

Organisational Evaluation Capability Hierarchy Models in Self-Diagnosis

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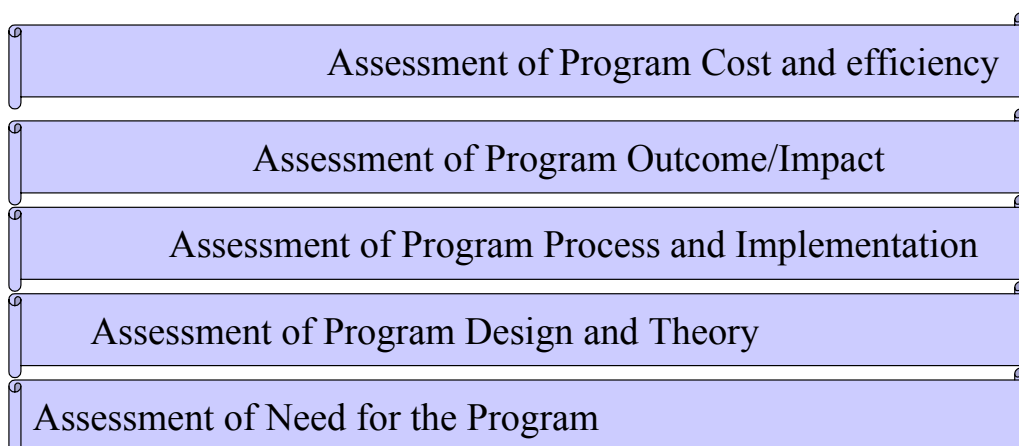
Abstract

The use of Capability Maturity Models in Financial Management, Project Management, People Management and Information Systems Management in a wide variety of organisations, has raised the implication that an Organisational Evaluation Capability Hierarchy might be useful to guide the self-diagnosis of organisations in building their evaluation maturity. This paper is about the theory behind this growing trend in organisational governance and organisational diagnosis, and explores its relevance to evaluation theory and practice. This theoretical analysis may have long term practical benefits for evaluation practitioners, as is being developed in the fields of project management, financial management, and people management in a wide range of organisations.

Paper

Various Governments have taken steps to implement management improvement through a concerted, whole of government approach to evaluation training and practice (e.g. APSC, 2003; GOA, 2003; Sedgewick, 1994). But often this was ahead of evaluation theory in terms of viable models of organisational evaluation capacity building (Duttweiler & Grogan, 1998; Sharp, Winston & Bhagwandas, 1986, Sharp, 2004a, 2004b). In the evaluation literature there have been various attempts to classify the relationships between the many different types of data collection and decision oriented approaches to evaluation of *programs* or *projects* rather than *organisational capability* (e.g. see Owen & Rogers, 1999; Patton, 1997; Scriven, 1991). For example, one of the longest published books on evaluation (Rossi, Lipsey & Freeman's 2003), in its seventh edition has recently summarised the progression of evaluation questions in the form of a program evaluation hierarchy for (see Figure 1).

Figure 1 Program Evaluation Hierarchy
[source: Rossi, Lipsey & Freeman, 2003, p. 80]



In Figure 1 Rossi, Lipsey & Freeman (2003, pp. 79 - 81) identify a hierarchy of relationships between different types of evaluation questions and the issues which are the focus of program evaluations.

"We can think of these evaluation building blocks in the form of a hierarchy in which each rests on those below it. The foundation level of the evaluation hierarchy relates to the need for the program. Assessment of the nature of the social problem and the need for intervention produces the diagnostic information that supports effective program design, that is, a program theory for how to address the social conditions that program is intended to improve. Given a credible program theory, the next level of evaluation is to assess how well it is implemented. This is the task of process or implementation evaluation. If we know that the social need is properly understood, the program theory for addressing it is reasonable, and the corresponding program activities and services are well implemented, then it may be meaningful to assess program outcomes. Undertaking an impact evaluation to assess outcomes thus necessarily presupposes acceptable results from assessments of the issues below it on the evaluation hierarchy. If assessments have not actually been conducted on the logically prior issues when an impact evaluation is done, its results are interpretable only to the extent that justifiable assumptions can be made about those issues.

At the top of the hierarchy we have assessment of program cost and efficiency. Pursuing questions about these matters is a relatively high-order evaluation task that assumes knowledge about all the supporting issues below it in the hierarchy. This is because answers about cost and efficiency issues are generally interpretable only when there is also information available about the nature of the program outcomes, implementation, theory, and the social problem addressed.

