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EVALUATING ORGANIZATIONAL EFFECTIVENESS

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Abstract

The paper provides an approach to defining organizational effectiveness as a state of relations within and among relevant constituencies of the organization. Further on a review of relevant research on evaluating organizational effectiveness is provided and a methodology for evaluating effectiveness through a multiple constituency approach is proposed. The method is elaborated and tested on a case, of one administrative agency in the Republic of Macedonia, the Administration Agency for a period of 13 years.

Keywords: *public administration, Administration Agency, organizational effectiveness, multiple constituencies approach, decision makers, task execution, operative readiness, external factors.*

1. Introduction:

Traditional Propositions and Definitions of Organizational Effectiveness

One of the ongoing and increasingly visible problems in public management is how to assess organizational effectiveness. Some of the most persistent issues associated with effectiveness have been identified by Paul. S. Goodman and Johannes M. Pennings, but there is continuing disagreement about criteria and indicators (Stevens: 1984, 372). Discussions of effectiveness focused on various criteria and models, ranging from reviewing the validity of the rational goal-seeking models and internal processes, various alternatives such as the system resource perspective which emphasized the value of acquiring scarce resources from the environment, some emphasized global indicators of effectiveness and others focused upon specific criteria. All there differences considered they shared a crucial assumption: that it is possible and desirable, to

arrive at a single set of evaluative criteria, and thus at a single statement of organizational effectiveness. In order to relax this assumption, a group of authors argued for a multiple constituency and "multiple objective model" in order to assess effectiveness (Connolly, Conlon, Deutsch: 1980, 212). The proposition is a view of organizational effectiveness in which several (or, potentially, many) different effectiveness statements can be made about the focal organization, reflecting the criterion sets of different individuals and groups referred to as "constituencies".

Crucial in any attempt to adequately assess organizational effectiveness is providing a comprehensive (as can possibly be provided) definition. Most authors have argued that such a definition is impossible to be provided as yet, however there are certain characteristics common to most definitions. Organizational effectiveness is not a unitary construct. Effectiveness implies an effective external as well as internal (strategic, managerial) approach, needing to assess resources, authority, professional skills, cooperative mechanics and systematic assessments of critical contingencies. The multiple constituencies approach is what makes evaluating organizational effectiveness difficult because there is no one single method or technique to evaluate all the processes within an organization, the organizations outputs and the long-term outcomes of the projects that organization carries out. The overall organizational effectiveness requires a specific set of methods (instruments) appropriate for each constituency and a proposition that there is some level of dependency between them, or that each process in the organization influences the other, thus the proper interpretation of how relationships between various processes in an organization may serve as a basis for evaluating how effective that organization is overall.

Gartner and Ramnarayan proposed a paradigm model that views effectiveness as the ability of an organization to account successfully for its outputs and operations to its various internal and external constituencies (Gaertner, Ramnarayan: 1983, 97). They argued that effectiveness in organizations is not a thing, or a goal, or a characteristic of organizational outputs or behaviors, but rather a state of relations within and among relevant constituencies of the organization, thus an effective organization is one that is able to fashion accounts of itself and its activities in ways in which these constituencies find acceptable. The accounts may be for various purposes to various audiences and for a variety of activities. They also proposed that different definitions and approaches on evaluating organizational effectiveness can be characterized by two major dimensions: (1) Focus of the definition¹ and (2) Intended use of concept.² Summarized briefly they proposed two approaches to measuring organizational effectiveness, one that relies on general output measures and one that relies on organization-specific output measures, each with their benefits and drawbacks. A benefit of trying to accept general output measures would be broad and general applicability of the methodology to a vast array of organizations, the major impetus of these approaches is that different organizations produce different things, as do even different subunits in the same organization (Aldrich 1979; Hannan & Freeman, 1978; McKelvey 1980). Metrics that can convert these outputs into comparable units across or even within organizations are not always available, subunits and managerial positions produce outputs that are not easily quantified and are only indirectly related to most terminal outputs. Also, the multiplicity of outputs produced by the organization results in their being differently valued by different constituencies of the organization (Friedlander & Pickle 1968; Scott, 1977). Goal-centered approaches on the other hand, assess effectiveness by how well the goals of the organization are being achieved. Organizational goal attainment yields valuable insight about the organization's character and behavior (Etzioni, 1964; Perrow, 1970), because serious goal setting represents an attempt at optimization of potentially conflicting organizational factors, in light of particular past and present circumstances and desired future (Gaertner, Ramnarayan: 1983, 98). Thus, even though goal-centered approaches provide a useful degree of detail and context often lacking in general output measures (at the expense of some generality in findings), analysis of goal attainment for evaluating organizational effectiveness has its own limitations. As Bardach and Kahn argue, goals for programs and organizations are dynamic and are likely to change over time, partly as reflections of changing external circum-

1) Some definitions focus on measures of terminal outcomes, such as profitability, survival, or goal attainment. Others tend to be more concerned with organizational processes and structures;

2) There are approaches that tend to be organization-specific. Others are intended for a generality of organizations;

stances and partly due to changes in the political makeup of the organization itself (Bardach, 1977; Kahn, 1977). Other authors have expressed a problem of interpreting the uses of goals in organizations, goals being treated as window dressing designed not to orient the behavior of organizational members but rather to provide symbolic recognition to some constituency (Galbraith, 1967; Hannan & Freeman, 1977), and even that goals in organizations frequently are inventions to suit activity already performed (Wick, 1979).

