

Organizational effectiveness and efficacy: relations between two concepts

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Nowadays organizations operate in a turbulent environment: new technologies are introduced, new customers and competitors appear, and the borders of markets become broad. To survive, to grow and to achieve long-term viability in such conditions organizations have to be effective. The problem of organizational efficacy was raised in the organizational science literature in the end of 70s – at the beginning of 80s of the last century [5; 6; 11]. The scientists proposed the construct of organizational effectiveness and made some attempts to find “objective” criteria of it. But as the definition of the construct was strictly related to what organizations are, effectiveness was evaluated in different ways depending on the author’s understanding of organization.

Competing values approach proposed sets of criteria of organizational effectiveness which comprehended the main models of organization: human relation, open system, rational goal and internal processes models [8; 9]. To evaluate effectiveness authors suggested to ask employees to evaluate the performance of their organizations. But the valuations of effectiveness given by employees were differing across organizational departments. When later such results were compared with actual organizational performance no correlation was found [10]. Certainly, in this case the comparison between organizations was impossible. Thus the construct of organizational effectiveness was neglected in early 90s.

Some years later a new construct appeared – organizational efficacy. It binds all shared beliefs among members of organization about organization’s capacity to produce desired outcomes [2]. This construct proposed to evaluate not actual performance of organizations according to some “objective” criteria, but perception of effective performance from the employees’ point of view. Three scales were proposed: (a) collective capacities, (b) mission or purpose, and (c) sense of resilience [3]. The strong correlation between high levels of organizational efficacy and high organizational performance was found [1; 7]. Also it became possible to compare organizations based on the level of their overall efficacy.

It is clear that it is not easy, if not impossible, to measure organizational effectiveness according some “objective” criteria. But it is possible to evaluate employees’ judgements about organizational efficacy. Therefore we suppose that it is more reasonable to treat organizational effectiveness as organizational efficacy, and use competing values approach as a framework to measure efficacy. In this case we could evaluate employees’ perception of how well their organization acts with respect of competing values criteria. This allows us to have multi-faced measure of organizational efficacy: from the one hand, detailed organizational profile according to sets of criteria of competing values approach (organizational effectiveness scale of Rohrbaugh) and, from the other hand, evaluation of overall organizational efficacy (scale of Bohn). Moreover, we can compare both organizations’ efficacy profiles and levels of overall efficacy across organizations.

Both instruments of Rohrbaugh and Bohn evaluate employees’ perception with respect to how well their organizations act in general. In case it is necessary to evaluate organizational

efficacy in the context of a specific situation (for example, international market entry, introduction of new technology and so on), a situational-related scale of efficacy could be developed [4]. This scale evaluates employees' judgments about how well their organization acts in a specific situation.

In this vein further researches would be necessary. First of all, the constructs of organizational effectiveness and efficacy were studied mostly in a public sector, and few empirical researches were conducted in a business sector. We suppose that different dynamics could be found. Secondly, it would be necessary to study how criteria of competing values approach correlate with organizational efficacy scales – one set of criteria or may be all of them? Thirdly, it would be interesting to test whether any criterion of competing values approach predicts high performance of organization as high level of organizational efficacy does it. Fourthly, the impact of predictors of organizational efficacy on the high performance could be studied too (for example, leadership behaviour, work engagement, or organizational commitment). We aim to test the described model using success in internationalization as an operationalization of high performance of firms.

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