

Role of Organisational Efficiency in Improving Productivity : A Micro-level Evidence from Indian Industry

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This paper aims at evaluating the role of organisational efficiency in improving productivity, based on qualitative, primary, firm-level data obtained from eight large scale manufacturing firms operating in different industries in India. The analysis shows that the effectiveness of organisational effort across firms is not proportional to their absolute organising effort and that the firms attain varying degrees of organisational efficiency irrespective of their type of ownership, private or public. Finally, the empirical evidence suggests that it is the degree of organisational efficiency which matters first for improving productivity of firms and all other considerations, technological or others, automatically follow from it.

Objective of this paper is the evaluation of the role of organisational efficiency in improving productivity of manufacturing firms. The study is based on some qualitative primary data collected from eight large scale industrial firms in India, by means by a questionnaire and personal interviews with their top level executives. The data are qualitative in the sense that they comprise of executive responses and reflect the quality of organisational efforts.

The paper is spread over four sections. The first section discusses some of the conceptual aspects. Section II outlines certain methodological points related to the study. The results and discussion are appearing in the next section while the last section presents a summary of the findings.

Section I

The economic theory of production classifies organisation as a factor of production. Its function is thought "to bring the other factors together, to determine and control the rate and frequency of their interactions [in the process of generating output], and to create [and preserve and modify] a conducive environment in which the above factors could stay together and interact efficiently" [Rameshan P.,