsibility. It is not an easy task, but there are no alternatives for today's managers.

The management of time becomes an important part of the overall management process. With the information presented here, a way is provided to use time more effectively, and by doing so to improve management effectiveness (T.I.M.E.). For this we need the T.I.M.E. model. The model represents a comprehensive set of components that aid managers in achieving improved performance. Understanding the model involves analysing each component and then studying the relationship among components. The model is presented below (Fig. 2.7).
The components of the model interrelate as follows: First, use or misuse of time is largely a function of our environment, experience and individual characteristics. Therefore, we must understand our environment, our experience and our individual characteristics if we are going to be better users of time. Thus, a comprehensive knowledge of our environment, experience and individual characteristics leads to the awareness component. Once we become aware, we can take action. This action leads to our ultimate goal - improved performance. The term associated with performance is effectiveness, which refers to the degree of goal attainment (not just any goals, but appropriate goals). This is a valuable concept because an effective organization is a collection of individuals who are achieving useful goals in a timely manner (107).

Wisdom Worker Instead Knowledge Worker Approach:

Managerial effectiveness besides knowledge, needs wisdom. Indeed, wisdom subsumes and transcends knowledge. A wisdom worker and an integrated personality may be taken as synonymous. A manager can not be wise without being integrated, an integrated personality can not be wise.

Fig. 2.8  WISDOM WORKER MODEL

Managerial Effectiveness

Training  —> Skills  —> Policies  —> Knowledge

Education  —> Values  —> Principles  —> Wisdom
The whole range of managerial development efforts today seem to concentrate on the upper limb of Fig. 2.8. The lower limb which is largely ignored, is crying for attention as a balancing foil in the quest for true effectiveness.

There is a fundamental difference between traditional wisdom and modern knowledge. The central concern of traditional wisdom, both in East and West has been man's inner world of permanent bliss and beauty. The effectiveness of man be he a king or a laity—was viewed primarily in terms of subjective parameters. And so we got the models of 'Rajarshi' in Bharatvarsha, and of 'philosopher king' in Greece. Modern knowledge has, however, turned the focus outwards, objective parameters, it claims, are its forte. External achievement even at the cost of inner demolition is the contemporary human's slogan for effectiveness. Yet we continually talk about the long term! That is the irony (108).

**MBO Approach of ME:**

Managerial effectiveness is not an aspect of personality. It is not something a manager has. To see this way is nothing more or less than a return to the discarded trait theory of leadership, which suggested that more effective leaders had special qualities not possessed by less effective leaders. Effectiveness is best seen as something a manager produces from a situation by managing it appropriately.
It represents output, not input. The manager must think in terms of performance not personality. It is not so much what a manager does, but what he achieves. Once a manager has decided he wants to become effective; he should initially focus on how can he contribute more or more effectively than he is now doing.

Managerial Effectiveness can seldom be obtained by achieving a single objective, no matter how broadly it is written. Profit, for instance, may be obtained at the risk of losing customers or by sacrificing human resources. Any manager who sees his effectiveness criteria in simple black and white terms may perform well in the short run but may not in the long run. Effectiveness is multidimensional. Before a manager can operate with full effectiveness he must: understand the overall contribution his unit should make, which means knowing what his superior is responsible for, understand his role in his unit, which means knowing what he is responsible for, achieving and knowing what his superior thinks is a good job. Establish specific objectives which he intends to achieve in a determined time period. Have the help of his superior in overcoming obstacles which may prevent the attainment of these objectives. These obstacles may lie in the organisation, the job, superior or the manager himself. Have a willingness to work to achieve his objectives, which may mean preparedness to change his behaviour. Receive concrete periodic feedback on his progress toward his objective. Be
held responsible for his actions. If all these are missing, full effectiveness unlikely to occur (109).

A Contingency Approach of Predictor-Criterion Relationship:

Contingency models of predictor-criterion relationships are of particular interest now-a-days. Since comparative management models of predictor-criterion relationships are useful for management theory, they are adopted more often by researchers. Two of the more important comparative management models are the Farmer-Richman and the Negandhi-Prashad Model (110). The Farmer Richman model assumes that environmental and cultural factors are main determinants of management practices and management effectiveness (Fig.2.9). The Negandhi-Prashad Model identifies basically the same external environment but recognizes management philosophy as another important predictor variable (Fig.2.10).

