CHAPTER-1

INTRODUCTION

The study of organizational performance is very important to understand the performance of any organization. Richard et. al., (2009)\(^1\) define organizational performance in three ankles relating to financial performance, measured in terms of return on assets and return on investment, product investment relating to sales market share etc and share holds return consisting of economic value added and return on investment.

It is evident from the work of Jeffer (1998) that organizational performance depends on output of an organization and it is measured in desired output. Organizational performance consists of recurring activities towards achievement of organizational goals, monitoring the achievement process and making achievement to meet the goals more efficient and effective manner. According to the author, specialists in many areas deal with organizational performance towards enhancing the activities of the organization.

It is interesting to observe that organizational performance depends on the following factors. The first one is strategic objectives. They direct the organization towards achievement of goals of the organization in terms increase in production of goods and services and effective and efficient manner of functioning. The second one is the organizational structure. It represents the mode of delivering services.
The third part is the business performance measures. It is very essential to observe business capability of the organization. The success of business performance depends on effective organizational management information system. The business of performance examines the level of production of goods and service and marketing of goods and services and level of achievement of business goals of the organization. The fourth aspect of organizational performance relating to allocation of resources and process with respect to decision making approaches. It decides about the resource allocation of scarce resources including money, inputs, time, energy and efforts. The fifth aspect of organizational performance has values, culture, and guiding principles. The work culture of the organization should support the achievement of strategic objectives toward achievement of skilled people. The values and guiding principles should support the profit. The sixth aspect of organizational performance relates to the reward structure. It should have monetary reward and non-monetary reward in terms of praise and credit for the effective task performance.

**Performance Management**

In any organization performance management is very essential. It focuses on individual employees, team of employees and process of the organization. The performance management is an indicator of organizational effectiveness. In the case of private organization, performance management is based on enhancement in production of goods and services with increasing return on investment. In the case
of public sector organization, the performance management not only increasing the volume of goods and services and enhancing the return on investment but also production of goods and services to the people with non profit motive. It could be noted that effective performance management is expected to increase the individual performance, foster ongoing employees, supervisor development and increasing overall organizational effectiveness.

**Organizational Performance Vs Organizational Effectiveness**

It is significant to note that performance is an indicator of organizational effectiveness with some advantages and disadvantages. It is learnt from the work of Venkataraman and Ramanujam (1986) that the organizational effectiveness deals with organizational performance based on organizational theory that entertains alternative performance goals. According to them organizational performance has three special areas of firms outputs. They are financial performance relating to profit, return on investment, high benefit cost ratio. Market performance with respect to sales market share and area and market segment coverage and shareholder return in terms of economic value added. However organizational effectiveness is a broader term with respect to internal performance, human resource performance physical and financial targets and their achievements, effective and efficient operation of organizational activities.

It could be noted that innovation and efficiency measures are the determinant or organizational effectiveness. Wu et al., (2005)²
make use of patent outcome as a control variable capturing performance in their theoretical framework.

The goal of organizational performance provides the useful potential to make relevant comparison across firms and industries. It is based on multidimensionality of performance as it is evident from the work of Callen (1991). The organizational performance is firm specific according to that nature of business and type of business. The performance indicators may change according to the goals of the organization in terms of profit oriented business. It is interesting to note that market based business uses indicators relating to financial performance of difference between groups of firms.

**Measurement of Performance**

The performance measurement can be done in two ways. They are short term performance and long term performance. Peters and Waterman (1982) suggested average performance indicators on the basis study result on search of excellence. Aupperle et al., (1986) and Jacobsen (1988) report empirically performance outcomes in the absence of firms’ specific heterogeneity. As per the report by Waring (1996) changes in the performance should occur at different rates for industry, corporate and business unit. It could be noted that factors and specific factors need to measure the performance in a manner that matches the context. It could be noted that industry factors can sustains performance over long time.

It is evident from the works of McGuire et al., (1990) and Roberts and Dowling (2002) that many performance measures
themselves dependent. Reputation effects link the best performance in to future performance along with creating feedback within the dimensionality of performance itself. According to Bond and Cummins (2000) many objectives measures of accounting rates of return deals with in terms antecedents of performance of the organization.

