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**RESEARCH ESSAY**

**ORGANIZATIONAL EFFECTIVENESS THEORY: Application to the  
Royal Military College of Canada in the Development of Future Officers  
for the Canadian Forces**

**By**

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Organizational effectiveness is the ultimate question in any form of organizational analysis. Regardless of the ideological, political, or organizational bias of the investigator, effectiveness remains the dependent variable to be explained, sought, or opposed.

Richard H. Hall<sup>1</sup>

## **Introduction**

At the dawn of the third millenium AD, the rate of change around us is overwhelming. A new cyber-economy is changing the way people live, work, are educated or get their entertainment, while information technology is revolutionizing the way business or military affairs is being conducted. In the Canadian military, these external changes have been combined with a number of significant “internal” events. The end of the Cold War, the significant reduction in Canadian defence expenditures of the last few years, and the crisis in leadership brought about by the Somalia Affair have resulted in Canadian military leaders now facing changes of unprecedented proportion. It has been reported that the Department of National Defence (DND) and the Canadian Forces (CF) are in the process of implementing over 300 change recommendations from various official studies or inquiries.<sup>2</sup> As these recommendations are being implemented, the Department and the CF are being monitored to ensure that the changes introduced will lead to measurable improvements in the effectiveness of the CF.

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<sup>1</sup> R.H. Hall, Effectiveness theory and organizational effectiveness, *Journal of Applied Behaviourial Science*, vol. 16 (1982): 536.

<sup>2</sup> Canada, Department of National Defence, *Defence Planning Guide-1999*.

At the same time as the Department is dealing with its internal changes, the Government of Canada, through the Treasury Board, is introducing a new Expenditure Management System (EMS) which will require all government departments to report and manage on an “outcome” basis. Managing on an outcome basis means that Government Departments must be able to measure the effects or results of the activities they are carrying out or plan to implement<sup>3</sup>. As such, before decisions can be made on how and where to allocate future resources, it will be necessary to present a plan as to how the effectiveness and efficiency of a program or initiative will be measured to indicate its viability. Identifying measures that demonstrate the efficient allocation of resources and highlight successful outcomes has been extant in the private sector for more than a decade. It is going to become the wave of the future for Canadian Government Departments under EMS. Within this framework, it should be kept in mind that identifying, quantifying, and measuring the value-added or effectiveness of Human Resource programs have been and will continue to be a notoriously complex and difficult task as will be illustrated in this paper.

This paper will demonstrate that the theory, principles and methods of measuring organizational effectiveness, originally developed in academe and more latterly in the private sector since the early-80s, can be adopted by the military to measure its effectiveness. The paper will discuss what is meant by organizational effectiveness and present some of the theory, concepts and general practices used in this field. Using the Royal Military College of Canada (RMC) as a sample case, the basic aspects of

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<sup>3</sup> Canada, Department of National Defence, Chief of Defence Staff’s Issues Seminar at the Canadian Forces College, *The Defence Management Model-The planning, Reporting and Accountability Structure*

traditional models for measuring organizational performance will be discussed followed by a review of more recently developed integrative approaches. In the discussion, examples of typical problems that arise when examining the subject of organizational effectiveness will be presented. By the end of the paper, the reader should be able to appreciate why an in-depth understanding of the concept of organizational effectiveness is a necessary condition to organizational success, and be convinced that it can be used by the military to measure and maintain effectiveness across all programs and activities.

### **Leadership as a Critical Element of Organizational Effectiveness in the Canadian Forces**

Organizational effectiveness is defined as the degree to which an organization realizes its goals. As such, goals are the end-states that the organization strives to achieve, while the mission is the basis for the organization's existence. The goals are often best reflected in the vision statement of the organization. In the case of the Canadian military, the Defence Planning Guide contains the following mission statement: "The mission of the Department of National Defence and the Canadian Forces is to defend Canada and Canadian interests and values while contributing to international peace and security." It goes on to enunciate a vision statement: "Our vision is to be a highly professional Defence Team, fully capable of executing our mission, and viewed with pride by Canadians."<sup>4</sup> Ultimately, the effectiveness of the CF is determined by its ability to fulfill its mission.

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(PRAS)-*Responding to Change*, restricted publication, January 1999.

<sup>4</sup> Canada, Department of National Defence, *Defence Planning Guide-1999*

In the case of the CF, a number of business lines have been developed to accomplish its mission while supporting the vision. These business lines fall under the three major headings of **Protecting Canada, Defending North America, and Contributing to international security**. These business lines are called Defence Missions. To fulfill these missions, the Defence Management Committee has endorsed five key perspectives in October 1998. These perspectives are:

- a. operational forces,
- b. the Defence Team,
- c. leadership, professionalism, and values,
- d. contribution to Government, and
- e. resource management.<sup>5</sup>

Because of the overall complexity of trying to deal with all these business lines or key perspectives, this paper will limit itself to one aspect of effectiveness based on the importance of leadership. Leadership having been recognized as a key perspective for the success of the CF, it follows that the development of effective leaders must be a critical factor to ensure the continued success of the CF. Therefore, measuring the effectiveness of an organization such as RMC with the human resource mandate to prepare future officers of the CF would be of strategic importance.

