

# New Horizons in Organizational Self-Assessment

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## Introduction

### Development and Performance

The world of development has changed significantly in the last thirty years. The field has virtually abandoned the concept that simply providing additional resources or inputs can lead a nation to the type of development results desired. Our experience, in both the North and the South, indicates that adding to government resources and programs does not in itself lead to accompanying changes in poverty. Development is much more complex.

Today we are just beginning to recognize the complexity of the development process. We are beginning to understand the various regulating systems — social, political, economic, etc. — and to gain some experience in intervening in them. We have also learned that development is a people process. Nations need to be able to build their people's capacity to take charge of their development.

The work of nation building includes not only the building of people and regulating systems, but also the development of institutions and organizations that operationalize the needs and aspirations of people.

### Institutional Assessment and Self-assessment

While there has been a great deal of interest in institutional development, relatively little work has been done in supporting institutions in their quest to better understand themselves

and their performance (Universalial, 1985). Institutions, like people, need to obtain feedback about how they are doing. Is the institution providing goods and services people want? Are the costs of the institution's services appropriate? Is there a sufficient quality to the work it does? Is the institution carrying out the role assigned to it? Does it have the capacity to carry out the role(s)?

Three years ago the International Development Research Centre (IDRC) and Universalial Management Group began to explore the issues surrounding ways and means to better understand how to assess institutional/organizational performance. Both IDRC and Universalial believed that self-evaluation could empower organizations and aid them in both using the evaluation and learning from it. IDRC argued that organizations would be more likely to engage in experimenting with an organizational assessment model if they could control the process and be empowered by it. Given the lack of theory on institutional assessment, we eventually developed our own model and a process that could be used in evaluating these organizations (Lusthaus, Anderson and Murphy, 1995 and Lusthaus, Anderson and Adrien, 1996).

We have been working on the challenge of improving performance and the challenge of self-assessment for over three years now and would like to share some of our experiences and the ideas that are emerging.

# An Organizational Assessment Framework <sup>1</sup>

## Background

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 *institutional 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 its own development.

## The Framework

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



<sup>1</sup> For a full discussion, see Lusthaus, Anderson, Murphy (1995).

## Capacity

Performance is in part driven by organizational capacity, which we now understand as existing in six basic areas: strategic leadership, human resources, core resources, programming and process management, and inter-institutional linkages. Each of these six 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 and core resources (financial and infrastructural capacity) 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 institutions — referred to as inter-institutional linkages.

## Internal Motivation

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

## External Environment

Organizations also 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 institution does its work, or the work it does.

## Performance

In saying then that organizational performance is a function of three dominant variables — its internal capacity, its motivation, and its external environment — there remains a need

to define the performance of an organization. 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 "relevant" to its stakeholders. Organizations need to continually adapt to their changing stakeholder context. This ongoing relevance is the third key dimension to organizational performance.

## Applying the Framework to Self-Assessments

Over the past three years Universalia has been involved in several projects that are giving us some practical insights into organizational self-assessments. Two of these projects involved a set of self-assessment exercises now being conducted by Universalia and IDRC in three research centres in Western Africa and one in Bangladesh. These two projects are presented below as case studies. As you will see, these experiences have raised a multitude of issues and pushed forward our changing concept of self-assessment.

### Experience in Western Africa

The self-assessment process in Africa was undertaken in three research centres: The Centre Ivoirien de Recherche Économique et Sociale (CIRES) in Ivory Coast, the Centre d'Études de Documentation et de Recherche Économique et Sociale (CEDRES) in Burkina Faso, and the Conseil pour le Développement de la Recherche Économique et Sociale en Afrique (CODESRIA) in Senegal.

The self-assessments had two main purposes: 1) to increase the strategic capacities of the research centres, by allowing groups of managers inside the centres to identify the key issues and needs of the institutions; 2) to generate data and findings that would serve as a basis for an external review of the institutions conducted for IDRC by Universalia.

The self-assessment process included five phases: planning, identification of strategic issues, development of a workplan, data collection and analysis, and reporting. The centres have completed four of the phases and are writing their final reports.

### Planning

During the planning phase, Universalia provided all centres with background information and materials about the assessment process. In addition, Universalia conducted a needs assessment visit to each centre in order to a) ensure a common understanding of self-assessment, b) understand the contexts of the different centres; c) begin to develop, with each centre, the main strategic issues of their institutions.

### Identifying the Issues

In order to identify the key strategic questions, Universalia conducted a three-day workshop with senior executives at each of the three centres. Together they learned about the purpose of the exercise, acquired skills in self-assessment, and worked in groups to begin to identify key strategic questions which the organization was facing.

