ORGANIZATION EFFECTIVENESS IN CHANGING GLOBAL ERA

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Abstract:-

In the era of global economy, organizations utilize every opportunity to reduce cost, improve quality and provide best services to customer. The usage of information technologies (IT) such as web technology, Internet, e-commerce etc. provide new opportunity to the organizations to manage their business. These technologies have made the customer well informed on the one side; while on the other side the organizations are efficiently utilizing their resources and efforts. Further, the organizations are flattening the management hierarchy by eliminating middle level management and empowering the employees to deal with the customers directly to identify and provide solution to the problems and opportunities relating to the product and services offered to customers. Organization effectiveness is expressed in terms of corporate culture, work culture, team spirit, and trust between workers and/or management. Empowerment means knowledge and responsibility, thus the knowledge management model addresses knowledge creation and dissemination processes that are "both participate and anticipative" along with "self-actualization". It further develops synergy between the technological and behavioral issues and caters to critical issues like organizational adaptations, survival and competence in an uncertain environment to achieve optimal use of human, financial and physical resource. This helps the organizations to provide market driven products, reducing lead-time by achieving excellence in purchasing, manufacturing, distribution, transportation and other operational process to sustain market changes. In the years to come, uncertain and fast changing environment has given a rethinking to re-design business processes for better synergy between human innovation, creativity and knowledge management and thus giving better organizational effectiveness. This changes the role of senior management from "command and control" to "sense and respond", pro-active involvement of human imagination and creativity. The employees define problems for themselves and evaluate to revise their own solutions to generate optimized solutions, where empowerment of employee is a buzzword of market-strategy.

Introduction :

It is becoming necessary for organizations, in the changing global economy, to take advantage of all possible opportunity to reduce cost, improve quality and provide service to customer, the information technology (IT) helps to achieve all these. Additional advantages of IT are better management, effective information dissimilation; reduce overhead expenses, effective usage of resources and efforts and better implementation. The IT includes web technology, Internet, extranet, e-commerce etc. that has made the customer intelligent as the required information can be collected at a press of button. Thus, organizations are compelled to open their web sites to be viewed by the customers, employees and also by the competitors. The sensitive information needs to be protected from the competitors by setting up special protection mechanism using customer ID and password. The solutions differ from having simple online advertisement, product promotion to complex e-commerce solutions with online transactions and shopping portals (www.itxzone.com). The strategy is based on thorough investigations for enhancing revenue, profits and clientele as per needs for a business-to-business (B2B) or business-to-customer (B2C) solutions. The payments can also be executed electronically across the Internet through smart cards, debt cards, encrypted credit cards, or through electronic fund transfer, thus reducing the costs of transactions. Extranet provide mechanism to allow secure, private transactions between trading partners, which are economical because it uses existing infrastructure including standard servers, e-mail clients and web browser. This new vehicle for business relationship is changing the way the corporate house will be doing business over the next few years. The effectiveness of the organization depends upon several factors like strategies and vision for future change, usage of state-of-the-art technology, improvement and contribution of employees, satisfaction of customers; response to changing needs of the industry and good partnership between them. The success of the organization depends upon the creation of an environment for changes and successfully implementation of that change.

Changing Organization Environment:

Earlier the work was logically divided into strategic planning and goals, decision-making and controlling, and day-to-day function and customer contact to achieve.

