

An Enfranchisement Model of Organizational Effectiveness

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## INTRODUCTION

The subject of organizational effectiveness is, at once, the most significant and least understood topic in organizational theory. After over fifty years of construct development and empirical research a high degree of confusion, serious divisions and divergent perspectives characterize the subject, hamstringing analysis and conceptualization (Bluedorn, 1980; Connolly et al., 1980; Dubin, 1976; Kirchoff, 1977; Ulrich & Barney, 1984). Much of this confusion stems from two central problems: 1) a lack of cohesion in the development of a construct of organizational effectiveness, and 2) measurement problems related to constructs of organizational effectiveness. As construct validity problems are central to the analysis of organizational effectiveness, and measurement problems may very well stem from construct difficulties (Cameron, 1980; Kirchoff, 1977; Spray, 1976) this author will focus the following discussion on the development of the four leading models of organizational effectiveness.

This paper will first discuss the critical role of the organizational effectiveness issue in organizational theory. In the paper's second section a perspective – or viewpoint – on the historical development of the effectiveness construct will be presented. Third, the four dominant perspectives of organizational effectiveness (the rational goal model, the systems model, the multiple constituency model and the population ecology model) will be delineated in the light of the historical development perspective introduced above. In the fourth section a number of issues associated with conceptual differences in the four dominant perspectives will be reviewed. In the fifth section some thoughts on the measurement issue will be briefly outlined. This author will conclude with a brief

discussion of the heuristic limitations of the historical development perspective as presented in section two of this paper.

1. **On organizations and effectiveness.**

The single most critical question in the domain of organizational theory revolves around the question: What is the relationship between organizational design (in its most general sense a combination of people and materials) and the consequences of those design (Barnard, 1938; Parsons, 1956). More specifically, how can individuals and groups combine together so as to attain ends or pursue outcomes which members of the society: a) could not attain acting individually, and b) find to be valuable? From Adam Smith (1776) to Weber (1946) to Barnard (1938) to the most recent reviews in the field of organizational theory (Betton and Dess, 1985; Stevenson et al., 1985) organizations are defined in terms of their ability to achieve valued end (Parsons, 1956, p. 64). The “efficiency problem” occurs as one group consciously combines (i.e. organizes) in order to achieve a set of outcomes while other groups in the society, which may be directly or indirectly affected by the nature of the organization’s processes and outcomes, look on. What is “effective” – i.e. valued – for one group may not be valued by other groups. Further, the values or outcomes sought by the founding members of an organization may not be commensurate to the values or outcomes which social groups external to the focal organization require for the maintenance or acceptance of the organization in the society.

Formal organizations (corporations, governments, non-profit organizations, hospitals, etc.) have developed into the dominant form of social facilitation and value attainment in the last century (Etzioni, 1964, pp. 3-5). This phenomenon, the ever-widening influence of innumerable formal organizations on the society which bred them,

has crucially effected the manner in which theoreticians and researchers have conceptualized the very definition of effectiveness. Even as we observe the construct formal organization the affects of its processes and outcomes on different members of the “host” society so change in quantity and quality as to make our observations and subsequent conceptualizations in complete if not obsolete.

This phenomenon makes any static, universalistic set of rules or laws relating an organization’s formal structure and effectiveness impossible (Bluedorn, 1980; Campbell, 1976; Cunnigham, 1977). Furthermore, with the increasing influence of these formal organizations comes an increasing awareness – on the part of groups and individuals existing in the society surrounding these organizations – of the power (for good or for ill) that these organizations have to affect the ability of these groups to pursue their ends and attain their values. These groups may respond by withdrawing from interaction and “starving out” these organizations (Astley and Van de Ven, 1983). It is much more likely that groups will look upon these formal organizations as vehicles for their own goal attainment and attempt to define organizational effectiveness in the light of their own specific goals and agendas (Zammuto, 1984).

As this process occurs and various societal groups interact with these formal organizations, exacting a “toll” (in terms of additional goals, values sought, etc.) for continued acceptance of and interaction with the formal organization, the very definition of effectiveness must be modified to incorporate the agendas and value preferences of these societal groups. The irony of this observation is that the very effectiveness of formal organizations (i.e. their success in attaining the goals of the original owners, managers, etc.) leads to increasing interest in the organization by outside societal interest

groups and subsequent redefinition or extension of: a) the goals of the organization, b) the outputs created by the organization, c) the values put on these outputs and finally d) the criterion and definitions of the organization's effectiveness.

## 2. **On the historical development of an effectiveness construct.**

It is this writer's contention that institutions and organizations are embedded in the wider framework of a society. As various member groups of this society "discover" the ability of these formal organizations to block goal attainment or facilitate the goal attainment of these societal groups, the groups perceive the organization in a different light. If the ability to facilitate subgroup goal attainment is deemed to be tempting enough, these subgroups will act to modify their relationship with the organization and hence change the definition of organizational effectiveness. The process outlined above will be referred to by this author as the "enfranchisement" of social groups into the organization. Figure 1 provides an outline of this perspective.

### **Insert Figure 1 here**

A brief historical analysis may assist in developing this perspective further. What follows provides a short, if naïve, analysis of various social subgroups as they have interacted with hypothetical or ideal formal organization over the last 80 years or so.