History has demonstrated that leadership has always been considered a central factor essential to the overall operational effectiveness of the military. Hayward acknowledged the importance of leadership in determining operational effectiveness in his 1965 study on combat effectiveness. He identified “human factors” including morale, leadership and temperament as being the most important single influence on the outcome

of battle.<sup>6</sup> It is therefore not surprising that military leaders have paid particular attention to the selection and development of their officer corps. In a Canadian context, the 1997 report to the Prime Minister on the Leadership and Management of the CF reinforced this point with 22 of the 65 final recommendations being directed to the issue of military leadership. In the report, RMC was singled out as a key instrument for the renewal of the leadership and ethos of the CF.<sup>7</sup>

RMC opened its door on 1 June 1876 with this mission very much a part of its mandate.<sup>8</sup> Today, RMC's primary mission is to produce officers for a full career in the CF. How well this is done in an institution like RMC as compared to other approaches is of primary importance.<sup>9</sup> As the only remaining Military College in Canada, RMC presents a challenging and unique case study, well suited for examining the principles of organizational effectiveness. This subject is topical given that there is still a debate about the need for having an institution such as RMC. Dr Desmond Morton expressed such a sentiment about the need for RMC when he highlighted the contributions of Sir Arthur

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<sup>5</sup> Canada, Department of National Defence, Chief of Defence Staff's Issues Seminar at the Canadian Forces College, *DND/CF Performance Measurement Framework: 'Objectives, Critical Success Factors, and Goals,'* restricted publication, January 1999.

<sup>6</sup> P. Hayward, The measurement of combat effectiveness, *Operational Research*, 16, (1968) 322.

<sup>7</sup> Report to the Prime Minister on the Leadership and Management of the Canadian Forces, by The Honourable M. Douglas Young, P.C., M.P., Minister of National Defence, Minister of Veterans Affairs, 25 March 1997.

<sup>8</sup> RMC was established by an act of the Canadian Parliament in 1874 "for the purpose of providing a complete education in all branches of military tactics, fortification, engineering, and general scientific knowledge in subjects connected with and necessary to thorough knowledge of the military profession." Extract from RMC's home page at [www.rmc.ca/rmcwhat.html](http://www.rmc.ca/rmcwhat.html)

<sup>9</sup> This is really to try to focus on the question of determining what possible co-variable dependencies might exist based on the culture that exists at the College. Muchinsky bases this discussion on his work about criterion deficiency, relevance and contamination. This is where he also reports Wherry's comment: "if we are measuring the wrong thing, it will not help to measure it better." Paul M. Muchinsky, *Psychology Applied to Work- An introduction to Industrial and Organizational Psychology (5th ed.)*, Toronto: Brook/Cole Publishing Company (1996) 64-67.

Currie, General A.G.L. MCNaughton, Major-General Bert Hoffmeister, and Generals Jacques Dextraze and Gerald Theriault.<sup>10</sup>

There is another important reason for understanding RMC's effectiveness in preparing people for a military career. Is there something different about the military culture that can only be developed under specific conditions? The military has tried to capture this under the concept of operational effectiveness. Is there something gained from the education and environment provided at the College that would appear under the stress of real combat and make a major contribution to operational effectiveness? Can it be identified, codified and measured? Within this context, it might be argued that there are unique values that can only be developed when the right human relationships have been established. In combat, when one's life is in the hands of others, unquestioned trust in their judgement and decisions is of paramount importance. The bond of friendship developed at the same school could be an important confidence builder in this process.

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<sup>10</sup> Report to the Prime Minister, *A paper prepared for the Minister of National Defence by Desmond Morton McGill Institute for the Study of Canada*, 25 March 1997, 24.



## **RMC and Leadership**

RMC is going through a significant transformation. Initially triggered by the 1994 Federal Budget that resulted in the consolidation of three Canadian Military Colleges to RMC, this transformation was accelerated by the proposed changes to the CF officers development program. In his March 1997 report to the Prime Minister on the Leadership and Management of the CF, then Defence Minister Doug Young made 65 major recommendations. Of 22 recommendations dealing specifically with leadership, five recommendations were of particular interest to RMC. The first key recommendation was that a university degree be a prerequisite to commissioning as an officer in the CF (with the only exceptions being made for those commissioned from the ranks). The next three recommendations included the requirement for a thorough review of the undergraduate program at RMC, increasing the number of military professors at the College, and strengthening the cooperation between RMC and other institutions of higher learning. The final recommendation was for the creation of a Board of Governors with appropriate geographic and gender balance to provide enhanced guidance to the College.<sup>11</sup> In spite of the controversy about the need for RMC, it is important to note that the Minister believed RMC had a key role in the renewal and the future leadership of the CF.

