Value addition of organizational evaluation

Striving for an effective organization can be argued to be a prerequisite for programmes and projects in achieving sustainable development. Organizational evaluation is usually done by consultancies, but a critical examination of recent organizational questions such as human resource management, policy development, budgetary management, procurement and structural reform shows that independent evaluation is evolving.

This article seeks to answer the following research questions: what is the value addition of independent evaluation centered not on projects and programmes but on the organization itself, and are international financial institutions receptive to evaluation findings? How can independent organizational evaluation help to promote not only best practices but also opportunities for innovation that would not be seen from the day-to-day operational perspective?

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Introduction

Organizations are important social units of many shapes and sizes that play an integral role in the realm of development. These social units have evolved from small families and gatherings of people, into large government entities, private enterprises as well as civil society agencies. Organizations are not only composed of individuals, but are also made up of interdependent groups with different immediate goals, different ways of working, different formal training, and even different personality types.

Evaluation relies on Organisation for Economic Cooperation and Development – Development Assistance Committee (OECD-DAC) evaluation criteria, terminology and standards. The thrust of the OECD-DAC guidelines, however, is on projects and programmes, with little attention to organizational evaluation.

Organizational evaluation can be carried out internally (self-evaluation) or externally (independent evaluation). Lamdany and Edison (2012) state that the issue with self-evaluation is that it is difficult to determine whether the organization is "doing the right things," or just "doing things right". An independent organizational evaluation produces value by enhancing accountability and transparency, increasing competitiveness, sustainability, and triggering the organization of environmental forces that can boost performance.

> ***"Evaluation of the organization as a unit of analysis remains a black box as opposed to project and programme evaluation in development evaluation practice."***
>
> *Lusthaus and Rojas (2013)*

An overview of specific organizational evaluation frameworks and models

Over the past decades, researchers in the field of organizational theory and management have developed extensive arrays of frameworks and models for organizational evaluation. These frameworks and models have evolved with multivariate criteria of performance ranging from profit (especially in the private sector), to effectiveness and efficiency.

Recent models and frameworks which are based on experience, research and theory, have different performance dimensions and are widely recognized in the academic and development discourse. Each of these models highlights or reveals organizational phenomena that were overlooked by other models and serves to frame the evaluation in a different perspective, particularly with respect to the values used to assess an organization's performance. Lusthaus and Rojas (2013) classify these models into three main groups:

1. A model which identifies the best practices or standards associated with strong performance or organizational excellence;

2. A model which explores the relationship among variables;

3. A results framework which provides an implicit definition of organizational performance focussing on result achievement.

Scott (2003) also argues that despite the proliferation of different models, three conceptual frameworks continue to be used as primary guides to empirical investigations of organizations: rational, natural, and open systems. He further posits that depending on the purpose, models can further be classified into goal model, system model, procedure model, strategic constituencies model and competing values model. In this section, we give a brief overview of four specific widely recognized models in organizational evaluation. No one model can be applied universally to all organizational performance evaluation.

1. the 7-S Model, also known as McKinsey 7s Model;
2. the Open System Model;
3. the Causal Model of Organizational Performance and Change also known as Burke and Litwin Model;
4. the Universalia Institutional and Organisational Assessment Model (IOA Model).

Value addition of the independent evaluation of organizations

The primary motivation of organizational evaluation has been quality assurance and human resources development (see Brinkerhoff, 1988). The value addition of organizational evaluation goes beyond these benefits.

An independent evaluation of organization, using any of the models described in the previous table, enhances accountability and transparency. To be accountable implies that the organization must be willing to explain its actions to stakeholders and independent organizational evaluation compels organizations to establish, achieve, and regularly measure clearly defined levels of performance in their operations.

Another outstanding value addition of independent evaluation in the realm of performance improvement is increased competitiveness and sustainability due to continuous learning and reflection. Rather than accepting current practices, procedures, and policies, the evaluative organization seeks out opportunities to maximize value to external stakeholders as well as internal members. Focusing on the organization as the unit of evaluation leverages the culture of the organization, facilitates inter alia investment decisions, determines how best to allocate resources, directs research and development initiatives, selects appropriate strategies, maximizes contributions from personnel, and improves training programmes. When an organization, through its deliberate actions, incorporates the evaluative attitude into its operations, returns are maximized, and the organization thrives.

