

Lecture-7
13/02/18

Centralized & decentralized authority

Fayol's bridge

Scalar chain in the organization structure provides for straight chain of command that extends unbroken from the ultimate officer to the lowest ranks. It demands clear line of authority.

Contingency variables affecting structures

The most

- Mechanistic organization
- Organic organization

Mechanistic organization (Bureaucratic)

- natural result of combining of six elements of structure.
- chain of command
- span of control is decreased.
- small, varying, specialized jobs (standardized)
- tall organization

Organic organization

- Highly adaptive form that is as loose & flexible as the mechanistic organization is rigid and stable.
- jobs are not standardized.
- handles specific problems.

Historical opinions about organizational effectiveness

Frederick Taylor

Effectiveness determined by product maximization, cost minim², tech. excellence etc.

Henri Fayol

Clear authority & discipline

Elton Mayo

Employee satisfaction

* Efficiency is doing things right.

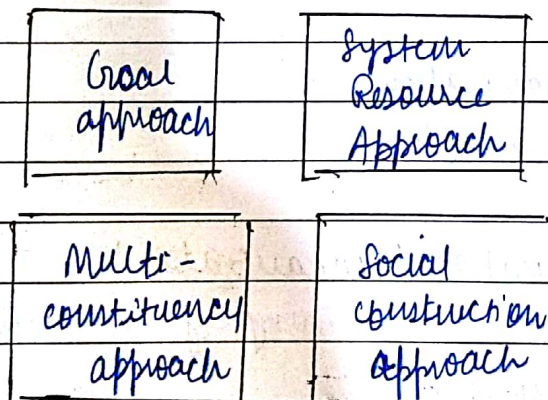
* Effectiveness is doing right things.

Effectiveness -

- An abstract concept -

- Virtually impossible to measure -

Approaches to organizational effectiveness



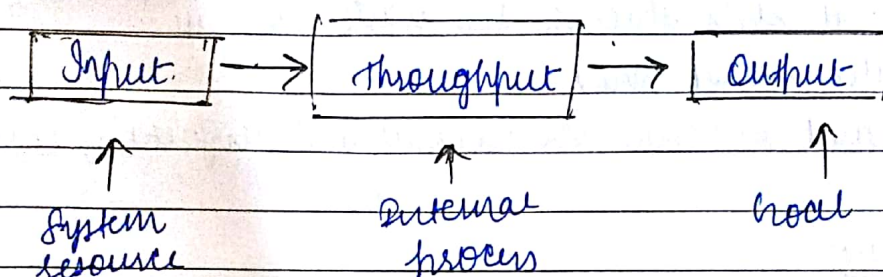
Goal approach - Uses organizational goals as the criteria for effectiveness. Goals are clear, time bound & measurable.

System resource approach - Ability to take advantage of the environment - allowing organization to gain scarce and valued resource.

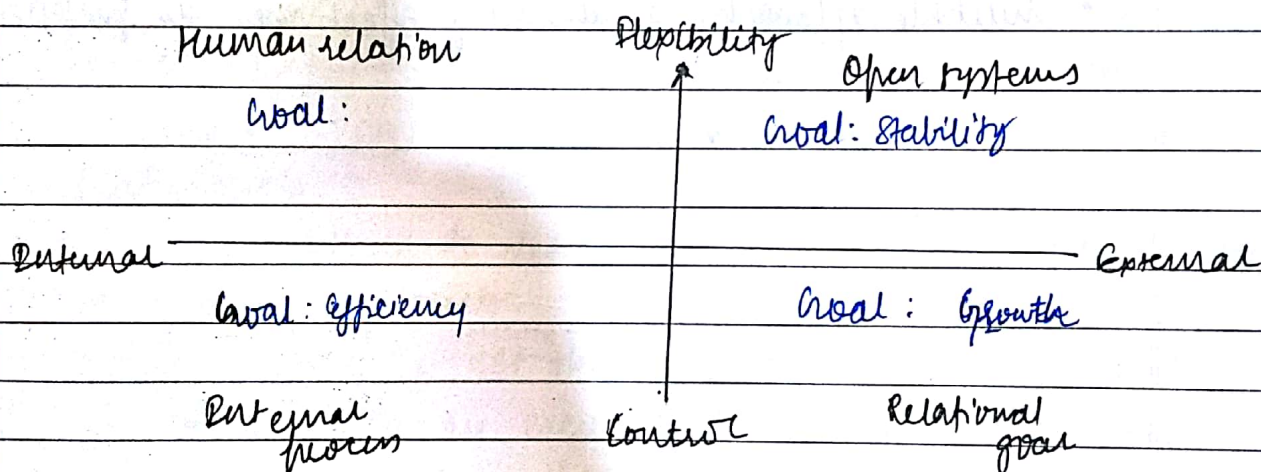
Multi-constituency approach - recognizes the many stakeholders and that each may evaluate effectiveness using diff criteria.

Social construction approach - General approach. Depends on what diff constituents want it to be.

External process approach - effectiveness is the ability to excel at internal efficiency, coordination, utilization.



Competing values model



Some indicators of effectiveness

- Productivity
- Absenteeism
- Turnover
- Deviant workplace behaviour
- Job satisfaction
- Organizational citizenship behaviours

Benefits of an effective organization

- Improved profitability
- Increased customer retention
 - Reduced customer complaints and warranty claims.
- Reduced costs through less waste, rework.
- Greater market share.
- Increased employee involvement and satisfaction, lower turnover.

Summary

- There is no one easy and complete way to assess how well an organization's strategy is working (determining an organization's effectiveness)
- Multiple approaches to assessing effectiveness as preferred.