MANAGERIAL PERSPECTIVES ON ORGANIZATIONAL EFFECTIVENESS AND ORGANIZATIONAL COMMITMENT

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ABSTRACT

In view of the intimate relationship between managerial functioning and organizational effectiveness in the changing business scenario this study examines the dimensions of organizational effectiveness and organizational commitment among a group of managers in a joint venture. The data obtained from intensive interviews of managers revealed that while perceived organizational effectiveness is multidimensional involving individual, group and organizational level functioning, organizational commitment was effectively loaded. The results have implications for conceptualizing the constructs of organizational commitment and effectiveness. This indicated a need for training in team orientation so that performance oriented group activities may be promoted in the organization.

Key words: Managerial Behavior, Personal satisfaction, Organizational effectiveness, Organizational commitment, Task orientation.

The Indian economy has shown strong growth against a backdrop of macroeconomics and financial stability, despite sustained pressures of various kinds including high international crude oil prices. It is satisfying that foreign investment flows, both short and long term, are increasing and corporate performance is accelerating. As India prospers and develops and more people enter the national economic mainstream, there is a need to have high degree of organizational commitment and effective performance by the organizations. Since most of the organizational models have been drawn from Euro-American studies it becomes important to understand the way Indian managers construct and use these constructs. Keeping this in view the present study reports the perceptions of managers of a private sector organization about what constitutes organizational commitment and organizational performance so that culturally appropriate measures of these constructs can be developed for conceptual clarity and applications for enhancing performance. The paper has two parts. Part one examines the conceptual developments and part two reports the empirical study.

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Organizational effectiveness (OE) refers to the degree of effectiveness of an organization in achieving the outcomes intended by an organization. An organization must exemplify respect, honesty, integrity and equity to its members. Along with ethics and communicative competence, members in that particular group can finally achieve their intended goals. As a concept OE is difficult to tap empirically. Therefore, proxy measures are often used which include such as number of people served, types and sizes of population segments served etc. OE constitutes a central concern of organizational theory. The earlier view which equated it with the degree to which an organization realizes its goals (Etzioni, 1964) was ambiguous since it varies in terms of temporal extension, ownership and the degree to which they really matter. In a review conducted by Campbell (1976) 30 criteria including productivity, efficiency, profit, quality, accidents, growth, absenteeism, turnover, job satisfaction, motivation, morale, control, conflict/cohesion, flexibility/adaptation, planning and goal setting, goal consensus, internalization of organizational goals, role and norm congruence, managerial interpersonal skills, managerial task skills, information management and communication, readiness, utilization of environment, evaluations by external entities, stability, value of human resources, participation and shared influence, training and development emphasis, and achievement emphasis. The Indian researchers have used a number of effectiveness criteria such as profitability and growth productivity (Sinha, 1984) and organizational health and Job satisfaction (See Khandwalla 1988). Other suggested measures are capability development and market penetration and mutuality in the organization and its members ’giving’ to each other (Chakraborty, 1983). The diversity in the use of criteria owes to type of organization, evaluator’s interest and use of single or multiple criteria. In fact the range of possible variation is so large that an operational definition of OE becomes impossible. In recent years there has been growing belief that OE needs multiple criteria and it should consider both means (process) and ends (outcomes). Indeed evaluating OE is a widespread and ongoing activity.

Researchers focusing on OE have used several approaches such as goal-attainment approach, systems approach, strategic constituencies approach, and competing values approach. The goal-attainment approach considers that organizations are created to attain certain specified goals. This makes the extent of goal attainment an important and frequently used criterion of OE. This approach considers OE as accomplishment of ends (e.g. Profit maximization, restoring patients to good health). In practice it would require that the group from which the goals are obtained should state organization’s specific goals. The next step will be to develop some device to assess how the goals are being met. This approach is most explicitly present in management by objectives (MBO). The goal attainment approach demands answers to questions like whose goals and who will be included and who will be excluded from consideration. Also the officially stated goals and the actual goals are often different. Vague official statements may sound good but rarely make any contribution to the understanding what the organization is actually trying to achieve. The multiplicity of organizational goals is also problematic. They may compete with each other and in some cases may be incompatible. Also it may be noted that in many organizations goals do not direct behaviour. The goals may be
rationalizations to explain actions that have happened in the past. These shortcomings make goal attainment approach less useful in the assessment of OE. However, the relevance of goals cannot be denied.

