

The Theory and Method of Organizational Effectiveness Evaluation

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ABSTRACT

Evaluation of organizational effectiveness is the key link and indispensable content of organizational management, which is of great significance to organizational development. In the aspect of theoretical research, the research on the operational effectiveness of organizations has a long history, but it has not yet formed an effective method system. This paper systematically combs the definition, model method and application of organizational effectiveness evaluation, which provides an important theoretical basis and reference for enterprises to carry out organizational effectiveness evaluation in the process of strategic development and transformation.

Keywords: Evaluation of organizational effectiveness, Enterprise strategy, Organizational performance, organizing capability.

1. INTRODUCTION

With the complex changes of the external environment, enterprises are faced with multiple pressures of transformation. The business development environment on which enterprises depend has undergone more profound changes and require higher effectiveness. Organizational effectiveness reflects the degree of achieving organizational goals, which is closely related to organizational strategic goals. With the adjustment of the strategy, the enterprise should evaluate the effectiveness of the organization in time, and innovate and optimize the organization, in order to serve the enterprise strategy. Different enterprises have different strategies, organizational settings, and organizational operations. There is no ready-made evaluation model that can be directly used for reference when enterprises evaluate the operational effectiveness of organizational structures. It is necessary to develop the organizational operational effectiveness evaluation technology that adapts to the strategy by combining the strategic requirements, business characteristics, organizational status and future development needs of organizations. Therefore, the organizational effectiveness evaluation needs to carry on the enterprise strategy effectively, reflecting the strategic orientation

of organizational effectiveness evaluation. At the same time, in the dimension and index design of effectiveness evaluation, it is necessary to design the content that reflects the implementation of the company's strategic objectives [1].

2. CONNOTATION OF ORGANIZATIONAL EFFECTIVENESS EVALUATION

Peter Drucker believes that organizational effectiveness refers to the capability to make the best use of available resources to achieve goals. Organizational effectiveness is the combination of the organization's capability to achieve its goals and the results based on the capability to achieve. Organizational effectiveness refers to the efficiency and capability of an organization to realize its vision and goals, and it is one of the indicators to evaluate the development and vitality of the organization. Organizational performance refers to the quantity, quality, efficiency and profitability of organizational tasks in a certain period. By definition, the scope of organizational effectiveness is wider, and organizational performance is a part of organizational effectiveness [2].

Organizational performance emphasizes the degree

of achievement of organizational goals, which is a static view. Organizational effectiveness includes not only the effect of organizational management, but also the capability of the organization. Organizational effectiveness emphasizes the overall and dynamic understanding of enterprise development issues and the overall performance of the organization. It is a collection of capabilities of the whole life cycle of the organization, and it is a collection of organizational competitiveness, innovation and development capabilities. The good performance of the organization at present does not mean that the organization has strong cohesion, innovation capability and sustainable development potential. Therefore, compared with the performance, the research on organizational effectiveness has more strategic value.

The research results of organizational effectiveness evaluation can be used to diagnose and analyse the problems in the process of organizational design and operational mechanism, which is conducive to promoting the organizational innovation of power supply enterprises that is compatible with the company's strategy, guiding power supply enterprises to scientifically formulate organizational system optimization schemes, innovating organizational structure and operational mechanism, and effectively supporting the implementation of the strategy. Organizational performance is mainly used in performance appraisal [3].

3. MODEL AND METHOD OF ORGANIZATIONAL EFFECTIVENESS EVALUATION

3.1. The Triangular Model of Organizational Capability

Organizational effectiveness reflects the degree of achieving organizational goals. To achieve organizational goals and achieve sustained success, there are two key elements: the correct strategic direction and the organizational capability to adapt to the strategic requirements. That is, enterprise success = strategy × organizational capability, and the two key factors are indispensable. Therefore, the important starting point of organizational effectiveness evaluation is to start from the two key elements of strategic objectives and organizational capacity building. To highlight the two key points of strategic orientation and organizational capacity building, effectively undertake the company's strategy, fully embody and implement the requirements of the strategic objectives, and evaluate the organizational capacities supporting the strategic objectives accordingly.

Two key elements of sustained success of enterprises:

Continuous success of enterprises = strategy × organizational capability

There is a multiplication relationship (not an addition relationship) between these two factors. If one of them fails, the enterprise cannot succeed.

(1) Correct strategy (strategy formulation and adjustment)

To analyse the business environment and make timely adjustments according to the changes of internal and external environment.