In Stage 1 (likened to phase 1 in Figure 1) owners and top-level managers pursued relatively simple, homogeneous goals (based upon their value preferences) in a relatively free market environment. By the 1910's, 1920's and into the early 1930's (Stage 2) a switch to the production of consumer goods led to an interest by various consumers in the nature of the products (product safety, etc.) and consumer preferences are marginally brought into the picture. Major shifts occur in the 1930's

with the depression and massive government interventions (Stage 3). The federal government begins to directly regulate ownership rights and capital formation (via S.E.C. regulations) as well as the working conditions and right to collective bargaining for workers.

In Stage 4 war mobilization requires closer cooperation and coordination between organizations, within what once was a competitive industry, in order to maximize productivity and output. Workers attain higher wage levels due to labor shortages. Interactions with suppliers become crucial as raw materials become difficult or expensive to obtain.

In Stage 5 a postwar economic boom and shortages in skilled labor and management lead to an increasing sensitivity to the pay and working conditions of workers and managerial personnel. Government defense contracts become significant and the government becomes both a regulator and consumer of organizational outputs and processes. Expanding competition in consumer goods leads to the replacement of “caveat emptor” with “caveat vendor” as consumers vote with their dollars as discretionary income makes a rapid increase.

With rapid economic development come serious questions of the allocation of these resources in Stage 6. Government responds with legislation and social programs as well as expanding defense contracts. Workers and middle to lower-level managers require a higher “quality of work life” – possibly due to increasing labor demands in skilled labor fields and general social egalitarianism. This “quality of work life” concern is more than previous demands to enhance working and management’s concerns are for worker motivation and satisfaction as valued ends in

and of themselves, above and beyond any theoretical associations between satisfaction and performance outcomes.

By the 1970's (Stage 7) special interest groups (i.e. Ralph Nader, environmentalists, minority groups, women's groups, etc.) are calling for social responsibility and corporate citizenship. Workers and managers act to expand their "quality of work life" demands, asking for higher levels of autonomy and a more complete or personalized relationship with the organization. These requests may be associated with higher levels of education on the part of the work force and the increasing size of "the organization." Antitrust activities and pressures toward mergers lead to ever increasingly complex interactions with other organizations. Shortages of raw materials (particularly energy resources) and recession and layoffs make relationships with suppliers more dynamic.

In to the 1980's (Stage 8) and increasing reliance on international markets and the development of international competition combine with forces toward mergers and acquisitions with other organizations to create an environment of multidivisional, multinational conglomerate organizations. Who" values or goals do these entities pursue? What is effectiveness for any or all of the ten subgroups outlined in Stage 8?

The presentation above is loosely based upon a presentation of multiple constituent models by Zammuto (1984, pp. 612-614) and an insightful analysis by Gawthrop (1973). The point of the above presentation is not the validity of the specifics of the outline, but rather the concern here is the heuristic applicability of a trend toward a gradual inclusion

of the values and goals of a number of subgroups into the organizational fabric. These societal changes modify the nature of the organization, and hence modify any analysis of organizational effectiveness.

A second point is that there may be relationship between these stages as outlined above and the development of the four dominant perspectives (models) of effectiveness. The goal model—wherein a few actors determine values and visualize effectiveness as the degree to which goals are met (Etzioni, 1960, 1964; Perrow, 1961, 1967)—may very well have developed in response to the phenomena covered by stages 1, 2, or 3 in this author's presentation.

In the same way, the systems model and the multiple constituency model – wherein a number of subsystems within or without the organization are envisioned and effectiveness is visualized as the degree to which resources are distributed in a balanced manner (Cunningham, 1977; Etzioni, 1960; Yuchtman and Seashore, 1967; Zammuto, 1984) – may have developed in response to the phenomena outlined by stages 4, 5, 6...

In the same way, population ecology models, stressing an organization's inability to adapt in the face of environmental change and the application of competition and selection in "populations" of organizations, may have developed in response to the phenomena associated with stages 7 and 8 (Astley and Van de Ven, 1983; Betton and Dess, 1985; Hannan and Freeman, 1977).

A final point is that there is no reason to assume that all organizations experience a similar form of interaction with various subgroups in the environment. There may be some very large, complex and successful organizations, which have relatively, intact, homogeneous values, goals and therefore relatively simple or uniform effectiveness

criterion (as posited by the goal model). Similarly, smaller, less complex organizations may interact with a large number of social subgroups, resulting in multiple, conflicting and incommensurate effectiveness criterion held by various constituent groups and “juggled” by managers and directors.

## MODELS OF EFFECTIVENESS

### I. The Goal Model

As noted above the goal model is the earliest and possibly the most widely accepted widely accepted definition of the concept of organizational effectiveness (Bluedorn, 1980, p. 478; Strasser et al., 1981, p. 323). In its most general sense the goal model

. . . implied that organization effectiveness could be equated with the extent to which the organization attained a set of objectives which included outcomes such as profit, growth, reduction of disease and increased productivity, and excluded measures of organizational behavior and process. . . This view implies that organizations are goal seeking entities of goal attainment. A secondary . . . concept is that an organization’s chances of attaining its goals are maximized by maximizing the quantities of organizational activities which are goal related . . . The “goals” to be pursued are defined as those of the “owner” of the enterprise (Becker and Gordon, 1966), who would be the entrepreneur or stockholders for private firms and the public for government agencies. The possibility of a separate set of valid goals for the members of the organization, apart from the owners, is ruled out by this definition. Since goals are set in terms of rational self-interest, this definition also excludes the possibility of contradictory purposes.

Strausser et al., 1981, pp. 323-324.