The systems approach appreciates OE in the context of acquiring inputs, processing them, channeling the outputs and maintaining stability and balance (Yuchtman & Seashore, 1967). It considers that organizations are made up of interrelated parts and effectiveness warrants awareness and successful interactions with environmental constituencies. This approach emphasizes on factors such as relations with the environment, flexibility of response to environmental changes, the efficiency with which the organization transforms inputs to outputs, clarity of internal communications and the degree of employee satisfaction. It has been proposed that the critical systems interrelationships can be converted into OE variables or ratios (Evan, 1976). These include output/input, transformations/input, transformations/output, changes in input/input etc. Seashore and Yuchtman (1967) used business volume (number and value of policies sold related to size of agency), market penetration (proportion of potential market being exploited), new member productivity, and youthfulness of members as the indicators of effectiveness. Martindell’s (1962) management audit is another application of systems approach. It analyzes the key activities in a business firm, past, present and future to ensure that the organization is getting the maximum effort out of its resources. He appraises performance in ten areas i.e., economic function, organization structure, health of earnings, service to stockholders, research and development, board of directors, fiscal policies, production efficiency, sales vigor and executive evaluation.

The problems involved in the applications of systems approach revolve around measurement and significance attached to means. Measurement of process is more difficult than measuring outcomes. In a way systems approach focuses on means goals. The systems approach to OE pays less attention to the immediate results. Also, it increases managers’ awareness of the interdependence of organizational activities. It may be used in situations where end goals are vague or difficult to measure.

The strategic-constituencies approach considers an organization effective if it satisfies the demands of those constituencies in its environment from whom it requires support for its continued existence (Pfeffer & Salancik, 1978). It recognizes only those in the environment who can threaten the organization’s survival. It is assumed that an organization is faced with frequent and competing demands from a variety of interest groups which vary in the degree of importance. Thus an organization’s survival is determined by the organization’s ability to identify its critical or strategic constituencies and to satisfy the demands they place upon the organization. Further it is asserted that managers pursue several goals representing responses to those interest groups who control the resources necessary for the organization to survive.

The use of strategic-constituencies requires identification of the constituencies critical to the organization’s survival. This input can be used to obtain a list of strategic constituencies.
This list could then be evaluated to determine the relative value or significance of each. This means looking at each constituency in terms of how dependent on it the organization is. The third step requires identification of expectations that these constituencies hold for the organization. By comparing the various expectations, determining common expectations and those that are incompatible, assigning relative weights to the various constituencies and preparing a preference order of the goals for organization as a whole, a viable approach can be developed. The preference order represents the relative power of the various strategic constituencies. The OE then would be assessed on the basis of its ability to satisfy these goals.

The main problem in applying this approach involves separating the strategic constituencies from the larger environment, because of rapid change in the environment. Tapping expectations held by the strategic constituencies is another problem. From the perspective of survival this approach is important. If management knows whose support it needs, it can modify its preference order of goals.

The competing-values approach is an integrative perspective. Value of something depends on who someone is and the interests he represents. It begins with the assumption that there are competing values that create conflicting goals. There is no single goal in an organization. The values and interests of the concerned people are the source of these goals. The competing values approach bases the assessment of OE on values. It assumes that what an evaluator values will determine what the evaluator chooses to assess. Researchers have identified three basic sets of competing values. The first set relates to organizational structure, from an emphasis on flexibility to an emphasis on control. The second set deals with organization focus from an emphasis on the well-being and development of the people in organization to an emphasis on the well-being and development of the organization itself. The third set of values relates to organizational means and ends, from an emphasis on processes to an emphasis on final outcomes (Quinn & Cameron, 1979). The three sets of values may be represented in a three dimensional perspective. These three dimensions may be combined to create different OE criteria which may be arranged to define four models of OE.

