

# An Organisational Evaluation Capability Hierarchy Model for self-diagnosis<sup>1</sup>

## self-diagnosis

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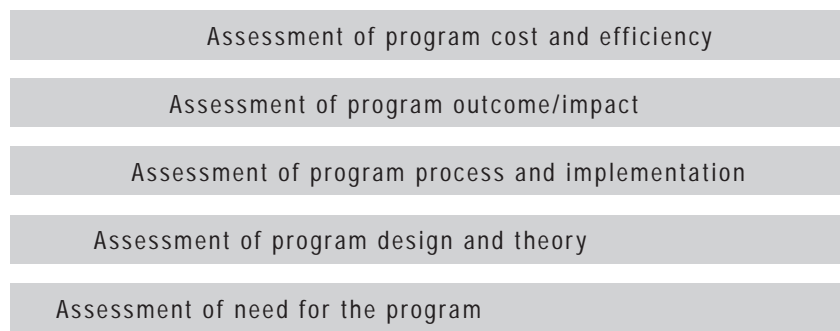
The use of Capability Maturity Models in financial management, project management, people management and information systems management in a wide variety of organisations indicates the potential for an Organisational Evaluation Capability Hierarchy to guide the self-diagnosis of organisations in building 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.

### Introduction

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 with Rogers 1999; Patton 1997; Scriven 1991). For example, Rossi, Lipsey and Freeman (2003), a long-time published book in its seventh edition, has recently summarised the progression of evaluation questions in the form of a program evaluation hierarchy (see Figure 1).

In Figure 1 Rossi et al. (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, as explained below.

**FIGURE 1: PROGRAM EVALUATION HIERARCHY**



Source: Rossi, Lipsey and Freeman 2003, p. 80

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 undertaken, the 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 on 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 et al. 2003, pp. 80–81)

However useful these interrelated 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 to be integral to the overall performance of the organisational governance.

### **Capability Maturity Models (CMM)**

A Capability Maturity Model (CCM)<sup>2</sup> 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 organisation'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 has developed a Financial Management Capability Model (FMCM) (OAG-BVG 1999a, b). Basically a CMM is a framework that describes the

key elements of effective operational management (whether, for example, project or financial management). It sets out a path that an organisation 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 organisation to the strong, effective, operational management capabilities associated with a more mature and strategically sophisticated organisation. 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.

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).

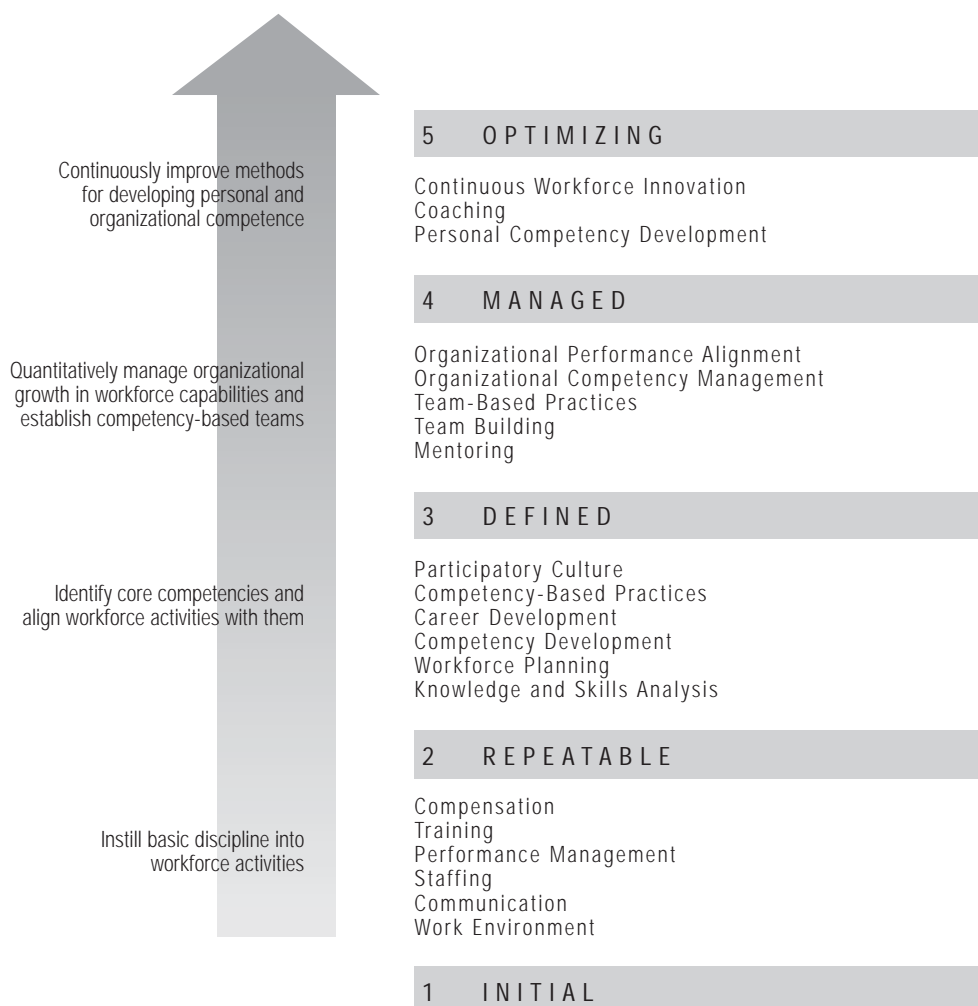
Below is a brief explanation of the proposed levels of the Organisational Evaluation Capability Hierarchy (OECH), as outlined in Figure 3.

