



APPROACHES TO ORGANIZATIONAL EFFECTIVENESS AND THE SUCCESS OF
ENTREPRENEURIAL ORGANIZATIONS IN EASTERN NIGERIA

AGBIONU, Tina Uchenna¹;
OGADI, Philo Ngozi²;
and,
AGBASI, Obianuju Emmanuel³

¹Department of Business Administration, Nnamdi Azikiwe University, Awka, Nigeria

²Department of Technology and Management, Yaba College of Technology, Lagos, Nigeria

³Department of Cooperative Economics and Management, Nnamdi Azikiwe University, Awka, Nigeria

ABSTRACT

The study investigated the application of the approaches to organizational effectiveness and their influences on the success of entrepreneurial organizations in Eastern Nigeria. The study adopted a descriptive survey design. The population is made up of the entrepreneurs in the Eastern Nigeria out of which a sample of 520 respondents was selected from 520 entrepreneurial organizations in Eastern Nigeria. 520 questionnaires were distributed to these entrepreneurs, but only 400 questionnaires were collected and analyzed. Two research questions were raised while one null hypothesis was formulated and tested using t-test statistical method at 0.05 level of significance. The results showed the influence of the constituency approach recording the highest level followed by the goal approach. The system resource came third, followed by the internal process approach. The domain approach recorded the least influence on entrepreneurial success. The main findings are that the different approaches had significant influences on entrepreneurial success, but the level of influences varied with the different approaches. Based on the findings, it was recommended that entrepreneurial organizations should adopt the consistency approach in measuring the effectiveness of their organizations. Secondly, since each of these approaches had significant influences on entrepreneurial success, entrepreneurs should combine these approaches for variety's sake in the attainment of entrepreneurial success in Eastern Nigeria.

Keywords: Organizational Effectiveness, Approaches, Entrepreneurial Success.

JEL Classifications: D21, D22, D23, D24, L21, L26.

1. INTRODUCTION

The chaotic, complex, uncertain and unpredictable trends in the business environment caused by series of problems ranging from difficult unions, investors, customers, suppliers, foreign competition, rapid changes in product and processes, energy, government regulations, increasing importance of skills, quality, profitability and productivity have forced organizations into an honest search for increased effectiveness of the resources they own for the achievement of their goals (Amah & Baridon, 2012, Bilgin, 2007, Pullin, 2007). Since they know that they

are accountable to many people part of whom have been enumerated above, they are constantly designing strategies aimed at making the utilization of their scarce resources effectively and efficiently in order to achieve their objectives minimizing costs as much as possible in order to maximize profit. Their ability to cope, survive and make progress is determined by the extent of effectiveness they are in the performance of their tasks.

In view of the above, researchers, management experts and other professionals have taken the bull by the horn. They have battled with the challenges of finding out the best approaches to improving the organizational effectiveness. The difference in performance between organization have been found to be positively related to the strategies adopted to achieve their objectives (Carlson, Axerl and Fredrick, 2005). Issues in globalization, multinationalism and uncertainties in the technological, cultural, economic, socio-political environments etc have created a general disequilibrium and constant change, not only in fast-moving, high-tech industries, but also in all other aspects of organizational life.

1.1 PROBLEM OF THE STUDY

Entrepreneurial organizations have increasingly realized the roles the approaches to measuring organizational effectiveness play in the realization of their goals of survival, success and sustainability (Luo, 2005). Entrepreneurship which has been advanced as the bedrock of success, growth and development of small and medium scale organizations as engines of development face many challenges one of which is selecting the best approach to measure the effectiveness of their resources. This is imperative in order to determine the extent of success or otherwise of the organization (Akata, 2003). Increase in success encourages the organizations to improve on their state for further success, but gradual failure will enable them to change existing strategies and input new strategies for increased survival, success and sustainability (Akata, 2003). But entrepreneurial organizations in Nigeria, especially in Anambra State lack these skills, competencies and experiences to choose among the approaches. As simple as this case looks, it remains very crucial and critical in the realization of the goals of most entrepreneurial organizations in Nigeria, particularly in Anambra State where most of the youths are energetic, enterprising and have increased passion for business than for formal education (Newark, 2010). Therefore, the entrepreneurial organization that finds it difficult to choose the right approach will find it also very difficult if not impossible to actualize their goals and objectives.

1.2 OBJECTIVES

This study is intended to achieve two objectives viz: Investigate the influence of each of the approaches on entrepreneurial success and compare the influences of each of these approaches for entrepreneurial success in Eastern Nigeria.