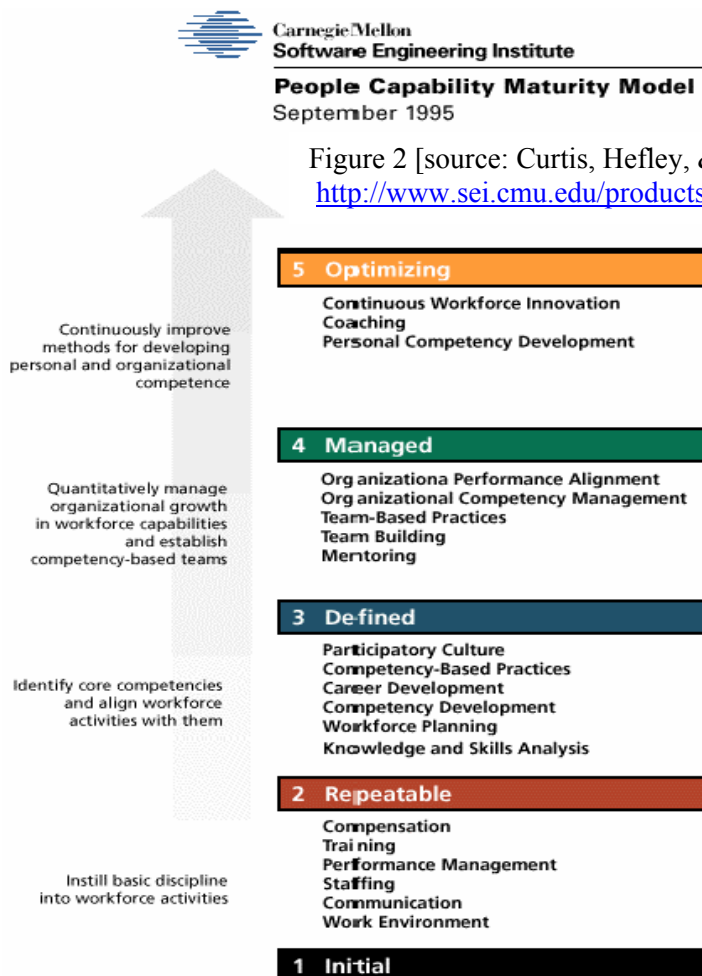
... When developing the questions around which the plan for an evaluation will revolve, therefore, it is best for the evaluator to start at the bottom of the evaluation hierarchy and consider first what is known and needs to be known about the most fundamental issues. When the assumptions that can be safely made are identified and the questions that must be answered are defined, then it is appropriate to move to the next level of the hierarchy. There the evaluator can determine if the questions at that level will be meaningful in light of what will be available about the more fundamental issues.

By keeping in mind the logical interdependencies between the levels in the evaluation hierarchy and the corresponding evaluation building blocks, the evaluator can focus the evaluation the questions most appropriate to the program situation. At the same time, many mistakes of premature attention to the higher-order evaluation questions can be avoided." (Rossi, Lipsey & Freeman 2003, pp. 80 - 81)

However useful these inter-related evaluation questions might be to the Evaluator, or the program management they are still basically about *program* evaluation. They have not encompassed the next *systemic* level of evaluation, viz the *organisational* governance or *Strategic Evaluation* (Sharp, 1999, 2003, 2004b). In order to address this important view, Sharp (2004a) has attempted a version of Rossi et al's evaluation hierarchy which encompasses the spirit of the organisational project management capability maturity model (OPM3) and the Canadian Financial Management Capability Maturity Model (OAG-BVG, 1999a, b) in that the evaluation of the organisation's projects and programs or financial management are seen as integral to the overall performance of the organisational governance.

CAPABILITY MATURITY MODELS (CMM)

A *Capability Maturity Model (CCM)*¹ is based on an adaptation of the Software Engineering Institute's "®Software Capability Maturity Model" (SEI, 1999). The SEI developed the model as a tool for assessing an organization's ability to build software applications. This approach has been adopted by various other leading organisations to create a model for assessing the management capability of organisations such as government departments. For example the Office of the Auditor General of Canada (1999) has developed a *Financial Management Capability Model (FMCM, 1999)*. Basically a capability maturity model is a framework that describes the key elements of effective operational management (whether e.g., project or financial management). It sets out a path that an organization can follow to develop progressively more sophisticated management practices, as appropriate to the strategic context, and the organisation's level of sophistication or maturity in the particular area of operations. It shows the steps in progressing from a level of management typical of a start-up organization to the strong, effective, operational management capabilities associated with a more mature and strategically sophisticated organization. A CMM contains a hierarchy of statements of standards and options, for guidance in assessing the level of maturity and directing the organisation to goals of a higher level of maturity, as shown in Figure 2.



