Assessing Organizational Performance

Third African Evaluation Association Conference

Professional Development Workshop

Cape Town, South Africa
29th – 30th November
2004
Welcome!

Dear Workshop Participant,

We are pleased to have you with us at this Workshop on Organizational Assessment (OA).

This package of materials was designed to give you:

- An overview of the workshop;
- Some background on the IDRC-Universalia framework for conducting an Organizational Assessment which is the basis of the training;
- A presentation of all the slides that will be used during the workshop.

In addition, copies of the book Enhancing Organizational Performance. A Toolbox for Self-Assessment (IDRC, 1999) will be distributed to participants.

We hope that you will enjoy this session!

Nancy MacPherson (IUCN, Global M&E Initiative)

Mine Pabari (IUCN-Eastern Africa Regional Office)
Workshop Objectives

The purposes of the OA workshop are to:

- Increase your understanding of the purpose and uses of the OA framework
- Help you to become familiar with a framework and process for OA
- Present cases of OA implementation in real life contexts;
- Allow you to experiment with some of the tools of OA;
- Share with you additional materials of interest.

Nancy MacPherson is currently the Coordinator of the IUCN Monitoring and Evaluation (M&E) Initiative based at IUCN Headquarters in Gland, Switzerland. With a background in environmental planning and assessment, her areas of expertise are in planning, monitoring and evaluation of projects, programmes and organizational performance, and in developing and managing institutional M&E systems to support the goals of environment and development.

During her career she has worked for governments, United Nations organizations, NGOs, community organizations in developed and developing countries, and for indigenous organizations. She is a founding member of a number of environment, development and evaluation organizations, including IDEAS – The International Development Evaluation Association.

Mine Pabari is currently the Regional Programme Manager of the IUCN Eastern Africa Regional Programme based in Nairobi, Kenya. With a background in freshwater ecology, and past experience in Project Management, Planning, Monitoring & Evaluation, Mine has a diverse set of experiences and knowledge related to the field of natural resource management in a variety of ecosystems. Her main areas of interest are building adaptive capacity for natural resource management and she has invested the last three years in exploring and testing mechanisms to enhance the capacity of local communities and governments in strategic planning, learning and adaptive management.
# Agenda - Day 1

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<td>The Organizational Assessment (OA) Framework</td>
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## Day 1 – PM

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<th>Activity</th>
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<td>Review of Day 1, Overview of Day 2</td>
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<tr>
<td>0915-1030</td>
<td>Group Presentations Modules 2&amp;3</td>
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<td>1000-1030</td>
<td>BREAK</td>
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<td>1030-1100</td>
<td>Experiences using OA Module 4</td>
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<td>1100-1230</td>
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<td>1430-1500</td>
<td>Performance issues, questions and indicators Module 5</td>
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<td>1530-1630</td>
<td>Designing an OA for your organization (cont’d) Module 5</td>
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<td>1600-1700</td>
<td>Final Plenary – Discussion</td>
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<td>1700-1730</td>
<td>Evaluation of the course</td>
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Key Components to the Workshop

There are 5 key components to the Workshop:

Module 1: Why Organizational Assessment

This 1-hour session will focus on current thinking in development evaluation that supports the need to broaden development evaluation beyond projects to organizational assessment.

Module 2: A Framework for organizational performance

In this 3-hour session, the first hour will be devoted to presenting a framework for organizational performance, and the remainder of the time to exercises to deepen understanding.

Module 3: Readiness to engage into an OA process

This 1 – hour session will conclude Day 1 and will introduce key issues in what an organization needs to have in place if it is going to assess itself (or be assessed.)

Module 4: Experiences in OA.

In this session, the moderators will present and discuss real-life experiences in implementing Organizational Assessments.

After each case study presentation, participants will engage in a discussion and question period.

Participants will then engage in designing an organizational assessment using selected experiences of participants. Participants will work in groups and the exercise will include a plenary with group presentations.

Module 5: Implementing an OA in your organization using IOA tools

This session will focus on what to do when you get back to your organization if you plan to pursue OA. It will review how to talk about the opportunities for OA with your organization, your donors, your communities (beneficiaries and other stakeholders): possible uses, issues, limitations, strategies for action. In small groups, participants will discuss the next steps for conducting an OA in their own organizations.
A New Approach to Organizational Assessment (OA)

Background

Several years ago the International Development Research Centre (IDRC) and Universalia Management Group began to explore the issues surrounding ways and means to better understand how to assess institutional/organizational performance. Given the lack of theory on institutional assessment, we eventually developed our own framework and a process that could be used in evaluating organizations. This resulted in the publication of *Institutional Assessment: A Framework for Strengthening Organizational Capacity for IDRC's Research Partners* (Lusthaus, Anderson and Murphy, 1995) and *Évaluation Institutionelle: Cadre pour le renforcement des organisations partenaires du CRDI* (Lusthaus, Anderson and Adrien, 1996). Although the intended audience for the book was research institutions, the framework of assessment it describes is generic and has been applied in a range of organizations and institutions.