This approach has its origin in the traditional “economic model” of man and grew out of the “machine theory” of organizational dynamics (Burns and Stalker, 1961). This conceptualization was perhaps best operationalized by Taylor (1911) and is entirely

consistent with Weber's (1947) discussion of bureaucracy (Cunningham, 1977; Price, 1972; Strasser et al., 1981).

Within this general umbrella, a number of variations are present. Variations and applications of the goal perspective may be found in management by objectives (MBO) literature (Carroll and Tosi, 1973; French, Kay and Meyer, 1966; Ivancevich, 1972; Raia, 1974), as well as the cost/benefits analysis literature (Campbell, 1976; Magnum, 1971). As a complete discussion of these two topics is outside of the domain of this paper, the reader is directed to the citations above for a more complete discussion.

A more interesting set of further delineations with goal theory have to do with 1) who is the appropriate agent for determining what the goals the organization actually are and 2) by what means can or should this determination be made? Perrow (1961) distinguishes between "official goals," described as being "the general purposes of the organization as put forth in the charter, annual reports, public statements by key executives and other authoritative pronouncements" and "operative goals" described as "the end sought through the actual operating policies of the organization; they tell us [note the use of the term 'us'] what the organization actually is trying to do, regardless of what the official goals say are the aims" (Perrow, 1961, p. 855).

Note that Perrow intimates that 1) the organizational analysis is the optimal agent for determining the appropriate goals for analysis and 2) a systems perspective is a valuable means for determining actual goals. Yuchtman and Seashore (1967) echo this approach in their discussion of a "prescribed goal approach, . . . characterized by a focus on the formal charter of the organization, or in some category of its personnel (usually its top management) as the most valid source of information concerning organizational

goals” as opposed to a “derived goal approach” which calls upon the investigator to derive “. . . the ultimate goal of the organization from his (functional) theory, thus arriving at goals which may be independent of the intentions and awareness of the members . . . “ (Yuchtman and Seashore, 1967, p. 892).

One possible mechanism by which formal goals are replaced by operational goals is presented by Warner and Havens (1967). These authors postulate that goal attainment in organizations is maximized when goal displacement is minimal. Goal displacement is minimal when goals are tangible. If goals are intangible, as in Perrow’s description of official goals, then there is a tendency for “peripheral goals” – goals associated with maintaining the status quo within the organization – to “displace” the intangible official goals. Top managers must repeatedly act to create tangible goals “directed toward the central intangible goals” if goal displacement is to be avoided (Warner and Havens, 1967, p. 555).

Simon (1964), on the other hand, defines organizational goals as

the constraint sets and criteria of search that define roles at the upper levels [of an organization] . . . For high level executives in these organizations will seek out and support actions that advance these goals, and subordinate employees will do the same or will at least tailor their with this end in view. . . It is convenient to use the phrase organization goal to refer to constraints, imposed by the organizational role, which has only. . . [an] . . . indirect relation in the motives of the decision makers.

Simon, 1964, p. 21

In this case, although organizational goals are perceived as quite complex, actual goals, and goal behaviors are seldom far removed from roles, formalized authority and official goal processes. From this perspective the organization, via role prescription and constraints and not the observer determines what the “true” goals are. This discussion

seems closer to Becker and Gordon's analysis of goals, rather than Perrow and Yuchtman and Seashore's presentations.

Mohr (1973) classifies goals as being either a "transitive" objective – i.e. the referent of the organizational goal is external to the organization – or "reflexive" objective –i.e. the referent of the objective is the organizational members themselves. Again the concept specifies multiple objectives, and a system's approach.

It is interesting to note that even at this early point in our analysis of goal models, two perspectives have emerged. The first is characterized by an acceptance of the objectives as stated by the principle formal authorities and subsequent analyses based upon the degree by which these "given" objectives are accomplished. The second perspective, which we will later develop into the systems model, is more indirect in assessing relevant goals. These researchers will observe the organization from many "angles" and perspectives and determine for themselves which goals or objectives are being pursued. This almost anthropological approach to effectiveness will eventually lead to : 1) a general systems approach to organizational effectiveness – and concerns with the overall viability and strength or health of the systems as opposed to degree of goal attainment and 2) the "multiple constituency" approach – which focuses on the values and goals of many subgroups within and without the focal organization (Campbell, 1976).

The goal model is still widely applied in numerous presentations of organizational effectiveness (for example Coulter, 1979; Hilt and Middlemist, 1979; Khandwalla, 1973). Price (1972) presents four guides to assist in applying the goal model and identifying goals. These guides are:

- 1) The focus of research should be on the goal perceptions of the major decision makers (most often the formal authorities) in the organization. This is because they allocate most of the resources and are most capable of creating goal achievement. Further, if research is not focused on individuals there is a danger of goal reification. “It is necessary to emphasize that goals always exist in the minds of certain persons” (Gross, 1968, p. 520). These persons are the top level decision makers.
- 2) The focus of research must sharply delineate organizational goals and private or personal goals. Any confusion of the two will be disastrous. It is just this point which strikes this author as the bone of contention between goal theorists and systems theorists. “Rational” goal theorists seem to have no trouble distinguishing organizational goals and personal, subgroup or systems goals. The more process-oriented systems theorists find it very difficult to divorce individual, subsystem or environmental goals, values and influences from organizational goals.
- 3) The focus of goal research should be on operative goals. Again, there seems to be major disagreements between traditional goal theorists – who see operative goals as relatively homogeneous within the organization and systems theorists who see the potential for as many different operative goals as there are organizational members.
- 4) The focus of goal research should be on both intentions (what the participants perceive the organizations goals are) and activities (what persons in the organization are in fact observed to be doing). According to Price (1972, p. 6) “if the focus of research is on intentions and activities . . . then multiple methods of data collection must be used. Intentions can be described primarily by means of interviews and

questionnaires, whereas activities can be described primarily through observations and documents.”