**Municipal Performance**

The study of municipal performance is very important in these days. It could be noted that local bodies are the non profit organization. They are government bodies with the motive of rendering services to their residents. The local bodies collect the tax revenue and non tax revenue from the residents and people depend on their services. The municipal services should have accountability to its citizens. The measurement of performance of municipal service is urgent need of the hour. It could be noted that municipal citizens sacrifice their income by the ways of paying tax to the municipality and they compensate such sacrifice by the ways of getting benefits from the municipal services relating to public health services, sanitation services, public lighting services, road facilities, sewage and drainage services. It is interesting to note that municipal service performance explains to tax payers how they are being served and the value they are receiving for their tax amount. It is remarkable to note that business monitors costs, production, customer satisfaction and profit to stay in business and earn reasonable return and reports the results to their share holders. Similarly municipal local government
plans and policies are expected to provide services and improve the quality of life of the local citizens. It could be noted that performance measurement identified the ways for municipality to provide high quality efficient and effective service.

The municipal performance measures can be used to create new incentives and rewards to stimulate employees’ creativity and productivity. Many municipalities throughout the globe follow this approach. It could be noted that many municipalities able to cut costs along with improving services. It is remarkable to observe that performance measures can help municipalities to develop budgets based on realistic costs and benefits.

**Municipal Performance Measurement**

The municipal performance measurement is needed to measure and report to the tax payers on their service delivery performance. The selected municipal services should reflect the major expenditure areas for municipalities and their value to the public. An analysis of service quality of municipality is very essential. It could be noted that high performing municipalities may have better participation of citizens in municipal affairs. The measurement should be based on level of undertaking public works, sanitation services, public health services, drinking water services, drainage works, rain water harvesting works, street lighting, public convenience facilities etc. The measurement of services of municipality is an indicator of performance.
The municipal performance can be classified into three types. They are high level performance, medium level performance and low level performance. The performance of municipal service depends on physical targets and financial targets and their level of achievements. In municipal services a bench making process would need to address service quality issues. In this context, the municipal officials should ascertain the existing level of services quality and assess the needs of citizens, customers and relevant stakeholders.

**Municipal Performance Scenario in India**

India has a strong tradition of urban planning and analysis. But the assessment of the performance of urban plans and services has received its attention. The municipal plan and initiatives have received a good attention and their performance assessment is limited. The municipal performance analysis on housing rights, access to land sites and sites services, constructions methods, costs and designs are frequent topic of analysis but municipal services such as water sanitation, street light, street paving and solid waste collections are often neglected. The performance rating of municipal services is one of these innovative urban partnerships with the initiative being of significance.

**State of Municipal Services**

According to 2011 census 27.78 per cent of the population lives in cities compared to 17.3 per cent in 1951. According to Kundu (2006) population in large cities has grown rapidly and this situation results in serious infrastructural deficiencies in urban
India. The rapid increase in the percentage share of urban population in class I cities from 26.00 per cent in 1901 to 68.7 per cent in 2011 has been attributed to faster growth of large cities. In India the small and medium towns are likely to experience serious problems due to infrastructural deficiencies. It could be noted that due to rapid urban growth quality of urban life has deteriorated.

The 74th Constitutional Amendment Act has made provision for introducing 12th schedule of the Indian constitution which points out the functioning of local bodies covering planning regulations and developmental aspects. It could be noted that solid waste management is one of the important essential urban services provided by municipalities. Urban India produces about 48 million tonnes of solid waste annually at present.

It is estimated that by the year 2047, waste generation will increase to 200 million tonnes fourfold increases compared to recent scenario. It could be noted that cites with 100 000 plus population contribute 72.5 per cent waste regenerated in the country compared to 3955 urban centres that produce only 17.5 per cent of the total waste. The present system of collection, regeneration storage, transportation, and treatment and disposal arrangement of waste are not proper and scientific method. The biomedical waste is not properly managed in India.

It could be noted that water supply and sanitation are very important municipal service in India. However the services coverage of the population is of low quantity due to insufficient funding. As per
the report by 58th round of the National Sample Survey (2002),
regional disparities in water supply service across the state in India.
The water supply service is found to be quite low in Bihar (35 per
cent), Assam (35.5 per cent), Kerala (40 per cent), U.P. (50 per cent)
and Orissa (50 per cent). The official statistics reveals that service
coverage of water supply is quite high, but the actual situation is
different. The increasing population is urban India results in growth
of a variety of economic activities and as a result there is a growing
trend in transport net work. As a consequence the congestion in
urban transport is gradually increasing due to increase in vehicles
and inadequate expansion of road net work. Hence there is a need to
reduce the air pollution and road accidents through the devices of the
municipal service.

