Managing for Meaningful Outcomes

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ABSTRACT

Management has been called the technology of human accomplishment, yet traditional management approaches often fail to produce meaningful results. Management technology needs to be reinvented because it remains primarily organization-centric and locked into a largely meaningless input-output model that values efficiency as the highest good. Historically, this approach has been the basis for a vast constellation of organizations in business, government, and nonprofits sectors, but it generally fails to produce meaningful and timely evidence for management decision support, and frequently creates negative side-effects among internal actors and within the environment. Going forward, management technology needs to adopt a more meaningful input-outcome model that values positive organizational effectiveness as the highest good and serves to sustain or improve the health of both the organization and its environment as a holistic system. This is what managing for meaningful outcomes aims to achieve.

RECOGNIZING THE PROBLEM

From 1982-1985, I was based in New Delhi India, working for the World Health Organization (WHO) in the regional office for SE Asia. It was during the UN's International Drinking Water Supply & Sanitation Decade, 1981-1990 (better known as the UN Water Decade). At the time, I was the project manager for WHO/UNDP's Advisory Services Project that was part of the Decade. My job entailed visiting countries in the region to see what was going right and what was going wrong with the Water Decade and helping participating government organizations improve their programs.

Government agencies in participating countries thought they knew what end users needed, since they had been providing water and sanitation services for decades. They said they just needed more funds to build more facilities. But completed facilities were frequently in disrepair, and others were not utilized by end users for the purposes intended due to a variety of reasons.

The goal of the UN Water Decade was to expand the 'coverage' of safe water and adequate sanitation in participating countries. The focus on coverage (i.e., access to services) turned out to be an unfortunate choice because the goal typically resulted in a numbers game in each country, where success was measured in rural areas, for instance, by how much of the population was covered with hand pumps & latrines. If rural users were within a few minutes' walk from a hand pump, they were deemed to have access to safe water supply. The fact that some of the hand pumps were in disrepair and others were not being used for their intended purposes was not easily reflected in the system.

Much of the problem was due to a conceptual gap between the planners and the end users. They didn't understand each other. The planners were delivering engineering solutions based on their technical training, but the adoption and use of their solutions was hampered in traditional societies by the embedded patterns of thought found in the social and cultural narratives of the past. Later in the UN Water Decade, WHO urged governments to look beyond coverage, to ensure the continued functioning of the completed facilities and their utilization by end users (for the intended purposes).

This example highlights a fundamental problem at the heart of traditional management approaches, that is, what counts as meaningful accomplishment. As we will see, the overall program goal for the UN Water Decade was set at the wrong level (a largely meaningless supply-side output which focused on 'coverage'), which then drove what was delivered during implementation, and the subsequent evaluation of completed activities. Traditional management does not distinguish between arbitrary output-level objectives and meaningful outcome-level objectives during the objective setting process, and later during program implementation and evaluation. This problem was baked into management science at the beginning and has not been corrected since. Historical examples of this fundamental problem can be found in the *Scientific Management* movement of Frederick Winslow Taylor (Taylor 1911), the Management by Objectives approach pioneered by Peter Drucker (Drucker 1954), as well as some more recent management remedies such as OKRs -- or Objectives & Key Results (Doerr 2018).

TRADITIONAL MANAGEMENT

This paper is about managing for meaningful outcomes, a new approach to management that offers significant benefits for projects, programs, and organizations more generally, as well as the wider world. It would have made the UN Water Decade much more effective and sustainable.

While management has been called "the technology of human accomplishment,"[1] traditional management approaches often fail to produce meaningful results. As a technology, management needs to be reinvented because it remains organization-

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centric and locked into a largely meaningless input-<u>output</u> model that values <u>efficiency</u> as the highest good.

Early theories viewed organizations as "rational systems"-- social machines of a sort, meant for the efficient transformation of material inputs into material outputs (Scott 1987, 31-50). Organizations were often depicted as largely closed entities separated from the surrounding environment. Inputs arrived at factory gates, engineers determined what technologies to use for processing, and outputs evaporated off loading docks, all in support of built-in assumptions (Suchman 1995, 571).

In the traditional input-output model, an organization extracts resources from its environment as inputs, internally processes the inputs to produce outputs, and returns to the environment the outputs it produces and the waste products it has created. While this model has been the historical basis for organizations large and small, it generally fails to produce meaningful and timely evidence for management decision support, and frequently creates negative side-effects among internal actors and within the environment.