Role Efficacy Approach:

Whatever role a manager performs in an organisation, it is important that he makes it effective. Managers can make their roles more or less prone to effectiveness by perceiving them in certain ways and acting in ways that conform to their perceptions. Role efficacy is the potential effectiveness of a person in his role.

Managers with the following perceptions of their roles are likely to be more effective:

1. The perception that the role is central in the organisation, characterised by a feeling that the
Figure 2.9

FARMER - RICHMAN MODEL

External Constraints
Educational
Sociological
Legal-political
Economic

Elements of the Management Process
Planning
Organizing
Staffing
Directing
Controlling
Policy making in operating in areas

Affect

Management and Managerial Effectiveness

Determine

Firm efficiency

Determine

System efficiency

Source: L. Kelley and R. Worthley (110)
NEGANDHI—PRASAD MODEL

Management Philosophy
Management Attitudes toward Employees
Consumers
Suppliers
Stockholders
Government
Community

Environmental Factors
Socio-economic
Educational
Political
Legal

Management Practices
Planning
Organizing
Staffing
Motivating, directing, and controlling

Management Effectiveness
Enterprise Effectiveness

Source: L. Kelley and R. Worthley (10)
functions performed are important to the functioning of the organisation.

2. The perception that the role offers an opportunity to be creative, characterised by a feeling that one has opportunity to innovate and try out many new ideas and do new things.

3. The perception that the role offers enough scope to take initiative and to be proactive, characterised by a feeling that he has freedom to do what he wants and can initiate action at his own level without being pressurised to conform.

4. The perception that the role offers an opportunity to apply his capabilities with a feeling that he enjoys performing the role and there is integration between the person and the role.

5. The perception that the role is linked with other roles in the organisation and there are inter-dependencies in which his role also is an important link point.

6. The perception that the role gives opportunities to learn new things and increase meaningful experience.

7. The perception that the role offers an opportunity to help others or contribute to the development of others, and get help when it is needed.

8. The perception that the role offers opportunities to continuously learn new things, acquire new capabilities and grow.
9. The perception that the role can be used to serve superordinate goals like working for the needs of the larger society, welfare of human beings, a good cause, etc.

10. The perception that the role offers an opportunity to influence others.

CONCEPTUALIZATION OF THE RELEVANT TERMS UNDER STUDY:

Organisational Effectiveness Defined:

A number of definitions of organisational effectiveness have emerged from various approaches of OE as discussed in the preceding pages. Virtually speaking most of the definitions are based either on goal approach or on system approach or sometimes a combination of both. For instance, Cunning views effectiveness of organisation as the degree to which it is instrumental for its members. In this conceptualization, effectiveness is defined at the individual rather than the organisation level (112). Penning and Goodman opine that organisations are effective to the extent that relevant constraints can be satisfied and organisational results made to approximate or exceed a set of referents for multiple goals. Goals are desired end results, constraints are conditions that need to be satisfied. Referents are the standards against which outcomes are evaluated (113).

Mott defines OE as "the ability of an organisation to mobilize its centers of power to produce, adapt to change and cope with emergencies" (66).
According to David Lawless, "effective organisations are built of effective individuals, who work effectively in groups" (114). Etzioni defines OE as "the degree to which organisation realises its goals" (30).

According to Georgopolous and Tanenbaum, "OE is the extent to which an organisation given certain resources and means achieves its objectives without placing undue strain on its members" (65). Chester Bernard views, "what we mean by effectiveness is the accomplishment of recognized objectives of co-operative effort. The degree of accomplishment indicates the degree of effectiveness" (115). Steers opines that "OE is an organisation's ability to acquire and efficiently use available resources to achieve their goals" (55).

According to Silver and Sherman"OE is the extent to which an organisation with defined and finite resources can achieve its growth and profit without destroying its inernal resources. It is how a company meets its objectives with its available assets. OE is the minimisation of stoppage between the input of resources and the optimized output". He further supports his view point by an analogy that, "there are parts of a ship which taken by themselves would sunk. The engine would plunge the bottom of the sea and so would be the propeller. The steel of the hull would sunk. But when the parts of the ship are put together they float". Thus OE is getting it together, to keep the enterprise afloat and competitive (64).
Houck Levis opines, "effectiveness is the tool to which a goal that has been set for an operating task is attained in terms of quality and completion" (116). Warren G. Bennis considers effectiveness as the system's capacity to survive, adapt, maintain and grow, regardless of the particular function it performs (60).