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Maximum efficiency. The era was characterized by relatively slow and predictable outcome that could be deciphered and controlled by formal information system, mainly characterized in three phases as: *Automation*: increased the efficiency of operations *Rationalization of Procedure*: streamlining of procedure to enhance the efficiency of operations; and *Re-engineering*: radical redesign of business process. The era known as „Old World of Business?, which focuses on prediction and optimization based on efficiencies and resources. The world of competence was based on „information? as the strategic asset and emphasized on controlling the behavior of organizational agents towards fulfillment of pre-specified organizational goals and objectives. Information and control systems were used for achieving the alignment of the organizational factors with pre-specified „best practices?. The assumption was based on such „best practices? that had shown its effectiveness over a period of time.
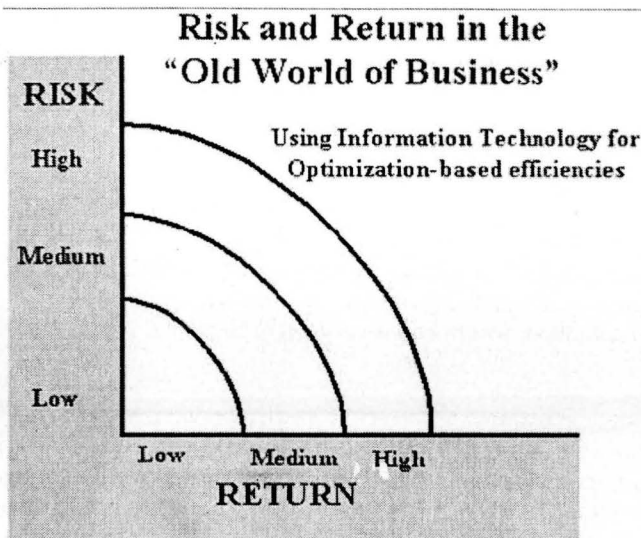

Figure 1. Risk & Return in the Old World of Business

The deployment of information technologies in all the three phases was based on a relatively predictable view of products and services as well as contributory organizational and industrial structures (Figure 1). Despite increase in risk and corresponding return in each of above formal information systems, it had emphasized on business model innovation „rethinking the business". The evolution of information processing over the last couple of years has made the Information an important asset of the organization to manage changes in business functions and processes. These changes have brought opportunities for the organization and people who are ready and able to complete in the global market can survive and grow in the years to come. A competitive global economy will ensure obsolescence and obscurity to those who cannot or are unwilling to change. There is more willingness to continue improvement practices and programs to eliminate redundancy and increase efficiency. Organizations are becoming market driven, while remaining true to their business vision. To be competitive in a global economy, organizations must employ information technology to gain the efficiencies necessary to offset their higher labour cost.
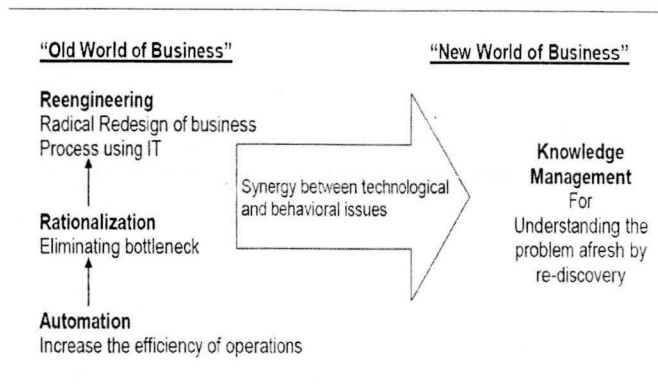

Figure 2. From "Old World of Business" to "New World of Business"

In contrast, the „new world of business? emphasis on „doing the right things? rather than „doing things right?. So, the organizations need a knowledge that will help them to continuously assess their internal environment of business for ongoing effectiveness and optimization of resources and efforts (Figure 2). The strategic view of knowledge management that considers the synergy between technological and behavioral issues as necessary for survival in „uncertain environment? and contrast between the „old world of business? and the „new world of business?. Knowledge management is essential for organization because they had worked yesterday and wants to remain aligned with the dynamically changing business environment of today and tomorrow. The knowledge includes processes, procedure, patents, reference works, formulas, best practices, forecast etc. available at a particular point of time. Knowledge management caters to the critical issues of organizational adaptation, survival and competence in face of increasingly environment change, which is discontinuous in nature and uncertain over existence in future. Therefore, organizations need to continuously assess their internal environment of business for ongoing effectiveness and optimization of resources and efforts, so as to ensure the organizations „core competencies? do not become „core rigidities? of belief of business in uncertain future environment (Kalakota & Whinston 1999). Essentially it embodies organizational processes that seek synergistic combination of data and information processing capacity of IT and the creative of innovative capacity of human being in such changing and uncertain environment (Davenport, 1995).

