Chapter 1

INTRODUCTION

The purpose of this research is:

- To review diagnostic data pertaining to organisational processes collected from four Indian industrial organisations.
- To draw generalisations characterising Indian organisations.
- To explore the processes of bringing about planned change in organisations by systematically presenting the flow of events.
- To present a picture of the behavioural process interventions in an organisation and to assess the effects generated as far as possible.

The conceptual foundations of this piece of research is being presented here. For that purpose, elaboration of each one of the terms used in "Effectiveness of Behavioural Process Interventions in an Organisation" is attempted below.

ORGANISATION

The Oxford English Dictionary defines an organisation as an organised body or system or society. Schein (1965) provided a definition of an organisation as being the rational coordination of activities of a number of people for the achievement of some common explicit purpose or goal, through division of labour and functions, and through a hierarchy of authority and responsibility. The most commonly held view of an organisation
(Leavitt, 1965) portrayed organisations as comprising four major interacting variables which he called (1) task, that is, the output, product, or purpose that the organisation is involved in; (2) technology, or the technical tools including know-how used by the organisation to produce its products or services; (3) structure, which includes the organisation reporting relationships, policies, rules, regulations, and the like; and (4) people. Gibson, Ivancevich and Donnelly (1979) explained organisations as being differentiated from other collections of people by their goal-directed behaviour. That is, they pursue goals and objectives that can be more effectively achieved by the concerted action of individuals. They possess three important characteristics: behaviour, structure and processes.

An organisation may also be viewed (Katz and Kahn, 1966; Margulies and Raia, 1978) as an interacting and "open" system which imports energy from the external environment in the form of money, materials, information, and / or other inputs, which utilises its core transformation processes to create new products, new materials, and/or other throughputs; and which exports products, services, and/or other outputs to clientele in the external environment. It is essentially an energetic input-output system in which the return from the output reactivates and sustains the system. Feedback mechanisms are also included for self-regulation. Information from either the internal or external environment is used to change the inputs and/or the core transformation processes as required. The relationships are
illustrated in Figure 1-1.

As a system, then, the organisation has a number of distinguishing characteristics, which include the following:

1 Inputs
The organisation imports some form of energy and resources from the external environment. Money, raw materials, people, physical facilities, technology, and information are only a few of the many resources required to activate, reactivate and sustain the system.

2 Throughputs
Utilising one or more core transformation processes, the organisation transforms the available resources. It creates new products or provides services, or processes materials, or
educates people, or modifies the inputs in any number of ways.

3 Outputs
The organisation exports some products or services to the external environment. These may be physical goods and commodities, such as automobiles or clothing; they may be services such as religious training or hospital care; or they may be the concepts and know-how provided, for example, by a research laboratory.

4 Boundaries
The organisation system or subsystem is defined by stating its boundaries in terms of what is included inside or outside it. This is generally based upon an understanding of the goals of the organisation or subunit, its relevant elements or parts, and the way in which they relate to each other.

5 Feedback
An organisation has inputs and outputs that cross its boundaries. Consequently, it is affected by and in turn affects its external environment. Information about its output is gathered from both internal and external sources and it becomes a feedback when it is used to modify organisational processes.

6 Openness
An organisation is essentially an "open" system
because of the exchange relationships and constant transactions it has with its environment. "Closed" systems are relatively self-contained and independent of external forces. While all social organisations must be conceived of as being open, they differ in their degree of openness depending upon the nature and quality of the interfaces with the environment.

To survive, the organisation must arrest the tendency of all systems to run down and die. The entropic process reflects a universal law of nature in which all forms of order and organisation move toward disorder and disorganisation and eventual decay and death. As an open system, however, the organisation can arrest the entropic process.

Despite the constant exchange of energy, open systems are characterised by a steady state. That is, the ratio of these energy exchanges and the relationships between the parts of the system tend to remain the same. Much in the same way that the human body attempts to maintain a constant temperature, the homeostatic process tends to preserve the basic
nature and character of the system. The steady state of quasi-stationary equilibrium reflects a delicate balance of forces operating to maintain the stability of the system.

In this research, the open systems view of an organisation, as described above, has been adopted as the basic framework.

In order to review the diagnostic data, four organisations have been chosen representing different industries, three of which belong to the private sector and one to the public sector. Out of the four, one has been selected to study the effectiveness of behavioural process interventions.

INTERVENTION

The concept of intervention has been presented by Argyris (1973) as "to intervene is to enter into an ongoing system of relationship, to come between or among persons, groups, or objects for the purpose of helping them."

One condition that seems so basic as to be treated as axiomatic is the generation of valid information about the various components of an organisation mentioned above. Without valid information, it would be difficult for the client to learn and for the interventionist to help.