Whatever the outputs finally arrived at, an understanding of effectiveness must include not only these outputs, but also an understanding of the factors that are associated with their production. In the absence of such understanding, any output measure of effectiveness is simple but barren-clear in its measurement, but inadequate in utility (Gaertner, Ramnarayan: 1983, 99).

2. Proposed Approach to Evaluating Organizational Effectiveness of Public Organizations

Accepting, or rather following the multiple constituencies view, we recognize that the multiple-constituency approach views organizations as intersections of multiple influence loops, each embracing a constituency biased toward the assessment of the organization's activities in terms of its own exchanges within the loop. In such a view, the organization's location is not merely geographic, but implies its existence as including some influence loops rather than (or more extensively than) others. We also accept that this approach (as many approaches to defining and evaluating organizational effectiveness) needs further extensive empirical analysis.

We propose that a typical public organization depends on the following constituencies in order to fully achieve its (general) goals, accepting that each constituency assesses the organization's activities by its own set of values. We propose that in order for a public organization to be effective (hence the level of its effectiveness) all constituencies need to agree that individual actions and activities contribute to the same general goals and justify those goals.

Constituency 1: Decision makers. Typically, politically appointed managers (ministers, directors, high officials). For understanding the outputs and the changes in them, an examination is needed, not of the outputs themselves, but rather of the decision making and priorities within the agency, which are behind the planning and production of these outputs. Such an analysis would utilize a perspective of agency-specific views of effective operation. General goals are set by Laws independent of the decision makers' will. In order to achieve those goals decision makers set concrete objectives (usually through annual programs) and task internal staff with operationalize them in order to produce outputs. We propose that even though politically appointed, managers in public organizations are driven by bounded rationality in determining objectives and follow a Bayesian logic of managerial behavior, under conditions of uncertainty, using previous information to define expectations, which are updated when new information becomes available, adjusting subsequent decisions based on updated expectations (Meier, Favero, Zhu: 2015).

Constituency 2: Staff. Typically, professional employees, career based, with a special status (civil servants). Operationalizing preset objectives is directly dependent of the skills and motivation of staff. We propose that in order to adequately meet objectives an organization must have be sufficiently staffed, the staff must be adequately trained and be motivated to fulfill their tasks. The achievement of objectives by staff can be perceived and productiveness.

3) Quote: An example of the integrative power of the multiple-constituency view, it is worth re-examining the only study of which we are aware [Molnar & Rogers, 1976] that attempted an empirical comparison of the "goals" and "systems" views of effectiveness. For 110 public agencies, these investigators obtained effectiveness ratings from agency administrators, from their peers, and from a variety of agency clients. The first two were interpreted in terms of agency goal attainment, the last in terms of systems resource effectiveness. The results showed a striking failure of convergence between the three ratings, a failure that Molnar and Rogers attribute to various conceptual and methodological problems. In a multiple-constituency view, of course, such divergence is to be expected: different constituencies rate a given organization in different ways (Connolly, Conlon, Deutsch: 1980, 214);

Constituency 3: Resources (material and financial). Although we recognize that resources (other than human) are not sentient and thus cannot be fully treated as an independent constituency, having sufficient budgeting and material resources is paramount for any organization to achieve its goals. Given enough resources an organization may achieve optimum levels or performances, while given limited resources decision makers may be forced to make compromises – reducing staff, or limiting the scope of actions the organization may undertake, thus influencing its effectiveness. The exact nature of the relationship between available resources and scope of actions, needs further theorizing.

Constituency 4: Dominant political elites, international community, clients, business sector, changes in legal framework. Public organizations are not “lonely islands”. Although decision makers may have best intentions, we propose, than even given optimum resources (human and material) in order for them to achieve objectives, all stakeholders affected by their achievement must provide a degree of support or acceptance for the actions that organization undertakes. Disagreement with the organizations objectives by stakeholders may negatively affect the final outcomes thus reducing their effectiveness.

One can present the proposed constituencies as variables, presented as follows:

C1, Subjective perceptions of decision makers on the validity of the general goals, predetermined for the organization to achieve, and their commitment to make rational decisions formulated in setting individual objectives through which the organization is supposed to achieve general goals.⁴ A (ideal) situation where (for example) following a change in government, a political appointee may view the general goals of the organization as no longer valid and attempt to moderate them by setting objectives that would keep the organization working at its bare minimum of expected performance. In this case C1 would be given a value of 0. An opposite (ideal) scenario is where the decision maker fully accepts the organizations predetermined goals and is committed to doing what feels best to fully achieving those goals. In this ideal scenario C1 would be given a value of 1. Information regarding the perceptions and commitment of decision makers may be obtained by interviewing state officials, high administrative officials, governing civil servants etc. Depending on real case scenarios, the decision maker may feel more committed to achieving some goals rather than others and more supportive of some measures rather than others, thus C1 in reality may be given a value between 0 and 1. Such an intermediary value may be derived by giving a value of 0, 0.5 or 1 to each individual objective (if there are more), summing them, and dividing the sum with the total number of evaluated objectives.

