

Designing Work Organization
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Lecture-7

Assessing the Organizational Effectiveness-2

In this particular session, we will be talking about the assessing the organizational effectiveness. Where we will discussing about the measuring the organizational effectiveness, how to measure then the internal process approach, strategic constituents approach. Then Integrated effectiveness model that is a competing values model, open system emphasis, the rational goal emphasis, then the internal process emphasis is there, then the human relations emphasis. Then we will talk about the balance scorecard and approaches to the effectiveness. As usual then we will have the case study, research paper, book recommendation and the references are there. Now, when we have to measure the effectiveness of the organization, then there are the different approaches are there.

Then one of the approaches which talks about the internal process approach is the measure is internal organizational health. Every organization whether it is working the efficiently or effective or not and therefore, in that case we have to find out that is the what are the internal organizational parameters are working. So, an effective organization has a smooth, well oiled internal processes are there and employees are the happy and satisfied. So, therefore, in that case when we talk about the measuring the internal health of the organization, organizational health and therefore, in that case it is the whatever the functionings are there in the organization, they are smooth or not.

Nowadays we see that is we are taking the help of the technology and therefore, the employee is very comfortable at his workplace and especially in the case of the service industries are there. Whenever we are talking about the manufacturing processes and where the physical things are to move, then in that case it has to be the very, very well oiled internal process that means that that is the there is no barrier and everybody, every individual, every department and section is passing through the very smooth process. So, employees are happy and satisfied. So therefore, whenever we are talking about the organizational health, so it is very necessary that you are functioning and it comes to the culture, what is your organizational culture and accordingly you find out that is the how the practices are there and when the systems are very smooth, a simple example is of the communication is there and in the communication you find that is the when the every employee is having the full information with him and he shares information with others, then in that case it becomes a very, very important is there. So, whenever we are talking

about this type of these practices, then the departmental activities are matched with one another to ensure the high productivity is there.

Naturally, when they all are working with in a particular systematic manner, so productivity is to be very high. So, these approach does not consider the external environment is there. The important element in effectiveness is what the organization does with the resources it has as reflected in the internal health and efficiency is there. Now, the another aspect and another aspect is the resources and therefore, whatever the resources and organization will be having that will reflect into the internal health and efficiency is there, whether it is the manpower is there, whether it is the money is there or it is a method is there and whenever all these resources or the information they are fully given to the employee and employee is feeling very comfortable in delivering his duties, then in that case it will be having the better internal health and the efficiency of the organization is there. Now, the process approach, they are the processes are considered and first and foremost is and that is nowadays and it is called the designing of the processes there.

That is how is your designing is there and on basis of this designing, then you find out that is the whether the organization, the system and processes and they are making the customer needs are identified because ultimately The business is for the customers and when the customers are they are satisfied, then in that case you will find that is the your business is becoming the highly productive and successful. So, first and foremost is that is identifying the customer is there and according to the customer needs and then you are making these designing the specifications are there and they would be a material procurement and all purchasing will be done according to the need based is there. After this raw material will be procured and there will be the production will be there. So, therefore, in that case they finish product. So, here it starts from the customer needs, this journey from the customer needs to the these finished product is there.

Here the three focuses are very important. One is focus on design, focus on purchasing and focus on production is there. When you are having all these three parameters very strong, then in that case you will find that is the you can find out that is what is the health of the organization or the effectiveness of the organization is there. So, we actually for them any measurement there are required certain indicators are there. So, indicators are one indicator of the internal process effectiveness is the economic efficiency is there, whether the organization is having the economic efficiency or not, ROI is there, the stable and standard or not.

However, the best known proponents of an internal process that is the models are from the human relations approach to the organization is there. So, backbone of any

organization is the employee and therefore, when the employee is happy and satisfied and then that is called the human relations approach to the organization, then definitely in that case in every internal process model, if this element is taken care of naturally the organization will be successful. So, internal process indicators include a strong, adaptive corporate culture and positive work climate is there. As I mentioned that is the culture means the practices in an organization is there and when there is an adaptive culture is there, adaptive culture means there is no rejection and therefore, in that case it is interpersonal dynamics are so strong that is a corporate culture is becoming so adaptive that is some people are the highly performers, some people are moderate performers, some people are the lower performers are there, but the culture converts that lower performers into the higher performers is there. And therefore, in that case you will find that is this type of this corporate culture is there, then definitely in that case, there will be the positive work climate will be there.