It could be noted that 28 per cent of the municipality provided
with less than 50 litres per capita per day water supply which is less
than half of the normal standard recommended by the Zakaria
committee for towns less than 20,000 population. As per the report
by Mathur (2001) even supply between locations is also known to be
highly skewed being very little per head in slums and concentration
of the poor.

It is evident from the municipal records that in India nearly 50
per cent of the urban population is covered with sanitation services
and only 28 per cent of the urban population are connected to the
public sewage system. In India, 70 per cent of the urban areas have
sewage system. The position with respect to the collection and
disposal of garbage is low. It could be noted that the coverage is low as nearly 30-40 per cent of garbage is left on the city streets uncontrolled daily. So one can observe a major deficiency in the provision of urban infrastructure and services in urban India. In urban India, the role of public sector in delivery of health and education services is gradually reducing. It could be noted that municipal bodies exist in modern India; but generally public hospitals are inadequate for rapidly expanding urban population.

**Norms and Standards of Municipal basic Services in India**

As per the report by central statistical organization (2004)\(^{12}\) at the national level about 91 per cent of the urban population have access to safe drinking water supply and there are shortages with respect to quantity of water available in urban residents. It is evident from the report of NIPFP (2000)\(^{13}\) the availability of water is even less than 100 litres per capita per day as only 2.7 per cent of sample municipality are reported to supply 100 litres of water per capita per day.

The problem of shortage of urban municipal services is quite remarkable and it is inequitable distribution of the services among the different sections of the society. It is evident that South Delhi region is well equipped with services and infrastructure facilities compared to other areas of the city. It shows inequitable distribution of service to various sections of the population. The need of municipal services is highly desirable consequent upon liberalization and globalization introduced in the early 1990s. This result in large
proportion of investments is concentrated in cities and towns. As a result infrastructure bottle necks are emerged in urban India. Hence, there is a need to evaluate the existing status of municipal services in India with a view to identify the performance of municipal services. Such type of research is essential to improve the activities of municipalities through making valuable policy suggestion. In this direction, the present study is being undertaken by making an experiment of Chennai Municipal Corporation in Tamil Nadu.

**Statement of the Problem**

This study aims at analyzing the Organizational Performance of Chennai Municipal Corporation. The performance of Chennai Municipal Corporation could be examined from the point of view of financial indicators with reference to growth of revenue receipts and expenditure, capital receipts and capital expenditure, revenue account recoveries, revenue account outgoings and revenue account surplus/deficit and capital account recoveries, capital account outgoings and capital account surplus/deficit, and capital deposits recoveries, capital deposits outgoings and capital deposits surplus/deficit.

The performance of the Chennai Municipal Corporation can be accessed from the point of view of physical achievements made in various work divisions. In this connection, the indicators relating to road works, storm water drain infrastructure development works, solid waste management works, building construction and
development works, electrical street lighting and other infrastructure
development works and other municipal services could be examined.

It is interesting to observe the organizational performance
procedure from the point of view of employees of Chennai Municipal
Corporation. In this connection, organizational performance
procedure indicators relating to prediction of future performance
based on past performance, timely basis of collection of performance
data, communication of performance information, employees identify
solutions to the problems, effective decision to improve the
performance, preparation of action plan for future improvement,
sufficient resource allocation for performance review process,
committed employees towards organizational goals, feelings of
employees as a part of the organization, knowledge of organizational
basic valuation, employees participation in evaluation of
organizational performance, adoption to the changing condition of the
employment, understanding all activities within the organization,
interconnectedness of all parts of the organization, success rate in
launching new services, incentives for good performance on the part
of the employees, praise and credit for the effective work
performance, employees good suggestions are taken towards
improving organizational performance, and well planned procedures
for collecting performance data could be examined from the point of
view of the employees of the Chennai Municipal Corporation.
The performance of any organization depends on effective information exchange process. In this connection, the indicators relating to extremely important source of information, utility of previous decision in current decision making, usefulness of new business methods and services, importance of external reports, utilization of clipping services, importance of service expertise, seeking information from sources outside the organizations, searching of external information, importance of external sources of information, rewarding quality of information, effective and efficient exchange of information within the organization, all the members aware of goal of the organization, information exchange through personal contacts, information exchange through team meetings, information exchange through telephone contacts, information exchange through seminar, conferences and workshops, information exchange through written memos, notes and letters, information exchange through e-mail, and information exchange through special experts reports could be examined from the point of view of the employees of Chennai Municipal Corporation.