$$C_1 = \frac{O_1 + O_2 + O_3 \dots + O_n}{N * O} = (0 \text{ to } 1) \quad (1)$$

C2, human capacities, staff competence, level of productiveness can be obtained through quantitative methods, surveys, focus groups, scientific studies etc.⁵ Following the logic of C1, relying on available data, C2 may be given a value between 0 and 1. Just as in C1, the value of C2 may be obtained by assessing individual aspects of human capacities: if the number of staff corresponds to the volume of workloads, if there is a suf-

4) Important note: public organizations can disguise individual projects and process (instruments) as organizational goals – thus buy publishing statistical reports trying to portray them as very busy and able to cope with many problems. However this is syndrome only common to public administration, and we must emphasize the error of this misconception. A new experimental drug is not a goal for it self, nor is setting traffic cameras and issuing more fines to traffic offenders. These are but instruments to achieve general goals, in these examples having cheaper and more effective drugs that more people can offered and respectively a decrease in the number of traffic offenders over a period of time following the installation of traffic cameras;

5) There is fairly extensive literature suggesting that organizations tend to tailor the accounts of their performance in different ways, depending on whether the measurements and reports are for external or internal consumption (Altheide & Johnson, 1980; Boland, 1982; Edelman, 1977; Hopwood, 1972; Meyer & Rowan, 1977; Wildavsky, 1972).

ficient number of operative or analytical staff, average score of annual evaluations of staff etc. Each parameter given a value of 0, 0.5 or 1.⁶

$$C_2 = \frac{P_1 + P_2 + P_3 \dots + P_n}{N * P} = (0 \text{ to } 1) \quad (2)^7$$

C3, Material and financial resources available to an organization can be assessed by analyzing annual budget plans for the organization, individual items in the budget dedicated for different objectives, employment of more staff, interviewing employees and observing actual facilities where staff works. Following the logic of C1 and C2, the value of C3 is obtained by giving a value between 0 and 1 to each individual item analyzed and dividing their sum with the total number of analyzed items.

$$C_3 = \frac{R_1 + R_2 + R_3 \dots + R_n}{N * R} = (0 \text{ to } 1) \quad (3)^8$$

C4, External factors. Assessing the attitudes of external agents, such as political elites, international organizations, national experts etc. can be performed by analyzing publicly available documents which express attitudes or observations of how the organization is performing in regards to achieving its goals. Such documents may be progress reports by the European Commission, reports by the World Bank, published papers by relevant scientists and other experts, in certain cases in public opinion surveys. In the case of analyzing the perceptions (or evaluations) of external factors to how successful the organization is in achieving its goals, determining the exact number of external factors is subject to case by case assessment and is open to a more descriptive approach by the researcher (respectively).⁹ The value of C4 is obtained by giving values between 0 to 1 to each external factor and dividing their sum with the total number of determined external factors.

$$C_4 = \frac{Ef_1 + Ef_2 + Ef_3 \dots + Ef_n}{N * Ef} = (0 \text{ to } 1) \quad (4)^{10}$$

Thus the effectiveness of a given organization may be evaluated by summing the values of selected constituencies, and dividing their sum with the total number of constituencies measured. Providing a value between 0 and 1. In this proposed methodology, 0 and 1 are ideal situations which least likely to every occur in reality, meaning that the organization is completely ineffective or is 100% effective.¹¹ This method strives to provide a general indicator of the effectiveness of an organization in achieving its goals. The smaller the value or the closer the value is to 0 the less effective the organization is, and the closer the value is to 1, more effective the organization is. Individual constituency values provide a useful indicator of which factors are contributing to higher or lower levels of the organizations effectiveness.

$$C = \frac{C_1 + C_2 + C_3 + \dots + C_n}{N * C} \quad (5)^{12}$$

6) Assuming that certain parameters are more susceptible to quantitative representation, resulting values may be any given value between 0 and 1;

7) "P" in this equation representing potential or productiveness. Though any symbol or form of nomenclature would be appropriate as long as it suits the needs of the researcher for particular case;

8) "R" in this equation represents resources. Though the same logic as footnote 7 applies;

9) First, what are the various accounts that the organization makes of its activities? What activities are being accounted for and to whom? How are these accounts changing over time? Second, how do these accounts mesh with the expectations of actors in the task environment, with the processes the accounts are supposed to represent, and with other accounts?;

10) "Ef" in this equation represents external factor. The same logic as footnotes 7 and 8 applies;