Whenever the employees, they find the positive climate or surrounding to them, they give their best efficiency is there. Now, whenever we are talking about all these aspects, then in this case you will find that is the it becomes very important that is the trust between the employees is there. In my other course on MSRE manager skills for interpersonal dynamics, I have talked about that is a trust builders that how you can become the trust builder is there. So therefore, is an employee in the organization, whether you are junior, middle or senior level executive, please try to see that is the you are able to develop the trust in the culture, trust is into the climate, organizational climate is there. When people will be having the confidence in each other, the employees and management that both operations that will be very, very efficiently.

So, because the whatever has been mentioned, there is no resistance for that, because they believe, they trust, they have confidence that is yes, for example, using the resources to the achieve the outcomes is there. Now, whenever management gives the resources to the employees, then this is a trust is there, it is a trust that is the there will be the maximum output from these resources will be there. And as a result of which, this trust between the employee and employer, employer and employee and that builds the a very positive culture in the organization is there. Undistorted the horizontal and vertical communication is there. Now, this has become for so many years a problem that is the communication is started from the top, but it has not reached to the bottom.

In organization structures nowadays, we are having the horizontal structures, we are using these latest mechanisms of the communication and therefore, in that case, the communication reaches to the employee directly. But earlier it was a big issue, it is a communication what has been told from the top and whatever is reaches to the bottom and that was not the same and therefore, it was getting distorted. But in any organization

when you are having the undistorted horizontal and vertical communication, then you find that it is becoming a very important indicator is there. You can measure you can find out that is the whether the communication in the process in the organization is the undistorted or distorted is there and the as a result of which the growth and development of employees that also can be measured. This is a very good indicator whenever the employees they are having the trust and belief that is my organization will take care of me, my management will give me the due promotion, management will give me the due rights.

So, therefore, growth and development of the employees and the debt will become becomes a very, very important indicator is there. The whenever the organizations are working with the different department, different sections and not only within the one place, but it is geographically located at the different places global organizations are there, then the coordination among the organization's parts is become a very, very important. Who is your coordinator and how is coordinating the activity? If the coordinator is able to take these activities very smoothly and appropriately, then definitely in that case there is a connect. Connect is there between the all the organizational places or the employees within the organization is there and a result of which the conflict is already in the interest of the larger organization is there. So, therefore, in that case what happens because of there is a coordination is there, there is a proper communication is there, there is a adaptive culture is there, there is a culture of building the trust and the understanding is there, then definitely in that case that organization has to grow and develop and the indicator process on basis of this will give you the results and then you can decide.

If results are satisfactory, then you can go. Now, what is the satisfactory and unsatisfactory? Now, this is the parameter which will be decided by the organization culture is there. So, therefore, many organizations they try to give the 100 percent satisfaction to the employees, but if that is not possible, then some organizations may try with the maximum efforts that may lead to the 95, 90, 80 percent. Normally, it has been seen that is the 80 percent at least the indicator should give these results so that the organization will be more productive will be there. Now, we will talk about the strategic constituents of the approach is there.

So, here is the employees, managers and owners are there, then there are the external stakeholders also suppliers, society, government, creditors, shareholders, customers. So, there is now in the strategies that is related to the stakeholder approach is there, whether it is internal or it is an external is there. So, organizations has a variety of internal and external stakeholders that may have the competing claims on what they want from the organizations are there. The strategic constituents approach that measures the

effectiveness by focusing on the satisfaction of the key stakeholders, those who are critical to be organizations ability to survive and thrive. The satisfaction of these strategic constituents that can be accessed as an indicator of these the organization performance is there.

So, whenever you are having these ability to strive and thrive and the satisfaction of these strategic constituents, they will definitely will be giving you a good indicator of the organization's performance is there. Now, this strategic constituents approach is having the number of indicators are there. Like for example, the owners, owners will be having the financial returns, they will concern with that is the what is the ROI is there and if the ROI is satisfactory, then they will say that is they are having this proper financial return and they are these particular strategy of the financial return if it is becoming successful, they are satisfied and happy. Employees are concerned, employees are concerned with the pay, good supervision and the worker satisfaction is there. So, whenever the employees indicators you have to measure, you have to find out whether they are satisfied with the work conditions or not like the example is the pay and good supervision is there.