Therefore, some of the key drivers in organizational effectiveness are as follows:
- Competitiveness is facing organizations to find new ways to manage their business.
- Information systems must justify their cost in business expansion.
- Buyers have more options and are more demanding.
- Quality and flexibility needs empowerment of employee dealing with customer directly.
- Standardization has introduced many new suppliers and has dramatically reduced cost.
- Organizations that adapt faster become the leaders in

their market place.
- Organizations are downsizing and eliminating middle-level management positions.

Usage of Information Technology

The website can include product data sheet, customer reference, technical specifications, and information about corporate structure etc. enabling the prospective customer to know more about the organization. An interactive application allows viewing the organizations web pages and customers can communicate with the organizations. Organizations get a competitive advantage with e-commerce; some of them are as follows:

- • It helps to buy or sell the product at very competitive prize because numbers of competition are available on the Internet.
- It reduces the cost, by publishing the information about the product or services on the web, by eliminating the services of the person required to handle the queries of the customer.
- It shortened the life cycle of product manufactured and efficiently process the commercial papers.

The goal of e-business is to maximize customer satisfaction both in the form of finished goods and raw material through improved buyer's experience; to achieve excellence in purchasing, manufacturing, distribution transportation and other operational process to achieve optimal use of human, financial and physical resources; to achieve long term sustainable advantage by responding quickly and intelligently to market changes. E-business encompassed key business process i.e. customer relationship management, supply chain management, Inter-process planning, strategic planning.

Customer Relation Management: There is process that provides maximum satisfaction to customer through buyers? experience.

Supply Chain Management: These are process that enables the organization to achieve excellence in buying, making, stocking, shipping and selling products and services.

Inter-process Planning: These are the processes that balance the competing demands among the supply chain operations and customer relation management.

Strategic Planning: These are the processes that define long-term goals, action plans and resource allocation priorities.

Organization Effectiveness:

Organizational effectiveness depends upon the strategies and vision for future change, usage of state-of-the-art technology, improvement and contribution of employees, satisfaction of customers, and response to changing needs of the industry and good partnership between them. Organizations are striving to learn more about the key drivers that bring changes in organization, and recent changes are taking places by restructuring, downsizing, review of HR

policies and approaches, information system overhauls and issues related to mergers, acquisitions and expansion. Further, the upcoming changes are taking place in technology, cultures, expansion in new product lines and cost control.

Organizational effectiveness can be attained by improving customers satisfaction, responding to industry changes, creating healthy partnership, having clear vision for the future, employees being able to contribute their best, imparting continuous training and redeployment, creating opportunities for exposure of changes to senior executives, driving organizational performance by eliminating poor performers, developing top performers and measuring results on a continuous basis.

The relationship between different approaches commonly used for the measurement of organizational effectiveness is given in figure 3 and summarized below: employees, satisfaction of customers, and response to changing needs of the industry and good partnership between them. Organizations are striving to learn more about the key drivers that bring changes in organization, and recent changes are taking places by restructuring, downsizing, review of HR policies and approaches, information system overhauls and issues related to mergers, acquisitions and expansion. Further, the upcoming changes are taking place in technology, cultures, expansion in new product lines and cost control.