(2) Appropriate organizational capability (strategy implementation landing)

Strategy is easy to be imitated, but organizational capability is the main bottleneck of enterprise development. Organizational capability is the foundation of an enterprise's lasting foundation. The capability plays a more critical role in influencing the success of enterprises. Compared with strategy, the level of organizational capability can determine whether an enterprise can succeed continuously.

3.2. The Six-Box Model

The six-box model is a consulting tool put forward by Wesburd in 1970s. This model was promoted by Alibaba in China, and now it is widely used in the field of organizational development. In the process of organizational development, diagnosis is the starting point of organizational development, change is the process of organizational development, and effectiveness is the result of organizational development. From the perspective of the link between organizational capability and organizational effectiveness, the six-box model is not only diagnostic tools of organizational capability, but also evaluation tools based on effectiveness improvement.

In the process of development and growth of modern enterprises, enterprises would put forward dynamic requirements for business model, organizational structure, personnel composition, process, etc. due to the requirements of different life cycle strategies. Leaders and managers need to clearly understand the problems faced by enterprises at different stages and solve them quickly. The six-box model mainly scans the organization from six different levels and depths, presents and interprets it with six energies. It can also be used for self-diagnosis of the organization. Based on the organizational level, it observes "what happened" in the organization from a microscopic perspective, diagnosing problems and finding the key to solve them.

3.3. The 7S Model

In the 1970s and 1980s, Americans suffered from economic depression and unemployment. At the same

time, they had heard enough about the art of successful management of Japanese enterprises, and were trying to find a magic weapon suitable for the development and revitalization of domestic enterprises. Thomas Peters and Robert Wortmann Jr., two masters of management research from Stanford University and scholars who have been working for the famous McKinsey management consulting company in the United States for a long time, visited 62 top companies with a long history in the United States, conducted in-depth investigations and discussed with business school professors, designed the seven elements of enterprise organization (referred to as the 7S model for short), and pointed out that enterprises must consider all aspects in the development process. The 7S model includes structure, system, style, staff, skill, strategy and shared-values.

The 7S model can be used to analyze organizations in various situations, and help managers improve organizational effectiveness from the following aspects: firstly, to improve the overall performance of organizational effectiveness; secondly, to analyze the possible impact of future organizational changes; thirdly, to efficiently implement target strategies. Regardless of the type of change, such as structural adjustment within the organization, introduction of new processes, mergers and acquisitions, implementation of new systems, changes in management, etc., the 7S model can help to understand how the elements of the organization are related to each other, so as to ensure that the wider impact of changes in a certain field can be fully considered. Managers can use the 7S model, make a list of problems, analyze the present situation of the organization and the level they want to achieve in the future, form a matrix of elements, and find out the gaps and incongruities, and then work out the direction, objectives and specific measures to improve the effectiveness of the organization.

3.4. The Organizational Effectiveness Dashboard

Organizational effectiveness is the degree to which an organization achieves its goals, and organizational goals reflect the reasons for the organization's existence and the results it seeks to achieve. The theory of organizational effectiveness, in a sense, is a theory to measure organizational effectiveness. In different periods, there are different understandings of the effectiveness of the organization. From the early traditional viewpoint to the development of modern viewpoint of organizational effectiveness, it is a development process from the single goal or function of the organization, such as maximizing profits, providing effective services, increasing product output, etc., to multi-faceted and comprehensive evaluation. Every

large enterprise development will usher in new changes and new models.

According to the definition and composition of organization in classical management, it consists of four components, namely, social entity, definite goal, well-designed structure and coordinated activity system, and connection with external environment. Therefore, some scholars believe that organizational effectiveness should be evaluated from four aspects: internal, external, flexible and rigid, and the "organizational effectiveness evaluation dashboard" should be put forward to completely evaluate the organizational effectiveness in the current development.

In an open system, organizational effectiveness, strategic management and external environment together constitute the core part of research, which determines organizational goals, strategies and designs, helps organizations adapt to the changing environment and achieve organizational goals better. The driving force of organizational effectiveness research comes from the challenge of change, whether for enterprises or non-profit organizations. The rapid change, complexity and unexpected enhancement of the environment are the prominent features of today's world. How to deal with such changes is the most common problem faced by managers and organizations. Therefore, according to the "organizational effectiveness dashboard", relevant evaluation items can be established to explain four aspects, four dimensions and eight variables. After the quantitative evaluation, we can draw the situation map of the evaluation results of organizational effectiveness, make clear the "short board" and "focus" of organizational effectiveness, and formulate the plan of organizational change or management improvement accordingly.