William Scott emphasising the competing values approach (An integrated framework of various approaches) defines OE as "the degree to which an organisation attains its short term (Ends) and long term (Means) goals, the selection of which reflects strategic constituencies, the self-interest of the evaluator and the life stage of the organisation" (117). We accept this definition in our research study due to the following reasons:

- Integrates two conventional approaches of OE, viz. goal approach and system approach,
- Integrates modern approach of OE, viz., strategic constituencies approach,
- Takes into account various stages of an organisation's life cycle,
- Emphasises both goals and means, short term and long term criteria,
- Consolidates diverse interests of various groups,
- Provides an integrated framework of various theories of organisations about the functioning of organisations.
Managerial Effectiveness Defined:

An enormous range of definitions of "managerial effectiveness" has been offered over the past few decades but there is still no widespread acceptance by either managers or academics of the 'one best way' to define or measure effectiveness. For example, Tannenbaum and Schmidt in their widely quoted article titled, "how to choose a leadership pattern" present the following definition:

"Thus, the successful manager of men can be primarily characterized neither as a strong leader nor as a permissive one. Rather, he is one who maintains a high batting average in accurately assessing the forces that determine what his most appropriate behaviour at any given time should be and in actually being able to behave accordingly. Being both insightful and flexible he is less likely to see the problems of leadership as a dilemma (118).

According to Reddin, "there is only one realistic and unambiguous definition of managerial effectiveness- the extent to which a manager achieves the output requirements of his position. What he achieves rather than what he does(109).

Campbell defines it "as any set of managerial actions that are optimal for identifying, assimilating and utilizing internal and external resources with the aim of sustaining the functioning of the unit for which the manager is responsible"(4).
Peter Drucker views it "as a habit, a complex of practices that lead to getting the right things done" (101). Bennet Roger and Long Ford Vicky hold the opinion that "managerial effectiveness is the relationship between performance and task objectives and between achievement assessed against goals and purposes, within the constraints imposed by the manager himself, by his position in the organisation and by the socio-economic environment" (119).

Pareek Udai expresses his view about an effective manager as under:

"An effective manager is one who integrates his skills and capabilities with his role, attempts to be proactive and creative, faces problems, considers his role important, has capacity to influence important decisions, sees opportunities to grow in his role, links his job with those of others, helps others and seeks help of others and likes to contribute to something beyond his own" (111).

Pareek's definition of managerial effectiveness has been accepted in our research study as this definition emphases role efficacy of managers, in other words, whatever role a manager performs in an organisation, it is important that he makes it effective. Managers can make their roles more or less prone to effectiveness by perceiving them in certain ways and acting in ways that conform to these perceptions. Thus role efficacy is the potential effectiveness of a manager in his role.
It is important to note here that the terms managerial effectiveness and management effectiveness have been used in the same sense.

Organisational Structure Dimension, Viz., Formalization Defined:

Formalization generally refers to the degree to which jobs within the organisation are standardised. If a job is highly formalized, the job incumbent has a minimum amount of discretion over what is to be done, when it is to be done and how he or she should do it. Employees can be expected to always handle the same input in exactly the same way, resulting in a consistent and uniform output. There are explicit job descriptions, lots of organisational rules and clearly defined procedures covering work processes in organisations where there is high formalization. When formalization is low, employees' behaviour would be non-programmed. Such jobs would offer employees a great deal of freedom to exercise discretion in their work. So formalization is a measure of standardization. Since the individual's discretion on the job is inversely related to the amount of behaviour that is preprogrammed by the organisation, the greater the standardization, the less input the employees has into how his or her work is to be done. This standardization not only eliminates employees' engaging in alternative behaviours but also removes the need for employees to consider alternatives.

There is some debate as to whether the rules and
procedures of formalization have to be in writing or whether the standardization of behaviour created by tradition and unwritten regulations should also be included in the definition. For instance, formalization has been defined as "the extent to which rules, procedures, instructions and communications are written" (120). Following this definition, formalization would be measured by determining if the organisation has a policies-and-procedures manual, assessing the number and specificity of its regulations, reviewing job descriptions to determine the extent of elaborateness and detail and looking at other similar official documents of the organisation.

An alternative approach argues that formalization applies to both written and unwritten regulations (121). Perceptions, then, are as important as reality. For measurement purposes, formalization would be calculated by considering, in addition to official documents of the organisation, attitudes of employees as to the degree to which job procedures were spelled out and rules were enforced.