1.3 RESEARCH QUESTIONS

This study addressed two questions, viz:

- What influence does each of the approaches to organizational effectiveness has on entrepreneurial success in Eastern Nigeria.
- Which of these approaches is highly preferred by the entrepreneurs in the Eastern Nigeria.

1.4 HYPOTHESES

The study formulated and tested this null hypothesis - There is no significant influence the approaches to organizational effectiveness has on entrepreneurial success in Eastern Nigeria.

2. LITERATURE REVIEW

The concept of Organizational effectiveness has gained attention in the recent years because of the crucial roles it plays in entrepreneurial success. From a general perspective, organizational effectiveness describes the degree to which an organization reaches its goals (Etzioni, 1964). Effectiveness according to Moon-Gi, 2004 and Malik et al, (2011) takes into consideration a range of variables at both the organizational and departmental levels. To them, it evaluates the extent to which the multiple goals of the organization are attained. Because organizations are large, fragmented and tend to perform many activities at the same time, with various outcomes, Weick and Daft (1982) believes that the various approaches of performing these activities at a very high level of efficiency and effectiveness is imminent.

In view of the above, organizations, search for various approaches that will be suitable for their purpose. This study, therefore will explore the features of these approaches and compare these features for the purpose of criticizing the flaws and commending the virtues with a view to ascertaining which of these approaches contributes more to organizational effectiveness among the others.

Theoretically, organizational effectiveness is linked to three major management theorists. Fredrick Taylor stated that the effectiveness of an organization would best be determined by factors such as production, maximization, cost minimization, technological excellence among many others. Taylor's theory of organizational effectiveness hinges on the ability of the organization to minimize the costs expended on the resources of the organization in order to maximize their output, thereby leading to increase in productivity, profitability which are indices of success. Henry Fayol however, has a different view. For him the effectiveness of an organization can best be achieved by giving a clear authority and discipline within an organization. While Fayol's theory centres on the administrative aspect of an organization, it is not specific in the process of implementing organizational goals towards the achievement of the success of the organization. Elton Mayo, however, criticized Fayol for not taking care of the needs of the human factor and emphasized that organizational effectiveness as being a function of the productivity of the organization resulting from employees' satisfaction with the job and all the other factors inherent in the performance of their job.

Perhaps, a clear understanding of the concept of organizational effectiveness could be grabbed from this definition of organizational effectiveness by Weick and Daft (1982). They define organizational effectiveness as a strategic master-plan for meeting organizational objectives and prevailing societal expectations in the near future, adapting and developing in the intermediate future, and surviving in the distant future. Agreeing with this view above, Daft (1998) stated that the criteria for determining the effectiveness of an organization can be expressed both in the features of the effectiveness and their time dimension.

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Table 1: Dimension of Organizational Effectiveness

| <i>Time</i> | <i>Near Future (Approx. 1 Year)</i> | <i>Intermediate Future</i> | <i>Distant Future Approx. 5years</i> |
|--|---|--|---|
| Dimension Effectiveness Criteria | The organization must be: 1. Effective in accomplishing its purposes 2. Efficient in the acquisition and use of scarce resources 3. A source of satisfaction to its owners, employees, customers and client, and society | The organization must be: 4. Adaptive to new opportunities and obstacles 5. Capable of Developing the ability of its members and of itself | The Organization must be: 6. Capable of survival in a world of uncertainties |

Source: Daft (1998) Organizational Theory and Design

Table 2: Comparison of the Five OE Approaches

| Approach | Definition | When Used |
|--|--|---|
| Goal attainment System Resource Constituencies | An organization is effective to the extent that: it accomplishes its stated goals | Goals are clear, time bound and measurable a clear connection exists between inputs and outputs constituencies have powerful influence on the organization and the organization must respond to their demands costs, outputs and satisfaction are easily measurable |
| Internal processes | it acquires needed resources all strategic constituencies are at least minimally satisfied combines internal efficiency and affective health | |

Though, the above comparisons have been made of the models, these models have grossly been criticized. The major criticism is that the idea of trying to characterize a whole organization as totally effective or ineffective is problematic. In any complex organization, there may be parts of the organization that function well and suggest effectiveness while other aspects of that same organization perform poorly. The proponents of the above criticism based their criticisms on four central assumptions (Daft, 1998).

- Organizations face complex environments that place multiple and conflicting demands and constraints on them. It may not be possible to succeed in meeting all the environmental conditions an organization faces.
- Organizations have multiple, conflicting goals. It is impossible to maximize achievement of all goals.

