Organizational Effectiveness: An Essay Exam Response

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This essay provides a conjoined response to the first two question prompts, which focus on approaches to evaluate organizational effectiveness. As part of these responses Longshop-McCoy Fire Rescue, a non-profit organization located in rural Montgomery County, will be used to illustrate key points. The questions will be answered in reverse order, to provide a more natural flow of discussion.

Question 2: Evaluating the Four Approaches

Cameron (1980, p. 66) and Kimberly (1979, p. 438) suggest that researchers have long struggled with developing effective systematic approaches to decide whether an organization is effective. Four basic approaches to evaluating organizational efficiency were presented during class:

- The goal approach;

- The system resource approach;

- The natural systems approach; and

- The stakeholder (participant) satisfaction approach. (Lemaire, 2017a), (Cameron, 1980, pp. 67-68).

Discussion of Approaches

The goal approach will be dissected fully in the second essay but provides an entry point for the overall discussion. The goal approach first and foremost requires that the organization have a basic set of defined goals. The "Bucks and Acres" concept of goal measurement used by The Nature Conservancy is a very simple use of this approach. The Conservancy initially measured effectiveness by looking at donations and the amount of land gained each year. While this measure was easy to explain and nearly always portrayed the organization in a positive light,

the "Bucks and Acres" measure was not accurately measuring how well the Conservancy was meeting it stated mission of conserving biodiversity. (Sawhill & Williamson, 2001, pp. 372-373).

This initial view is consistent with Cameron's statement that the goal approach focuses strictly on the outputs produced by the organization – i.e., "Bucks and Acres." (1980, p. 67). There are a number of challenges associated with focusing on these types of organizational outputs. These challenges are often related to the goals that are set and whether specified outputs are actual measures relevant to the established goal. Goals can turn out to be competitive; promising your citizenry the best customer service while simultaneously seeking the lowest payroll costs may be admirable but are typically inconsistent. Goals can be very vague as well.

Consider for a moment the use of the goal approach in evaluating Longshop-McCoy Fire Rescue (LSMFR). The department includes "protect life and property" as part of the organizational mission. While this statement is easily communicated and publicly accepted, the vagueness makes it very difficult to measure. Under the strictest goal approach, any loss of life or property in the organization's service area would be viewed as an indicator of organizational ineffectiveness. If the department narrows the goal and says "arrive on the scene of an emergency within 8 minutes 59 seconds," the goal is much more measurable and is certainly an effective measure. However, the goal is still not a true indicator of the organization's effectiveness: did the 911 caller get a fire truck instead of an ambulance, or vice-versa? Establishing a goals approach can be one element of measuring effectiveness of an organization such as LSMFR, but does not provide the fullest picture.

The second means of assessing organizational effectiveness discussed was the system resources approach. Unlike the goals approach which focuses almost exclusively on organizational output, the systems resource approach focuses almost exclusively on

organizational inputs. (Cameron, 1980, p. 67). The basic principle is that inputs and outputs have a fairly direct relationship, and that an increase in organizational input will have a correlating increase in organizational output. (Lemaire, 2017a). The system resources approach would consider the Conservancy effective if increases in donations (bucks) led to either a correlating increase in acres protected, or even a revised measure which demonstrated conservation of biodiversity. As Sawhill and Williamson describe, ever-increasing donations were not having the desired impact and in fact, species were disappearing from protecting lands. (2001, p. 373). Extending the system resources approach to Longshop-McCoy Fire Rescue, theory dictates that more money, fire trucks and ambulances, and equipment would increase organizational effectiveness. There are a number of effectiveness measures in public safety that focus on resource availability and usage.

The natural systems approach, also known as the internal processes approach, focuses more on the internal functioning of the organization rather than exclusively on inputs and outputs. (Lemaire, 2017a). This approach considers the process through which the inputs are transformed into the outputs. The organization's internal processes are well-developed and function efficiently, with little to no strain. (Sawhill & Williamson, 2001, p. 67). If Longshop-McCoy Fire Rescue were assessed using this approach, there would be no consideration for the external stakeholders. The focus would be on the individual members, how they function as a group, and how the agency operates.

The fourth approach described is the stakeholder (participant) satisfaction approach. As with the natural systems approach, there is no relationship to inputs or outputs. Unlike the natural systems approach, this approach incorporates external perspectives. The organization's effectiveness is based entirely upon the satisfaction of its key constituents. An effective

organization at least minimally satisfies key strategic constituents. (Lemaire, 2017a), (Sawhill & Williamson, 2001, p. 67). Using satisfaction as a measure of effectiveness means Longshop-McCoy Fire Rescue's effectiveness would be judged by how the government of Montgomery County and those victims served by the organization.