Some very recent research may be representative of efforts to follow these guides. In each of these cases empirical research was presented to investigate the relationship between the traditional goals of profitability/economic performance and other types of goals.

Katz, Kochan and Weber (1985) gathered data on 1) organizational effectiveness (measured by a) direct labor efficiency – an index comparing actual hours of direct labor input to standardized hours calculated by the organization’s industrial engineers and b) quality of product – a quality control measure), 3) characteristics of the industrial relations system (i.e. attitude, participation, absenteeism rates as well as formal grievances and disciplinary measures) and 4) quality of work life (QWL) programs in 25 manufacturing plants at one company. Results indicated that measures of the industrial relations system showed a high positive correlation with organizational effectiveness. On the other hand, little relationship between the efforts toward quality work life programs and effectiveness was evident.

Similar results were found in a policy capturing design administered to corporate CEO’s (Aupperle, Carroll and Hatfield, 1985), these authors found no systematic relationship between attainment of the goals of social responsibility and profitability. When the researchers correlated the orientation of CEO’s toward corporate social responsibility with profitability of the firm, no significant correlations were observed. These results were compared to a number of similar studies. Some studies found positive relationships between top managers’ orientations toward social responsibility and various

goal-model effectiveness measures (Heinz, 1976; Moskowitz, 1972; Parket and Eilbirt, 1975; Sturdivant and Ginter, 1977) while others found negative relationships (Bragdon and Martin, 1972; Vance, 1975) or no relationship (Abbott and Monsen, 1979; Alexander and Buchholz, 1978). These designs are evidence that 1) traditional goal model approaches are "alive and well" and 2) multiple goal attainment is attained via tradeoffs and optimization rather than maximization (Yuchtman and Seashore, 1967, p. 901).

Given the caveats presented by Price (1972) and the continuing utilization of the goal model as shown above, increasing numbers of researchers have found it necessary to either 1) supplement the goal model with other variables in order to explain variations in effectiveness or 2) abandon the approach all together.

#### 1. Goals and Other Variables:

Carter (1971) presented the decisional analyses of six organizational decision making case studies in the light of Cyert and March's (1963)-decision process model. This model presents goals as only one component of a decisional process model which includes the expectations of subgroup members and "choice" - the selection of an acceptable alternative influenced by organizational slack. Results basically support the Cryert and March model, but additional variables are presented which are said to assist in explaining organizational decision making processes (i.e. number of organizational levels, bilateral bargaining, the effects of technology and environmental uncertainty). To the extent that organizational effectiveness is tied to rational decision making in the goal model, this research indicated just how "irrational" decision making may be, and therefore jut how incomplete the goal model is in capturing decisional analysis.

Child (1974, 1975) presents a model of organizational performance based upon the survey of 800 senior managers in 80 British companies. Performance measures (annual income, assets and sales turnover) were found to be correlated with certain variables. To quote Child:

It is possible that such variables act as partial determinants of company success. Youthful management appears to be advantageous for achieving high rates of growth. The priority management gives to different objectives, and the way it allocates resources within a company, may also help to determine the type of performance that is achieved. Holding down the level of bureaucracy would seem to be favorable for attaining more rapid growth.

Child, 1974, p. 189

Again goals are envisioned as only part of the explanation of performance.

In a more recent analysis, Bourgeois (1985) interviewed CEO's and members of top management teams in 20 nondiversified public corporations headquartered in the northwest. Economic performance variables (return on total assets, growth in net earning, earnings per share, return on sales and capital) were correlated with environmental uncertainty measures and measures of corporate goal congruence among top management teams. Findings suggested "that attempts to avoid true environmental uncertainty and to seek high level of goal congruence may be dysfunctional [i.e. associated with lower performance levels]" (Bourgeois, 1985).

The author found that in both stable and volatile environments a high diversity of goal perceptions is associated with higher levels of economic performance. This result seems very inconsistent with the rational goal model

## 2. Criticisms of the Goal Model:

Recent reviews are replete with criticisms of the goal model Cunnigham (1977) points out on that: 1) goals represent targets of given individuals at given times while

organizations exist in reality not in the ideal state. Is it valid to compare real states to ideal states? 2) It is very difficult to identify the ultimate goals of the organization. "An adequate conceptualization of an organization's goals can not be formulated unless all the salient factors of the total organization and its purposes are incorporated into the framework" (Cunningham, 1977, p. 470).

Price (1972) notes that the goal approach researchers have developed no general measures of effectiveness, which can be applied to study many types of organizations. "The absence of general measures is serious because it hinders the development of theory. The existence of general measures promotes measurement standardization; measurement standardization, in turn, facilitates comparison; and comparison, in turn, furthers the development of theory" (Price, 1972, p. 7). This problem is also noted by Strasser et al., and may be due to deception on the part of organizational members, confusion between individual and organizational goals, and /or the goal model's lack of depth in capturing organizational context (Strasser et al., 1981, p. 322).