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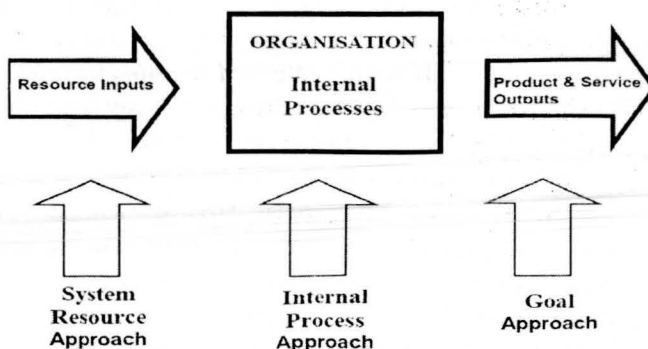
External Environment

Figure 3. Relationship between Different Approaches for Organizational Effectiveness

Goal Approach: identify output goals and assesses how well the organization has attained the goals in terms of „profit maximization?, „providing an efficient service? or „good employee morale? etc. Further the effectiveness of the organization is measured on items like quality, productivity, readiness, efficiency, profits or returns, utilization of resources, stability, turnover or retention, accidents, morale, motivation, satisfaction, realization of organizational goals, conflict cohesion, flexibility adaptation and evaluation of the effect of external entities.

System Resource Approach: focuses on input given to into the organization in terms of: organizing position, ability of decision maker to perceive external environment, maintenance of day-to-day activities, ability to respond to changes in environment. Further, organizational effectiveness is measured on the basis of bargaining position of the organization, in absolute or relative terms, to take advantages of its environment in the acquisition of scarce and valued resources.

Internal Process Approach: measures internal processes, environment, and efficiency. Organization having good internal process creates strong corporate cultural environment, positive work culture, team spirit, communication, trust between workers and/or management, decision-making provides efficiencies in performance and growth and efficient use of resources.

The organizations are spending more time and money on understanding competitive issues and finding way to balance external and internal needs. As changes come faster and become more complex, the organizations are investing more on hiring, training and development, and state-of-the-art technology. So, they are using state-of-the-art technology, serving the needs of customers, and making critical decisions about the day-to-day business activities in order to be competitive in the future.

Knowledge Management and Organizational Effectiveness:

Recently, a model of knowledge management has been proposed (Figure 4), where knowledge creation and dissimilation are "both participative and anticipative" along with "self-actualization" . This attempts to synthesize the information processing capabilities afforded by new information technologies with the innovation and creative capabilities of human and social environment of the organization. By doing so, it develops the bases for achieving simultaneous freezing and unfreezing information to ensure that effectiveness of decision making help to accelerate the growth and effectiveness of the organization, which enhances the business opportunity by widening client base thus improving profit and reducing cost.
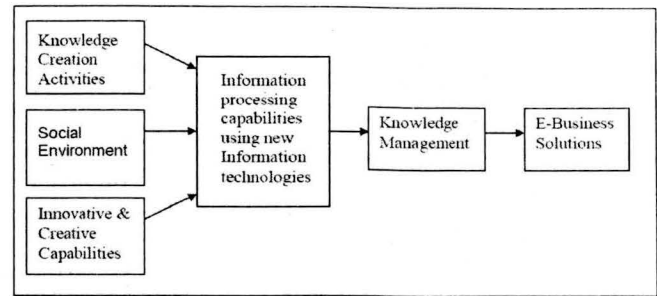

Figure 4. Proposed Model of Knowledge Management

The organization employees will not only define problems for themselves but also generate their own solutions and would also able to evaluate and revise their solutions as per business need derived from knowledge management and thus empowering them to deal with customers directly. Empowerment means knowledge and responsibilities are available to the employee, includes intelligent searching, categorization and accessing of data from databases and other sources. The strategic usages and know-how to built profits and market share is based on both basic ideas or concepts and information created through knowledge management in terms of the collection, storage, sharing and linking to corporate knowledge pools from the repositories.

The perspective of knowledge management is to cater the critical issues of enterprises adaptations, survival and competence in an uncertain environment. It is required for the e-business solutions for the new world of business because some of the fundamental characteristics of old world of business are transformed and they are characterized as: design and use of technology, business strategy, role of senior management, organizational knowledge process, organizational assets and organizational design.