¹ ® CMM and Capability Maturity Model are registered in the U.S. Patent and Trademark Office. See SEI, 1999. <http://www.sei.cmu.edu/cmm/cmms/cmms.html>

Based on the CMM style maturity hierarchy and *program* evaluation hierarchy of Rossi et al (2003) we can postulate a progression of levels of organisational evaluation maturity (see Figure 3).

Figure 3 Sharp's Organisational Evaluation Capability Hierarchy (OECH)



1. Ad hoc Evaluation

It is a fair assumption that all organisations have some form of basic monitoring of financial, and service performance as part of the essential management and control processes. At the basic level of the Organisational Evaluation Capability Hierarchy (OECH) it is expected that there will be evaluations (probably formative or summative, Scriven, 1991), but they are likely to be commissioned in an uncoordinated manner. There may be a Government or Departmental policy requiring evaluations to be done at the milestones of the project or at three yearly reviews of programs. The evaluations may be a funding requirement of the programs &/or projects, and as such there is a danger that evaluations are conducted as a compliance exercise, rather than intended as a systematic part of the organisational governance capability improvement. There may be lip-service to using evaluation in strategic planning. But this is still *ad hoc*, depending on budget reserves, rather than a mainstream integral component of the organisation's strategy.

2. Planned evaluation

Where there is a specific Government or Departmental policy requiring evaluations to be done at the milestones of the project or at three yearly reviews of programs, *and* there is a specialist evaluation advisory unit or a coordinated approach to program &/or project evaluations &/or operational benchmarking, there is a beginning to organisational evaluation capability. Here the more sophisticated organisations attempt benchmarking of specific projects or functions, as an approach to organisational diagnosis or organizational learning (see Sharp, 2001, 2002, 2003).

So for this second step in the OECH, the evaluations are funding requirements of the programs &/or projects. But this is still quite *ad hoc*, and dependent on budget reserves,

rather than a mainstream integral component of the organisation's strategy. Evaluations may be used widely in strategic planning in the organisation, but it can still be seen as a compliance exercise, rather than intended as a systematic part of the organisational *governance* capability improvement. There is still no evaluation culture in the organisation (cf SSCSW, 1979).

3. Integrated evaluation

This level, and those aggregating above it, assume that there is not only a planned approach but also the evaluation is integrated into all aspects of the organisation's strategy and management. The third level includes evaluation as an integral part of the strategy & program planning and implementation. This level would be close to the optimal approach to **organisational project management** (as in the OPM3) where there is the integration of evaluation as part of project implementation and improvement as a requirement of the organisation's strategic plans. Similarly the **Financial Management Capability Model** (FMCM, OAG-BVG, 1999a, b) managed level would be closely linked to this level of evaluation integration in overall organisational capability.

4. Meta-analytic - meta-evaluation, meta-analysis

This level assumes the subordinate levels of evaluation capability, but now focuses on a more sophisticated and systematic approach to evidence-based policy or "evidence-based practice" such as in "realistic evaluation" (Kazi, 2003; Pawson, 2002a, 2002b; Pawson & Tilley, 1997, 2001; Tilley, 2000). At this level the more sophisticated organisations attempt *Systemic* benchmarking as an approach to system diagnosis or organizational governance learning (see Leeuw, Rist & Sonnichsen, 1994; Sharp, 2002; 2003).

There may be a degree of involvement of the Board of Directors demanding better quality of evaluations and reviews, especially to address specific strategic management &/or organisational governance issues.

5. Strategic Evaluation – Board of Directors’ and Management self-evaluation for good organisational governance

Levels 4 and 5 of the Organisational Evaluation Capability Hierarchy (OECH) may significantly overlap, depending on the sophistication of the evaluation of the policy, strategy and organisational governance. It is at this level one would expect that the organisation is close enough to a truly *evaluative* organisational culture (cf Sedgewick, 1994; SSCSW, 1979). If the Board of Directors evaluate the organisational governance focusing *only* on the Board's oversight of the *Management and strategy* of the organisation, then the organisation's maturity seems to be at the lesser level. If the Board of Directors or the governing body of the organisation, not only demands and uses evaluations as part of the normal organisational governance *and the Board applies the same requirement to evaluation of the Board's and Directors' performance* then it is possible to suggest that this organisation is reaching the highest level of organisational evaluation capability.