If they find that is their supervisor is mentor, he is not autocratic, he is supporting, he is helping into growth to them there, then definitely their satisfaction will be high and ultimately it will lead towards that particular the indicator where the your productivity is very high. Customers, customers are concerned with the quality of goods and services are there and therefore, the effectiveness criteria for to measure for the customers is that is the whether they are satisfied with the quality of goods and services are there. Nowadays we see that is if you go to any places, then from there they will ask you for the giving the service area as a special service organizations, they will ask you to give the feedback and therefore, the feedback will help them to improve and to know their strengths and weaknesses are there. Then the creditors are there. So, credit worthiness they will be focusing on that, that is the my creditor is how much is the worthiness is having and therefore, high the worthiness they are definitely in that case high effectiveness is there.

Community is there and the contribution to the community affairs are there. So, social responsibilities now we know that is organizations are following the CSR and therefore, corporate social responsibility is there, but in addition to that, what is the inbuilt, inbuilt that community service culture is there and if there is their contribution in the community affairs is very strong, maybe into the education, maybe into the medical, maybe into the economic development of these weaker sections, then definitely in that case we will talk about that is a community function is very high. Then the suppliers are there and suppliers will be talking about the satisfactory transactions are there and here

this suppliers, the satisfactory transactions between the right from the there the supply and then getting the raw material at appropriate time and therefore, as a result of which the productivity is becoming high. And here when you are measuring that is a satisfactory the transactions of the suppliers and if it is giving the good merits, then definitely in that case, you will find that is the satisfactory of these transactions is becoming the high leading towards the higher productivity is there. Government is that is about the obedience to laws and regulations are there.

So, there are so many labor laws are there, commercial laws are there and therefore, in that case all these legal aspects of the business that has been very much satisfied by the employer and then in that case, this will be an indicator that is a government stakeholders parameters are fully followed and when they are fully followed, so as a result of each employee and environment and culture and climate of the organization that will be very highly positive will be there. So, when we are talking about these as another parameter that is about the usefulness is concerned. So, research has shown the assessment of the multiple constituents is an accurate reflection of the organizational effectiveness. So, especially with respect to the organizational adaptability is there. Now, we have seen this industry era is keep on changing.

So, it has started with the steam engine and now we are talking about the biosciences and therefore, in that case, it is the all our industry 4.0 and artificial intelligence and all what is required? Organization should be adaptable because if the organization is not adaptable with the change of time, then whatever their usefulness is there that will not be very highly effective. If it is not effective, it will not be able to survive. So, strategy constituents approach takes a broader view of the effectiveness and the exam inspectors in the environment as well as within the organization. So, it looks at the several criteria simultaneously inputs, internal process and outputs are there.

So, in any business organization when you talk about the input process and outputs are there, so they acknowledge that there is no strategic measure of the effectiveness is there. So, when you are making this particular, the simultaneously the effects of these the inputs are there, then definitely in the business the out process is there, input process outputs is there. So, there then definitely in that case you will find that is usefulness is very high. So, the strategy constituents approach is popular because it is based on the understanding that effectiveness is a complex multidimensional concept. Please see that is the always that effectiveness is not that simple.

So, it is a complex process is there and then that has been involved as we have seen, it has been involved with the number of stakeholders. So, naturally what is required is that is they will be involved with the number of these aspects are there. So, that has no single

measures and multiple measures are there and you have to be the best into the all measures. I understand practically it will be difficult to be the best into the all measure, but what is important is that scenario and popular approach is required. So, that in that case if you are having a very very appropriate approach is there, then they have definitely that takes a multidimensional integrated approach to means the if a measure the effectiveness is there.