The presence of cordial relationship between employer and employees is an indicator of organizational effectiveness and it is a sign of good performance of the organization. The employer and employees relations could be assessed on the basis of indicators relating to manager sharing information influencing career plans, manager supporting the participation in training and development programmes, manager provides the coaching and guidance towards
work objectives, manager advising and training about major job responsibilities, informing manager about the training needs, manager assures the need of training and development needed for job effectiveness, manager provides with specific feedback on the job performance, co-workers help to develop the skills that learned in training and development, manager helps to develop the skills that learned in training and development, manager supports the efforts to acquire new skills and knowledge, manager willing to discuss problems using new skills and knowledge, manager assigns projects using skills and knowledge from training and development, participating in training programmes enables the personal development, meeting the needs and demands of their supervisors, and carrying out the duties, staying within policies and procedures related to the jobs.

The performance of the organization can be assessed from the level of job involvement and level of job satisfaction of the employees. It could be noted that the employees job involvement level could be examined on the basis of indicators relating to always thinking about job related activities, advance planning of work, taking food after completion of assigned duty, overtime working to complete the job in a day, full concentration towards completion of work, staying overtime to finish a job, little early to get things done, measured the good way of doing job, major satisfaction in doing the job, mornings at work really busy, most importance of job performance, thinking about ahead to the next day’s work, perfection about doing job,
feeling of depression about something connected with job, not giving 
importance to other activities, doing job equals to eat and breathe, 
doing work even without additional need of the money, staying away 
from home for work, work is a part of activities and very much 
personal involvement in the job could be analyzed on the part of the 
employees.

The Job satisfaction level of the employee could be examined 
on the basis of the indicators relating to first aid facility, bonus, 
incentives, adequate leave facility, adequate salary, health insurance 
facility, enough authority to make needed decisions, presence of spirit of cooperation in the company, enjoyment of relationships with the 
colleagues, supervisors care deeply for the employees, supervisor’s 
active involvement in the career development of employees, access to company-sponsored training and seminars, good use and application of employees skills, experience and qualifications, interesting and motivating nature of job, stimulating job tasks, workload, flexibility of working hours, presence of job security, opportunities for advancement in the current organization, access to opportunities in different areas within the organization, canteen facility, festival advance, opportunities for promotion, opportunity to learn new skills and tea time and lunch break.

Research Questions

1. What is the level of growth of revenue and expenditure in 
   Chennai Municipal Corporation during the period 2003-2004 to 
   2013-2014.
2. What are the physical achievements of Chennai Municipal Corporation in terms of urban infrastructure development during the period 2003-2004 to 2013-2014.

3. What are the organizational performance procedures followed by the Chennai Municipal Corporation.

4. Evaluate the organizational information exchange process in Chennai Municipal Corporation.

5. What are the factors determining the employer-employees relationship in Chennai Municipal Corporation.

6. What are the correlates of job involvement on the part of the employees of Chennai Municipal Corporation?

7. What are the factors influencing the job satisfaction level of the employees in Chennai Municipal Corporation.

**Conclusion**

It could be seen clearly from the above discussion that this chapter has discussed the concept of performance, organizational performance versus organizational effectiveness, measurement of performance, municipal performance, improving performance, role of performance measurement in stimulating productivity and creativity, role of performance measurement in improving budget processes, performance measurement in action, municipal performance measurement, consideration of service quality, background to the problem, status of municipal services, norms and standards of municipal basic services in India and statement of the problem. The above dimensions of research work should act as platform to
undertake the research work. In order to identify the research areas in organizational performance, research concentration in the area of organizational performance, municipal performance, and correlates of organizational performance, the search of relevant research findings is very essential. The next chapter makes an analysis of available literature relating to organizational performance, and municipal performance.

End Notes