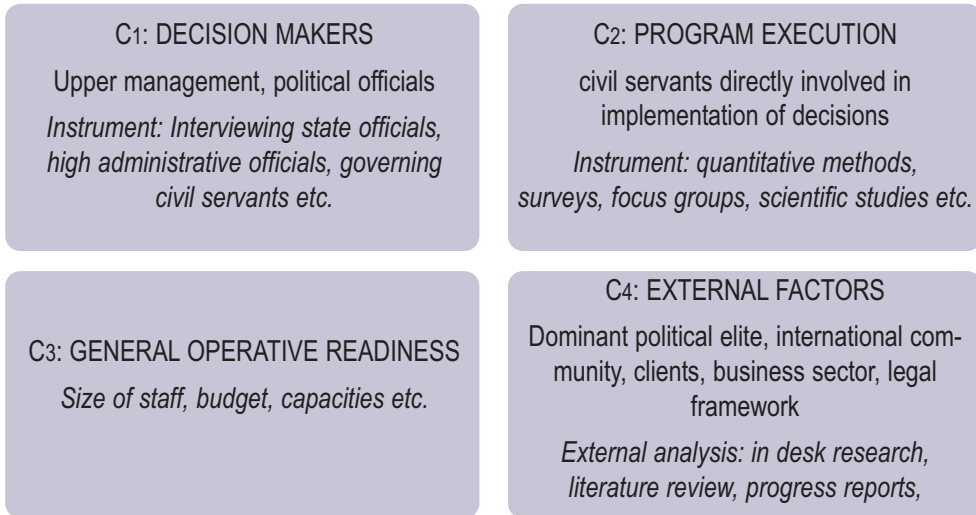
11) One might say that administrative organizations have general goals who can never truly be achieved: there will never be a day for the Ministry of health when there are no more sick people, but it must always strive to keep the levels of sick people at their minimum by monitoring the development of new illnesses and constantly proposing new measures and instruments to achieve this general goal of health care and disease prevention;

12) Depending on the complexity of the organization or network of organization, this model may be integrate more constituencies;

or in our example

$$C = \frac{C_1 + C_2 + C_3 + C_4}{4} \quad (6)$$

Paradigm model of organizational effectiveness. Multiple constituencies approach.¹³



Primary hypothesis:¹⁴

Organizational effectiveness is the ability of an organization to achieve it's general goals and tasks.

Administrative organizations are directly influenced by the approval of all relevant stakeholders in the validity (justification) of the organizations goals and the organizational operative radiness (technical and financial resources needed to achieve it's goals).

Representation of a production process in relation to general organizational goals

Input	process			output	outcome
What is expected of that organization	Internal rules and regulations	Technical resources	Financial resources	Human resources	
				The direct end result of an individual process. Is quantifiable.	A long term effect the output has on a achieving a general goal

In the following chapter, we test the proposed method of evaluating the effectiveness of a public organization in the Republic of Macedonia, tasked with conducting a selection process and training of civil servants.

13) Kishore Gawande and Timothy Wheeler, Measures of Effectiveness for Governmental Organizations, Management Science, Vol. 45, No. 1, Jan., 1999, pp. 42-58;

14) PhD Dissertation: Efektivnost administrativnih organizacija. Dragan Gocevski, 2012 (unpublished);

3. Testing a method: How effective is the Administration Agency in the Republic of Macedonia

The Administration Agency was originally established in 2000, as the Agency for Civil Servants. It was tasked with conducting selection procedures for employment of civil servants and to provide legal aid as a second instance authority for protection of civil servants rights, in disciplinary procedures.¹⁵ Government intentions in 2000 were to establish an independent regulator type organization, as an impartial and professional party in employing civil servants, giving them legal protection and provide trainings, ultimately, contributing to building a professional and non partisan public administration in Macedonia - which we accept as the long term goal for this organization.

Originally the Agency had a broader scope of competencies, which were transferred to the Ministry of Information Society in 2009.¹⁶ In order to keep the evaluation objective only the competencies which remained under the Agencies' competencies from 2000 until 2013 were taken in to account. As the legal competencies are fairly explicit, we derive specific objectives of the Agency as:

- O1 - conducting selection procedures
- O2 - acting on appeals filed by civil servants, against disciplinary measures
- O3 - conducting training of civil servants

The relevant constituencies that influence the effectiveness of the Agency for Administration in achieving the aforementioned general objectives are:

- C1 – Decision makers. Perceptions of management and high-ranking officials;
- C2 – Program execution. Staff directly involved in the execution of specific tasks and processes;
- C3 – General operative readiness. Available resources;
- C4 – External factors.