So, here it becomes very important that is the whenever we are talking about the business process parameters measurement, then we have to understand that is a strategies approach is a very complex and the multidimensional is there. And when it becomes a multidimensional you have to take care of the each dimensions for this purpose. The now I would like to talk about the integrated effectiveness model that is a competing value model is there. This tries to balance the concerns with the various parts of the organization rather than focusing on the one part is there. This approach to effectiveness acknowledge that organizations do many things and have many outcomes.

It combines several indicators of effectiveness and a single framework is there. The model is based on the assumption that there are the disagreement and the competing viewpoints about that the constituents of the effectiveness is there. The managers sometimes disagree over which are the most important goals to pursue and the measure is there. So therefore, we should leave it to the management.

The management will take care of this. Now in the case when the managers feel especially middle level managers, they feel uncomfortable with the goals and objectives or processes or decisions taken by the top management, then employees turnover will increase. So overall organizational effectiveness will go down. The competitive viewpoint and the competing interest comes from the NASA. After 7 astronauts died in the explosion of the space shuttle Columbia in February 2003, an investigative committee found that the deep organizational flaws in NASA including ineffective mechanisms for the incorporating the dissenting options between the scheduling managers and the safety managers are there. So external pressure to launch on one time and then that was the overload safety concerns with the Columbia launch is there.

So therefore, it becomes very important what are your expectations and what you are measuring your effectiveness is there. So effectiveness should not lead on towards the any negative aspects are there. Now these effectiveness model indicators talks about organizational focus, which is whether the dominant values concern issues that are internal or external to the firm are there. And therefore, in that case it becomes the internal focus reflects the management concern for and being the efficiency of these employees are concerned. And external focus reflects on employees in the well being of

the organization that will respect to the environment is there.

So therefore, it is not the only well being of the employees, it is the well being of the overall organization is there. The second value dimension patterns in the organization structure and whether stability or flexibility is the dominant structural consideration. So, flexibility reflects a management and then the effectiveness and their control is there, where the flexibility represents a value for learning and changes there. So if you are flexible enough, so therefore, in that case, you are adaptable and you are more adaptable, you are more responsive to the society is concerned. The four cells represents the organizational values, organizational values managers decide which value will take priority in the organization is there.

Here we are talking about this the flexibility and the control is there. So whenever we are talking about the flexibility, then we have to understand that is we are talking about human relations emphasis is there and primary goal human resource development is there HRD is there. I mentioned earlier also, it is whenever you are talking about the indicator of the organizational effectiveness, your most important point and that is about these human aspects are there. So focus, focus on internal and that is about the HRD human resource development, sub goals, cohesion, moral and training, training of the employees, the moral of the employees that has to be very high is there. Whenever we are talking about the external environmental factors and then in that case external factors open system emphasis is there.

So people can understand and learn your system. Primary goal is the growth and resource acquisition is there and whenever we are talking about this growth and resource acquisition, it becomes very, very important that is the how organization is growing and making the utilization of the resources are there. The sub goals are the flexibility, readiness and external evaluation is there and here these sub goals of this organization then that will require the flexibility is there. I always talk about this thing that is the flexibility, productivity, adaptability, it is a Mott's model is there and Mott has talked about managerial effectiveness and more and more organizations which are more flexible and which are more adaptive then they will become the more successful are there. When we are talking about the control and internal focus, so flexibility with the internal focus that is about the human resources, this particular cell. Flexibility with the external resources and that is about the open system processes, their growth and resistance that that has to be minimized as much as possible.

Whenever we are talking about the other resources, then in that case, the focus is the control and control is the internal process emphasis that is how much control do you have. Primary goal is the stability and equilibrium, why do we want to control? Control

is not a just in a hobby, it is required as a cultural practice and the cultural practice will be there about the stability and the equilibrium will be it will bring. And the sub goals that is when we are talking about and that is about the information management and communication is there. We are having the number of seminars and learnings from the ICT, information, communication and technology and therefore, it is giving you the best communication part is there. While in the control in the external part, it is giving you the rational goal emphasize, primary goal productivity, efficiency and the profit and the sub goals are the planning and goal setting is there.

