

Some Conceptual and Related Aspects of Organisational Efficiency

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Although conventionally 'organisation' has been considered a factor of production in economics, the economists have paid very little attention either to explaining the concept adequately or to evaluating precisely the crucial role of organisational efficiency. This neglect is possibly due to the various technical difficulties associated with its conceptualisation and measurement. In this backdrop, the present study aims at analysing the various conceptual and related aspects of organisational efficiency with a view to familiarise the readers with its intricacies; to emphasize its significance as the ultimate force behind a firm's success; and, thereby, to bridge, to some extent, the information gap existing at present in this respect.

Introduction

Organisational efficiency may be broadly defined as the effectiveness with which a business firm's operations are carried out in the short and long runs. In their recent research works, Rameshan (1992) and Rameshan and Trivedi (1995) have attempted to show that the greater the organisational efficiency the better are the returns likely to be accrued to a firm in terms of continuous technological improvements, rapid productivity growth, rising quality consciousness, increasing competitive edge and, therefore, higher long-run profitability in money terms as well as goodwill. Indian firms also seem to think in this direction since recently; and, that is perhaps the rationale for the economic rejuvenation going on here involving the public and private sectors alike.

But, organisation as a factor of production has been quite neglected in the conventional economic analysis most probably on account of the technical difficulties associated with its conceptualisation and measurement. Thus, till recently, 'technology' and 'capital intensification' usurped almost the entire analytical efforts on productivity of many of the celebrities in economics including Solow and Salter. It has been only since the fifties that atleast some attempts were made by researchers to acknowledge its value to a firm (Harbison, 1956; Leibenstein, 1975, 1980, 1987; Wintrobe and Breton, 1986). Even now, a wide information gap is visible in the economic sphere with respect to the organisational intricacies. This is particularly so in India where practical research always suffered from neglect and resource crunch.

In this paper, therefore, our attempt is to address to some of the missing links in regard to the above and to analyse the various aspects of organisational efficiency in the light of intuitive logic and our empirical observations.

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