The external environment in which the organization operates plays a significant role in its success and performance. The IOA model stresses that the environment provides multiple contexts that affect

COMPARISON OF FOUR ORGANIZATIONAL EVALUATION MODELS				
	The 7-S Model	**Open System Model**	**Burke & Litwin Model**	**IOA Model**
Main Proponents	Pascale and Althos (1981); Peters and Waterman (1978)	Katz and Kahn (1966)	Burke and Litwin (1992)	Universalia; Lusthaus et al., 2002
Main Elements	This model describes seven inter-dependent factors of an organization in a holistic and effective way	This model depicts the structures and systems of an organization as an organic, process-oriented system that exists within the context of organizational climate and culture, and is open to influences of the external environment	This model suggests linkages that hypothesize how performance is affected by internal and external factors. Diagrammatically, transformation factors are placed at the top layer with the transactional factors at the bottom	This model helps an organization define and improve its overall performance (effectiveness, efficiency, relevance and financial viability) through analyzing its external environment (EE), Motivation (M), and Capacity.
Dimensions	Organizational structure; Strategy Statement; Systems; Shared values; Skills; Style and Staff	A strategic view of the overall direction, goal and objective; Execution of key elements in the organization's plans and organizational climate (culture, norm, etc.)	External environment; mission and strategy; leadership; organizational culture; structure; management practices; systems; work unit climate; task and individual skills; individual needs and values; motivation; and individual and organizational performance.	External environment: (administrative/legal, political, social/cultural, economic, stakeholders, technological, and ecological); Motivation : (history, mission, culture, and incentives/rewards); Capacity : (financial, programme and process management, inter-organizational linkages, strategic leadership, human resources, infrastructure, and culture); Performance
Basic Concept	Identify best practices; Goal, rational, and natural concept	Result, process and system oriented; rational, natural concept	System oriented; natural concept	System oriented, natural concept
Strengths	Helps facilitate organizational change and implement a new strategy.	Focuses on balance and sustainability and considers sub-systems within the organization	Provides an effective strategy to manage organizational change	Inherently prolem-solving and forward-looking
Limitations	Essentially inward looking. Negelcts stakeholders and settings of the organisations	Risk of neglecting primary beneficiaries or key stakeholders.	Effectivemess subject to how well each element is xplored and put to use.	Complex

Source: Authors' compilation

the organization and its performance, what it produces, and how it operates. Further, the report of the United Nations Development Programme (UNDP) states that many development projects within organizations either partially or fully fail because the intervention does not adequately address the enabling environment within which it operates (UNDP, 1993).

Organizational evaluation advises the organisation on the forces that can hinder or facilitate the performance and gives the organization the ability to adapt to the evolving circumstances. The organization continues to improve, simplify and align its processes and strategies as the environment metamorphoses. This can further induce the generation of new knowledge that can be utilized in the organization.

Independent organizational evaluation spurs the formation of a strategy for human resource planning. Organizations are expected to have manual of responsibilities that outline which positions report to which authorities and to whom certain tasks are or should be assigned. The performance of each employee with respect to the assigned responsibilities can be argued to be a necessary condition for the overall success of the organization. The sufficient condition, however, lies in "doing the right things" in a changing environment. "Doing the right things" instead of "doing things right" can induce innovation, increase the skills of staff in the process and enhance the performance of organizations. Thus, development of best practices with the management of human resources has high potential of translating into successful project and programme implementation.

The ideology of "doing things right" also applies in the realm of policy-making and reforms. Conditional lending, for example, to assist the development of African countries, was a strategy which, according to Thomson (2010: 194), "backfired," leaving Africa "crippled" by debts, The relevant institutions "do things right" in implementing the structural adjustment policies. Nevertheless, "the right thing" was not done to achieve sustainable development. The rigidity of the institutions perhaps impeded positive probing by the stakeholders and other technical persons on the ground.

Conclusion

Cognizant of the relevance of independent organizational evaluation, some organizations including the IFIs have established independent evaluation units to enhance inter alia accountability, transparency and credibility. Among these institutions are the IMF, World Bank, African Development Bank, Asia Development Bank, UNDP.

Independent organizational evaluation unearths the good practices as well as weaknesses and other external factors that may retard the performance of the organization. Enhancing good governance within the organizations and ensuring that right things are done right will require an independent organizational evaluation.

The models for evaluating organizational performance examined in this article highlighted the various approaches and combination of approaches that researchers in the organizational and management fields have developed to assess organizational performance.

Independent evaluation of an organization produces value by enhancing accountability and transparency, increased competitiveness and sustainability, and gives the organization the ability to adapt to the evolving circumstances. Moreover, independent organizational evaluation helps IFIs to leverage their key resources for human resource planning, and policy reformation, stimulating greater sustainable development impact. eVALU

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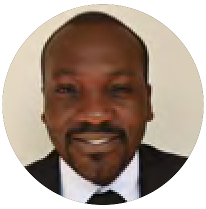

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