Traditional management is so familiar that it is hard for most people to conceive of anything else. Its features include:

- Top down, command & control [originally designed for repetitive manual work]
- Objectives focused primarily on output production and cascaded down from the top of the hierarchy to the lower levels
- Largely authoritarian & bureaucratic in nature
- Efficiency is the highest good (an isolated and largely closed system)
- Input – output model (organization centric), within management's full control
- Requires objectives to be 'clear,' but virtually any objective is acceptable
- Positive values are largely optional (little self-regulation)
- Intermediation services (balancing supply & demand) are performed by 'the market' utilizing financial & economic benefit exchanges between relevant actors
- Waste products are returned to the environment

In the traditional approach, managers at the top of the hierarchy identify goals and develop strategy, sending directives to the lower levels. This approach conforms to the early Goal Model of organizational effectiveness, wherein an organization is believed to be effective if it accomplishes its stated goals (set by management). Despite its continued widespread use, the Goal Model has been debunked by scholars. Only some goals are relevant to effectiveness, and even when a stated goal is achieved, an organization may not be judged effective (Chandler, 2015). Goals set at the top by the executive team simply make the organization responsible to the top of the hierarchy for its approval rather than to the customers or end users that need to support the organization if it is to be successful. This is not a good place to be.

EFFECTIVENESS IS ABOUT ACHIEVING MEANINGFUL OUTCOMES

For much of my career I was involved in projects and programs in international development, having helped design and implement over 800 initiatives worth more than US$ 80 billion in countries around the world (not counting the Water Decade).

A few years ago, I began a survey of the literature on organizational theory to see what it had to say about the concept of organizational effectiveness (OE). Based on my international development experience, I thought I knew what effectiveness was in projects and programs, but I was shocked to find that organizational scholars could not identify a verifiable concept of OE, and their field was in disarray. There were at least five prominent models of OE (including the Goal Model), but none could be objectively verified in the field (Cameron 2005). Despite the lack of a verifiable model, scholars agreed that OE was the highest level of organizational performance and was expected to be the capstone concept that brought other aspects of organizational theory together into a unified whole (assuming a verifiable concept of OE could be found).

Currently, organizational effectiveness is viewed by many scholars as an enigma (Cameron 1981) with characteristics of a wicked problem (Zammuto 1982). The main issue continues to be how to define the concept of effectiveness because we need to know effectiveness when we see it. R.L. Kahn wrote in 1977 that "To be effective is merely to have effects. The problem is what effects accord with the concept of organizational effectiveness?" (Kahn 1977). For me, achieving organizational effectiveness is about managing for meaningful outcomes, that is, achieving contextual-specific effects that can be observed directly in the field to provide a relevant and favorable demand-side response.

MANAGING FOR MEANINGFUL OUTCOMES

Management technology needs to put aside the traditional (and largely meaningless) input-<u>output</u> model to adopt a more meaningful input-<u>outcome</u> model that values organizational <u>effectiveness</u> as the highest good and serves to sustain or improve the health of the organization and its environment as a holistic system. This is what managing for meaningful outcomes is all about.

Let me define the two terms that must work together to provide "meaningful outcomes." 'Meaningful' refers to relevant contextual-specific effects observed in the field that can serve as markers for the types of outcome(s) we seek. 'Outcome,' although a common English word, has two, somewhat different meanings. One is "the final result, or how a thing turns out." This is not the one I am using. The second meaning of 'outcome' is "an effect caused by an antecedent." It is this one that I associate with meaningful outcomes, i.e., an effect that results from a stimulus that logically precedes it.

Managing for meaningful outcomes requires a more comprehensive model than the traditional input-output model that has only two levels and acts as a largely closed

system. Since the late 1960s, "open system" theories (Scott, 1987: 78-92) have reconceptualized organizational boundaries as porous and problematic (Suchman 1995, 571). In this context, consider the four-level model (input-output-outcome-impact) available from the 'logical framework' of Results-Based Management (RBM) (Asian Development Bank 2006). It has been used in international development since the 1960's, beginning in USAID. The four levels comprise a hierarchy of goals and results within the model. This hierarchy was originally designed to serve temporary organizations such as projects and programs but has been extended recently in the Outcome-focused Model (OFM) to serve organizations more generally (Chandler 2017, 83). While the new model uses the hierarchy of objectives from RBM, it improves upon it by dividing supply from demand. In the OFM, the supply-side input & output levels are within the control of management, while the demand-side outcome & impact levels are outside the control of management (in the environment). This creates a truly open system model of organizational performance by giving meaning to both environmental context and environmental response.