Georgiou (1973) reviewed research associated with the goal model and summarized that the

stated goals of the organization have often been found to be vague, contradictory, or multiple, with no clear indication of their respective priorities. . . even where the goals are explicit they usually do not specify the means to be used in attaining them . . . These difficulties are further exacerbated by the fact that the stated goals are often largely unrelated by the fact that the stated goals are often largely unrelated to organizational behavior . . . [to the degree that] stated goals [are] completely irrelevant to organizational behavior . . . [this limits] . . . vary considerably the degree to which organizations could be understood through their goals.

Georgiou, 1973, p. 293.

Kirchoff (1977) also reviews the usefulness of the goal model and has similar conclusions. Major problems with the model include the potential for over simplification

in search of an ultimate criterion, incomplete criteria selection and measurement, and no consistency in criterion or measurement across research findings. The author concludes: "One critically important conclusion emerges from this review. There is no ultimate criterion of effectiveness. Complex organizations pursue multiple goals. Real effectiveness can only be measured relative to a particular set of derived or prescribed goals" (Kirchoff, 1977, o. 352).

## II. The System Model

It is evident by the preceding discussion that systems models of effectiveness originate in response to certain shortcomings associated with the goal model. Very often this author was unable to discern a multiple goal approach from a systems approach as presented by researchers. At the most basic level the systems theorists perceive

organizational effectiveness to be a multidimensional construct, and admit the possibility of inconsistencies or contradictions among dimension . . . The organization is seen as a set of interdependent and interactive subsystems seen of roles, functions and individual behaviors, interacting with its surrounding environment. The extent to which the organization meets the problems of its internal subsystem and copes with its external environment is the extent to which the organization performs effectively. Coping with problems becomes the overriding criterion and effectiveness depends on how well the system operates within a series of internal and external problem constraints.

Strasser et al., 1981, p. 324.

Bases upon biological and psychological paradigms, the systems model was applied by an increasing number of organizational theorists in the 1960's who found that the goal model, with its emphasis on outcomes, was inadequate to capture the processes within organizations. Empirical evidence seemed to point to the idea that organizations are 'not machines operating in isolation, but rather organic systems (in the biological sense) which through their interdependent and interactive subsystems must cope with

internal problems and the demands of their external environments. . . “ (Strasser et al., 1981, p. 325).

As noted above, one of the primary trademarks of the systems model is the “optimality” characteristic. The balanced or optimal distribution of resources among the various subsystems is crucial if the subunits are to remain “healthy.” The maximal distribution of resources to one subsystem may lead to unmet needs in other subsystems. If these needs are not met the “weakened” subsystems may “entropy” and the entire system may become less effective as a consequence – possibly to the point of organizational “demise” (Kast and Rosenzweig, 1972; Price, 1972, p. 8). Similarly, if too many resources are extracted from the environment too rapidly, the environment may “run dry” of resources and the organization, lacking environmental inputs may “expire” (Yuchtman and Seashore, 1967).

Organizational effectiveness is evaluated by the systems resources model in terms of the conditions of the processes within the organizational system. Criteria such as 1) the allocation of resources; 2) organizational flexibility; 3) organizational adaptability; 4) capability of dealing with conflict and 5) subunit coordination are often measured as attributes of organizational processes (Strasser et al., 1981). Other systems researchers define efficiency as the extent to which an organization can “optimally” exploit environmental resources while fulfilling the needs of all subsystems to the greatest extent possible (Bluedorn, 1980; Cunningham, 1977; Price 1972; Yuchtman and Seashore, 1967).

No longer is it sufficient to query top level decision makers for criterion effectiveness. In a systems perspective all subsystems and the environment must be

taken into consideration if the organization is to “optimally exploit” the environment and fulfill the needs of all subsystems.

Georgopoulos and Tannenbaum (1957) presented data from a series of plants within a firm delivering retail merchandise. These authors define three components of organizational effectiveness: productivity, conflict and flexibility. Whereas productivity had been used previously in goal approach studies, conflict and flexibility are presented as process measures. The authors found that high levels of productivity, low levels of conflict and the ability to respond to internally and externally induced changes (i.e. flexibility) were all positively correlated to an independent albeit possibly biased assessment by a “panel of experts” (Georgopoulos and Tannenbaum, 1957, p. 539). These three criteria were then combined into a single index score, which “indicates the extent to which it is productive, flexible, and devoid of internal strain” (Georgopoulos and Tannenbaum, 1957, p. 539).

Etzioni (1960) presents two cases studies to support his contention that whereas a systems framework may be more expensive (in terms of time and effort spent analyzing the processes as well as ends sought) than goal approaches, these extra costs are more than compensated for by the increased realism and higher levels of understanding which result from understanding both the ends and the means towards the ends. Etzioni’s approach is particularly “expensive” since he wished to focus on identifying optimal process levels other than minimal (i.e. levels at which processes must occur for the system to “survive”) process levels (Etzioni, 1960, p. 271-273).

By far the most influential application of systems theory in organizational theory may be found in Yuchtman and Seashore’s (1967) presentation of a “systems resource

model.” This approach: 1) takes the perspective (the “focal frame of reference”) of the organization as a unit, rather than adopting the perspective of some top level minority; 2) “explicitly” sees the relationship between the organization and its environment as a “central ingredient” in the definition of effectiveness; and 3) should provide a “theoretically general framework” generalizable to many different types of organizations (Yuchtman and Seashore, 1967, p. 897). The authors define effectiveness as the organization’s ability to acquire scarce and valued resources from the environment. As other organizations are competing for these scarce resources the relative “bargaining position” – i.e. the competitive position of the focal firm vis vis other organizations – of the firm is the criterion of effectiveness.