High ranking officials in Agency expressed firm commitment and confidence in the Agencies ability to cope with all three objectives, justifying them all. However, personal views on the support the Agency is given (financial mostly) the feel most confident in the Agencies ability to conduct selection procedures and conducting second instance legal procedures, whilst trainings were significantly underfunded by national funding and relied mostly on collaboration with foreign organizations to finance trainings on a more or less ad hoc basis. Thus for the C1 we assess that O1 and O2 are closest to 1. Giving three possible values that could be determined from a descriptive evaluation of the Agencies management attitudes on O3: 0 being the agencies inability to cope with tasks at hand, 0.5 being limited ability of the Agency to cope with tasks and 1 being optimal ability to cope with tasks, we deduce that O3 fits a value of 0.5.

$$C_1 = \frac{O_1 + O_2 + O_3}{3} \quad (7) \quad = \quad \frac{1 + 1 + 0.5}{3} \quad = \quad 0.83 \quad (8)$$

15) Art. 7-8b, 14-17b. Law on Civil Servants (Off. Gazette No. 59/2000, 112/2000, 30/2001, 34/2001, 103/2001, 43/2002, 98/2002, 100/2002, 17/2003, 40/2003, 84/2003, 85/2003, 17/2004, 69/2004, 81/2005, 61/2006, 36/2007, 118/2008, 128/2008, 161/2008, 6/2009, 114/2009, 1/2010, 35/2010, 167/2010, 36/2011);

16) State Servant Agency, Annual Report for 2008: Independent protection, care and supervision over the implementation of the civil service legislation and the principle upon which the civil service is founded, including rightful representation of all ethnic communities in the Republic of Macedonia; A single governing framework for development, organization and directing of civil servants, including the definition of terms for employment, work post description, evaluation of civil servants, code of ethics, salaries and compensations, trainings and professional development; Holding and maintenance of the Register of civil servants.

Assessing the three objectives through available human potential we analyzed official statistics produced by the Agency in the form of Annual Reports. The first remark we point out is a lack of data for the first five years of the Agencies' operation. Since 2000 till 2005 the Agency published no reports, and save for two documents Annual Indicators¹⁷ and Quarterly Indicators¹⁸ on Human Resource Management published in April 2009 there is no official information on the period from 2000 to 2005. The two documents cover the period between 2004 and 2008, contain fragmented data and a very imprecise. An interview with a high ranking official in the Agency provided information that the Agency hardly conducted employment related procedures at all from 2000 till 2002, and qualified the Agencies' general operational scope as "bare minimum".¹⁹

The period covered in great detail is 2005 – 2013 due to availability of information.

Thus for the following two constituencies, we cannot propose a complete value of 1 in any situation, because for the first five years of its operation the Agency produced little or no usable data. Thus C2 and C3 have should have a maximum potential value of 0,5. However, if we decide to evaluate the effectiveness of the Agency for the period it was considered operational the values would be as presented in the following paragraphs.

Considering productiveness of its staff, or C2 –program execution, of the three objectives, in this case presented as P1 – selection procedures, P2 – acting on appeals and P3 – trainings, we could present C2 as:

$$C_2 = \frac{P_1 + P_2 + P_3}{3} \quad (9)$$

From 2005 till 2013, the Agency published 2051 public competitions for the employment of 13.715 state servants in all levels of government. Of those, according to available data (only for the period 2005 to 2010) 10.100 state servants were actually employed. As data is fragmented, we present data on the total number of employed state servants only for informational purposes. From 2009, the total number of state servants went up from 11.130 to 15.321 in 2013. It is not debatable, that from a technical point of view, task execution regarding selection procedures is clear, thus P1 deserves a value of 1 (for the period of 2005 to 2013). Regarding the Agencies' role as a second instance authority that acts upon appeals when state servant's rights are regarded, the Agency received 4.497 appeals, and decided on 4.107 of them for the period of 2005 to 2013 (2010 and 2011 there is no available data). Though efficiency may be better in this regard, we cannot dispute that the Agency acted accordingly and within its competence in this area, thus P2 deserves a value of 1. Regarding trainings of state servants, the Agency managed dozens of project based trainings both domestic and international, and total of 5.660 state servants attended (data relevant to this case is only from 2000 till 2010, as the organization of trainings as a competence was transferred from the Agency to the Ministry of Information Society and Administration since 2010 and trainings fall in the Ministries Report year 2011. However data is only available from 2005 to 2010). As data is so fragmented and only half of the period covered is provided with official statistics it is difficult to objectively grade the Agencies ability to organize trainings. For the second constituency as only the execution of tasks is assessed we award the Agency with a grade of 1, as it clearly did conduct trainings and provided positive data on it, thus P3 = 1.

Thus, for the period 2005 to 2013 C'2 is:

$$C'_2 = \frac{1 + 1 + 1}{3} = 1 \quad (10)$$

17) Administration Agency: Annual Indicators on Human Resource Management in State Administration, 21.4.2009 (visited 2.8.2012). Available at: <http://www.ads.gov.mk/?ItemID=DFCFDD95BB2E054EA91CF3BB90D84228>

18) Administration Agency: Quarterly Indicators on Human Resource Management in State Administration 21.4.2009 (visited 2.8.2012). Available at: <http://www.ads.gov.mk/?ItemID=DFCFDD95BB2E054EA91CF3BB90D84228>;

19) Interview with a State Servant in the Administration Agency (May 2012);