A range of organizations in the developing world who were interested in self-assessment tested this framework with IDRC and Universalia. This field experience led to the development of our latest publication, *Enhancing Organizational Performance: A Toolbox for Self-Assessment* (IDRC 1999).

The OA Framework

In our efforts to develop an evaluation framework that was relevant to organizations, we moved from the program as a unit of analysis to the organization itself. By and large, the framework reflected a change in focus from how well the organization did its programming work to how its various systems and resources provided it with what we called organizational capacity. As our work evolved, however, we became increasingly concerned with the organization's ability to establish priorities in its own capacity development. This led us to refocus our framework on the organization's performance in carrying out its mission.

In the schematic representation of our framework shown below, performance is defined in terms of effectiveness (mission fulfilment), efficiency, ongoing relevance (the extent to which the organization adapts to changing conditions in its environment), and financial viability. The framework implies that certain contextual forces drive performance: the capacities of an organization, forces in its external environment, and the internal motivation of the organization.
Performance

Most organizations view their performance in terms of "effectiveness" in achieving their mission, purpose or goals. Most NGOs, for example, would tend to link the larger notion of organizational performance to the results of their particular programs to improve the lives of a target group (e.g. the poor). At the same time, a majority of organizations also see their performance in terms of their "efficiency" in deploying resources. This relates to the optimal use of resources to obtain the results desired. Finally, in order for an organization to remain viable over time, it must be both "financially viable" and "relevant" to its stakeholders and their changing needs. In the OA framework, these four aspects of performance are the key dimensions to organizational performance.

External Environment

Organizations exist within certain external contexts or environments that facilitate or impede their performance. Key factors in the policy or regulatory environment, and in the economic, political, socio-cultural, environmental and technological contexts, affect how the organization does its work, or the work it does.
Internal Motivation

Internally, performance is driven by the organization's motivation to perform, which refers to the organizational culture, history, mission, values and incentive systems. These factors affect the quality of work, the nature of how the organization competes, and the degree of involvement of internal stakeholders in decision-making processes.

Capacity

Performance is driven, in part, by organizational capacity, which we now understand as existing in seven basic areas: strategic leadership, human resources, financial resources, infrastructure, programming and process management, and inter-institutional linkages. Each of these seven capacity areas may be described in sub-components, as for example in the organization's strategic leadership capacity which is understood as its structure, governance, leadership, strategic plans and niche management. Human resources, financial resources and infrastructure are seen as resources as well as the management of these resources. Organizations also have capacities that result from the relations, partnerships and alliances they have established with other organizations—referred to as inter-institutional linkages.
Assessing Organizational Performance

Introduction

AIREA
29th – 30th November 2004

Welcome and Introduction

- Introduction of participants
- Name – your organization – and one thing that you would like to get out of this workshop
- Introduction of facilitators

Workshop Objectives

- Increase your understanding of the purpose and uses of the OA framework
- Help you to become familiar with a framework and process for OA
- Allow you to experiment with some of the tools of OA
- Present cases of OA implementation in real life contexts;
- Share with you additional materials of interest.
MODULE 1 • WHY ORGANIZATIONAL ASSESSMENT (OA)

**Learning Objectives:**
To explore the relevance and use of Organizational Assessment in development projects and programs.

Day 1

**Approx duration:** 1 hour

0930-1030
Module 1
Why Organizational Assessment?

Development evaluation needs a broader focus
Growing recognition among development evaluators that –
- The range of what is evaluated is not adequate to learn about what works, what does not work in development.
- Most development evaluation is ‘supply’ driven – and not ‘demand’ driven from developing countries (OECD DAC Learning and Accountability conference, Paris)

Supply - but little demand
- Supply driven – donors require evaluation and accountability of aid recipients and their projects.
- There is little evaluation of the impacts of the policies of rich countries on the poor countries.
- In country demand and ownership of evaluation is weak and needs to be strengthened.
### Learning beyond projects

- Project evaluation tells us little about how organizations function, what makes them successful, what makes them fail.
- Long term development depends on sound sustainable organizations and institutions to bring about long term changes.
- We need to learn more about what good organizational performance is in order to support it.

### Long term sustainable development

- Therefore we should assess and evaluate organizational performance as well as projects and programmes.