As the readings and classwork dictate, rarely does a single approach yield an appropriate determination of whether a public or non-profit organization is effective. The approaches can also differ based on where the organization is within its own life cycle.

Approaches and the Organizational Life Cycle

Barnard (1968, pp. 3-5) and Selznick (1957, p. 3) both view organizations as dynamic, evolving entities rather than simply mechanistic systems producing output. As such, effectiveness approaches play different roles dependent on the stage of the organization.

In the early stages of an organization, coordination of effort and resources is crucial. Informal organizations are created when an individual cedes some degree of control or influence to reach a shared goal. (Barnard, 1968, p. 17). At these early stages, there is a natural need for external input and a focus on resources. (Kimberly, 1979, pp. 441-443). The system resource and stakeholder satisfaction approaches fit well as the organization transitions from informal to formal.

As the organization formalizes, there is an expressed need for innovation as cooperative effort develops. (Barnard, 1968, p. 132). Simultaneously, the approaches used to assess effectiveness shift. Ongoing analysis of how inputs are transformed to outputs, and how the internal stakeholders assess effectiveness take much larger roles. In Kimberly's research on the medical school, this shift is evident in his discussion. As the school's first year unfolded, the role

of internal stakeholders – the small faculty group and student cohort interacted frequently and their feedback incorporated. (1979, pp. 445-446).

As an organization matures, leadership changes. The organization's mission and purpose have largely been established, and there is need to establish the processes and control internal conflict. (Selznick, 1957, pp. 62-63). The natural process model remains important, but the goals approach begins to take a larger role as the organization is called upon to have output. Longshop-McCoy Fire Rescue is this type of mature, institutionalized organization.

Finally, organizations must undergo periodic renewal. Often this occurs as an organization faces larger, more systemic problems. As discussed in class, the individual approaches take on roles based on the organizational needs even though they still focus on goals, resources and resource utilization, and stakeholder satisfaction.

Managerial Methods of Using Approaches

Understanding the intersection of organizational life cycle and organizational effectiveness is an important tool for the manager. Equally important is an understanding of the limitations of the individual measurement approaches. In the case of Longshop-McCoy Fire Rescue, each of these approaches is utilized in assessing the overall organizational performance.

The goals-oriented approach is used for discrete, measurable data items such as response times and member participation. The system resource approach is used to evaluate the organizational impact of specific funding programs such as Virginia's Four-for-Life. LSMFR has to be able to show the direct impact the purchase of a specific piece of equipment has impacted the medical care of the patients it serves. The natural system approach is used when analyzing overall funding and administrative effectiveness. Finally, the stakeholder satisfaction approach is often used in conjunction with the goals approach to evaluate individual patient care. The

Montgomery County government is a major stakeholder in the organization, and feedback from this important stakeholder is received informally on a monthly basis through discussion.

Only by understanding and utilizing a variety of approaches can the leadership of LSMFR collect the appropriate feedback and continue to redevelop the organization to be successful. Reliance on any single dimension or approach as a measure would give an incomplete or inaccurate picture. The same can be said for any organization – leadership must utilize the best tools in measuring mission success. Doing so is critical to ensuring effectiveness, efficiency, equity and impact. (Lemaire, Goals and Performance, 2017b).

Question 1: The Goal Approach & Performance Management

As previously discussed, the goal approach to determining organizational effectiveness is an excellent tool at specific points in the organizational life cycle. Heifitz (1994, pp. 22-24) states explicitly that goal-setting is useful in pressing individuals to face challenges they otherwise would avoid. Even though goal-setting is the most widely used, its use is fraught with challenges that cannot be ignored by organizational leaders. (Cameron, 1980, p. 67).

Problems Inherent in the Goal Approach

Problems with the goal-centric approach to assessing organizational effectiveness often originate with the goals themselves. Ordonez *et al* (2009, pp. 7-11) classify the types of goal problems into four main categories. Goals can be too specific, too challenging, impact learning and cooperation; and harm motivation.

Some of the more prevalent ways that goals can go awry include:

- Goals that narrow focus so intensely that people are blinded to other important issues;

- Organizations that have too many goals, placing individuals in position to prioritize and make value-based decisions that may or may not be in the organization's interests;

- Goals with inappropriate time footprints or constraints, such as those which reward short-term behavior while ignoring long-term consequences;

- Goals that are too challenging bias individual's perception of risk and may encourage risky behaviors and unethical behavior, such as seen recently in the Wells Fargo account-opening fiasco;

- Goals can inhibit organizational learning and creativity, as people must focus on the targets rather than considering the process;

Cameron (1980, p. 75) provides a framework of six critical questions. When goal setting is used, it can be helpful to keep this framework in mind to avoid some of goal-setting's inherent problems.