Strategic Evaluation does not start with the strategy or objectives of the organisation, but rather with the stakeholders and their needs. All too often program evaluation starts with the objectives of the organisation as if they are the fixed points of reference to which management of programs, and thus their evaluation, must be accountable. Such analyses may be acceptable for some forms of program evaluation. But they are fundamentally flawed from the point of view of the organisational governance. So evaluation which enhances good governance, ie., *strategic evaluation* is not only about a *strategic perspective on* evaluation, or about facilitating better evaluation *of* the strategy of the organisation *per se* but more about the essential organizational culture of continuous self-evaluation and self-improvement by the Boards of Directors and top management *for* the whole *governance* of the organisation. This aspirational organizational culture enhances *organisational* evaluation, not just *program* evaluation, both top down by the Board *and* bottom up by the service delivery staff and the stakeholders of their services.

Like other *emic* perspectives in evaluation, they need to be counter balanced by *etic* perspectives. Thus *Strategic Evaluation* is not only conducted by Boards of Directors and top management for their own self-improvement and that of the organisation. But they also facilitate transparency of evaluation, by engaging external *etic* oriented evaluations, and by opening up the findings of this evaluation for access by all stakeholders.

FURTHER RESEARCH

Of course, no matter what models and assessment tools of evaluation capacity building are considered, there is still a need to validate them, which means actually applying the skills of organisational diagnosis (OD_x) and organisational development, including organizational culture change methods (Duttweiler & Grogan, 1998; Sharp, Winston & Bhagwandas, 1986). This OECH model is only one step to assist in the assessment of progress in the long process of organisational change. As with all evaluation theory there is a significant problem of researching it in application, when the demands of the organisations themselves keep changing and the evaluation projects have to get done along the way, in accordance with the needs of the stakeholders (Duttweiler & Grogan, 1998; Sharp, Winston & Bhagwandas, 1986). These are still very early days in developing a satisfactory model. But it is worth a try because, like any organizational learning process, there is a need for feedback and evaluation of progress toward the model or strategy (Leeuw, Rist & Sonnichsen, 1994).

Thus far, apart from 8 organisations which the researcher and his students have investigated (see Sharp, 2003, 2004a, 2004b) recently three volunteers have offered to try these assessment tools (see also D.E.S.E.R.T.) in their Not-for-Profit organisations. Their data is still being collated and will be reported when there is sufficient information to facilitate further inquiry and understanding of the strengths and weaknesses of these tools for *strategic evaluation*.

The attached (**Exhibit 1**) is a draft of an organisational evaluation capability hierarchy (OECH) *discussion tool* for beginning the research. Readers and workshop participants can assist in this important research by conducting your own self-assessment using the Exhibit 1 as a guide. It would be useful to consider the OECH along with other CMMs and similar internal organisational diagnoses. If you wish to be involved in the research please contact the Principal researcher, Dr Sharp: via email: PERSONAL.research@bigpond.com

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Exhibit 1: *Anecdotal Organisational Diagnosis (OD_x)* using the *Organisational Evaluation Capability Hierarchy (OECH) Discussion Tool*

As part of the development of a clear evaluation capability in organizations try to identify which of the 5 levels or models of evaluation are found in your organisation. None of these levels is entirely distinct from the other, rather they are expected to be cumulative, and there may be considerable overlap or diversity across parts of the organisation. *Referring to Figure 3 above and the description of the OECH levels, which* (tick one from the left column) **of these approaches to evaluation do you apply among your projects and programs?** Which approach (tick one from the right column) **does your organisation's top management or Board of Directors espouse** (e.g., through strategic or operational planning documents)?

Your view?

Organisation's view?

Level 1 Ad hoc evaluation:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	Partial	No	Don't Know	(Comments? what evidence)?	Yes	Partial	No	Don't Know

Level 2 Planned evaluation:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	Partial	No	Don't Know	(Comments? what evidence)?	Yes	Partial	No	Don't Know

Level 3 Integrated:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	Partial	No	Don't Know	(Comments? what evidence)?	Yes	Partial	No	Don't Know

Level 4 Meta-Analysis/Meta-Evaluation:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	Partial	No	Don't Know	(Comments? what evidence)?	Yes	Partial	No	Don't Know

Level 5 Strategic Evaluation:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	Partial	No	Don't Know	(Comments? what evidence)?	Yes	Partial	No	Don't Know