Organizational commitment (OC) stands for employees’ psychological attachment to their organizations. As Meyer and Herscovitch (2001) have pointed out it reflects a force that binds an individual to a course of action that is relevant to some target (see also, Cohen, 2003). The commitment of employees to their organizations is often considered as a prerequisite for effective organizational functioning. A high degree of OC enhances synergy and facilitates evolving business strategies and effective problem solving. In recent years Meyer and Allen’s (1991, 1997) three component model of OC has become quite popular among organizational researchers. It has three components i.e. effective, continuance, and normative. Effective commitment involves employee’s emotional attachment to the organization. As a result, he or she strongly identifies with the goals of the organization and desires to remain a part of the organization. Continuance commitment deals with perception of high costs of losing
organizational membership. The employee remains a member of the organization because he/she “has to”. Normative commitment is based on the feelings of obligation to put forth effort on the job and stay with the organization to ‘repay the debt.’ These components of OC, however, are not mutually exclusive. An employee can simultaneously be committed to the organization in all the three senses, in different degrees (Cooper-Hamik, & Viswesvaran, 2005; Meyer & Herscovitch, 2001; Meyer, Stanley, Herscovich, & Topolnytsky, 2002). This is why a commitment profile has been preferred. Recent cross-cultural research has provided some support to the three component model OC in Asian and Western countries including China, South Korea, and Europe (Cheng, & Stockdale, 2003; Clugston, Howell, & Dorfman, 2000; Lee, Allen, Meyer, & Rhee, 2001; Vandenberghe, Stinglhamber, Bentein & Delhaise, 2001).

It is apparent from the preceding review that in the changing scenario it was considered important to find out the understanding of organizational commitment and organizational effectiveness among the managers who happen to be the key components of organizational functioning. This study was planned to investigate the pattern of organizational effectiveness in a private sector organization from an experiential perspective.

METHOD

Participants

The participants of the study were 10 young managers in a private sector company producing two wheelers in the vicinity of Delhi. It’s a joint venture with a Japanese company. They were working in the organization for the last 6 to 10 years. The company is a major player in bike production. The company was established in 1980s. About half of the total market in India has been captured by it. In 2001 the company manufactured its 50,00,000 motorbike. It has a reputation of being the most fuel-efficient and the world’s single largest two wheeler company. Both the manufacturing plants are located in Haryana. The company is currently manufacturing ten models of two wheelers: Its market share is fifty percent in motor cycles.

Procedure

The study involved two phases i.e. interview and ratings on specific indicators of OC and OE. In the first phase intensive open ended interviews of the participants were conducted. The participants were encouraged to describe situations and experiences reflecting the two constructs. In the second phase these experiential accounts were used to generate a set of rating scales. These rating scales were prepared and the ratings of the participants were obtained. Both of these strategies were used to learn about the understanding of organizational commitment and organizational effectiveness by managers from an experiential perspective.
RESULTS

Organizational Effectiveness

The interviews regarding organizational effectiveness yielded three major clusters of factors or broad themes. They can be stated as group functioning, satisfaction and goal integration. A brief description of these clusters is as follows.

In regard to group-functioning the various responses from individual interviews were analyzed. The protocols obtained from the participants endorsed the following key themes: responsibility for meeting the objectives, one’s ability to respond to the unusual work demands, confidence and trust among group members, sharing of information and decision making, and planning and coordination.

In the context of employee satisfaction, the participants drew attention to the satisfaction in relation to all the aspects of organization including boss, peers, job, and organization as a whole. In addition they also indicated the significance of the avenues for promotion.

As far as the context of goal integration was concerned the effectiveness of organization in integrating employees in the organization’s need fulfillment and satisfying the needs of employees by the organization both were considered.

In the second part of the study the participants were asked to rate the above factors on five point rating scale ranging from strongly agree to strongly disagree. The ratings given by the participants are shown in Table 1.