They began with a diagnostic process that helped them examine the main performance issues. Once the diagnostic was done, centres identified the causes around performance issues, and conducted a review of their external environment, a review of the motivation factors affecting performance, and a review of the capacity factors affecting

performance. This process led to the identification of key strategic issues.

Some issues were similar amongst the three centres: the alignment of programs with the capacities inside the centres and with the various and sometimes conflicting demands of stakeholders; human resource capacities (more specifically, the capacity of researchers) to meet objectives; and increasing the quality and the regional scope of their research. Each centre also identified issues more specific to their context, such as governance issues, technological systems issues, and leadership issues.

### **Developing a Workplan**

A team of managers and researchers at each centre developed a data collection workplan based on the key strategic issues they had identified. The workplan aimed at identifying the best sources of data on each issue, identifying the most appropriate methodology to collect the data, developing indicators of performance for the key questions, and developing a timeframe for collecting the data.

The three centres took different approaches to developing their workplans. In one centre the workplan was done by two senior managers of the centre who shared it for consultation with the team. In another centre, the process was very participatory and senior managers played a facilitating role in developing the workplan document. Universalialia played a supporting role in this process, responding to requests, while IDRC actively visited centres on two occasions to ensure that the process was unfolding according to the schedule.

### **Collecting and Analyzing Data**

Each centre opted for very different ways of collecting and analyzing data. One centre hired an external consultant to collect and analyze data on some of the main issues, and provide a report containing findings and recommendations. This report will be

appended to the self-assessment report written by the centre. Another centre collected data through a three-day workshop that brought together the major stakeholders of the centre. The workshop was facilitated by some of the managers of the centres and participants came prepared with work done prior to the workshop. Participants worked in small and large groups to organize data; synthesis and analysis was done in plenary sessions. The third centre identified a self-assessment team of managers inside the centre that divided the tasks of collecting and analyzing the data amongst the team members. Universalialia and IDRC were involved as participants in the data analysis phase.

### **Reporting**

Two of the three centres in Western Africa have completed their self-assessments and are in the process of implementing some of the recommendations. The third centre is just completing the self-assessment process.

### **Experience in Bangladesh**

Our self-assessment experience in Bangladesh, with the Centre for Integrated Rural Development in Asia and the Pacific (CIRDAP), involved a process of institutional diagnosis followed by a strategic planning process conducted by the Asian Institute of Management (AIM).

### **Planning**

The CIRDAP self-assessment team engaged in the development of a workplan and self-assessment matrix. This included the formulation of main issues around CIRDAP's performance and clear and relevant questions related to the identified issues. In the following months, the team worked out a reasonable and doable schedule, and an identification of tasks and activities which would be carried out by the self assessment team.

Universalialia helped CIRDAP in the development and refinement of self-assessment questions and indicators. CIRDAP's chief of training and self-assessment core team head, worked closely with Universalialia in the development of various data collection tools which would be used to measure aspects of CIRDAP's performance as perceived by staff members, donors, and members of link institutions, in response to the questions identified in the matrix.

### **Data Collection**

Universalialia team members spent two weeks at CIRDAP, assisting the team in the data collection and analysis process. They met with the Director of CIRDAP and worked closely with core team members, facilitating the successful delivery of interviews, focus groups, questionnaire delivery and data analysis. At the end of each data collection session, a reflection and debriefing session was held in order to facilitate the analysis, polish outstanding instruments, and analyze the learning which was taking place.

### **Strategic Planning Workshop**

In late 1996, a Strategic Planning Workshop was held at CIRDAP, at which the results of the self-assessment exercise were formally presented. The purpose of the Strategic Planning Workshop was two-fold. First, key members of CIRDAP participated in planning the organizational strategies or actions needed to bring about improvement in the Centre's performance. Second, the workshop provided an introduction to the self assessment process for the other members. The findings and issues associated with them were discussed and debated by workshop participants, including representatives from link institutions, donor organizations, CIRDAP staff, Universalialia team members and AIM facilitators. Participants were divided into working groups which discussed the process, the findings and possible directions for avenues of change.

Results and ideas were presented in summary form to the other groups.

### **Reporting**

CIRDAP's report was delivered to Universalialia near the end of November 1996. In the process, findings, and priority areas for change were identified.

## **What We Are Finding**

### **In the Planning Stage**

#### **The Importance of Organizational Readiness**

Before beginning the process of self-assessment, one needs to assess if the organization is ready for it. Cultural readiness is reflected by the degree to which an organization and its members are willing to disclose information, and to see disclosure as an opportunity for learning rather than as a threat. (In both Africa and Bangladesh, participants were anxious about revealing personal information to a large audience.) A corollary to this notion is the degree to which an organization is ready to see information as useful for self-improvement and to act on it.