These authors note their criteria, the optimization of resource acquisition while maximizing bargaining position, is very difficult to measure and recommend comparative studies to determine the relative effectiveness of a focal organization. A study of this type would first identify taxonomy of resources relevant to two or more organizations and second evaluate the relative effectiveness with which these organizations acquire and distribute resources (Yuchtman and Seashore, 1967, p. 902).

Friedlander and Pickle (1968) discovered just how difficult it is to operationalize this model in their empirical evaluation of 97 small businesses within the state of Texas. Five societal components (the community, government, customers, suppliers and creditors) upon which the organization was deemed to be dependent upon for survival and growth, were surveyed. Two internal components (owners and employees) were also surveyed. Measures of societal satisfaction were in the form of questionnaire and interview inquiries as to organizational relations with each of the five groups. Owner need

fulfillment was measured by profits while employee need fulfillment was measured by an employee satisfaction inventory. Results suggest only a moderate relationship among the fulfillment levels of the three component groups. The authors concluded that “organizations find it difficult to fulfill simultaneously the variety of demands made upon them.” Organizations may not be able to “concurrently” meet the needs of various components of subsystems and the environment. “It is probable that organizations do not strive to maximize fulfillment of any one system component, but operate in accordance with a policy of satisfying several system components” (Freidlander and Pickle, 1968). Here is the origin of the multiple constituency model we will discuss later.

In a study of effectiveness in 110 public agencies in 16 Iowa counties, Molnar and Rogers (1967) compared measures based upon the goal model and measures based upon a systems model. The authors obtained goal model measures by asking top level administrators to rate the effectiveness of their organizations as well as the effectiveness of units within his or her county. These comparative responses were averaged and a central tendency score was acquired. A systems measure of effectiveness was obtained by asking the same top level administrators to gauge their orientation toward the need for exchange and cooperation with other organizations, and the administrator’s evaluation of the cooperative efforts on the part of other organizations towards their organization. Results did not support any convergence validity between the goal measures and the systems resource measures. And as the various measures within the two models showed limited convergence there are serious questions as to how well either of these models were operationalized and tested. In a final attempt to measure systems model processes,

Evan (1976) presents an elaborate conceptual analysis which attempts to clarify the four “systematic processes” of any social system, namely:

1. Inputs (I),
2. Transformations (T),
3. Outputs (O) and
4. Feedback (F) effects.

Various ways of measuring the relationships of these four processes are presented and a series of nine ratios (O/I; T/I; T/O – static measures – and  $\Delta I/I$ ;  $\Delta T/T$ ;  $\Delta O/O$ ;  $\Delta T/I$ ;  $\Delta T/O$ ; and  $\Delta O/I$  – longitudinal designs incorporating feedback) are delineated. The authors point is to indirectly measure organizational effectiveness “by measuring dimensions of inputs, transformations and outputs of an organization” and by ignoring or “black boxing” the goal or goals of an organization (Evans, 1976, p. 24). The idea here is to measure the effectiveness of the process and ignore the content or ends that the organization pursues.

These forays into empirical research should give the reader a general idea of two things. First, note just how situationally-specific and therefore uncomparable most empirical pieces in systems design are. Second, note how subjective or “value laden” instrumentation and measures are. If goal models are problematic because of undue restriction on the number of individuals who determine criterion for effectiveness then how many problems are associated with the system theory’s perspective of a virtually limitless number of individuals who may be queried in determining the appropriate criterion for effectiveness. This problem is pointed out in Steer’s and Campbell’s endless “laundry lists” of potential effectiveness criteria (Campbell, 1976; Steers, 1975).

### III. The Multiple Constituency Model

In an earlier section, this author presented evidence by Freidlander and Pickle (1968) which indicated that organizational effectiveness may be viewed as the ability of the organization to “satisfice” a number of internal and external subsystems or “constituents.” Price (1963) found that the “major function for effectiveness [for two governing boards of two state government wildlife management agencies] is service as a buffer group between full-time staff and the public.” The staff members believed that the boards’ ability interact between the two groups created “more contributions than problems with respect to efficiency” (Price, 1963, p. 361).

In a study of top executives at 19 American manufacturers from various industries, Reimann (1975) found little relationship between managerial perceptions of organizational “competence” (ratings of organizational performance and executive turnover) and situational variable such as size, structure and technology. Instead “the public values of management [i.e. managers perceptions of 1) positive or negative contribution of various publics and 2) degree of dynamism in each of the various groups] we found to be considerably stronger predictors of organizational effectiveness. . . [it seems] logical to argue that executives’ values will influence their strategies for dealing with various publics. These strategies, in turn can influence the organization’s effectiveness in satisfying the needs of the publics on which it depends for survival and growth” (Reimann, 1975, pp. 238-239).

In these articles we see the first presentations of a conceptual “bridge” between the systems model and what may be described as a “hybrid” or synthesis of goal models and systems models – the multiple constituency model. According to Connolly, et.al.