A close perusal of the ratings on individual aspects of organizational effectiveness yielded three clusters of factors. They included group functioning, satisfaction and goal integration. In regard to group functioning responsibility for meeting the objectives and one’s ability to respond to the unusual work demands emerged most important. This was followed by confidence and trust among group members. Sharing of information and decision making and planning and coordination emerged as another important component. In the context of satisfaction, satisfaction with organization was central. This was followed by satisfaction with peers and boss. They were equally important. They were followed by the degree of satisfaction with job. Progress and avenues for promotion in the organization were other components. In the context of goal integration the effectiveness of organization in integrating employees in organization’s need fulfillment was given greater priority than satisfying the needs of employees by the organization.

In order to understand the pattern of relationship among the three components of OE correlation coefficients were obtained. It was found that group functioning was significantly and positively related to satisfaction ($r = .77, p < .01$) and goal integration ($r = .94, p < .01$). Satisfaction was positively related to goal integration ($r = .71, P < .01$). These correlations suggest that the three domains of OE are positively related.
Table 1: Mean Scores on the Components of Organizational Effectiveness Across the Three Domains.

<table>
<thead>
<tr>
<th>Domains and Components</th>
<th>Mean</th>
<th>SD</th>
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<tbody>
<tr>
<td><strong>Group Functioning</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Planning and coordination</td>
<td>3.36</td>
<td>.80</td>
</tr>
<tr>
<td>2. Decision making and problem solving</td>
<td>3.51</td>
<td>.57</td>
</tr>
<tr>
<td>3. Sharing information</td>
<td>3.48</td>
<td>.85</td>
</tr>
<tr>
<td>4. Responsibility for meeting the set objectives</td>
<td>4.16</td>
<td>.68</td>
</tr>
<tr>
<td>5. Ability to respond to unusual work demands</td>
<td>4.08</td>
<td>.75</td>
</tr>
<tr>
<td>6. Confidence and trust among peers</td>
<td>3.94</td>
<td>.84</td>
</tr>
<tr>
<td><strong>Satisfaction</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Satisfaction with the peers in the work group</td>
<td>3.83</td>
<td>.84</td>
</tr>
<tr>
<td>8. Satisfaction with boss</td>
<td>3.83</td>
<td>.68</td>
</tr>
<tr>
<td>9. Satisfaction with job</td>
<td>3.66</td>
<td>.74</td>
</tr>
<tr>
<td>10. Satisfaction with organization</td>
<td>4.09</td>
<td>.79</td>
</tr>
<tr>
<td>11. Satisfaction with progress in the organization</td>
<td>3.33</td>
<td>.75</td>
</tr>
<tr>
<td>12. Satisfaction with chance for getting ahead in the organization</td>
<td>3.33</td>
<td>.44</td>
</tr>
<tr>
<td><strong>Goal integration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Effectiveness of organization in involving employees for its own need fulfillment</td>
<td>3.66</td>
<td>.67</td>
</tr>
<tr>
<td>14. Effectiveness of organization in meeting employee’s needs</td>
<td>3.33</td>
<td>.74</td>
</tr>
</tbody>
</table>

**Organizational Commitment**

A thematic analysis of the interview protocols obtained from the managers revealed that the important components constituting commitment involve three domains of orientation i.e. work orientation, affective orientation, and continuance orientation. Work orientation was manifested in terms of expressions such as working hard and undertaking efforts for the organization. Affective orientation took many forms. It included having pride in being part of the organization, experiencing pleasure while working. Continuance orientation was expressed in terms of not only personal willingness to continue in the organization but to see that other colleagues too continue in the organization. It also included certain kind of resistance against leaving the job in the present organization and asking others to join the organization.

Based on the above themes attempt was made to create rating scales pertaining to them and asking the managers to rate on them. The mean ratings given in Table 2 indicate interesting trends. It was noted that the highest rating is for recommending others to join the organization and experiencing pleasure in working for the organization. Thus continuance and effective, both orientations were prominent. Next comes, endeavor in favor of organization. This was
followed by the items liking for stay and reluctance to leave. Interestingly the scores for the two were identical as they shared almost similar concern. Feeling of pride and being part of the organization, doing hard work were also clearly emphasized. It may be noted that the mean scores for all these items were greater than the middle point of the scale. This indicated a clear inclination in favor of commitment. The only item which indicated considerably low score was reluctance to change the colleagues.