So therefore, in that case, whenever we are talking about the control, control will also have the primary and the secondary focus. So always be very careful that is the whenever you are talking about the structure, the structure is required to be flexible. A combination of the focus and flexible structure that leads to and the open system emphasis management primary goals are the growth and resource acquisition. And the organization accomplishes these goals through the sub goals of the flexibility, the readiness and a positive internal evaluation is there. The dominant value of the establishing the good relationship with the environment, the acquire the resources and the growth and the emphasis for the similar in some ways in the resource based on the approach that describes the earlier.

So therefore, rational goal emphasis will be there that is a rational goal emphasis represents the management values of structural control and the external focus. The primary goals are productivity, efficiency and profit and the organization wants to achieve output through a controlled way. Sub goals they facilitate these outcomes and that is about the productivity, efficiency and the profit is concerned or the internal planning and the goal setting. So which are the rational management tools? The rational goals emphasize is similar to the goal approaches to the described earlier is there. Now in these all these process with the employees and with the environment is there, so internal process emphasis is becoming the very very important is there.

So here we will talk about this in the way of that is a structure and control is there. So here human relations emphasis I have talked about that is how and then the open system emphasis is there. In the organization B if there is a control process is there, then the control process that is about the internal process emphasis is rational goal emphasis and the focus is towards the control whether it is an internal or whether it is an external is there. Now we can see the difference with this particular example. It is a young organization concerned with the finding a niche and becoming established in the external environment is there.

So more focus is there on that is how to control the external environment. So primary

emphasis is given to the flexibility innovation, the acquisition of resources from the environment and the satisfaction of external strategic constituents are there. So here it becomes the flexibility and innovation and when we are talking about the flexibility and innovations which is always I talk about the more productive organizations, more successful organizations is there, then they will be able to make the maximum utilization of resources because they are getting resources from the environment and they will do the best. This organization gives the moderate emphasis to human relations and even less emphasis to the current productivity and profits. So satisfying and adapting to the environment are more important.

So the attention given to these open system values means that the internal processes emphasize is practically non-existent, stability and equilibrium are all of the concerns are there. While in now we will see the organization B. So here in the organization A you have seen that is the how the focus was given more on this flexibility while in the organization B the focus is given on the control. So this organization is a dominant and the values in the productivity and profits is organization is characterized by the planning and the goal setting. Organization B is a large company that well established in the environment and is primary concern with the successful production and profits.

Flexibility and human resources are not major concerns. This organization prefers stability and equilibrium to learning and innovation because it wants to maximize the value of its established customers are there. Now here because of the control mechanism, so internal processes are there and the rational goal emphasis are there. So usefulness when we talk about, so it integrates the diverse concepts of the effectiveness into a single perspective. It incorporates the idea of output goals, resource acquisition and human resource and developments are goals of the organization that has to accomplish. Now the second model that calls attention how effectiveness criteria are there, example is given.

In a small organization that concentrates on the establishing itself with a competitors environment and will give less emphasize developing the employees then to the external environment is there. So, this balance scorecard that is the approach to the effectiveness. It talks about learning and growth, internal business perspectives, they which I have talked about the customer perspectives that is the customer needs and satisfying to the customers and then the vision and strategy is there which is related to the financial perspective to achieve our vision, how will we sustains our agility is there and the learning and growth is there. So, this balance scorecard which talks about the financial perspective, customer service, business process and the learning and growth is there and therefore, it is making the more and more adaptive and the effectiveness is there. Finally, I would like to conclude there is a design essentials are very very important is there.

Assessing the organizational effectiveness reflects the complexity of organization is a topic of the study and social constraints meaning the effectiveness criteria are the created and decided upon by the people, different people will have the different criteria for what marks the organization effective is there. Not easy but simple and guaranteed measures will provide an unequal assessment of this performance and the organization which is based on this the un-cubic is organization's performance that will diverse activities well from the obtaining the resources inputs deliver outputs to be successful. Four approaches to the measuring the effectiveness are the goal approach, resource based approach, internal approaches approach and the strategy constitute approaches there. In this the different case studies are given please see those refer those case studies and the research papers and then you will find that is with the help of this research paper and the question papers you will be able to come out with the understanding that is the how the indicators which we can decide. And the organizational effectiveness and the change management that this is a book which is recommended to study further and this will be talk about that is the how with the change management is various models are there and then the organizational effectiveness models that will be giving you the how to make your organization more effective is there. These are the references. Thank you.