A second condition, almost as basic, flows from an assumption that intervention activity, no matter what its substantive
interests and objectives, should be so designed and executed that the client system maintains its discreteness and autonomy. Thus free, informed choice is also a necessary process in effective intervention activity.

Finally, if the client system is assumed to be ongoing (that is, existing over time), the clients require strengthening to maintain their autonomy not only vis-a-vis the interventionist but also vis-a-vis other systems. This means that their commitment to learning and change has to be more than temporary. It has to be so strong that it can be transferred to relationships other than those with the interventionist and can do so (eventually) without the help of the interventionist. The third basic process for any intervention activity is therefore the client's long-term commitment to the choices made emerging from his mission and vision.

In summary, valid information, free choice and internal commitment are considered integral parts of any intervention activity, no matter what the substantive objectives are (for example, developing a management performance evaluation scheme, reducing intergroup rivalries, increasing the degree of trust among individuals, redesigning budgetary systems, or redesigning work). These three processes are the primary intervention tasks.

Friedlander and Brown (1974) derived two general approaches to organisational change: the human-processual consisting of a series of techniques focusing on people and processes, and the
technostructural being mainly concerned with technologies and structures. Possibly, the human-processual view emerged from the NTL model and the socio-technical system model from Tavistock. For our purposes, when we refer to behavioural process interventions, we mean only those intervention activities which have been called the "human-processual" approaches to planned change.

Chattopadhyay (1982) observed that in the interventions around the human system one could conceive of different levels. Four levels were essentially considered (see Pareek, Chattopadhyay, and Kathuria, 1972, and Pareek, 1975), where the interventions could be directed towards the elements of the human system: (1) person, (2) interperson, (3) intragroup or team, and (4) interteam or the total human system of the organisation. By person, they meant the uniqueness of the person with his personal characteristics and qualities, skills, knowledge, motives, needs, values, attitudes, models of thinking, expectations, ambitions, fears, strength and weakness—all of which were his own. It was that aspect of human existence where amidst the multitude each one recognised his distinct identity. Interpersonal aspect was meant to focus on the transactional world created by one person with another person who together might or might not constitute a group. The relevance of the intragroup was with reference to group life in each of the basic departments. The intergroup element referred to interrelationship amongst all the departments forming the total division or organisation. Interventions may need to be directed toward each one of these four elements of the
EFFECTIVENESS

The systems concept emphasises two important considerations: (1) The ultimate survival of the organisation depends upon its ability to adapt to the demands of its environment, as also indicated by the functionalist school for the living organisms, and (2) in meeting these demands, the total cycle of input-process-output may be the focus of managerial attention. Criteria of performance may reflect these two considerations and we may define effectiveness accordingly. As Etzioni (1971) observed that the systems framework assumes that "some means have to be devoted to such nongoal functions as service and custodial activities, including means employed for the maintenance of the unit (organisation) itself." In other words, adapting to the environment and maintaining the input-process-output flow require that resources be allocated to activities that are only indirectly related to the organisation's mission.

From the afore-mentioned, we can derive that:
1 Organisational effectiveness is an all-encompassing concept which includes a number of component concepts.
2 The managerial task is to maintain the optimal balance among these components.

Cunningham (1977) and Steers (1975), have, however, observed that
there is little consensus not only about the relevant components, but also the interrelationships among them and the effects of managerial action on them.

The dimension of time enters the model when an organisation is conceptualised as an element of a larger system (the environment) which through time takes, processes and returns resources to the environment. Therefore, according to Gibson, Ivancevich and Donnelly (1979), survival of the organisation is the ultimate, long-run, measure of organisational effectiveness.

Carnall (1982), in a review of the literature on organisational effectiveness, observed that the treatment of effectiveness in organisational theory has only recently shown any significant development. For many years the major component of the definition of effectiveness was goal achievement. Organisations were, in practice, judged in terms of goal achievement, goals being defined as future conditions that the organisation attempts to bring about (Etzioni, 1964). Most writers tried to distinguish between formal goals and operative goals, the distinction being based either on the difference between stated goals and those actually pursued or on the difference between the stated goals of the controlling coalition of top managers, the goals top managers actually pursued and the goals of other "interest groups". Here were significant sources of problems of definition which led to a concern with the effectiveness of resource utilisation rather than only with goals. Organisations were conceived of as arenas
for the pursuit of means (resources) and ends (goals). Thus researches were able to examine effectiveness with more than just univariate measures (Georgopoulos and Tannenbaum, 1957).

