

# MS(HR) 552-Concepts, approaches and determinants of Organizational Effectiveness

## Lecture 22



# Recap from last lecture

In the last lecture, we discussed:

Case: Ring and Royce Company

# Topics to be covered today:

- Concept of Organizational Effectiveness
- Approaches to Organizational Effectiveness
- Comparison of the approaches

# Concept of Organizational Effectiveness

- Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce.

Historical opinions:

1. Effectiveness was determined by factors such as production maximization, cost minimization and technological excellence- Frederick Taylor
2. Effectiveness is a function of clear authority and discipline within an organization- Henry Fayol
3. Effectiveness is a function of productivity and employee satisfaction- Elton Mayo

# Approaches to measure organizational effectiveness

## 1. Goal attainment approach

- Effectiveness is the ability to excel at one or more output goals.
- The Goal Attainment Approach states that an organization's effectiveness must be appraised in terms of the accomplishment of ends rather than means.
- It is the bottom line that counts.
  - Goals must be...
    - Clearly identifiable
    - Consensual
    - Measurable
    - Time-bound

## 2. Systems Approach

- Here 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 organization such as –  
Its ability to acquire resources, maintain itself internally as a social organism & interact successfully with its external environment.
- So, this approach focuses not so much on specific ends as on the means needed for the achievement of those ends.

### 3. Strategic constituencies approach

- Effectiveness is the ability to satisfy multiple strategic constituencies both within and outside the organization.
- An effective organization is one that satisfies the demands of those constituencies in its environment from whom it requires support for its continued existence.
- It seeks to appease only those in the environment who can threaten the organization's survival.

### 4. Competing Values approach

The Competing Values Approach is the criteria you value and use in assessing an organizations effectiveness.



# Comparison

<b>APPROACH</b>	<b>DEFINITION</b>	<b>WHEN USEFUL</b>
<b>Goal Attainment</b>	<b>An organization is effective to the extent that it accomplishes its stated goals.</b>	<b>The approach is preferred when goals are clear, time bound and measureable.</b>
<b>Systems</b>	<b>It acquires needed resources.</b>	<b>A clear connection exists between inputs and outputs.</b>
<b>Strategic Constituencies</b>	<b>Strategic Constituencies are at least minimally satisfied.</b>	<b>Constituencies have powerful influence on the organization, and it must respond to demands.</b>
<b>Competing Values</b>	<b>The emphasis of the organization in the major areas matches constituent preferences.</b>	<b>The organization is unclear, or changes in criteria over time are of interest.</b>



# Summary

In today's lecture, we discussed:

- Concept of Organizational Effectiveness
- Approaches to Organizational Effectiveness
- Comparison of the approaches

Thank you

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