### The project dilemma

- Project results or outputs are often the focus of what is measured or assessed.
- But - project evaluations often reveal major organizational issues beyond the deliverables of a project – such as management, leadership, systems, etc.
- These are seldom part of the TOR of project evaluations – yet a major cause of project failure.
Building projects, building organizations

- Building organizations requires more than delivering projects
- Projects are a means to an organizational end goal / fulfilling a mission
- Project are not an adequate model for organizational change
- But – projects do provide important funding base for most organizations
- Need to balance expectations

Whose performance?

Building organizations….

- Creating a focus on the organization
- The project in the learning organization
- From project evaluation to organizational assessment -
- What it is and how to get there?
MODULE 2 ▪ THE OA FRAMEWORK

Learning Objectives:

• To describe the rationale for OA.
• To present the various components of the OA framework.
• To engage participants in the start-up of an OA for their organization.

Day 1

Approx duration: 3 hours
Module 2
The OA Framework

History – Where does OA come from?
- Education
- Economics
- Management
- Throughout the years the unit of analysis has changed
- Also, the rational for conducting assessments has evolved

Organizational Assessment
- Is a systematic approach to assess an organization with a view to improving its performance
- It can be comprehensive or more focused
- It can be driven externally or conducted through a self-assessment approach
- Size, scope and approaches of the exercise vary – and opportunities for application vary
Challenges in linking organisational performance and project implementation

- Many issues in project implementation are of organizational nature
- Sustainable changes in an organization's performance should be a major project outcome!
- Projects need to be understood as organizational interventions or change management activities
- Projects need to be managed in a way that integrates them inside the organization

Why the concern in organizations

- Difficulties in implementing projects because of limited capacities
- Project performance is not enough to ensure sustainable development
- Focus on projects/programs only could detract an organization from its mission/mandate and hinder performance
- In the long term it is about creating conditions to sustain and improve performance

The driving factors

- Projects investments are made inside organizations – these organizations often need to be strengthened to manage the project
- Tracking performance through results-based approaches
- Increased importance on sustainable local capacity
- Increased focus on ownership of projects
- Need to establish stronger partnerships
The rationale for conducting OA

- Organizations are more than the sums of the parts (culture, vision, mission, commitment to a cause)
- These elements require attention
- Establishing common language
- Focusing on organizational and unit results not only on programme and project results
- Identifying what could lead to improved performance
- Developing data driven dialog and learning about what supports or hinders performance

When should an OA be done?

- When the organization is experiencing a major change of direction
- As part of a vision renewal exercise
- As part of strategic planning or assessment initiative
- To support the effective implementation to a Government Reform
- In order to assess potential investments in an organization

The OA diagnosis

- Assessing the readiness (culture, leadership, resources, vision and strategy, systems, people)
- Conducting the OA (defining purpose and key questions, collecting, analyzing data, reporting, using results)
- Defining what actions/resources are required to make organizational changes that will to improve performance
Organizational Effectiveness

- Organizations are effective when they successfully meet their purpose, which is often described in the following documents:
  - Mandate
  - Goals
  - Charter
  - Mission
  - Strategic Objectives
### What is an Efficient Organization?
- Maximize the use of its resources to reach its purpose
- Indicators such as output per staff, program completion, ration of overhead/program costs, timeliness of service delivery

### A Relevant Organization
- An organization that…
  - Satisfies stakeholder ongoing requirements for quality/quantity of goods and services
  - Is relevant to its main stakeholders – user, non-user, client, non-client, customer, citizen, consumer, funder, investor, union, government, employee
  - Can respond to emerging competition, trends, technologies, other external forces
  - Can create/exploit new markets or revenue sources
  - Is able to renew itself

### Financial Viability
- The ability of an organization to generate and manage adequately its resources in order to ensure its ongoing existence
FACTORS THAT AFFECT PERFORMANCE

Motivation
- History
- Mission
- Culture
- Incentives/Rewards

Capacity
- Strategic leadership
- Structure
- Human resources
- Financial resources
- Infrastructure
- Program & service management
- Process management
- Inter-organizational linkages
External Environment

- Institutional & organizational
- Administrative/legal
- Political
- Social/cultural
- Technological
- Economic
- Stakeholder

See p. 124 of ToolBox
## Exercise 1: Thinking about Performance

The first column describes the different areas of performance that were presented. In the second column, fill in the 2 or 3 most important issues that are of concern to your organization for each of the areas of performance.