- Organizations face multiple internal and external stakeholders or constituent groups that make competing or conflicting demands. It may be impossible to satisfy all groups of people who express interest in a company.
- Organizations must manage multiple and conflicting time demands. Satisfying short – or long term demands at the expense of the other may result in sub-optimal performance.

Finally, whichever model an organization intends to adopt that possibly suits its purpose must reflect the competing values of organizations (Weiner & Mohaney, 1981). These competing values are in four dimensions of structure and flexibility, focus on the internal and external environment and finally on the adequate control measures to ensure that organizational goals and objectives are achieved (Weick and Daft, 1982).

3. MATERIALS AND METHOD

The instrument used in this study was a questionnaire titled: Measuring Organizational Effectiveness Questionnaire (MOEQ). While the population of the study consisted of all entrepreneurs in the Eastern Nigeria, simple random sampling was used to select 400 entrepreneurs from the population. The instrument used in this study was a structured questionnaire. Face and content validities were ascertained while the construct validity was also established. The reliability of the study was established using a Cronbach Alpha and a reliability coefficient of 0.920 was obtained. The collected data were analyzed using percentages, frequency distribution and t-test statistic.

4. RESULTS AND DISCUSSIONS

Table 1: Frequency Counts and Percentages of the level of influence of the Approaches of Organizational Effectiveness on Entrepreneurial Success

| S/N | Approaches | Successful | | Unsuccessful | |
|-----|-------------------|------------|------|--------------|------|
| | | F | % | F | % |
| 1. | Coal Centred | 252 | 83.7 | 49 | 16.3 |
| 2. | Internal Process | 232 | 77.1 | 69 | 22.9 |
| 3. | Systems Resources | 246 | 81.7 | 55 | 18.3 |
| 4. | Constituency | 256 | 85.0 | 45 | 15.0 |
| 5. | Domain | 221 | 73.4 | 80 | 26.6 |
| | Mean | 241 | 80.1 | 60 | 9.9 |

Source: Survey data, 2012

Table 2: Grand Mean Analysis Comparison of all the Approaches and Entrepreneurial Success

| S/N | Type | N | X | SD |
|-----|-------------------|-----|--------|-------|
| 1. | Goal Centred | 130 | 115.44 | 20.33 |
| 2. | Internal Process | 121 | 105.21 | 18.26 |
| 3. | Systems Resources | 112 | 98.01 | 22.19 |
| 4. | Consistency | 172 | 120.31 | 14.24 |
| 5. | Domain | 118 | 82.27 | 30.12 |

Source: Survey data, 2012

The results of the study showed that among all the approaches, the consistent approach had the highest influence of entrepreneurial success among the entrepreneurs in the Eastern Nigeria. The highest influences might not be unconnected with the fact that consistency approach measures the effectiveness of an organization in satisfying multiple strategic constituencies both within and outside the organization. This implies that this approach is wide in the application, especially in the area of considering all the elements in both the internal and external environment of business. This finding is in line with the views of Weiner and Mahoney

(1981) which states that the best strategy for corporate performance must consider the environmental, organizational and leadership influences.

The study also found that there was a significant difference in the influences of the different approaches on the entrepreneurial success, but the constituency approach has the greatest mean of 120.21 with the least standard deviation of 14.24. This may be attributed to the ability of the approach to effectively and efficiently consider all the variables in the internal and external environment of the organization. Finally, all the other approaches are seen to have been covered by the constituency approach as seen from the review of the approaches above. The constituency approach unlike the other approaches contained all the features of organizational effectiveness as opined by Fredrick Taylor, Henry Fayol and Etlon Mayo. While Taylor stated that the effectiveness was determined by factors such as production, maximization, cost minimization, technological excellence, Fayol opined that effectiveness is a function of clear authority and discipline within an organization and finally Mayo's view is that effectiveness is a function of productivity resulting from employee satisfaction. All these views are covered by the constituency approach, hence the possibility of more effective of the constituency approach than the other approaches.

5. CONCLUSION AND RECOMMENDATIONS

Since the constituency approach was found to be more effective among all the other approaches, entrepreneurial organizations are advised to embrace the approach to ensure that their organizations, survive, succeed and remain sustained for the national and economic development of Nigeria. For the purpose of excellence, variety and innovation, entrepreneurial organizations can combine one or more of the approaches to remain competitive in the ever changing, complex, unstable and competitive business environment of Nigeria.

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