## Proposed levels of Organisational Evaluation Capability Hierarchy (OECH)

### 1 Ad hoc evaluation

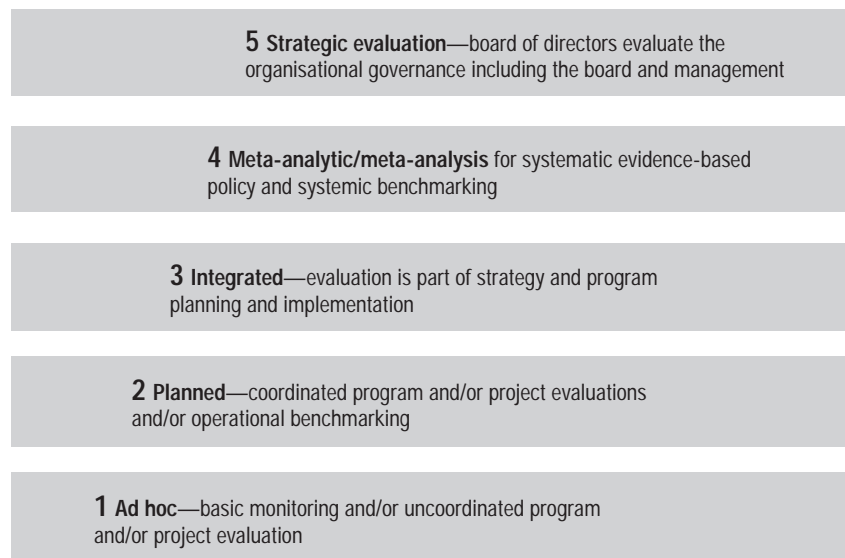
It is a fair assumption that all organisations have some form of basic monitoring of financial and service performance as part of the essential management and control processes. At the basic level of the OECH it is expected that there will be evaluations, probably formative or summative (Scriven 1991), 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 and/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.

FIGURE 2: PEOPLE CAPABILITY MATURITY MODEL



Source: Curtis, Hefley and Miller 2003

**FIGURE 3: SHARP'S ORGANISATIONAL EVALUATION CAPABILITY HIERARCHY (OECH)**



## 2 Planned evaluation

Where there is a specific government or departmental policy requiring evaluations to be carried out 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 and/or project evaluations and/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 organisational learning (see Sharp 2001, 2002, 2003).