The recommendation of a thorough review of the undergraduate program at RMC was quickly actioned by its Board of Directors which commissioned an independent

study under the stewardship of General Withers (ret'd), a former Chief of Defence Staff. The Withers' report, submitted to the Minister of National Defence on 22 June 1998, contains 34 main recommendations.<sup>12</sup> By approving the Withers' Report with minor exceptions on 15 September 1998, the Minister accepted that the Balanced Excellence Model (BEM), based on the four pillars of academics, military training, physical fitness and second language proficiency could be taken as the mission of RMC. In communicating the Minister's response to the Withers' Report, Lieutenant-General Dallaire was quick to highlight that the proposed changes represented a significant departure from current practices at RMC. He noted that these changes would have implications that would reverberate through junior officer training across the Forces. He also stated that these implications would need to be identified in detail, assessed against the needs of the three Services, and modified if and or when required.<sup>13 14</sup> In organizational effectiveness parlance, changes need to be continuously monitored and updated if necessary.

For all intents and purposes, the report is a strong indicator of the need for RMC to close the gap between its current *modus operandi* and desired end-state. To close this gap, RMC should know whether it is effective in what it purports to achieve. It needs to identify in which areas its approach to officer development needs to be improved and by

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<sup>11</sup> Report to the Prime Minister on the Leadership and Management of the CF, 25 March 1997.

<sup>12</sup> Report to the RMC Board of Governors by the Withers' Study Group, *Review of the Undergraduate Program at RM*. Extracted from the Internet at [www.rmc.ca/boardgov/reports/withers/doc-e.html](http://www.rmc.ca/boardgov/reports/withers/doc-e.html).

<sup>13</sup> Canada, Department of National Defence, Letter 4500-240 (ADM (HR-MIL)) 24 Sep 1998- Officer Education and Training-Planning for the future. Letter from Lieutenant-General Dallaire discussing the Withers' Report on the RMC Undergraduate Program. Extracted from the Internet at [www.rmc.ca/boardgov/reports/withers/doc-e.html](http://www.rmc.ca/boardgov/reports/withers/doc-e.html).

<sup>14</sup> It must be made clear that the purpose of this paper is not to review, comment or even assess any of the recommendations of the Withers' report or the subsequent action plan being developed for implementing most of the report's recommendation in one way or another. This paper accepts *a priori* that the report

how much. Along the way, it must identify areas that should be given priority and greater resources, perhaps to the expense of other areas. Finally, RMC will need to monitor its progress over time to determine whether the recommendations being implemented are indeed delivering the expected outcomes or results. RMC will have to report regularly on its progress or lack thereof.<sup>15</sup> Where progress is lagging, it will need to isolate the problems and work on alternative solutions to try to achieve the desired end-state advanced by the BEM.

These are typical questions that can be addressed through the perspective of organizational effectiveness theory and practice. By subjecting the case of RMC to organizational effectiveness methodology, it should be possible to show which of the questions could be answered and what types of issues pose further difficulties.

### **Organizational Effectiveness Theory and Performance Measurement**

In the literature, organizational effectiveness is defined as the degree to which an organization realizes its goals, while efficiency is a more limited concept that pertains to the internal working of the organization and is defined as the amount of resources used to produce a unit of output.<sup>16</sup> As most people are fond of saying, efficiency is doing things

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contains a viable strategic direction along with specific measures to indicate the commitment of the CF to the Institution.

<sup>15</sup> Recommendation 34, Report to the RMC Board of Governors by the Withers' Study Group, *Review of the Undergraduate Program at RMC*. Extracted from the Internet at [www.rmc.ca/boardgov/reports/withers/doc-e.html](http://www.rmc.ca/boardgov/reports/withers/doc-e.html).

<sup>16</sup> R.L. Daft, *Organizational Theory and Design*, (6<sup>th</sup> edition), Cincinnati: South Western College publishing (1998) 58.

right while effectiveness is doing the right thing.<sup>17</sup> Viewed in its simplest form, an organization can be seen as a system where inputs from the environment go through a transformation process (the organization) to produce outputs, which are in some fashion subsequently absorbed by the environment. Figure 1 presents a model of this basic organizational system along with the perspectives or approaches to analysing the effectiveness of the organization.

To further facilitate analysis of the transformation processes taking place in the organization, it is useful to describe a six step process followed by an organization as it implements a program or new initiative. First, a mission is developed. This mission, either crafted by the organization itself or handed down from a "superior" organization, and based on an external environmental scan (i.e., the predicted effect that opportunities, threats, available resources, etc... will have on the organization) will identify a desired objective or end-state. Second, the organization then develops goals and a strategic plan to accomplish the mission identified in the first step. Third, senior management should complete an internal environmental scan by reviewing its relative internal situation (i.e., the current strengths, weaknesses, past performance, leadership styles, etc... displayed by the organization) and then proceed to design, staff and resource the organization to implement its strategic plan and achieve the stated objective. Fourth, during the implementation, external and internal factors start influencing the achievement of the goals. Fifth, senior management establishes an on-going auditing process that monitors the results and tries to isolate and understand problems that impede the successful