While the difference between these two positions might appear minor but it is not the case exactly. When both the approaches have been used they obtain different results (122,123). Although originally thought to be merely two separate ways of measuring the same construct, one measuring hard data and the other hard data and attitude-research indicates otherwise. So the issue of whether formalization considers only the organisation's
written documents is critical to its definition.

Our position is to recognise the fact that formalization can both be explicit or implicit, the latter including both written records and employee perceptions. But for clarity purposes we will use the explicit definition throughout this study. That is, when we talk of formalization we will be referring to the organisation's written regulations.

Organisational Structure Dimension, Viz. 'Centralization'

Defined:

Most theorists concur that the term refers to the degree to which decision making is concentrated at a single point in the organisation. A high concentration implies high centralization, whereas a low concentration indicates low centralization or what may be called decentralization. In a simple language, centralization is concerned with the dispersion of authority to make decisions within the organisation. However, this definition is too simple to be of any substantial use. Thus the following questions are worth answering before we can come to any definite conclusion.

1. Do we look only at formal authority?

Authority refers to the formal rights inherent in a managerial position to give orders and expects the orders to be obeyed. There is no doubt that centralization of decision making encompasses those with formal authority in the organisation. But what about those people who have
informal influence over decision?

2. Can Policies Override Decentralization?

Many organisations push the making of decisions down to lower levels, but then the decision makers are bound by policies. Because decision choices are constrained by policies, do these low level decision makers actually have discretion or is it artificial. In other words has decentralization really occurred if policies force the decisions to conform with what they would be if top management made them themselves. One could argue that, even though employees low in the organisation are making many decisions, if these decisions are programmed by organisational policies, a high degree of centralization exists.

3. What does "Centralization at a single point" mean?

There may be agreement that centralization refers to concentration at a single point, but exactly what that means is not clear. Does a "single point" mean, an individual, a unit, or a level in the organisation? Most people think of centralized decisions as being made high in the organisation, but this may not be true if the single point is a low-level manager. Does it matter to operative employees whether decisions are made one level above them or six? Either way, they are allowed little input into their work. If operative employees are not permitted to participate in decisions about their work, is not decision making centralized regardless of whether it is concentrated at the next level up or at the top level of the organisation.
4. Does Information Processing System that Closely monitors decentralized decisions maintain centralized control? Advance information technology, via, computers facilitates decentralization. But that same technology allows top managers to learn of the consequences of any decision rapidly and to take corrective action if the decision is not to top management's liking. In other words if discretion is delegated downwards through technological advancement, but closely monitored by the those above, is it real decentralization? In such cases there is no real sharing of control in the organisation. One could argue that there is only the appearance of decentralization, and top management maintains effective centralized control.

5. Does the control of information by lower level members result in the decentralization of what appears to be centralized decisions? Sometimes information is passed upward, but of course it is filtered. If it were not screened and filtered, top management would be inundated with information. But this filtering requires subordinates to make judgements and interpretations of what information should be transmitted. Thus, the filtering process gives subordinates power to pass on to top management only that information that they want top management to have. As such, even though it may appear that decision making is centralized with top management, is it not really decentralized, since the decision inputs and hence eventually the decisions, are controlled by lower level personnel.
Keeping in view the resolution of all the issues, we define centralization as the degree to which the formal authority to make decisions is concentrated in the top level, thus permitting low level employees minimum input into their work.

This definition resolves the issues pointed out in the preceding pages:
1. Centralization is concerned only with the formal authority.
2. The main focus point of centralization is decision discretion, therefore, even if decisions are delegated downwards, but policies exist to constrain the discretion of lower level employees, there would be called increased centralization.
3. Concentration at a single point can refer to an individual or unit or level, but the single point implies concentration at a high level.
4. The information processing system that closely monitors decentralized decisions does not mean centralized control.
5. The control of information input is a form of defacto decentralization and, therefore, more the information input to decisions is filtered through others, the less concentrated and controlled the decision is.
HYPOTHESIS

1. Public, private and cooperative sector sugar units do not differ from each other in the matter of organisational effectiveness on overall basis as well as on factor wise basis.

2. Public, private and cooperative sector Sugar Mills do not differ from each other as regards managerial effectiveness on overall basis as well as on factor wise basis.

3. Public, private and cooperative sector Sugar Mills do not differ from each other in the matter of 'centralization' property of organisation structure on overall basis as well as on factor wise basis.