Managing for meaningful outcomes incorporates a demand-side test of effectiveness for an organization's offerings. For meaningful outcomes (and effectiveness) in temporary or permanent organizations, actors in the environment must be attracted to the organization's offerings (outputs), then initiate the behaviors of uptake, adoption or use (meaningful outcomes). For instance, an agricultural extension project could be judged effective only if the local farmers first adopt and use a new package of farming techniques viewed as key to project success. Without the farmer's favorable response, the results chain fails, and the project is judged ineffective. Of course, it also helps to involve the farmers initially at an early stage of project design to provide feedback on the available options.

In managing for meaningful outcomes, the focus is on the outcome level because the link from outputs to outcomes is the weakest link in the results chain (Chandler 2017, 73). If expected outcomes can be observed in the field, it means that the weakest link is effective, and implies that the entire results chain is viable. The outcome level represents the immediate demand-side effects that can be observed in the field.

Further along the results chain (i.e., input-output-outcome-<u>impact</u>), impacts can be simply thought of as the longer-term effects that are propagated when meaningful outcomes are sustained and spread throughout the environment. Our approach is not called "managing for meaningful impacts," however, because the time lag from the achievement of outcomes until the appearance of impacts is too great (on the order of 5 years) to provide feedback for management decision support. In addition, it is expensive to measure impacts, and I argue that a formal impact assessment is unnecessary in most cases as long as meaningful outcomes are continually monitored and remain favorable.

Of course, the achievement of meaningful outcomes is not certain because outcomes (and impacts) occur in the environment, outside the direct control of management (and causality can be nonlinear, unpredictable, interdependent, and

intertwined at multiple levels in complex environments). Success depends upon the ability of the organization to understand the context for its service to the environment, then experiment to confirm "what works now." Favorable outcomes are verified by observing emergent behaviors that are induced in the environment in response to the outputs on offer.

Managing for meaningful outcomes has the following features and characteristics:

- Meaningful outcomes are achieved in the environment surrounding the organization (using specific behavioral markers for effectiveness)
- The environment is assumed to be complex at the start, thus causality may be unpredictable & intertwined (results chains involve conjecture)
- Managing for meaningful outcomes is about inducing favorable effects in a system not under management control
- Involves self-regulation of processes in order to uphold positive organizational values and reduce or eliminate negative side-effects
- Intermediation services (which balance supply & demand) are performed by 'the environment' (including 'the market') utilizing a variety of benefit exchanges (financial & economic, social & psychological, environmental & spiritual) between relevant actors
- Adopting this new management approach requires a major cultural shift to an experimental, self-regulatory, and adaptive culture

Let's consider a real-world example of managing for meaningful outcomes, this time from a World Bank-financed program that I helped design. Bird Flu in Asia occurs in a complex environment, where wild migrating birds acting as the reservoir for the virus seasonally intermingle with domestic poultry to spread the disease. The goal of the World Bank-financed program was to achieve physical separation between domestic and wild flocks to interrupt the spread of the virus in participating countries. This is an outcome level goal because uptake, adoption or use of cages was expected by domestic poultry producers to achieve program success. If we visit the field during program implementation and find that cages are being used for the containment of domestic flocks, separation between the domestic and wild flocks has been achieved and the intervention can be judged effective. The expected longer-term impact of the program would be that Bird Flu does not return, assuming the outcome-level effects continue to be sustained over time. In this example, the key to success is outlining a results chain that specifies the exact behavior(s) that must be induced on the demand side to qualify as meaningful outcomes, then confirmation of the expected outcomes through direct observation of the key behavior(s) involving cage use in the field once the outputs (i.e., cages) become available.

Why manage for meaningful outcomes?

- A more meaningful way to manage, supported by theory & practice
- Equivalent to managing for organizational effectiveness (the highest level of performance)

- Since effectiveness can now be verified in the field under the new OFM model, it becomes the meta-goal for every organization (no other goals needed at the top, as effectiveness is the highest good -- both in the short term & the long term)
- Meaningful outcomes observed in the field provide timely feedback for decision support (i.e., management of a portfolio of offerings)
- Reduces or eliminates negative side-effects through self-regulation (utilizing positive values) and by accepting responsibility internally for waste reprocessing
- The technology returns primacy to 'management,' which had been usurped by 'leadership' in recent times
- This is true evidence-based management, where causation is established by experimentation and direct observation of meaningful outcomes in the real world.