Concern with actual or operative goals has now largely replaced concern with formal goals. Formal goals were considered to be too vague (e.g., "to provide service to the customer," "to maximise profit subject to a stated constraint") and were not operational in terms of means-ends sequences available to members of the enterprise (Perrow, 1972).

At this level of abstraction goal conflicts are often concealed. For example, to state that the goal of an enterprise is "to maximise profit whilst providing the best possible customer service and product maintainability" is not only vague but says nothing about the compromise between profit and quality or the processes through which such a compromise is attained, or, once attained, how it is modified or maintained. Therefore, some of the work has employed the "operative goal" concept (see, for example, Etzioni, 1964, Price, 1968; Hall, 1972). Operative goals "designate the ends sought through the actual operating policies of the organisation", they tell us what the organisation is actually trying to do, regardless of what the official goals say are the aims (Perrow, 1972). To employ the operative goal concept it is necessary to observe the objectives the enterprise is trying to accomplish and measure effectiveness by observation of behaviour in pursuit of their objectives.
The analyst studying this problem is confronted with inconsistent accounts of operating policies and purposes. For example, it may be unclear whether the actual objective of a production manager is production volume, quality or cost reduction. Indeed as circumstances change the priorities assigned to these objectives may change.

Furthermore, the relative weight to place on various objectives when considering statements with inherently conflicting objectives is also a problematic aspect. Hall (1972) noted that "since organisations generally pursue more than one goal, the degree of effectiveness in the attainment of one goal may be inversely related to the degree of attainment of other goals. This sort of thing does occur quite often, apparently, and so organisations must choose between the goals they seek to attain, thus reinforcing the idea that operative goals of the organisation are the result of internal choice processes and external pressures."

Hall therefore questions whether it is even possible to conclude that an organisation is "effective" as a whole. This may suggest that little can be said about the relative value or worth of particular systems of organisations.

The system-resource model, presented by Yuchtman and Seashore (1967) is one attempt at meeting the problem of determining which goals are worthy of pursuit. In the model, effectiveness is defined as "bargaining position, as reflected in the ability of
the organisation, in either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources." The question of whether a particular set of operative goals is worthy is avoided by focusing upon the acquisition of resources.

The most important logical difficulty with this approach is that to overcome the problem of the worth of a particular set of operative goals we must assume that the providers of resources engage in some kind of assessment of the worth of the operative goal set being pursued compared with other sets of operative goals when providing the resource. The system-resource model is therefore limited to saying that the enterprise is surviving because resources are available and that the operative goals are seen as "worthy" by perhaps a limited number of possible resource providers.

Also, the system-resource model retains important limitations of goal achievement models. As with operative goals conflicts in resource acquisition strategies may occur. This problem raises the further point that an enterprise is not necessarily passive waiting for resource providers to assess and approve operative goals. The problem with this approach to assessing the effectiveness of an enterprise is that it is based essentially on the resource acquisition process and ignores other important processes.

Another approach to assessing the effectiveness of an enterprise
is based upon the notion that enterprises exist, ultimately, for human benefit. Consequently enterprise goals are important only in so far as their pursuit results in benefits to the various types of participants including the stake-holders. This approach, based on the satisfaction of participants has been put forward in various forms, by a number of theorists, including Barnard (1938), Bass (1952), and Cyert and March (1963). In this approach the benefit goal attainment brings to participants is taken as the standard against which to judge enterprise worth.

The limitation of this approach has been identified by Krupp (1961) and Keeley (1978). The model ignores the way in which inducements are distributed, whilst Barnard implies that an enterprise will survive as long as the inducements are good enough to ensure the continued cooperation, "good enough" may mean anything from total enjoyment to agonised endurance.

Keeley (1978) discusses the application of the ideas of justice and "social good" to the assessment of organisational effectiveness. Keeley notes that the position of writers such as Bentham and Mill exemplifies the "social good" position. "The greatest good to the greatest number" is probably the most well known optimising principle in this tradition. However, welfare economists have criticised such principles on the ground that interpersonal and necessarily subjective comparisons of satisfaction are required. That is to say we must be able to establish an independent criterion "good" or satisfaction if we
are to utilise these principles.

Mishan (1973) summarises the irony of this view by noting that interpersonal comparisons of satisfaction are viewed as methodologically illegitimate and that a just distribution of satisfactions cannot be assured in practice. On the one hand, then, "social good" principles are conceived of as technically flawed, on the other hand, however, even if we could achieve a technically sound measure of "social good" we cannot guarantee its application in practice.

