

The difference between efficiency and effectiveness in management essay sample

[Psychology](#), [Goal](#)



The primary difference is efficiency is productivity concerned while effectiveness is quality concerned. In other words, efficiency refers to how much resource (time, money, materials and effort) required in accomplishing a task. Effectiveness refer to how well the job gets done, i. e., the output quality, zero defects. “ Efficiency” is getting things done, it is not trying and it is not having ability. In other words, “ efficiency” is actually accomplishing. It is execution. “ Effectiveness” is also getting the right things done. This is where the efficiency is different than effectiveness. With efficiency, is to get the task done faster, easier, or better way.

But with effectiveness, there always an initial question as to “ what to do”? Example for efficiency, at the Siemens AG factory in Forchheim, Germany, where employees make X-Ray equipment, efficient manufacturing techniques were implemented by doing things such as cutting inventory levels, decreasing the amount of time to manufacture products, and lowering product reject rates. These efficient work practices paid off as the plant was named one of Industry Week’s best plants for 2002 “ Industry Week’s Best Plant”, (2003) Industry Web site From this perspective, efficiency is often referred to as “ doing things right”, that is, not wasting resources.

Example for effectiveness, at the Siemens factory, goals included reducing equipment installation time for customers and cutting costs. Through various work programs, these goals were pursued and achieved. Whereas efficiency is concerned with the means of getting things done, effectiveness is concerned with the ends or attainment of organisational goals (see exhibit1. 1). Management is concerned, then, not only with getting activities

completed and meeting organisational goals (effectiveness) but also with doing so as efficiently as possible. In successful organisation, high efficiency and high effectiveness typically go hand in hand.

Efficiency (Means) Effectiveness (Ends)

Resource Usage Goal Attainment

Low Waste High Attainment

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Management strives for :

Low Resource Waste (high efficiency)

High Goal Attainment (high effectiveness)

Exhibit 1.1 : Efficiency and Effectiveness in Management

Social scientist Rensis Likert, who had a booth called The Human Organization at an expo, added an important perspective when he pointed out that it takes a combination of organizational efficiency and enlightened leadership to produce effectiveness.