<table>
<thead>
<tr>
<th>Areas of Performance</th>
<th>Issues of Concern to your Organization</th>
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<tbody>
<tr>
<td><strong>Effectiveness</strong> is the ability of an organization to successfully meet its objectives, purpose</td>
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<tr>
<td><strong>Efficiency</strong> is the ability of an organization to maximize the use of its resources to reach its purpose</td>
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</tr>
<tr>
<td><strong>Relevance</strong> is the ability of an organization to satisfy stakeholder requirements, to respond to external forces and to renew itself</td>
<td></td>
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Among the performance areas identified, list four that you feel are priorities:

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<tr>
<th>Issues</th>
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</table>
Exercise 2: Brainstorming Key Factors

1. Write down the Key Aspects of your Performance identified in Exercise 1 in the middle circle.
2. Based on the presentation made on External Environment, Motivation & Capacities, identify the most important factors of each aspect that affect your organization's performance.
3. On a flipchart identify:
   - Key Performance Areas to be improved
   - Actions to be taken to strengthen your organization
4. Plenary
MODULE 3  •  READINESS TO ENGAGE IN AN OA PROCESS

Learning Objectives:
- To identify factors that support OA.
- To identify factors that limit OA.
- To discuss with participants the readiness of their organizations to engage in an OA process.

Day 1
1600-1650

Approx duration: 1 ½ hours
Module 3
Readiness to engage in an OA process

Brainstorming…
- Think about the experience of your organization in addressing its performance issues
- What factors have limited you or your organization’s ability to address its performance issues?
- What factors have helped your organization address its performance issues?

Factors that will affect the OA process
- Support from senior leaders
- Clarity of the purpose, trust to engage
- Existence of a framework to guide the process
- A skilled individual to conduct the assessment, clear TORs, good tools
- Existence and reliability of data
- Culture (country and organization)
MODULE 4 ▪ EXPERIENCES IN IMPLEMENTING OA

Learning Objectives:
To share with participants experiences in implementing an OA in different settings.

Day 2
Approx duration: 3 hours

0910-1430
Module 4
Experiences in Implementing Organizational Assessments

Using OA for Internal Peer Review
The Case of IUCN – The World Conservation Union

Context for the OA
- IUCN – The World Conservation Union
- A decentralized, regionalized, not-for-profit organization – 9 regions, 62 offices, 1000 staff members.
- Membership-based organization with over 900 NGO and state government member organizations throughout the world.
- Headquarters – Switzerland
Purpose and use of OA

- Internal Strategic Reviews of large regional or country offices and their programmes (8 in total)
- Triggered by senior management questions – e.g., relevance, strategic vision, financial viability
- OA framework used as a diagnostic framework
- Help put the issues in a broader framework for the assessment of organizational performance

Approach and scope

- Internal reviews – using senior peers and some consultant support
- Capacity building a major objective
- Focus – strategic - regional office level – multiple countries, members, implementing partners (e.g., West Africa, Southern Africa, CIS, European Office)
- 4 – 6 week process
- Modest budget of CHF 30,000 – 50,000 plus staff time (2 people – 4 weeks)

Stakeholders

- IUCN staff of the regional and country offices - professional and support staff
- Senior programme staff from HQ and other regions
- Member organizations in the region – often up to 300 organizations
- Implementing partners – NGOs, community organizations, governments
- Donor agencies
MODULE 5 • DESIGNING AND USING AN OA IN YOUR ORGANIZATION

Learning Objectives:

- To have participants begin to design an OA process
- To identify possible uses for an OA process upon their return from the workshop.
- To develop sample questions, subquestions and identify data sources for an OA evaluation matrix.

Day 2

Approx duration: 1.5 hours (break in between)

1430-1600
Module 5
Designing and Using an OA in your organization

Exercise 1
Individually, read pages 17-24 of the Toolbox

In groups -
- Identify possible uses of OA in your organization
- Identify up to six key performance issues in your organization
- Choose two performance issues of interest to all the group
- Identify the key questions, subquestions, indicators for these two major performance issues

Exercise 1 (continued)
Designate a spokesperson for your group to report in the plenary on the following items:
- Summary of possible uses of OA
- Summary of key performance issues
- Summary of questions, subquestions and indicators
- Plenary discussion
Exercise 2: Towards an Action Plan

- Identify ways in which you could use OA (assessment, strategic planning, visioning exercise) to improve the performance of your organization
- Identify three concrete actions that you will hope to take, upon your return from this workshop, to put your new learning into action
- Be prepared to share these actions in plenary

Additional Materials

- Interesting web sites on organizational assessment
  - [http://www.edc.org/GLG/CapDev/dosapage.htm](http://www.edc.org/GLG/CapDev/dosapage.htm)
  - [http://www.isnr.cgiar.org/ecd/index.htm](http://www.isnr.cgiar.org/ecd/index.htm)