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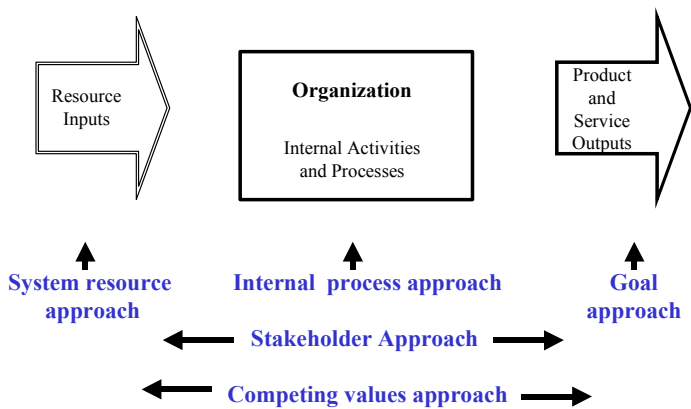
<sup>17</sup> R.M. Kanter & D. Brinkerhoff, *Organizational Performance: Recent Developments in Measurement, Annual Review of Sociology*, vol. 7 (1981) 322.

accomplishment of the mission. Finally, using the information from the auditing process, major or minor adjustments are made to the organization to "fix" the problems and to reach the goals of the organization.

At first glance, one might be tempted to assume that the process described above to be rather straightforward. In reality, there are problems and issues that can interrupt the achievement of the goals at any step along this process. For example, in step one, organizations can often end up with a poorly developed mission. In step two, with multiple goals, some of these goals might be contradictory, or the dominant decision-makers cannot agree on the mission and goals; thus, the final choice of goals could be less than optimum. In step three, the most obvious problem would be an inadequate allocation of resources to implement the proposed strategy; however, an inadequate environmental scan may also prove problematic. In step four, problems with timing, personal behavior, or external market conditions can all affect the implementation of the strategy and the achievement of goals. For example, the early departure of a key person can have major downstream impact. In step five, senior management might not be focussing on the correct criteria (performance measures) or fail to identify the right problems. Finally, in step six, the proposed adjustments might be inadequate or inappropriate.

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**Theoretical Approaches to the Measurement of Organizational Effectiveness**



Adapted from Daft (1998)

effectiveness encompasses the entire process, but can be critically thwarted if the appropriate performance measures are not identified in step five. Thus, in theory senior management should put a mechanism in place to review the fit between performance measures and strategic priorities on a periodic basis. The challenge has been to determine the most effective methodology to integrate this very important activity.

### **Figure 1-Measurement of Organizational Effectiveness**

As illustrated in Figure 1, the various approaches to measuring organizational effectiveness were based on either the output (goal approach), the inputs (system-resource approach) or the organization's transformation process (internal process approach). Each of these approaches has strengths and weaknesses, and as their shortcomings became more obvious, more integrative approaches were developed and have now gained wide acceptance. These approaches are the stakeholder and competing-values methods.<sup>18</sup> All five of these approaches will be examined below.

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#### **Goal Approach**

In practice, the goal approach has been the most common monitoring method; it focuses on the products or services output of the organization. Daft provided an excellent summary of this approach when he wrote:

The goal approach to effectiveness consists of identifying an organization's output goals and assessing how well the organization has attained these goals. This is a logical approach because organizations do try to attain certain levels of output, profit, or client satisfaction. The goal approach measures progress toward attainment of those goals.<sup>19</sup>

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<sup>18</sup> R.L. Daft, *Organizational Theory and Design*, (6<sup>th</sup> edition), Cincinnati: South Western College publishing (1998) 59.

<sup>19</sup> Daft, (1998) 60.

As Daft reported, this approach was and is still used extensively in the business world. Mostly financial indicators define effectiveness in that context. The most common indicators are profit margin, rate of growth, return on investment and market share.<sup>20</sup> The major advantages of these types of indicators are that they are fairly simple to calculate, well understood, and can be tracked with regularity. For publicly traded companies, these indicators are also highly visible given the normal reporting requirements imposed by regulatory agencies. Although effectiveness can be measured using the goal approach, the indicators of success only measure a narrow purview. There may be other areas that are important to the effectiveness of the organization, such as dollars paid for resources, which are not examined by the goal approach. Other indicators might have no meaningful value. For example, knowing that one car producer controls X or Y percent of a local or national market can hardly be linked to its overall effectiveness as the dealer might well be trying to eliminate the competition by selling cars at a loss. Another disadvantage of this approach is that it is not well suited to deal with intangible goals or outputs such as employee welfare, motivation, or job satisfaction.

From the comments above, it can be seen that such an approach would be ill suited to look at an academic institution such as RMC. While it can capture and measure such items as percent of graduates per class or number of degrees granted per year, it would not help much in determining the quality of each graduate or the value-added for the CF by measuring these outputs. However, it would be an easy way to demonstrate compliance with the Minister's desire to increase the number of "degreed" officers.

