Chapter 12

ORGANIZATIONAL EFFICIENCY AND VALUES
A Tribute to West C. Churchman

PARRA LUNA,F.

Abstract: A brief look through West Churchman’s works suffices to see his concern for values and ethics in the behaviour of social organizations, be they political or of any other nature. Values are, in fact, what Churchmann stresses when he addresses the question of the problems facing the world, viewed as a political-social organization. But, where to start - he asks - to eradicate hunger, if first what needs to be changed is political will, and even before that politicians’ education, and prior to that, the education of the citizens who elect politicians, and so on? Where to break the vicious circle? What system of values would have to be adopted to make that possible? What organizational strategy can be followed? What approach to organizational or political efficiency should we take? There are, of course, no easy answers to these questions. What can be broached is the way to advance towards an operational definition of the ultimate goals of human organizations, without deviating too far from the needs (that values fulfil) of the universal human being, who, in addition to being free, must be able to share with others. The difficult compatibility between Distributive Justice and Freedom is the core of the problem as West Churchman posed it. In this regard, what I personally am going to try to put forward is an operational (axiological) definition of the concept of ORGANIZATIONAL EFFICIENCY following the lines of methodological and ethical concerns of C.W. Churchman.

Keywords: Distributive justice, freedom, organizational efficiency

But proposing an appropriate or scientifically valid reply to the questions set forth entails solving certain basic theoretical problems, the first but not the most important of which is to attempt to distinguish between the concepts “Company” and “Organization”. The former is a social-legal entity whose primary aim is to earn the highest possible returns on capital, along with other implicit although secondary or media-oriented aims. The latter,
while it may concur with businesses in the pursuit of such secondary/media-oriented aims, does not seek financial profit, at least as its *raison d'être*. In much of the literature on organization theory, however, no such distinction between the two types of social systems is drawn (Mullins 1996, Kreitner and Kinicki 1996, Espejo et al. 1996, Fernandez-Ríos and J. Sanchez, 1997), even though these systems (organizational and entrepreneurial) differ significantly in a number of other aspects worthy of note. To give a few – far from exhaustive – examples, whilst organizations are constrained by (often statutory) rules and regulations, companies are private ventures that may change course or line of business whenever they wish; by contrast, whilst the Damocles sword of competition hangs over the latter, organizations are not subject to such pressure; whilst companies are obliged to be creative to defend themselves from competition, organizations merely follow the rules; whilst companies that don’t grow fall behind (mergers, acquisitions, etc.), organizations have no such concerns; and finally, whilst companies are implicitly subject to a certain ethical vulnerability deriving from the confrontation between capital and labour, organizational behaviour is regarded to be ethical as long as no rules are broken. Companies, in short, as Dithurbide (1999) points out, are “a void, with no constraining rules, a ‘free trade zone’ with their own legislator”. Although such an understandably exaggerated assertion is not to be taken literally, it is nonetheless clear that companies enjoy degrees of freedom and face hazards that are lacking in most other organizations. For these reasons, all stemming from their participation on a free market, companies may be said to be constantly in a state of tension unknown to any other manner of organization.

A second theoretical problem arises because the term “Efficiency” is enormously polysemous and at the same time its meaning overlaps with that of certain homonyms. A number of authors (Cameron and, 1983, for instance) have substantiated the existence of this problem. It suffices, in this regard, to cite the confusion around the terms Efficacy (when a company reaches its proposed aims); Effectiveness (when its employees (and its stakeholders in general) accept its behaviour); “Efficiency” (when the company behaves rationally); “Profitability” (when the unit of measure is the capital gains generated); “Productivity” (when production, profitability, etc., are related to the number of company employees); “Yield” (referred to net financial profitability); “Success” (when the ultimate aims are reached); “Growth” (referred to turnover and/or staff); “Development” (when certain desirable levels are reached); “Excellence” (when financial profitability and system expansion prevail), and so on and so forth. As Zammuto (1982) sustains, the term Efficiency is subject to considerable semantic chaos.

It may be deduced from the ideas associated with these terms that none fully expresses the notion of GLOBAL good governance, which would cover