Note that organizational effectiveness is judged in the short term by confirming the presence of meaningful outcomes in the field for a portfolio of offerings (i.e., specific behaviors of uptake, adoption or use within the defined results chain for each offering). Longer term measures of effectiveness are reflected at the impact level as meaningful outcomes accumulate over time, allowing for spread effects to take hold throughout the environment (integrating instantaneous outcome-measures of effectiveness over time).

How to manage for meaningful outcomes?

1. Start with… "the meta-goal of the organization is to be effective within its chosen environment" (by achieving meaningful outcomes and sustaining or improving the system as a whole)
2. Develop a portfolio of offerings (one at a time) to serve the environment while conforming to the organization's core competencies, quality standards, and positive values (Chandler 2017, 132-133)
3. Pilot test to verify the effectiveness of each offering on a small scale by observing the expected demand-side response(s) consistent with its results chain hypothesis (i.e., verify that the meaningful outcomes -- the behaviors of uptake, adoption or use -- are being observed in the field)
4. Utilize observations of outcome-level results in the field to provide management decision support to scale up the production of successful offerings where desirable and feasible

For me, the technology involved in managing for meaningful outcomes is equivalent to the technology of Management by Positive Organizational Effectiveness that I have described in my 2017 book, *Become Truly Great: Serve the Common Good through Positive Organizational Effectiveness* (Chandler 2017). Note that improvements in effectiveness are additive across the portfolio due to cumulative benefit exchanges, but efficiency improvements achieved in individual parts of an organization can come at the expense of the efficiency of the organization as a whole (Chandler 2017, 14).

An often-quoted view among organizational consultants and practitioners is that "efficiency is about doing things right, while effectiveness is about doing the right things" (Drucker 1966). Peter Drucker meant this statement to refer to the effectiveness of executives, not their organizations. When it comes to organizations, efficiency experts proudly declare that efficiency is the domain of doing the right things right the first time and every time. Effectiveness, on the other hand (as discussed above), is something entirely different. It is not about doing anything within the organization, it is about achieving something outside of it (i.e., meaningful outcomes).

Under the new outcome-focused model (OFM) the meta-goal of every organization is the same, that is, to be effective within its environment (while sustaining or improving the system as a whole). The approach focuses the attention of the organization on its external interface and it is encouraged to be in-tune with the immediate and future needs of its environment. The focus on meaningful outcomes improves the way that the outputs are designed and delivered because internal actors come to realize that <u>outputs</u> are waste without the behaviors of uptake, adoption or use associated with the achievement of meaningful <u>outcomes</u>.

CONCLUSION

A focus on meaningful outcomes offers significant benefits for projects, programs, and organizations more generally, as well as the wider world. The traditional approach to management (still commonly in use) is based on a largely meaningless input-<u>output</u> model where <u>efficiency</u> is the highest good. In such a model, the organization extracts resources from the surrounding environment, internally processes the inputs to product outputs, and returns to the environment the outputs it produces and the waste products it has created. While this model has been historically important, it generally fails to provide meaningful and timely evidence for management decision support, and largely ignores any negative side-effects on internal actors and the negative side-effects that affect the environment. As long as efficiency is the highest good, as in the traditional input-output model, principles of humanistic management and environmental conservation will fall victim on the altar of efficiency. Unless changed, the traditional management model will continue to imperil the world we live in.

Going forward, management technology needs to adopt a more meaningful input-<u>outcome</u> model that values positive organizational <u>effectiveness</u> as the highest good. This would provide meaningful and timely evidence for decision support of a portfolio of offerings, while sustaining or improving the health of the organization and its environment as a holistic system. In the new approach, an organization achieves effectiveness when its outputs induce meaningful outcomes in the environment in line with one or more defined results chains. This approach offers demand-side validation of an organization's portfolio of offerings (whether in business, government or nonprofit) and thus provides verification of organizational effectiveness (the highest level of performance) by direct observation in the field. This is the first approach to do so. The new approach provides a verifiable concept of organizational effectiveness that

creates a capstone to organizational theory and offers a more unified (and parsimonious) approach to the field.

Traditional management practice can be characterized as "managing for outputs, valuing efficiency as the highest good." Very little meaning is derived from the successful delivery of outputs alone, however, because the process remains largely disconnected from considerations of environmental context and environmental response. The new approach advocated here can be characterized as "managing for meaningful outcomes, valuing positive organizational effectiveness as the highest good." It offers a better way to manage by creating a path to more effective organizations, a more meaningful technology for human accomplishment, and a better world.

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