While if the entire period from 2000 till 2013 was covered, C₂ would have to include the deficiency of lack of any data in the first five years of operation, thus we propose

$$C_2 = 1/13 * (13 - 5) = 0.076 * 8 = 0.61 \quad (11)$$

The logic of including the lack in operability for the first five years since it was established follows when evaluating the third constituency or the Agencies' general operative readiness. Data on the Agencies' budget is also scarce, however we know from Annual reports, that in 2012 the Agencies budget for all its competencies was 528.195 euro and in 2013 it was 510.715 euro. Also, a favorable information is given from the data available on the conducted trainings, i.e. virtually all of them were either co-sponsored or fully funded by foreign donations, thus we cannot attribute a great deal of value for the Agencies' resources allocated on trainings (this being an external factor, as its budget is determined by the Assembly). We also derive, from available data that the agency staff varied around 43 employees. For C₃, we determine the variables as R₁ – selection procedures, R₂ – acting on appeals and R₃ – trainings. We assume that given the amount of resources available, the Agencies' policy was to ensure selection procedures and appeal procedures had priority thus R₁ and R₂ are awarded a value of 1. As for trainings, all the data points that the Agency was heavily dependent on foreign funding to perform this task, however it provided the necessary logistics thus R₃ is awarded a value of 0.5.

Thus for the period of 2005 to 2013, C'₃ is as follows:

$$C'_3 = \frac{1 + 1 + 0.5}{3} = 0.83 \quad (12)$$

When we introduce the factor of time when the Agency was optimally operable, we come to the following result:

$$C_3 = 0.83/13 * (13 - 5) = 0.063 * 8 = 0.51 \quad (13)$$

Regarding the external factors that influence the Agencies' overall effectiveness we will use available data from Progress reports by the European Commission and papers published on the issue by domestic experts. As this constituency is comprised of the evaluations by more than one actor, we shall provide a broader narrative and summarize conclusions afterwards.

The number of civil servants in service in the Republic of Macedonia at the end of 2011 totaled 14.821.²⁰ This number includes civil servants employed in the executive branch, state agencies and administration in the judiciary, state attorney's office and local self-government.²¹ According to Agency records there were a total of 12.480 civil servants in active service in 2010. Regrettably, there is no official data on the number of civil servants in 2005. Unofficial data shows that in 2006 there were 11.830. Although methodologically not justified, these figures do offer an indication of events and trends. In order to get an idea of the meaning of these figures we must discard the number of new employments in 2005, which is 788, and sum up the new employments in the years following up to 2010, which give us 10.100 new civil servant employments.²² This means that of the total number of 11.830 civil servants in active service in 2006, up until 2010 by employing 9.312 new civil servants, virtually 94.7% of the entire civil service in Macedonia was changed in 5 years. Of course, we emphasize that this result may only be considered indicative and not as an absolute statistic. This is because more factors must be taken into account to explain the number of people who terminated employment in this period: legal age for retirement, a large number of civil servants had their status changed by law (civil servants employed in the IRS and State Customs were declared Revenue Servants and Customs Servants

20) Annual Report on Data from the State Servant Register for 2011, Ministry for Information Society and Administration, 2011;

21) Ibid: 6;

22) State Servants Agency, Annual Report 2005: 6, Annual Report 2006: 6, Annual Report 2007: 6, Annual Report 2008: 6, Annual Report 2009: 6, Annual Report 2010: 6, Annual Report 2011: 6, Annual Report 2012: 7, Annual Report 2013: 6;

respectively in 2008-2009 etc.). Still, it is difficult to justify changing 94.7% of the active administrative staff within 5 years. Seeing how the Agency was competent to give consent to all of these employments (at the time) we cannot rationalize this dynamic of change as objective.

In 2006 the number of civil servants who belonged to an ethnic minority summed 2.042. This number grew to 3.747 in 2010, of which in 2006 1.447 were Albanian and grew to 3002 in 2010 (24% of the total number of employed civil servants in Macedonia). When put in to relative context this shows that at least 1.555 ethnic Albanian civil servants were employed as a result of the obligations towards the Ohrid Framework Agreement.²³ This number and the method through which they were employed throughout 2009-2011 was portrayed with much controversy in the media. A common "affair" popularized in media was that 700 civil servants of Albanian ethnicity were employed at the Secretariat for Implementation of the Ohrid Framework Agreement with no actual vacancies for employment, which is a legal requirement. Regardless of this, the Administration Agency conducted (under political benefice) 700 employment procedures just the same, skipping a formal prerequisite (thus diminishing the Agencies' role as a legitimate mechanism for selection of state servants).

If we accept observations coming from the European commission in the Progress reports for 2009, 2010 and 2011 we see a very disappointing impression of the institutional mechanism the Republic of Macedonia built to create a competent, professional civil service employed by merit.²⁴

The 2009 Progress report holds a commandment to the amendments in legal framework regulating the status and competencies of the Administration Agency, strengthening its role in the selection procedure of state servants, placing a strong accent on merit. The Agency was authorized to prepare secondary legislation, conduct inspections and other legal supervision on internal organization of state agencies, approve new employments in civil service and supervise the progress of proportional representation in public administration. We must notice a certain latency here, as the Ohrid Framework Agreement was ratified in 2001, official records on its implementation date back to 2005 and an official institutional mechanism for its implementation (formally based on merit) is legally enacted and implemented in 2009.