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<sup>20</sup> Daft, (1998) 62.

In the case of measuring the quality of each graduate from RMC, the challenge would be to determine how to assess graduates, both individually and in aggregate. One could postulate that this assessment would include an amalgamation of the point grade averages of the graduate, physical fitness, military competency and second language scores (the four pillars of the BEM). However, should other indicators be included in this quality index? Should social skills, character, intellect, etc, be part of the index in question? How would leadership development be measured? What should be the proper weighting factors assigned to each indicator? Should the weighting factor be the same for all graduates? Is there a difference between a graduate with strong academic results and marginal second language proficiency and vice versa? How would one assess a graduate with strong leadership skills and marginal academic results? Would all Services place the same value on each of these graduates? These questions and many others indicate the complexity inherent in establishing a key goal, which would be considered an intangible output. Unless one is prepared to address these types of issues, how could it be determined what is correct in the current transformation process of the College and what needs to be changed? At this point, without goals, which are actionable, obtainable and measurable, the goal approach would appear to be of limited value to measuring the effectiveness of the College.

### **System-Resource Approach**

Many government and nonprofit organizations recognizing the limitations of the first approach in dealing with less tangible outputs try instead to focus on observing the



inputs to the organization. This approach is called the system-resource approach and Daft described it as follows:

The system-resource approach looks at the input side of the transformation process... It assumes organizations must be successful in obtaining resource inputs and in maintaining the organizational system to be effective. Organizations must obtain scarce and valued resources from other organizations. From a system's view, organizational effectiveness is defined as the ability of the organization, in either absolute or relative terms, to exploit its environment in the acquisition of scarce resources.<sup>21</sup>

Thus, in an environment where it is difficult to attract scarce resources, the success of an organization in acquiring resources is used to gauge its effectiveness. For instance, this approach may be used when the relatively more simple measures of goal attainment are not available, inconclusive or when the output goals always exceed the capability of the organization, as in the case of most charitable or social welfare organization. It is difficult to describe the advantages of such an approach given that it is used as a proxy when the other methods are not applicable. In a sense, the goal approach is more revealing, but the system-resource approach remains a very viable model for indicating effectiveness. The private sector uses the system-resource approach as a performance measure: consider the attempts to hire top-notch employees, the top salesman from the competitor, or the best researcher from a laboratory. When looking at the disadvantages of this approach, a major concern is the possibility that resources being provided without any relationship to the overall effectiveness of the organization could distort the input numbers being tracked. For example, a particularly generous benefactor might have an emotional attachment to an organization regardless of its effective use of the resources received. The counter-argument is that the organization was able to attract the generous

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<sup>21</sup> Daft, (1998) 62.

benefactor in the first place and with an effective marketing campaign, it might be able to attract many more and thus be able to support more needy causes.

Major elements of this approach have appeared for the last eight years in the Maclean's annual ranking of Canadian universities. The students' leaving high school grade, proportion of students with a 75% or higher average, awards and grants received per permanent faculty member are all indicators used by the magazine to evaluate and rank the universities.<sup>22</sup> Over the years, the ranking process has generated considerable discussion, with a few universities pulling out of the program. There have been complaints that most of the indicators were too generic to evaluate the effectiveness of individual programs.<sup>23</sup> This illustrates one of the rather sensitive aspects of organizational effectiveness, where the organization has to deal with a plethora of constituencies with differing perspectives on what constitutes success.

Considering the visibility generated by the Maclean's annual survey, one might be tempted to assume that it would be of value to apply it to RMC, although there might be a need for adjustment in a few areas to account for the different funding mechanisms of the College. With the proposed increase in enrollment, the College will almost be of similar size to some of the smaller Canadian universities. It would be interesting to compare the quality of the students being recruited at RMC with all the Canadian universities, given that RMC is really a national institution trying to reach across the

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<sup>22</sup> Maclean's Canada's weekly magazine, *8<sup>th</sup> Annual Ranking of Canadian Universities* Nov 23, 1998, Vol 111, no 47, pages 30-74.

<sup>23</sup> Maclean's Canada's weekly magazine, *The Mail*, Dec 7, 1998, Vol 111, no 50, page 4 & Dec 14, Vol 111, page 6.

country for the best students. Furthermore, comparing the quality of the students being recruited to the quality of students directed to the civilian Regular Officer Training Program (ROTP) or recruited in the Direct Entry Officer (DEO) programs would help to better understand the overall value-added of RMC. One of the arguments that has come forward over the years was that one of the reasons better universities were producing excellent graduates was that they were starting with better students in the first place.<sup>24</sup> Could it be the same case for RMC? This type of an analysis would certainly be an excellent point of departure for determining the value-added by RMC.