The Goal Approach & Performance Management

With the whole host of issues that arise with goal-setting, one might wonder why an organization even bothers with measuring performance. The act of measuring performance and the subsequent data do not directly impact performance in and of itself. The information becomes useful to managers when it is acted upon as part of the organization's means to accomplish the mission. (Behn, 2003, p. 586). In the private sector the driver is most commonly profit-driven, with the hopes that any performance management subsequently improves the private organization's bottom line. Value in a public organization is much more abstract, as is the usefulness of the information. (Lemaire, Goals and Performance, 2017b).

Given the vagaries of how public and non-profit organizations undertake the performance management process, Behn (2003, pp. 587-588) goes on to establish eight distinct purposes for the public manager to utilize performance management. Behn's purposes are consistent with Barnard's (1968, pp. 170-181) discussion of how an organization's authority is derived. Further, an effective leader must understand organizational performance in order for it to adapt to the changing environment in which a public organization operates. (Heifetz, 1994, p. 22). Behn identifies the following purposes:

- To evaluate, i.e. provide the public administrator with information on the organization's performance;

- To control, i.e. to provide specific information about the performance of a subordinate;

- To budget, i.e. to direct and redirect resources and effort to fulfill the organizational mission;

- To motivate, i.e. to construct the concept of value for both internal and external stakeholders;

- To promote, i.e. to provide data supporting the public administrator in marketing the organization to stakeholders, especially in seeking resources;

- To celebrate, i.e. recognizing important milestones and supporting the organizational culture;

- To learn, specifically to understand why the organization is succeeding or failing in meeting goals; and

- To improve, understanding what the organization must do differently to ensure survival and growth.

Ultimately, the public administrator must look at the four areas of inputs, transformative processes, outputs and stakeholders and establish specific parameters in three areas. First, what information is actually necessary as part of performance management. Second, determining how that information will be obtained. Finally, the public administrator must develop mechanisms for using the information obtained as part of the process to further develop the organization and its public value. Ultimately, performance management is an extension of Barnard's basic view that an organization must understand and build on its cooperative mechanisms to fulfill the organizational mission. (Barnard, 1968, p. 5).

Implementing the Goal Approach

Establishing a goals approach to performance management is a tricky one. As Ordonez *et al* lays out, the implementation of goals can have many unintended consequences. (2009, pp. 6-7). As Dr. Lemaire discussed in class, there are many challenges associated with the goals approach. There is a general assumption that "what gets measured gets done." (Lemaire, Goals and Performance, 2017b). The general concept can be extended: what does not get measured does not get done therefore things not being measured must not be important. The classic public administration example of this lies in customer service. If Longshop-McCoy Fire Rescue fails to measure stakeholder satisfaction in some way and does not establish performance goals in that area, the organization cannot know if a customer service problem exists. One would argue that customer service is an integral part of any public or non-profit organization.

Continuing to extend that example yields another challenge. The data has to be put to use in order to have value, and help meet one or more of the purposes of performance management. Longshop-McCoy Fire Rescue must have a specific plan on how this customer service information will be used. Not only that, but the organization must have the internal processes and

procedures to support the use of that information; i.e., how to "fix" the problem. (Lemaire, Goals and Performance, 2017b). In this example, LSMFR must have the appropriate human resources disciplinary or training plans for any member that consistently provides poor service. Heifitz (1994) would argue that the public administrator must also have information to help distinguish between technical issues, most of which are easily corrected, and the larger adaptive issues an organization will face.

Additionally, public administrators must also be looking out for goal displacement within the performance management process. Goal displacement occurs when the focus on meeting the established goal trumps other potentially more important social or organizational concerns. (Bohte & Meier, 2000, p. 173). Longshop-McCoy Fire Rescue is approximately 25 minutes away from the primary area hospital. In order to maximize resource availability, the organization could easily set a measurable goal that ambulances will be out of the service area for no more than 45 minutes on a given response. On the surface, the goal is both reasonable and justifiable. However, implementation of this goal can have unintended consequences. Knowing the goal, members may be inclined to exceed posted speed limits or otherwise drive recklessly in order to meet the goal. This behavior would be even more likely if LSMFR implemented personnel policies disciplining personnel who failed to routinely meet this goal. Organizational administrators must constantly watch for this type of goal displacement.

In Conclusion

The concepts associated with the evaluation of organizational effectiveness dictate that a true assessment is rarely limited to a singular approach or theory. Effective leaders often utilize multiple methods to determine the value of and further the performance of public and nonprofit organizations.

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