Design and Use of Technology:

With increasing use of computers, organizational strategic planning, goals and policies are embedded in programs and database. The information systems produce information for the rapid, dynamic and non-linear changes in the business environment. This information will make the organization to adopt the changes fast and thus making them more efficient and effective to survive and grow as per market requirements.

Business Strategy:

The outputs generated by the computer systems, are interpreted to help in understanding the different facets of multiple worldviews. This enables continuous and rapid detection and correction of any anomalies between the complexities of interpretation in the continuously changing business environment. Thus making organizational strategy, authority to take decisive action and embedding the requisite skills at the frontlines where real action takes place.

Role of Senior Management:

The role of the senior management changes from „command and control? to „sense and respond? in changing environment. Thus, senior managers need to view the organization as a human community and make the organizations information base accessible to its employees.

This helps the process of strategic planning at the top and implementation of the same at the grass root level, thus empowering their employees. The empowerment increases effectiveness of the organization by dealing with the customers directly in solving their problems and satisfying them.

Organizational Knowledge Processes:

Proactive involvement of human imagination and creativity facilitate greater internal diversity to match the variety and complexity of the uncertain environment. With ongoing reassessment of key assumptions, the emphasis is ongoing on renewal of existing knowledge, creation of new knowledge and its application in business practices. The solution is constructed from the knowledge available at a certain point in time and context, and to surface discrepancies, alternatives, opportunities and threats that could unknowingly be enveloping the organization's future.

Organizational Assets:

Information and knowledge creation governs the different law of economic returns, where every additional investment in both and their utilization result in a higher return. The strength and utility of the information and knowledge creation lies in the increase in utilizing these resources, which is an asset for organizational effectiveness.

Organizational Design:

The dynamics of the new business environment demands a different model of organizational design, which is characterized by deployment of its employees, thus facilitates the organization to become „self-designing?. The employees not only define problems for themselves but also generate their own solutions and further they evaluate and revise their own solutions at a requisite time.

Conclusion:

The organization effectiveness depends upon the strategies and vision for future change, usage of state-of-the-art technology, improvement and contribution of employees, satisfaction of customers, response to changing needs of the industry and good partnership between them, striving to learn more about the key drivers that bring changes in the organization. In the changing global economy, usage of information technology helps in reducing cost, improving quality and providing best services to the customers. The organizations are increasingly using web technology to get the competitive advantage, thus, this technology has changed the way of doing business. This „New World of Business? is contrasted from the „Old World of Business? by emphasizing on „doing the right things? rather than „doing the things right. Therefore, organizations need to continuously assess their internal environment of business for ongoing effectiveness and optimization of resources and efforts, so as to ensure the organizations „core competencies? do not become „core rigidities? of belief of business in uncertain future environment. Further, the organizations are flattening the management hierarchyby eliminating middle level management and empowering the employees to deal with the customers directly. Empowerment means knowledge and responsibility, thus the knowledge management model addresses knowledge creation and dissemination processes that are " both participate and anticipative" along with "self-actualization". Knowledge management is essential for the organizations because they had worked yesterday and wants to remain aligned with the dynamically changing business environment of today and tomorrow. It caters the critical issues of enterprise adaptation, survival and competence in an uncertain environment. The transformed characteristics are: design and use of technology, business strategy, role of senior management, organizational knowledge process, organizational assets and organizational design. In the years to come, uncertain and fast changing environment has given a rethinking to re-design business processes for better synergy between human innovation, creativity and knowledge management and thus giving better organizational effectiveness. This changes the role of senior management from „command and control? to „sense and respond?, proactive involvement of human imagination and creativity. The employees will define problems for themselves and evaluate to revise their own solutions to generate optimized solutions, where empowerment of employee is a buzzword of market-strategy.

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