Self-assessment also requires a climate of trust, participatory management, and a desire to improve. Organizations in which the management leadership styles are most transparent and open appeared to benefit most from a self-assessment exercise.

A third issue of readiness concerns the resources of an organization, both human and financial. Self-assessment requires strategic thinking skills, as well as capacities for data collection, strong analysis, and visioning. In our experiences in Africa and Asia, these skills were not evenly spread within the organizations. In addition to skills, an organization also needs the financial resources to support self-assessment — the will and the

skills alone are not enough to support this time-consuming process.

The willingness to change as the result of a self-assessment process is another sign of an organization's readiness. In some cultures, improved organizational performance does not necessarily link to better personal reward. Until an organization and its members see the benefits of change and are motivated to change, it is unlikely that the process of self-assessment will have any lasting effect.

### **The Need for a Champion**

Because motivation and commitment are key factors in the self-assessment process, it requires one or more individuals within the organization who are able to see the benefits of the process and to motivate others to become engaged. In Bangladesh, one internal champion was the head of training, who was new to the organization but was able to engage her colleagues in the process. She provided the "engagement energy" and used it to establish herself as a strategic leader in the organization. In one centre in West Africa, however, we were confronted with an interesting paradox. In this case, the centre's executive director became the champion of the self-assessment process, but saw this as an opportunity for him and a small group of managers to "tell the institutional story." If the involvement and participation of a wide range of stakeholders is a critical part of the self-assessment process, then this is not the champion needed (UNDP, 1994).

### **The Need to Clarify "Performance"**

Certain centres in both Africa and Asia questioned our framework for organizational performance — effectiveness, efficiency, and relevance — as opposed to program performance. They considered these as distinctly North American notions and wondered if they were transferable to regions where organizational performance might be defined by other criteria. They expressed a

concern that the performance values expressed by the funder differed from their own. It is clear that we need to spend more time and effort to help organizations understand and define their performance criteria.

## **In the Data Collection Stage Phase**

### **The Need for Practical Tools**

The centres we worked with understood the framework but experienced difficulty in implementing it — in transferring their understanding of the concept to the actual process of data collection. Self-assessment teams need a series of practical step-by-step tools to help them structure their data collection plan, collect the information they need, and to analyze it.

### **The Need to Clarify Basis of Judgement**

As we attempted to help organizations assess their effectiveness, efficiency and relevance, it became harder to agree on a clear definition of these terms. All sectors, but specifically the NGO community and the not-for-profit groups, need to develop both standards and benchmarks that would help them better understand when they are successful. If, for example, an organization meets 50% of its goals, is this "effective"? If 70% of stakeholders say that the organization is meeting their needs, is the organization "relevant"?

### **The Need for Deadlines and Support to Meet Them**

In order for the self-assessment process to work, it appears organizations need to be accountable to both their funders and their own leadership for completing the process. This may require specific deadlines as well as support to complete the process. In some centres the self-assessment process fell significantly behind schedule, perhaps due in part to the relatively small amount of pressure that was put on the organization to complete the self-assessment. Centres that set deadlines

that could not be moved kept to their deadlines.

The level and the nature of the support requested in the self-assessment process varied from one organization to another: One organization in Africa requested more support at the brainstorming stage — they wanted to more information before making a decision. Another institution requested more technical support, and tools and instruments to guide their planning process. A third institution made no requests for support. As facilitators, we needed to accommodate the individual processes and develop coaching methods that suited their needs.

## In the Reporting Stage

### The Importance of Identifying the Audience

Early in the process, it is important to clarify the purpose of the self-assessment process and to identify the future users and readers of the report. This can reduce the level of stress and ambiguity associated with the process. In Western Africa, self-assessment reports will be used differently in each centre. One centre, which saw the report as a marketing and promotional document, was hesitant at addressing some of the strategic issues with all the required transparency. A second centre viewed the self-assessment report as a "business plan" with which it could seek funding. A third centre did not want to include anything in the report that might harm their future relationship with their funders. If the purpose and audience for the reports had been clarified earlier, these organizations might have been less hesitant and the process could have been expedited.

## Conclusion

Our experience with organizational self-assessment has prompted us to further reflection on the concept. What are the salient characteristics of effective self-assessment in organizations? It is not simply a question of organizations participating in their own diagnosis. It relates fundamentally to an organization owning the process.

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