4. ANALYSIS OF MODEL APPLICABILITY

The triangle model of organizational competence is characterized by its sustainability, and its core is organizational competence, and its triangles are employee thinking, employee competence and employee management. It can be seen that the above four models have a wider scope of application, but they all evaluate organizational effectiveness from a single dimension, lacking more dimensions. Therefore, the above four models can be divided into organizational effectiveness evaluation models suitable for general environment.

The Six-box model is suitable for organizational effectiveness evaluation in the environment of small business span and stable organizational structure. For large groups, the function of organizational effectiveness evaluation is weak, and the evaluation effect will be limited by the appraiser's own level. The

six-box model represents six aspects within the organization. By comprehensively combing the evaluation results of six aspects, there is a lack of evaluation and analysis of the external environment of the organization.

The 7S model points out that enterprises must consider all aspects in the development process, and puts forward seven elements of enterprise organization, which can be divided into "hardware" and "software". The former is strategy, structure and system, while the latter is style, personnel, skills and common values.

The organizational effectiveness dashboard model is divided into four aspects: internal, external, flexible and rigid, which intersect with each other to form two-level four dimensions, namely, execution, adaptation, coordination and control, and then are subdivided into eight variables. Among the four evaluation models, the organizational effectiveness dashboard model has the most common features, including both "rigidity and softness" in the 7S model and "internal and external" dimensions. It has important reference significance for the evaluation of organizational effectiveness of large enterprise groups in complex situations.

5. RESEARCH ON THE DEVELOPMENT TREND OF ORGANIZATIONAL EFFECTIVENESS EVALUATION

Enterprises are engaged in various activities such as production, sales, technological innovation, human resource management, etc., and it is difficult to form a unified standard to measure organizational effectiveness. It is always a difficult problem in management practice to comprehensively and objectively measure organizational effectiveness. Scholars at home and abroad have carried out different degrees of research on this topic. By combing various evaluation methods or systems, we can find that the development trend of organizational effectiveness evaluation has the following characteristics:

Firstly, the evaluation index is extended to the whole process of organizational strategic management. Besides the improvement of financial performance such as current or recent profit cash flow, organizational effectiveness should also include the conversion rate of scientific research investment, the effectiveness of human capital investment, etc. Traditional organizational performance evaluation focuses on financial performance, mainly providing relevant information for the post-event management of enterprises, which easily leads to the short-term behavior of enterprises. Obviously, it is far from meeting the requirements of strategic management. The organizational performance evaluation system should pay more attention to the driving factors of future performance, run through the whole process of

enterprise management, and fully implement the organizational strategy.

Secondly, the connection with enterprise incentive mechanism is getting closer and closer. The early incentive mode is mainly short-term salary, the incentive basis is mainly short-term goal, and only the final result is the incentive basis. The evaluation system of organizational effectiveness should pay more attention to the long-term competitive advantage of enterprises, and at the same time, join the whole process evaluation, so as to more comprehensively evaluate the operational effectiveness and benefits of core resources such as people, property and so on, and then provide support for establishing an objective and comprehensive incentive mechanism.

Thirdly, more and more emphasis is placed on the evaluation of intangible capital. In the era of knowledge economy with the rapid development of information technology and science and technology. Intangible capital is related to the sustainable development and continuous value creation of enterprises, and its importance even exceeds that of tangible capital. Therefore, in the evaluation of organizational effectiveness, the evaluation of intangible capital such as innovation, learning and knowledge should be increasingly emphasized.

From the perspective of organizational effectiveness evaluation, the evaluation index of organizational effectiveness extends to the whole process of organizational strategic management, and is more and more closely linked with the incentive mechanism of enterprises. In this case, if the organizational strategy changes, the dimensions of organizational effectiveness evaluation should also change accordingly until the organizational strategy can be fully implemented.

6. CONCLUSION

Through effectiveness evaluation, organizational strategic requirements could be incorporated into the management practice of organizational structure optimization. In the period of strategic adjustment, the effectiveness evaluation can effectively measure the support of organizational structure and operational mechanism to the strategy, develop the maladjustment of organizational structure and operational mechanism in time, and realize the support service to the strategy by optimizing organizational structure, reforming business process and improving coordination mechanism. In the period of strategic stability, the effectiveness evaluation can diagnose the development trend of the existing organizational structure and operation mechanism, find the weak links in organizational management, and realize the long-term improvement of organizational effectiveness through optimization and improvement [4].

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