### **Internal Process Approach**

The last traditional method called the internal process approach is probably the most familiar to intermediate level managers since it focuses on observing the internal activities of the organization. Daft summarized the approach as follows:

In the internal process approach, effectiveness is measured as internal organizational health and efficiency. An effective organization has a smooth, well-oiled internal process. Employees are happy and satisfied. Departmental activities mesh with one another to ensure high productivity. This approach does not consider the external environment. The important element in effectiveness is what the organization does with the resources it has, as reflected in internal health and efficiency.<sup>25</sup>

Probably the best-known indicators or criteria used in this approach are called the measurements of economic efficiency that were developed by W. Evan. Daft described them in this way:

The first step is to identify the financial cost of inputs (I), transformation (T), and outputs (O). Next, the three variables can be combined in ratios to evaluate various aspects of organizational performance. The most popular

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<sup>24</sup> R.M. Kanter & D. Brinkerhoff, *Organizational Performance: Recent Developments in Measurement, Annual Review of Sociology*, vol. 7 (1981) 331.

<sup>25</sup> Daft, (1998) 63.

assessment of efficiency is O/I. For an automaker, this would be the number of cars produced per employee. For a hospital, the O/I ratio is the number of patients per annual budget. For a university, it is the number of students graduated divided by the resource inputs. The O/I ratio indicates the overall efficiency for an organization.<sup>26</sup>

The major advantage of this approach is its simplicity and the fact that it can be applied to the sub-elements of an organization to show the relative efficiency of these sub-elements. One of its major shortcomings is that it ignores the external environment; this means that you could be producing a product very efficiently but customers might not be buying it. If you are in the police or the military, the taxpayer might not be aware of your superb operational evaluations but rather may judge your effectiveness on other criteria perhaps spawn by media stories. Another shortcoming is that depending on the relative weighting of the inputs, aggregates ratios could hide huge inefficiencies. A recent study by McMillan and Datta of the relative effectiveness of 45 Canadian universities illustrated this point when comparing undergraduate programs. Because of the different cost for each type of program and different ratios between the Arts, Sciences and Engineering student population at each university, it was impossible to establish which university had the most efficient program.<sup>27</sup>

Considering RMC, this approach would look at cost per graduate, number of graduates per year, staff to student ratios and other similar measurements based on the general concept that lower costs per graduate is the major indication of efficiency or effectiveness. However, based on the McMillan and Datta study, these types of

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<sup>26</sup> Daft, (1998) 63.

<sup>27</sup> M.L McMillan, D. Datta, The Relative Efficiencies of Canadian Universities: A DEA Perspective, *Canadian Public Policy*, XXIV no. 4 (December 1998) 485-511.

indicators need to be broken down at the faculty level to better account for the significant cost difference associated with each discipline (i.e., costs are far greater to graduate engineering students than arts students).<sup>28</sup>

As pointed out by Daft, the major criticism against the traditional approaches described above is that while each method has something interesting and valuable to offer, it only presents one part of the bigger picture. Thus, excessive reliance on only one method fails to provide a satisfactory overall assessment of the effectiveness of the organization.<sup>29</sup> Recognizing the shortfalls of the traditional methods, both academics and managers have worked on implementing more integrative approaches. The more recent methods better recognize the multifaceted aspects of an organization and have attempted to find more accurate ways of reflecting this reality. The best-known methods include the “stakeholder” and the “competing-values” approaches.

### **Stakeholder Approach**

In the stakeholder (also referred to as the constituency) approach, the focus is on the organizational stakeholders, where stakeholders are defined as any group inside or outside of the organization that has a stake in its performance. Typical stakeholders include the owners, employees, customers and suppliers; less visible stakeholders would include special-interest groups, local communities, and governments and their regulatory agencies.<sup>30</sup> Given that stakeholders have different interests, they would define effectiveness according to their own needs and priorities. Thus while owners would like

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<sup>28</sup> M.L MCMillan, D. Datta, (December 1998) 485-511.

<sup>29</sup> Daft, (1998) 64.

<sup>30</sup> Daft & Sharfman, (1995) xx.

to optimize profits, employees would like their wages to be optimized, and the customers would be looking for affordable, reliable and high quality products.

By taking a broad view, both for the short and long term, of all the competing interests and of the internal and external factors affecting the organization, Stakeholder information can help management balance the resources, sort out the priorities and minimize the conflicts within the organization. Thus going back to the six-step process described earlier at steps one and three, management gains a better sense of both the internal and external factors impacting on the achievement of their goals. At step five, it gains a greater understanding of the complexity of the problems that impede the successful accomplishment of the mission. Ultimately, the feedback and adjustments would be more in line with the reality of the external and internal situations and, thus, more effective in bringing about the desired results more quickly.

The major premise of the stakeholder approach is that the greater numbers of stakeholders that can be satisfied, the greater the effectiveness of the organization. It must be remembered that frequently satisfying one stakeholder may upset or offend one or more of the other stakeholders. Thus, increasing profits for the shareholders at the expense of cutting back the wages of the employees while effective in the short term could backfire when the most productive employees leave the organization for more generous competitors. In addition, one might have to consider that some stakeholders are truly never satisfied, only that they are not dissatisfied such is the case with a number of regulatory agencies. Note also that measuring the level of satisfaction of a cross-section of the stakeholders on a regular basis can be a large undertaking and that significant

resources might be required to actually determine which indicators of satisfaction is applicable for each stakeholder. Furthermore, it is important to ensure that the indicators in question are indeed valid and interpreted appropriately.