4. Public, private and cooperative sector Sugar Mills do not differ from each other as regards 'Formalization' property of organisation structure on overall basis as well as on factor wise basis.

5. Managerial effectiveness on overall basis is not related to various dimensions of organisational effectiveness in the sugar industry as a whole as well as in its three sectors, viz. public, private and cooperative.

6. The various factors of ME (taking into account one at a time) are not related to various dimensions of organisation effectiveness in the sugar industry as a whole as well as in its three sectors, viz. public, private and cooperative.

7. Centralization on overall basis is not related to various dimensions of OE in the sugar industry as a whole as
well as in its three sectors, viz., public, private and cooperative.

8. The various factors of centralization (taking into account one at a time) are not related to various dimensions of OE in the sugar industry as a whole as well as in its three sectors viz. public, private and cooperative.

9. Formalization on overall basis is not related to various dimensions of OE in the sugar industry as a whole as well as in its three sectors viz. public, private and cooperative.

10. The various factors of formalization (taking into account one at a time) are not related to various dimensions of OE in the sugar industry as a whole as well as in its three sectors viz. public, private and cooperative.

OBJECTIVES

1. To explore the possibility of measuring effectiveness of organisations;

2. To identify those key aspects of organisations (behavioural or economic) in respect of which the effectiveness of organisation can be measured;

3. To explore the possibility of measuring effectiveness of management of organisation;

4. To identify those key aspects of management behaviour in respect of which the effectiveness of management can be measured;

5. To find out the relationship of any type between organisational effectiveness and management effectiveness;
6. to find out the relationship of any type between organisational effectiveness and organisational structure variables, viz., centralization and formalization;

7. to find out whether managerial effectiveness as well as organisational structure variables, viz. centralization and formalization are predictors of organisational effectiveness;

8. to determine whether public, private and cooperative sector sugar mills differ with regard to organisational effectiveness, managerial effectiveness and organisational structure properties viz., centralization and formalization;

9. to suggest measures as to how organisational effectiveness can be improved/enhanced;

10. to provide a bit refinement to the theory of organisational effectiveness in the management literature.

LIMITATIONS

1. This study is confined to the sixty six sugar mills of public, private and cooperative sectors operating in Northern Part of the country. It has been done so keeping in view the constrains of an individual researcher's resources.

2. This study, basically, relates to the perceptions of middle level production managers of sugar industry.
Organisation of the Study:

The Chapter First introduces the problem. Here, we define the basic term 'Organisation' and point out the significance of organisations. The various theories of organisations have been described in brief so as to grasp the idea as to how organisations can be made effective. The four variables under study, viz., organisational effectiveness, managerial effectiveness, centralization and formalization have been explained with respect to their philosophical background and importance.

The Second Chapter deals with the Review of the Existing Literature. Here, our focus is on organisational effectiveness which constitutes, central theme of our study. Thus, the various approaches/models of organisational effectiveness as well as a number of studies conducted on criteria and predictors of OE in India or abroad have been dealt with in nutshell. Also, significant approaches/models regarding the meaning and measures of the term managerial effectiveness have been explained. The four terms under study, i.e. (i) organisational effectiveness, (ii) managerial effectiveness, (iii) centralization, and (iv) formalization, have been conceptualized. Finally hypotheses, objectives and limitations of the study have been narrated.

The Third Chapter Deals with the Research Strategy applied to carry out this investigation. Modus Operandi
regarding the formation of universe, selection of sample, selection of respondents, distribution of characteristics of chosen respondents, instruments used for the collection of data, and statistical tools applied for the analysis and interpretation of data have been discussed in length.

The Fourth Chapter deals with the various patterns of analysis employed for proving hypotheses. This chapter has been divided in four broad categories, viz., section-A, Section-B, Section-C, and Section-D. Section-A deals with the sector to sector comparative study, viz., public sectors vs. private sectors, public sectors vs. co-operative sectors sugar mills and private sector vs. co-operative sector sugar mills regarding organisational effectiveness, managerial effectiveness, centralization and formalization. Section B traces the relationship of managerial effectiveness on overall basis as well as on factorwise basis with the various dimensions of organisational effectiveness. Section-C identifies relationship of centralization and formalization (separately) on overall basis as well as on factor wise basis with the various dimensions of OE. Section-D studies prediction of organisational effectiveness through managerial effectiveness, centralization and formalization.

The Fifth Chapter notes down the major findings of the study and recommended lines of improvement.

The Sixth Chapter summarises important findings and recommendations.
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