In 2009 EC also gave positive marks for the establishment of a system for civil servant training. The Council for trainings and the Department for trainings at the Administration Agency was supposed to supervise the implementation of a three-year strategy for trainings financed by the budget of the Republic of Macedonia.

The Agency published in a 2009 Report that since September 2008, there had been 77 illegal promotions of which 38 were in the Ministry for economy alone. Till 2012 only one was annulled which causes serious concern for the implementation of Law. A very serious remark was made on increased use of temporary employment contracts (a form of employment not recognized by Law at the time), a practice which deviates from merit based employment. Many of the temporary employees were contracted to lower ranks in civil service unfitting their qualifications, they weren't provided adequate office space and equipment and did not have a clear description of work posts. This practice was common in both national administrative agencies as well as local self-government and was most demeaning to fully employed civil servants.

Despite obligations laid down in the Code of Ethics, no civil servant had yet reported misconduct or illegal doings by a colleague civil servant in the 13-year period covered by this analysis.

In the 2010 Progress report EC stated that the amendments to Law on State Servants adopted in 2009, began actual implementation in march 2010, and the Administration Agency had adopted most of the relevant bylaws and was managing the coordination of their implementation, including civil servant selection procedures. However, due to budgeted restrictions the 2010 trainings plan could not be implemented. Up until this

23) Ohrid Framework Agreement (<http://mls.gov.mk/index.php?news=450>) last visited March 20, 2013;

24) The Former Yugoslav Republic of Macedonia 2009 Progress Report, Commission Staff Working Document, Brussels, 14 October 2009 SEC(2009)1335; The Former Yugoslav Republic of Macedonia 2010 Progress Report, Commission Staff Working Document, Brussels, 9 November 2010 SEC(2010)1332; The Former Yugoslav Republic of Macedonia 2011 Progress Report, Commission Staff Working Paper, Brussels, 12 October 2011 SEC(2011)1203 final;

point it is perceivable that when it comes to reforming the legal framework, institutions in Macedonia are very agile in adopting new regulations and harmonizing them to EU directives and regulations. However when implementation of regulations, and fulfilment of obligations coming from them is assessed, the whole institutional mechanism seems to be either lagging or is dysfunctional entirely.

Regarding the training system, which brought so much enthusiasm in 2009, the 2010 Progress Report stated: "after 18 months since its establishment the Centre for training of civil servants was not yet operational".

Most of the temporary employees were given a full employment during the third quarter of 2010. This process in many accounts was not transparent which puts it under doubt. Employment of civil servants belonging to ethnic groups had been conducted on quantifiable criteria, without consideration for institutional actual needs and discarding professional requirements for employment. The selection procedure was often subjected to outside influence. There was no structural connection between the Administration Agency and the Secretariat for implementation of the Ohrid Framework Agreement regarding the planning and implementation of proportional representation. The last (aforementioned) critiques in the Report only confirm institutional dysfunctions, which were supposed to build a professional and competent administration employed by merit.

In the Final EC Progress Report covered by this analysis there is a general mark that the "new" institutional arrangement provides a good stepping-stone for successful implementation of public administration reforms. However the budget, infrastructure and administrative capacities of the Ministry for Information Society and Administration were not sufficient, with an emphasis on the Administrative Inspectorate.

The Law on State Servants had been amended (than for the 25th time since its enactment) to introduce new elements in selection and promotion rules. Yet none of these amendments provided strategic solutions to contemporary challenges. The legal framework remained inconsistent and subject to frequent changes, fragmented, providing that many administrative agencies be regulated by completely different regulations. This was most serious in the salaries segment, selection, evaluation, promotion and termination of employment.

The 2011 Progress Report had a critique that the Civil Servant Register wasn't functional (this competence was transferred from Administration Agency to the Ministry of Information Society and Administration in 2010) thus unfulfilling the goal to create a unified digital database for public administration.

A firm statement was made that since February 2011 roughly 1.600 state servants belonging to ethnic minorities were employed in order to comply with the principle of proportional (equal) representation, which only confirms the trend of employing such persons only on quantitative criteria, completely neglecting actual needs of the public service. Practice shows insufficient levels of coordination in the rightful representation in public service between the Ministry of Information Society and Administration and the Secretariat for implementation of the Ohrid Framework Agreement. Selection procedures remained prone to undesirable political influence.

Starting from 2000 onwards, all documents regarding public administration reforms show constant emphasis on the importance of building a sustainable training and education system that provides effects. Opposed to recommendations all reports point out that existing methods of training are inefficient, and skill and knowledge levels are unsustainable and aren't applicable.

Finally, an overview of contemporary expert opinions relevant to the field confirms the aforementioned conclusions: the greatest fault in public administration reforms is the selection process and mechanism through which civil servants are employed, as well as the very size of the public administration in Macedonia. Pre electoral periods are often used to employ more and more civil servants (often stated that belong to a prominent political party). The amendments to the Law on State servants which were supposed to make civil servant employment termination simpler aren't fully justified because in principle civil servants are most prone to political pressure, thus the need to have their employment status protected by law. Further fragmentation of and changes to the Law on State Servants continued until February 2014, when a new set of legislation was adopted completely annulling this Law.²⁵ Making these practices a "relative issue" according to various

25) On February 5th 2014 the Law on Administrative Servants and the Law on Employees in the Public Sector were adopted. They stepped into force on February 13th 2014 and began execution on February 13th 2015;

authors may only contribute to legalizing mall practice and political polarization of the public administration in Macedonia (Davitkovski, Pavlovska-Daneva: 2011, 386-400).