### Table 2: Mean Ratings for the Different Components of Organizational Commitment

<table>
<thead>
<tr>
<th>Components</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Feeling of pride in being part of the organization</td>
<td>3.33</td>
<td>1.10</td>
</tr>
<tr>
<td>2. Liking for continuous stay in the organization</td>
<td>3.50</td>
<td>1.03</td>
</tr>
<tr>
<td>3. Willingness to work hard</td>
<td>3.27</td>
<td>1.04</td>
</tr>
<tr>
<td>4. Reluctance to change colleagues</td>
<td>2.66</td>
<td>0.47</td>
</tr>
<tr>
<td>5. Being an integral part of the organization</td>
<td>3.33</td>
<td>0.47</td>
</tr>
<tr>
<td>6. Reluctance to leave even with greater incentive</td>
<td>3.50</td>
<td>0.95</td>
</tr>
<tr>
<td>7. Endeavour in favor of the organization</td>
<td>3.58</td>
<td>0.95</td>
</tr>
<tr>
<td>8. Recommending others to join the organization</td>
<td>4.33</td>
<td>0.74</td>
</tr>
<tr>
<td>9. Experiencing pleasure while working for the organization</td>
<td>4.33</td>
<td>0.74</td>
</tr>
</tbody>
</table>

**DISCUSSION**

The present results indicate that OE and OC are multidimensional rather than unidimensional constructs. OE consists of three major aspects or themes. They are: group functioning, satisfaction, and goal integration. Incidentally the first two aspects were stronger or more salient than the last one. It may be noted that while group functioning dealt with interpersonal aspect of functioning satisfaction was more personal in orientation. Thus self and other both are involved in it. Goal integration goes to a higher level and engages organizational dynamics. This aspect was not very salient but did emerge in the course of interviews with managers. Taken together the three aspects uncovered in this study clearly draw attention to the fact that the conceptualization of perceived organizational effectiveness has to encompass individual, group and organizational levels of functioning (Sinha, Shukla, & Kaur, 1990).

While the present data are limited and suggestive only they do point out that perhaps informal domains of self and peer group are more central to the work life than the formal structure of organization. However, as the correlations indicated the group functioning was more strongly related to organizational level need integration as compared with individual level satisfaction. This implies the mediating role of group functioning towards ensuring greater degree of goal integration. In other words, it is by nurturing group functioning that the bridge between individual and organization is created. This finding also brings into focus the significance of a positive aspect of group life in facilitating organizational functioning. While
group functioning is often blamed for interference in the organizational functioning the obtained results suggest that they through socialization, modeling and furthering personal concerns bring individual members closer to the functioning of organization.

The findings regarding organizational commitment have indicated an interrelated set of factors involving work, effect and continuance. It seems that these aspects of commitment go together. They appeared to be intimately linked with each other. Commitment was reflected by all the three aspects. As indicated earlier continuance and effective, both concerns were salient. The feeling of pride and concern for hard work were also present. The themes and ratings both tend to suggest that commitment is two dimensional. On the one hand, it inspires positivity in the person on the other it involves some kind of investment towards the organization. In this way commitment becomes a dialectical or reciprocal process in which give and take happens.

In conclusion it may be observed that from managerial perspective the constructs of organizational commitment an organizational effectiveness are significant aspect of work life (see also Misra, Mishra, & Pattanayak, 1995; Sharma, & Sharma, 2003; Sinha, & Jain, 1987). However, while effectiveness is more social process involving group life and integration with the larger entity of organization, commitment is predominantly individual level process. The results further implicate that the two concepts would be more fruitful if they are considered as processes rather than dispositions. They refer to the happenings, reciprocities, and interactions rather than personal attributes. Future research should look at these processes and relate them to cultural realities in which Indian organizations function and planning training in team orientation so that performance oriented group activities may be promoted in the organization.

REFERENCES