In the case of RMC, the major stakeholders would include the staff, both military and professors, as well as other support staff, the officer-cadets and other students at the College, each of the three Services, and Canadian Forces Education and Training System. The other stakeholders would comprise ex-cadets, parents and Canadians in general. The new strategic direction being provided to RMC as proposed in the Balanced Excellence Model (BEM) is based on the competing interests of the four pillars of academic, military training, physical fitness and second language excellence. As such, the use of the stakeholder approach would appear to offer a good fit.

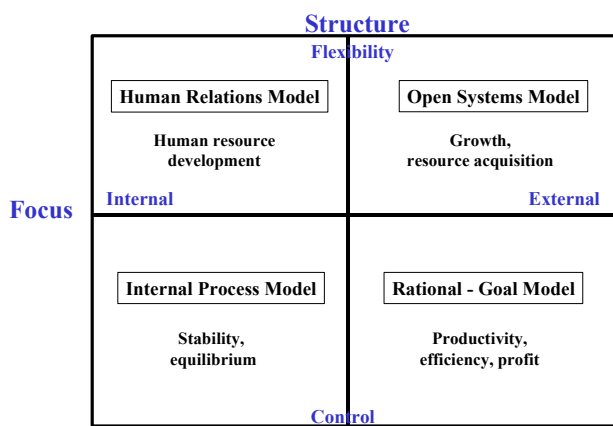
As a first step, further work would be required with each of the stakeholders to identify the appropriate criteria to capture their primary areas of interest. A second and more critical step would be to determine the interrelation that must exist between all the pillars in order to achieve an overall equilibrium. The Withers' Report, in giving an assessment of the "as is status", pointed out an imbalance between the academic and military pillar when it stated that the academic pillar was the strongest pillar at the College while the military pillar was unacceptably weak.<sup>31</sup> But other examples come to mind. Considering the physical fitness pillar, excellence is normally achieved through long training and competitions. These activities tend to consume both time and energy.

Without the right balance, it could consume so much of a cadet's energy that she/he would have little left for other activities. Striking the right balance between all the pillars will require frank dialogue and flexibility among all stakeholders.

### Competing-Values Approach

In the competing-values approach, Quinn and Rohrbaugh, analyzed diverse indicators of performance to identify two underlying dimensions of effectiveness criteria: focus and structure. Focus concentrates on whether an organization's dominant values are concerned with its internal processes (e.g. human resource) or its external stakeholders (e.g. customers, suppliers). The structure dimension is concerned with whether the organization's value system depends on flexible or highly controlled human resource management styles. After synthesizing their results, they mapped the focus along the horizontal axis and the structure along the vertical axis, thus creating four quadrants as can be seen in Figure 2 below.

Competing Values Approach to Organizational Analysis



<sup>31</sup> Sections on the academic and military pillars (pages 15-20), Report to the RMC Board of Governors by the Withers' Study Group, *Review of the Undergraduate Program at RMC*. Extracted from the Internet at



*Adapted from Quinn and Rohrbaugh*

### **Figure 2- Competing Values Model**

Each quadrant highlights dominant values that define the characteristics of that organization. The quadrants are the Human Relations, Open System, Rational Goal, and Internal Systems Models.<sup>32</sup> This approach allows the integration of diverse concepts of effectiveness into a single model showing the continuum between the difference approaches. It also illustrates that these approaches may coexist within the same organization, although they might not all receive the same emphasis. The model could be particularly useful for analysis when different values and cultures exist within large segments of the organization.

The competing-values approach seeks performance indicators from all four organizational models. Typically, it will look at the goals of human resource development from the human relations model; growth and resource acquisition from the open system model; stability and equilibrium from the internal model; and productivity and efficiency from the rational goal model. As such, this approach can be all-inclusive by capturing as many indicators as possible and mapping them accordingly; however, its main value lies in identifying the primary values which drive an organization and assists in choosing the criteria required for measuring performance in that organization.

If one accepts that there is no perfect model for an organization and that no organization can ever function properly by embracing only one model, then it follows that accepting some key indicators or criteria of each approach and monitoring them

would make sense. In the case of RMC, the hypothesis that each pillar might foster different primary values seems entirely plausible. Therefore, such an approach might be useful to deal with the relative tension that exists at the College, while each group tries to emphasize its own pillar of academics, military training, physical education, or second language. Since each one of these pillars places different demands on the organization, they need to be managed effectively. Furthermore, the valued-added of the College is achieved only if all four pillars are relatively weighted and agreed upon by the various constituencies.

