# A framework to assess the development and capacity of non-profit agencies

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## Abstract

In this article, we present a framework to assess non-profit agencies' levels of development and capacity. The framework is useful for evaluation because it helps to predict and explain program implementation. The framework is useful for program planning because planners must select organizations that are suitable to implement programs, and sometimes they must build organizations' capacity to do the work. A scoring rubric called the stages of organizational change measures development and capacity, using the maturity modeling approach. Maturity modeling is a technique that emerged from the worlds of business and technology. 'Maturity' does not imply value judgments about organizations; rather, the level of development and capacity should fit the services to be delivered. The scoring rubric has good reliability and validity and has been applied in three ways: (1) to assess agency capacity at a single time point; (2) to describe capacity development; and (3) to evaluate capacity building initiatives.
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## 1. Introduction

Among all the forces affecting program implementation and survival, the organizational context has received surprisingly little formal consideration. 'Formal consideration' means the exploration and measurement of generic organizational features that predictably affect programs. Programs are not the same things as the agencies that house them, yet evaluation has failed to formally consider both the organization's stage of development and the organizational characteristics that support the capacity necessary for non-profit agencies to do their work well over time. Formative or implementation evaluations inherently must address questions of organizational capacity. Programs are not some idealized models and they do not take place in Petri dishes. They are implemented largely within organizations, which have strengths and weaknesses, other activities, and other agendas. The literature on organizations and systems reveals that some of these forces are commonly understood, and others are becoming better understood. Insights about the characteristics of non-profit agencies (such as leadership and governance, organizational depth, and financial sustainability) can help us predict the quality of

program implementation, explain outcomes, and inform the external validity of outcome conclusions.

In this article, we present a framework for considering how non-profit agencies' development and capacity affect program implementation.[1] The framework has been applied to 56 non-profit agencies to date. It has been used in three ways: (1) to assess agency capacity at a single time point; (2) to describe capacity development; and (3) to evaluate capacity building initiatives. First, we present an initial orientation to the framework and definitions of terms, beginning to relate the framework to evaluation and program planning. We then review the empirical and theoretical underpinnings of the framework, along with the method we have developed for rating organizational features according to the framework. Finally, we provide some initial insights from the framework that may assist evaluation and program planning.

## 2. Basic orientation and definitions

Non-profit agencies differ greatly in the degree to which they have developed five key organizational features: Governance, financial resources, organizational development (i.e. structure and differentiation), internal operations, and core services. These five features work through two levels of

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[1] Governmental agencies are also at different stages of development in ways similar to the ones studied here. However, the framework has not been formally applied to such agencies as of this writing.

organizational capacity—individual expertise and organizational procedures and resources (see definitions below). Although programs are heterogeneous in terms of services and populations served, by contrast development of these five organizational features at two levels of capacity appear to be generic to all non-profit agencies that provide services. The constructs and theories underlying the framework are the focus of this article. They are based on precepts from diverse sources of which the most important are maturity modeling, organizational life-cycle theory, systems theory, cognitive psychology, and educational research.

These five organizational features are being explored using a scoring rubric, the Stages of Organization Capacity (SOC), designed to assess agencies' stages of development. The SOC relates theoretical constructs to observable attributes within each feature, by rating their stages of development and capacity. The framework, rather than the SOC rating instrument, is the focus of this article. Instrumentation is satisfactory at this stage, but the SOC continues to undergo revision for a very important data-based reason. The observations derived from the SOC are starting to teach us new things about the nomological net: that is, the set of underlying relationships among the features and changes in the features of the SOC. This is the sign of a useful instrument, and is predicted as one of the criteria for construct validation (Cronbach & Meehl, 1955). The nomological net provides a framework for relating observable attributes to each other. Both the framework and SOC are demonstrating their value in helping us improve our understanding of the fate of programs and services within non-profit agencies. To our knowledge, most of these dynamics have not been described in the research literature on non-profit agencies or evaluation—a significant gap in the literature about non-profit organizations and program evaluation that we are making an initial effort to fill in with this paper.

## 2.1. Definition: non-profit organizational capacity

We have settled on the following operational definition of organizational capacity: the ability to successfully implement and complete a new project or to expand an existing one successfully. Other operational definitions are reasonable, but this one focuses on characteristics that are amenable to change and that affect non-profits' ability to carry out services. An organization's 'projects' are not limited to service delivery, but can include a fund raising drive, public relations program, and other non-program, non-service delivery efforts. When agencies are out of equilibrium (i.e. expanding or spiraling down), need quick response to volatile environments, take on new work, or expand their missions, organizational capacity and capacity building become issues. An organization is analogous to a glass of water, and its capacity is analogous—not to the size of the glass—but to how much more water the glass can carry without spilling some.

The research literature to date suggests two levels of organizational capacity that, when enhanced or more fully developed, tend to improve the likelihood of successful program implementation (Letts, Ryan, & Grossman, 1999):

- Individual expertise that includes the skills, knowledge, and experience that employees and volunteers bring to the organization (in this framework 'leadership', is a type of expertise, to be expressed in a particular organizational context).
- Organizational resources and procedures that permit agencies to use individual expertise productively.

Greater organizational differentiation will assist individuals to work at a higher level, using more specialized skills. An example is the use of support staff to handle repetitive work, freeing more skilled staff to tackle the more complex tasks. Less developed agencies are unable to function at the same level of specialization.

When capacity building is the goal of interventions, too often the focus is on individual training, to enhance expertise and make higher order task performance possible. Yet, the organization may not be able to use the increased expertise without some changes in its own processes and resources. This pattern is abundantly clear in the literature on medical care quality improvement, where the focus has shifted to improving the processes of medical care because individual intervention has small effects (Berwick, Godfrey, & Roessner, 1991).

## 2.2. Definition: non-profit organization development

We define development in terms of the level, or stage, of five key features that comprise the framework. They were selected because, according to the literature, they: (a) are common to all non-profit agencies, (b) are likely to change as agencies develop, (c) can develop at different rates, and (d) affect an organization's ability to implement new or expanded community innovations. We chose these features based on evidence from the organizational life-cycle literature suggesting that agencies have a general pattern of maturation in common, and that these features vary with organizational stage of development. Quinn and Cameron (1983) present evidence that the same patterns emerge in a wide range of settings, structures, and functions. The five features are:

1. Governance—legal status of organization and associated documents; board composition, functioning, and development; relationship between board and staff.
2. Financial resources—organization's funding history and its ability to generate funds and to sustain itself; funding resiliency, diversity, and vulnerability.
3. Organizational development—degree of horizontal and vertical structure of the organization; administrative versus service role differentiation; skills and experience of administrative staff; role differentiation and specialization
4. Internal operations—degree to which an organization has differentiated its administrative functions, degree to which tasks are specialized by degree of skill or training they require. Often internal operations are considered overhead