(1980, p. 215) “the multiple-constituency approach views organizations as intersections of multiple influence loops, each embracing a constituency biased toward the assessment of the organization’s activities in terms of its own exchanges within the loop.” This perspective leads the authors to argue that both goal theory and systems theory are in error in the underlying presumption that a single statement, a single measure of organizational effectiveness is either desirable or attainable. Whether an organization is effective depends upon who you ask. The outcomes or exchanges sought or received by one constituent group are not what is sought or received by a different constituent group. Each group has a unique evaluation of organizational effectiveness, and for this reason goal model and systems models can provide only “partial insights into the linkages between the organization’s activities and its constituencies” (Connolly et al., 1980, p. 216). Resource acquisition (Yuchtman and Seashore, 1967) and resource allocation (Molnar and Rogers, 1976) processes in systems models are linkages with the constituent groups of suppliers and clients. Goal theory models only inquire into linkages with top managers or owners. Again, according to Connolly et al. (1980, p. 213) effectiveness is not a single criterion or even a single criterion set, but rather “a set of several (or perhaps many) statements [i.e. value perceptions and subsequent judgements], each reflecting the evaluative criteria applied by the various constituencies involved to a greater or lesser degree with the focal organization.

As all judgements about effectiveness are normative – i.e. value laden – in nature, all efforts to estimate an organization’s effectiveness will be more or less valid based solely on the extent to which the researchers uncover and measure all significant influence loops. Earlier conceptualization efforts have not uncovered these influence

loops, they have merely assumed the existence or significance of some loops and ignored the others. This discussion is very much in keeping with Hall's (1980) "contradiction model" and Benson's (1977) "dialective perspective" of organization.

Given this "wide open" perspective, it is not surprising to find a wide range in the application of the multiple constituency models. Various influence loops and constituency preferences have been evaluated for such diverse settings as the Royal Canadian Mounted Police (Jobson and Schneck, 1982), corporations interacting in political processes (Baysinger, 1984), higher education (Cameron, 1978, 1981, 1982; Ford and McLaughlin, 1984; Tolbert, 1985) and managerial-stockholder communications (Staw et al., 1983).

Zammuto (1984) attempts to organize this variety of research by distinguishing four major perspectives of multiple constituency models. These perspectives are:

1. The relativistic perspective – represented by Connolly et al. (1980) – which makes no judgement as to how to weight or evaluate which constituent groups to include in analysis.
2. The power perspective – represented by Pennings and Goodman (1977) – which evaluates or puts weight behind the effectiveness criterion which the dominant coalition – a group of the most powerful constituencies – find to be relevant.
3. The social justice perspective – represented by Keeley (1978, 1984) – which defines an effective organization as one which builds influence loops and allocates resources "so as to minimize the regret of the most regretful participants" (Keeley, 1978, p. 236). This normative application of criteria is in terms of attaining minimal regret levels, as opposed to the normative application of criteria which will maximize the outcomes valued by the least regretful participants (the power perspective).
4. The evolutionary perspective – represented by Zammuto (1982, 1984) – which "views evaluations of organizational effectiveness as a selection process in societal evolution . . . Thus the key question becomes one of how an organization can perform effectively over the long run as it operates in a dynamic social context" (Zammuto, 1984, p. 608).

In this fourth perspective, effective performance “is that which relaxes the constraints, allowing the organization to satisfy changing constituent preferences over time” (Zammuto, 1984, p. 610). This perspective is very similar to the position taken by this author in the second section of this paper (see Figures 1 and 2 earlier).

Zammuto notes that constructs of organizations, and subsequent constructs of organizational effectiveness, are modified with ongoing societal evolution. As the nature of the relationship between organizations and the society in which they exist changes with time, so change our conceptualizations of what an organization is and what is it suppose to do in the society (Zammuto, 1984, pp. 612-614).

#### IV. The Population-Ecology Model

Zammuto’s evolutionary perspective stresses that perspectives (by the various multiple constituency groups) act as a selection process such that organizations which understand their environmental “niche” (the nature of their linkages or multiple influence loops) and act “effectively” to “relax constraints” will survive in the long term (Zammuto, 1984, pp. 608-614). Those organizations, which do not understand or act appropriately, will be unable to adequately exchange inputs and outputs and will cease to exist – a la “survival of the fittest.” Notice how this perspective may be seen as an extreme version of the biological system or natural systems paradigm. A number of researchers have applied these concepts I the development of a “population ecology” model of organizations.

Betton and Dess (1985, p. 751) present the model, stating the intention of the approach is to apply elements of the Darwinian model of evolution to “provide potentially powerful explanations for the phenomenon of organizational birth, mortality and evolution.” They present three central issues associated with the model.

The first factors issue is structural inertia – the argument here is that internal factors (sunk costs, communications structures, internal politics and the dominant institutional norms) and external factors (market barriers to entry and exit, bounded rationality and social legitimacy) combine to constrain the ability of an organization or industry to adapt successfully to changes in the societal “ecology” or environment (Hannan and Freeman, 1977). Changes occur in the “population” of an industry not due to the gradual adaptation by the majority of firms to environmental “climate changes” but rather due to environmental selection – with organizations that are unable to overcome their inertia being forced into bankruptcy and ceasing to exist in the ecosystem (Astley and Van de Ven, 1983).

The second major issue is that of “organizational species.” The investigation of organizational species is more than a taxonomy question, involving “an explanation of the evolution of forms and mechanisms (variation) that accounts for the ecological isolation of populations and determines differential survival” (Betton and Dess, 1985, p. 753). A number of problems inherent in operationalization are then discussed and the authors are pessimistic about the ability to operationalize this “borrowed” concept.

The third major issue is environmental selection, “the specification of environmental characteristic and their impact on organizational survival. Population ecology models assume that the environment determines the distribution and form of organizations through selection” (Betton and Dess, 1985, p. 754). Again serious problems in conceptualizing and operationalizing the various environmental “niches” containing species group of organizations are presented. Specifically, two organizations inhabiting the same niche may perceive the environment differently due to such factors as

size, etc. This writer was at once fascinated and confused by this new, incredibly abstract and complex model. It is the ultimate systems perspective.