So for this second step in the OECH, the evaluations are funding requirements of the programs and/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 they 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 and 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-managed level (OAG-BVG 1999a, b) 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 organisational 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 and/or organisational governance issues.

## 5 Strategic evaluation—board of directors' and management self-evaluation for good organisational governance

Levels 4 and 5 of the 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, that is, *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 organisational culture of continuous self-evaluation and self-improvement by the board of directors and top management for the whole *governance* of the organisation. This aspirational organisational 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; 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

No matter what models and assessment tools of evaluation capacity building are considered, there is of course still a need to validate them, which means actually applying the skills of organisational diagnosis (OD<sub>x</sub>) and organisational development, including organisational 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 be carried out 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 organisational learning process, there is a need for feedback and

evaluation of progress toward the model or strategy (Leeuw, Rist & Sonnichsen 1994).

Thus far, there have been some trials of this model among various not-for-profit (including public sector) organisations which the researcher and his students have investigated (see Sharp, 2003, 2004a, 2004b) along with the DESERT assessment tool. The limited 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. However, there is a danger that unless executives and boards of directors encourage such research, organisations may succumb to defensive routines which can hamper the development of these tools and the consequential undermining of learning about strategic evaluation (see Sharp, 2003, 2004b).

Exhibit 1 is a draft of an OECH discussion tool for beginning the research. Readers can assist in this important research by conducting a self-assessment using the Exhibit 1 as a guide. It would be useful<sup>3</sup> to consider the OECH along with other CMMs and similar internal organisational diagnoses.

### Conclusion

The concept of strategic evaluation has been developed over the last few years in various not-for-profit organisations. But students and managers requested a guide for self assessment in organisational diagnosis (OD<sub>x</sub>). Recently Rossi et al. (2003) have presented a guide of sorts for evaluation practice in the form of an evaluation hierarchy (see Figure 1). In a similar fashion Capability Maturity Models (SEI 1999) have been developed in information systems management, financial management, project management, and people management in a wide variety of organisations. Taking up this mode of modelling organisational capability for self-assessment, an OECH has been developed, to be useful as a self-diagnostic guide for organisations in building their evaluation maturity. This article has introduced the theory behind this organisational self-diagnosis instrument. It has briefly explored the relevance of such a model to evaluation theory and practice. It is proposed that such theoretical analysis may have long-term practical benefits for evaluation practitioners in advocating the role of strategic evaluation (Sharp 2003) in organisational governance and capacity building.

### Notes

- 1 This article is an edited version of the author's 2004 AES International Evaluation Conference paper, *An Organisational Evaluation Capability Hierarchy for Organisations to Self-diagnose their Organisational Governance and Strategic Evaluation Capability Maturity*.
- 2 CMM® and Capability Maturity Model are registered in the US Patent and Trademark Office. See SEI 1999, <<http://www.sei.cmu.edu/cmm/cmms/cmms.html>>.

- 3 If readers wish to be involved in the research please contact the principal researcher, Dr Colin Sharp, at <PERSONAL.research@bigpond.com>.

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**Exhibit 1: Anecdotal Organisational Diagnosis (OD<sub>x</sub>) using the Organisational Evaluation Capability Hierarchy (OECH) discussion tool**

As part of the development of an advanced evaluation capability in organisations try to identify which of the five 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 and the description of the OECH levels, which of these approaches (tick one from the left column) 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?				Level 1: Ad hoc evaluation	Organisation's view?			
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Comments? What evidence?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	Partial	No	Don't know		Yes	Partial	No	Don't know

				Level 2: Planned evaluation				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Comments? What evidence?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	Partial	No	Don't know		Yes	Partial	No	Don't know

				Level 3: Integrated evaluation				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Comments? What evidence?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	Partial	No	Don't know		Yes	Partial	No	Don't know

				Level 4: Meta-analysis/meta-evaluation				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Comments? What evidence?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	Partial	No	Don't know		Yes	Partial	No	Don't know

				Level 5: Strategic evaluation				
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Comments? What evidence?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Yes	Partial	No	Don't know		Yes	Partial	No	Don't know