### **Potential Performance Indicators for RMC**

Having gone over the traditional and integrative approaches of organizational effectiveness and pointing out the general advantages and disadvantages of the various models, it is now appropriate to concentrate on performance measures unique to RMC. One of the keys underlying the potential of the undergraduate program at RMC is that it produces graduates with unique professional and personal skills and qualifications to meet the unique challenges of a career as Canadian Forces Officers. In order to demonstrate the “value-added” of the program, additional indicators would be required that may not be useful in other venues. One specific measure of organizational effectiveness of RMC must be to demonstrate how well it delivers on its underlying commitment to provide officers that are capable of making the greatest contribution to the CF. Thus, there is a need for a comparative analysis to demonstrate whether or not

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<sup>32</sup> Robert E. Quinn. *Mastering Competing Values: An Integrated Approach to Management*, extract from *Beyond Rational Management*, Jossey-Bass, Inc., (1988) 32.

RMC is achieving or will achieve better results than other programs designed to produce officers for the CF?

While it is difficult to determine exactly the types of indicators that would prove or measure exactly the value-added by RMC, a review of some historical data might at least show potential indicators. Dr Jack Granatstein reported that 21 of the 66 generals in the Canadian Army during World War II had graduated from RMC. He stated that they held most of the key positions most of the time. He also reported that in the Army, 281 ex-cadets had held the rank of Colonel or above; 114 had been killed; and 678, or close to half of those engaged had won decorations ranging from the Victoria Cross to the George Medal.<sup>33</sup> However, these impressive figures are seen as merely historical anecdotes; RMC can not depend solely on its glorious past. In the modern era, an attempt to establish clear links between the education and training received at the College and the outstanding leadership displayed by so many ex-cadets in the field is required.

Today, the question is more likely: how well have they done lately? The next question is inevitably: can they prove that this will still work tomorrow? These are difficult questions, but an analysis of the number of graduates achieving general officer rank could be used as one type of performance measure. An other indicator might be developed for each graduating class to show the percentage of officers that have reached the major rank or went on to achieve graduate school status after 9 years of commissioned service.

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<sup>33</sup> J.L. Granatstein, *THE GENERALS: THE CANADIAN ARMY'S SENIOR COMMANDERS IN THE SECOND WORLD WAR*, (Toronto: Stoddart Publishing, (1995) 9.



One last performance measure example is the question of accounting for human capital as applied to the retention rate of RMC graduates. A perennial argument about the effectiveness of RMC has been the retention or lack thereof of its graduates after their compulsory service. Unfortunately, the haphazard human resource policy to implement personnel reductions in the last few years has partially distorted this potential indicator for the foreseeable future. This is further complicated by the lack of comparative data for the different officer production programs. Unless one has the retention rate for all the programs for a similar timeframe, knowing the retention rate of only RMC graduates is really quite meaningless. Use of the retention rate is even more suspect when one tries to relate everything back to RMC. The ongoing general conditions in the CF have a significant influence on the final decision to pursue a full career. For example, the pay-freeze for five years may have convinced many officers to seek more lucrative employment on the civilian economy. Given that other factors influence retention, in particular the classification and employment of the graduates within each Service, do we know whether the retention rate is the same for each Service? In actual fact, from RMC's academic point of view, poor retention could well be considered an indicator of academic excellence, given that the graduates can readily find employment in Canadian society. The fact that the CF might not be competitive should not be considered an indication of RMC's poor performance, although academic excellence should not be the only reason for RMC's existence.

If the economy has a positive or negative effect, the retention rate for both the RMC and civilian ROTP programs would be expected to be similar. However, this might

not be entirely correct if there is a significant difference in the qualifications or expertise, whether real or imagined, between the two groups at the outset. Thus, more information is required to determine the points of comparison between the groups.

## **Conclusion Section**

In summary, the CF is in a period of major change and renewal where traditional practices and values are being challenged. As changes are being implemented, partially in response to calls for even further and more drastic changes, there is a need for senior management to make increasingly more difficult decisions to ensure the effectiveness and efficiency of the Department and the CF. By applying the theory, principles, and methods of measuring organizational effectiveness to RMC, this paper has provided insights as to how the methodology may be adopted by the military to measure its effectiveness. By discussing potential performance indicators, the paper demonstrated that the methodology developed in academe and the private sector is of relevance to a modern military.

The paper illustrated that applying organizational effectiveness methodology to human resource programs can be a complex task fraught with difficulties. Nonetheless, measuring organizational effectiveness remains a key responsibility of senior management in both the public and private sector. Without reliable and comprehensive indicators of performance, senior management is forced to allocate scarce resources only by best judgement and intuition. In the hypothetical case of RMC, without unique indicators similar to the ones mentioned in this paper, senior management will not be

able to draw appropriate conclusions regarding the overall effectiveness of the College. When considering further changes, they are more likely to select the right option more by chance than by design. Without a comprehensive organizational effectiveness methodology, they are depriving themselves of the ability to optimize their organization. However, in its effort to implement the Expenditure Management System, the Department is already on its way to adopting aspects of organizational effectiveness methodology that have made impressive positive changes to the way business is conducted in the North American private sector.

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