## ISSUES IN ORGANIZATIONAL EFFECTIVENESS

At this point it may be of some advantage to make a series of brief comments (editorializations if your will) on a number of topics on organizational effectiveness.

### 1. The Criterion Question

As mentioned earlier, goal models are based upon the assumption that a small number of individuals (usually owners and or top level managers) are the source of appropriate values-goals criterion and effectiveness investigations. This limited scope is widened in the systems perspective to include criterion from subunits within the organization as well as from external units interested in inputs (suppliers) and outputs (customers and clients). Multiple constituent models may either seek out and apply criterion from all possible constituents (relativistic perspectives), significant dominant coalitions (power perspective), or least advantaged constituent groups (social justice perspective). In Zammuto's evolutionary perspective and the population ecology model criterion of effectiveness is that long term combination of the focal organization, its niche (or local environment), constituent groups, local competitor organizations and larger societal (analogous to climatic) forces which ensures organizational success (i.e. adaptation). These perspectives are so divergent that little can be said about any effort to compare or classify criterion.

### 2. On Time and Organizational Effectiveness

Again goal models, with their emphasis on outcomes or short term criteria, seem to be rather static with respect to time. In these types of studies efficiency (in the here and

now) is distinguished from innovation (which assumedly has some “payoff” in terms of future efficiency). At most the time frame here is the period between planning for the goal and goal realization.

Systems theory, emphasizing processes rather than outcomes, has a broader time dimension. Efficiency is not merely goal attainment but also such long term processes as maintenance, stability and health. Multiple constituency models provide even longer time frames for the analysis of efficiency – as different constituent groups may respond to organizational actions at different speeds, and organizations may prioritize or “stack” their responses – dealing with one group’s request first, another’s next, and so on. The organization may delay for months or even years in acting to respond to a constituent group’s demands and this delaying action may be envisioned as an efficient response.

The time frame presented in the population ecology literature is much longer. This author interprets ecological forces as operating over a number of years or even decades. Actually, in the population ecology perspective, time frames seem to be infinite and continuous.

### 3. On Unit of Analysis

Goal models most often analyze effectiveness at the organizational level, although their reliance on information from top management may lead one to conclude that the unit of analysis was actually the individual manager. However, some studies in this area have analyzed subunit goals and effectiveness. Systems models analyze effectiveness at the organizational level, but with this perspective’s approach, it is difficult to distinguish the organization from its surrounding environment.

The unit of analysis in the multiple constituency models is a bit more difficult to determine. This author perceives it as the focal organization in combination with some subset or combination of all the possible constituent group in the environment and within the organization. Finally, unit of analysis in the population ecology model is even more ambiguous. It is the focal organization combined with all environmental forces surrounding the organization (i.e. constituent groups, alternative competing organizations and the overall society)? Or is the unit organizational species within a prescribed environmental niche? This writer was unable to determine this point.

## MEASURES

Perhaps no topic associated with organizational effectiveness is more difficult to approach than the topic of measurement. It is the central theme of this paper that the relationship between the society and its organizations is dynamic and has always been. The very construct of the term “organization” is embedded in this dynamic relationship. In a similar sense the construct of organizational effectiveness is a value-laden outcome of the dynamics between organizations and the society in which they exist. Given these dynamics a number of models have emerged in response to those dynamics. Various criterion effectiveness stems from these models.

Numerous researchers have attempted to operationalize these criterion and create measures of effectiveness. Measures are embedded in criterion, criterion are embedded in constructs of effectiveness, which are in turn embedded in a dynamic, increasingly complex interaction between the formal organization and a society which at once, protects, sustains, challenges, threatens and depletes the organization. Measurement is dependent upon perspective. At the most we can conclude that

measures of goal model criterion are simpler to create and apply if for no other reason than the number of individuals providing criterion for analysis is reduced under this approach. Measurement validity in this area is so complex that one goes away from a review of this type impressed with the discipline's ability to conceptualize, but saddened by our inability to effectively capture and test our conceptualizations.

## CONCLUSIONS

This discussion opened with the presentation of historical perspective of organizational effectiveness. A number of points about the limitations of this heuristic tool are now in order.

1. A large number of academic disciplines are littered with the bones of theorists and theories who built prescriptive models based upon the projection of past trends. This author will avoid that trap by stating that the only dogma attachable to an analysis of the relationship between a society and the organizations within that society is that the relationship is sure to change over time. This point is well brought out in the population ecology literature.
2. At the same time, to say "everything relates to everything" is no basis for scientific inquiry. Construct builders in organizational effectiveness might do better to narrow their range, by explicitly defining what submembers or constituents are significant in this specific analysis and why. A "middle range theory" of this type, as opposed to a universalistic approach to effectiveness, takes into account the inescapable facts that: 1) effectiveness is a value-laden concept, and 2) different actors in the society develop different values as time goes on. Hopefully midrange theories of this type will be of assistance in building value analyses, criterion sets, and valid measures.

3. Finally, we must replace the large, complex, “fortress-like’ constructs discussed earlier with “lighter” – more mobile or “tent-like” – constructs of organizational effectiveness, which may be disassembled and recombined as societies and the organizations within them dynamically shift and rebalance. This author realizes the third point above is rather poorly presented, but it reflects my present level of understanding towards this compelling and sometimes maddening topic.