

Designing Of A Conceptual Framework For Assessing The Performance Of Educational Sector Ngos.

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ABSTRACT: This research paper is written with the primary objective to design a framework for assessing the performance of educational sector NGOs. The challenges faced by the NGOs are often very different from the non-profits and hence are difficult to benchmark. Moreover, NGOs have goals and offer services that are more intangible making performance measurement even more challenging. NGOs are very diverse in nature in terms of projects employed, people, beneficiaries as well as strategic goals and objectives. Hence a general framework for performance measurement will not be effective for measuring the performance of these diverse NGOs. This paper will focus on studying and comparing the various frameworks available for measuring the performance of NGOs. After studying these models, the paper will aim towards designing a framework that can effectively assess and measure the performance of the NGOs working in educational sector. The framework will also list down the performance indicators that can be used in measuring the performance of these NGOs.

KEYWORDS : NGO, Non-profit organizations, performance measurement, accountability of NGOs, assessment of NGOs

Introduction:

The number of NGOs are increasing rapidly in the recent years. They include wide variety of organizations working in healthcare, women empowerment, child education, environmental conservation, charitable organizations etc. All these NGOs share a common goal of adding value in lives of people that leads to better community & society as a whole. However, they surely differ from the traditional profit making organizations as their primary goal is not to make profits. While other organizations ultimate goal is to optimize profits, NGOs primarily exists to serve the society and their requirements. Hence objectives of NGOs are more intangible and complicated. NGOs are driven more for creating value to society and its impact on the society. However, NGOs too, like other organizations, are not spared from the increasing pressure for accountability and performance. Some NGOs also have to face pressures from the government as they have to keep a track of their funding services. NGOs have always understood the need to assess their performance. NGOs also understand that measuring their performance is crucial for continual stakeholder confidence and trust in their work. A huge number of frameworks have been developed for assessing the performance of organizations. Most of these are directed towards self-assessment with financial reporting mechanisms forming the basis of the assessment. Conducting external audits has been predominant method for evaluation. Some NGOs are also directing efforts for mission achievement. The conceptual framework designed in this paper is primarily focusing on the assessing the performance of the NGOs working in the education sector. The paper integrates the approaches take by the different performance measurement frameworks available to precisely define the performance parameters for NGOs in education sector. It is important for these NGOs to assess their performance for sustainability.

Frameworks for performance measurement for NGOs: Comparative study

The Balanced Scorecard (BSC) for NGOs – Kaplan and Nortan

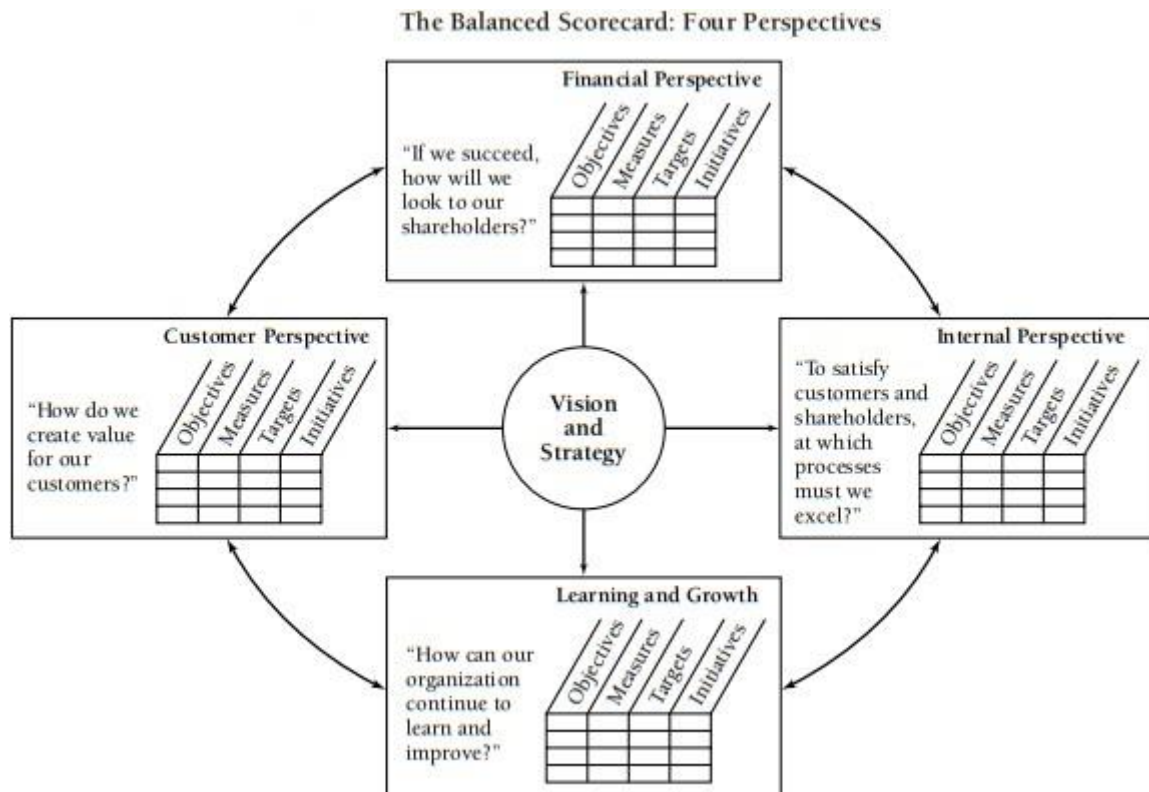
Kaplan and Norton revised the Balanced Score Card (BSC) in order to integrate the information flowing with the NGOs and measure its impact on organizations performance. The Balanced Scorecard presents 4 dimensions ^[1]:

1. Financial perspective
2. Internal perspective

3. Customer perspective
4. Learning, innovation and growth

These four dimensions were viewed as the key to financial performance of organizations in future. BSC justified the possibility to answer the 4 very basic questions that are very important for the sustainability of an organization [1][3]:

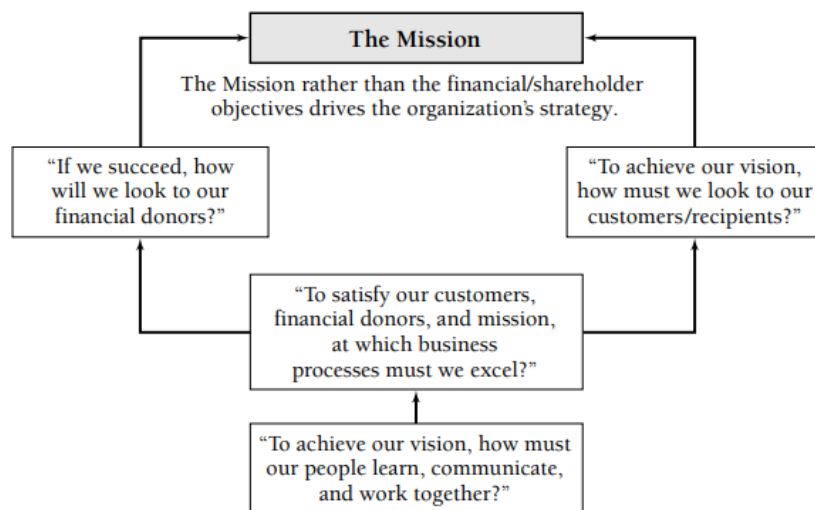
- How do customers see us? (Customer perspective),
- What must we excel at? (Internal perspective),
- Can we continue to improve and create value? (Innovation),
- How do we look to shareholders? (Financial)".



With BSC, managers could observe and focus only on certain measures that were actually affecting the organization's strategy while not investing on other loads of information. It allowed the organization to align their vision, mission, goals and strategies towards achieving financial success through its four perspectives. It focused exclusively on the measurement of strategic performance. Since the NGOs differ in nature, Kaplan revised the BSC framework for non-profit organizations. In this revision, organizational mission is placed on the top as a replacement for financial perspective and made organization's mission to focus on both, financial perspective as well as customer perspective. The major BSC characteristics are:

1. Allows to integrate a series of performance indicators on a single document.
2. The document is short and connects to the organizations information system for more details.
3. The indicators are categorized and each category captures distinctive perspective of organizations performance and all together are connected with the vision and organizations strategy.