Many welfare economists circumvent what they see as the problem of interpersonal comparisons of satisfaction by using the Pareto optimality criterion (see Rowley and Peacock, 1975). A pareto improvement may be defined as one in which at least one person is subjectively better off as a result of a decision and no-one is worse off. The difficulty with this approach lies in its rather limited scope. About how many changes can we really state that no-one will be worse off now or in the future? In practice there is no reason to suppose that the gainers from a particular change will compensate the losers particularly if the losers are outside the organisation, which introduced the changes. Indeed there is every reason to suppose that the gainers from a changed method of production in one organisation will not attempt to compensate the losers, this being the essential problem of economic progress; how to deal with the dislocation of technological change in such a way that the capacity to adapt in the future is not undermined.
A number of American writers have been concerned with organisational assessment. Lawler, Nadler and Camman (1980, pp 6) define organisational assessment as follows: "Organisational assessment is the process of measuring the effectiveness of an organisation from the behavioural or social system perspective. Effectiveness includes both the task performance capabilities of the organisation (i.e., how well various elements of the organisation are structured and function to perform tasks) and the human impact of the system on its individual members. Thus organisational assessment is primarily defined by its focus on the organisation as a whole, its concern with the two dimensions of effectiveness, and its essentially behavioural perspective."

The activities of which organisational assessment comprises are listed as data collection, data interpretation and data use with the application of scientific methods to assure the validity of the results. Finally, one characteristic which distinguishes organisational assessment from other measurement activity which goes on within organisations, is its holistic perspective. Organisations are conceived of as complex systems, which change over time. Thus organisations, "... need to be considered in dynamic rather than static terms". This view leads to the concern with establishing a wide range of variables which reflect the functioning of the whole system.

For example, Van de Ven (1980) proposed four levels of analysis; organisation, organisational unit, job, and interactions; various
dimensions including organisation design, work groups, information flows and outcomes for each level of analysis. All of this is firmly based upon the empirical findings of a wide range of organisation scholars. Van de Ven (1980, pp 223) suggested that "Organisational performance is the ultimate criterion and starting point in an assessment of organisations. Performance is a complex construct that reflects the criteria and standards used by decision makers to assess the functioning of an organisation." He noted that different decision makers may disagree with respect to the criteria to be used or whether performance is adequate. However, in his view, assessment does not require that everyone agree but rather that the conflicting views be made explicit and that the organisation analyst "... determine at the outset whose value judgements and criteria will be operationalised and measured". Unfortunately Van de Ven provided no guidance as to how the organisation analyst is to determine whose value judgements and criterion are to be operationalised and measured.

Goodman (1979) has produced what is one of the most wide-ranging recent studies of an organisation change. He reported an analysis of the impact of semi-autonomous group working in a coal-mine looking at the impact of change on a wide range of variables.

Applying an "Organisational Assessment" framework Goodman argued that there was evidence within the data collected on the range of variables considered to show that the experimental work contributed to improved organisational effectiveness in
experimental units when compared to control units. The research design is impressive drawing from the work of Campbell (1969, 1977) and Campbell and his colleagues (Campbell et al, 1974). Yet after 21 months into the experiment, the union membership within the mine voted against extending the project to the whole mine.

Goodman and Pennings (1980) suggest that the conceptualisation of organisation effectiveness requires a careful delineation of the concept of the organisation, proceeding, to briefly, consider the goal and systems perspective. They also consider the Organisational Development perspective which they indicate is based on the belief, "... that individuals ought to have the opportunity to self-actualise and preserve their integrity and uniqueness in an organisational setting... Organisations should give individuals responsibilities to set their own goals and manage their work with respect to these goals. Communication systems should be open and undistorted... Conflict should be confronted and resolved through problem solving..." (Goodman and Pennings, 1980, pp 189).

This is a normative view of organisations, and is an attempt to specify an ideal type organisation.

Goodman and Pennings (1980) look at the idea of an organisation as a political arena, comprising internal and external constituencies and they conclude "... The dominant coalition is postulated as the mechanism where the different interests are displaced and negotiated through various coalition processes and
side payments..." (Goodman and Pennings, 1980, pp 190).

Ultimately, one concludes that effectiveness is a value judgement. The goal, systems, participant satisfaction, social good and organisational assessment perspectives whilst useful, are not sufficient for an understanding of organisation effectiveness. There is a real need to develop a conceptual basis for organisational evaluation.

Chattopadhyay (1982) observed that operationally the diagnostician is to be concerned with evaluation. Evaluation of effectiveness is the beginning point as well as the end point in a diagnosis-intervention model. With the existing state of effectiveness of an organisation at a given point of time—the diagnosis starts and the aim of intervention is to move it to the desired state.

With this perspective relating to the organisation, the next step is the focus on Organisation Development (OD).