Given the fair amount of critic given the outcomes and the Administration Agency operation, as well as its silence on many of the emphasized irregularities regarding selection and employment of state servants as well as the confirmed opinion that it lacks funding to perform a sustainable training system we cannot propose a greater value than 0.5 for those Agency objectives. Thus, for C4 we propose the following variables Ef1 – selection procedures, Ef3 – trainings are awarded values of 0.5. As for acting upon appeals, no one contested this area of the Agencies operation, and even though Annual Reports are bleak we propose a value of 1 for this competence, i.e. Ef2 – acting upon appeals = 1.

$$C'_4 = \frac{0.5 + 1 + 0.5}{3} = 0.66 \quad (14)$$

Seeing how data on how the Agency operated from 2000 to 2005, and the first EC reports were published after 2006 we include the time factor in this equation as well.

$$C_4 = 0.66/13 * (13 - 5) = 0.05 * 8 = 0.4 \quad (15)$$

Accepting the provided values for the four constituencies, which evaluate the hole considered period from 2000 to 2013, the resulting evaluation of the Agencies effectiveness on three determined objectives is as follows:

$$C = \frac{C_1 + C_2 + C_3 + C_4}{4} \quad (16)$$

$$C = \frac{0.83 + 0.61 + 0.51 + 0.4}{4} = 0.58 \quad (17)$$

Proposing that a resulting 0 meaning theoretically that the Agency would be completely ineffective, and 1 meaning the Agency would be 100% effective, the resulting value of 0.58 is a good indicator that the agency is fairly effective however with many faults and issues which prevent it from fully accomplishing its legal goals. If we were to cover the effectiveness of the Agency for a shorter period of time, this value would rise indicating that effectiveness is not absolute, but rather a time varied ability of an organization to achieve its goals. Also, this multiple constituencies approach provides with the areas where the agency is best at such as motivation and commitment by managing staff and high ranking officials as the first constituency had a largest value overall. Another strong area is task execution, or the second constituency. The lowest score are awarded to trainings and to the agencies operation when evaluated by external actors, indicating that the Agencies ineffective is due mostly because of external influence, such as lack of adequate funding for training programs and exposure to political pressure.

Interesting is that the relative effectiveness of the Agency is close to the already assessed overall efficiency of the budget users in Macedonia calculated with the Data envelopment analysis of around 60% (Trenovski and Nikolov, 2015).

4. Conclusion

What this paper provides is an approach to evaluating the effectiveness of organizations. It provides a method, which can be moulded and adapted to any organization (respectively) and specifically to public organizations such as government agencies. The methodology and results from the presented case, support the claim that effectiveness in organizations is not a thing, or a goal, or a characteristic of organizational outputs or behaviors, but rather a state of relations within and among relevant constituencies of the organization, thus an effective organization is one that is able to fashion accounts of itself and its activities in ways in which these constituencies find acceptable.

The particular case selected in this paper shows the high degree of dependency that each constituency has from the optimal functioning of all other constituencies, thus promoting a claim that in order for an organization to be effective, all aspects (relevant) to its competencies must be attended to. Even if an organization has the most motivated staff and committed management it must take in to account, necessary resources and the attitudes of its environment.

The assessed efficiency of the Administration Agency of 0.58% is close to the overall economic efficiency of the budget users in Macedonia calculated with the Data envelopment analysis of around 60% (Trenovski and Nikolov, 2015).

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Resume

EVALUATING ORGANIZATIONAL EFFECTIVENESS

The paper provides an approach to defining organizational effectiveness as a state of relations within and among relevant constituencies of the organization. Further on an overview of relevant research on evaluating organizational effectiveness is provided and a methodology for evaluating effectiveness through a multiple constituency approach is proposed. The model reaffirms and expands on Gartner and Ramnarayans paradigm model that views effectiveness as the ability of an organization to account successfully for its outputs and operations to its various internal and external constituencies.

The methodology and results from the presented case, support the claim that effectiveness in organizations is not a thing, or a goal, or a characteristic of organizational outputs or behaviors, but rather a state of relations within and among relevant constituencies of the organization, thus an effective organization is one that is able to fashion accounts of itself and its activities in ways in which these constituencies find acceptable. The method is elaborated and tested on a case, of one administrative agency in the Republic of Macedonia, the Administration Agency for a period of 13 years.

The particular case selected in this paper shows a high degree of dependency that each constituency has from the optimal functioning of all other constituencies, thus promoting a claim that in order for an organization to be effective, all aspects (relevant) to its competencies must be attended to. Even if an organization has the most motivated staff and committed management it must take in to account, necessary resources and the attitudes of its environment.