Adapting the Balanced Scorecard Framework to Nonprofit Organizations



Limitations of the BSC framework

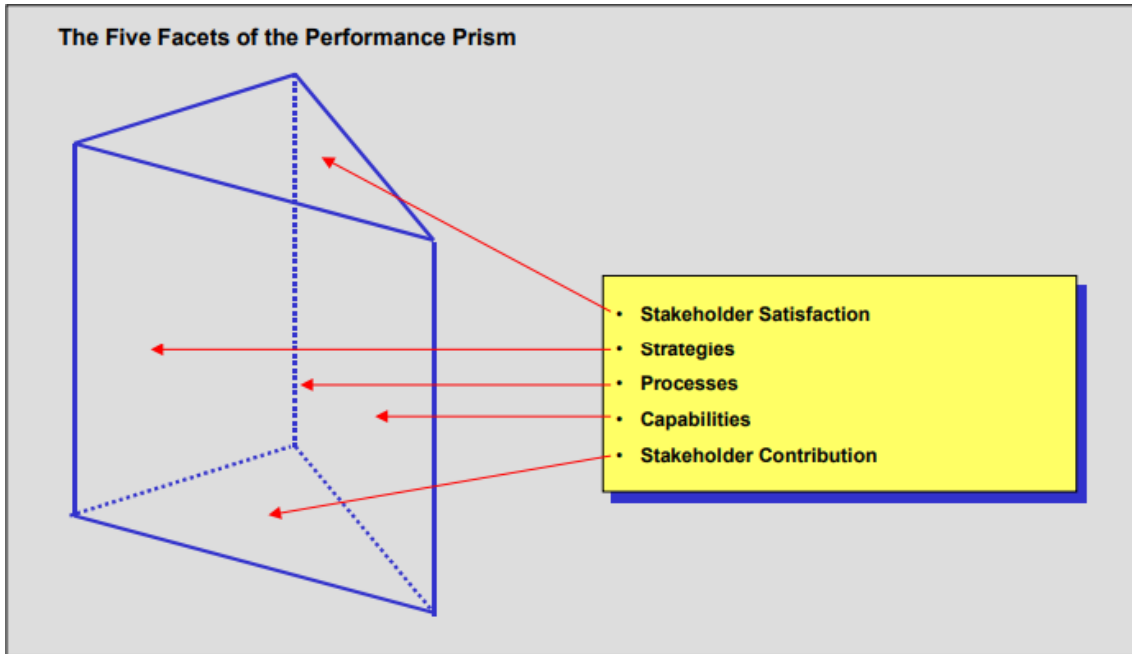
This model was criticised for focusing more on internal financial measures. The four perspectives defined in the model were also claimed to be more suitable for profit making organizations. BSC regarded that the final objective of the organization is to generate wealth for the stakeholders which contradicted the goals of NGOs. NGOs focus on creating value in and for the society and not wealth for its stakeholders. Unlike profit making organizations, NGOs attract two types of customers –

- beneficiaries who consumes and utilise the product/goods and services offered without paying for it
- donors – who provide resources that serve the beneficiaries.

Both the above customers are equally important for the NGOs and so is the fulfilment of their aspirations and requirements. Thus implementing BSC in NGOs fails as it cannot differentiate which customer segment should be given the priority.

The Performance Prism Framework – Andy Neely, Chris Adams, Paul Crowe

Neely, Adams and Paul in 2002, extended further the dimensional approach of Kaplan & Norton by adding to the stakeholders. BSC considered only two major stakeholders, namely customer and shareholders. Neely, Adams and Paul criticized BSC for this and stated that other stakeholders should also be considered, such as employees, suppliers etc. They opposed BSC stating that the strategies must be derived from the stakeholders and not vice versa. The Performance Prism focuses on relationships of the organization with its various stakeholders, the complexity of this relationship from the operating environment perspective. It diverts the management focus on parameters important for achieving success in long term and help in designing systems for performance measurement that are more relevant considering the working environment. The Performance Prism has 5 facets – the top facets are stakeholder's satisfaction and the stakeholder's contribution forms the bottom facet. The remaining facets are Processes, Strategies and Capabilities [2].



The Performance Prism Framework

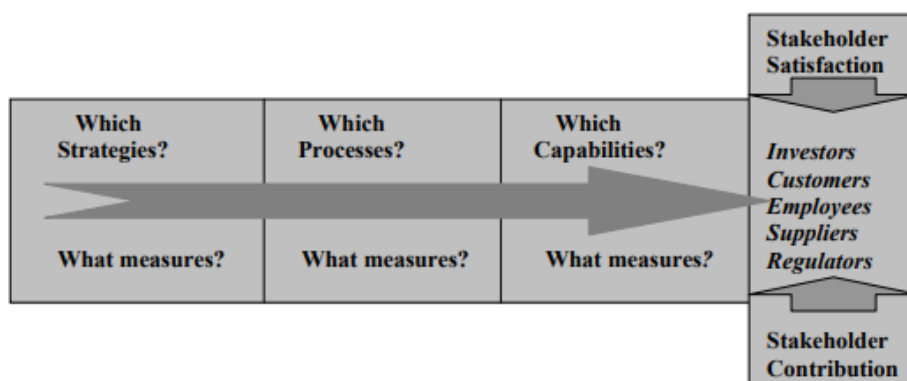
The Performance Prism integrates the above five facets and allows management to think by answering the five fundamental questions^[2]:

1. Stakeholder Satisfaction: Who are our stakeholders and what do they want and need?
2. Stakeholder Contribution: What do we want and need from our stakeholders?
3. Strategies: What strategies do we need to put in place to satisfy these sets of wants and needs?
4. Processes: What processes do we need to put in place to satisfy these sets of wants and needs?
5. Capabilities: What capabilities – bundles of people, practices, technology and infrastructure – do we need to put in place to allow us to operate our processes more effectively and efficiently?

This provides a comprehensive framework that manages the organizational performance and allows them to build a structured performance framework.

Limitations of The Performance Prism

The Performance Prism does not emphasize on continuous improvement and strategy which are considered as crucial for sustainability of an organization. It lacks in correlating the operational and strategic indicators. It also fails in implementation as far as performance improvement is concerned.



The Performance Prism

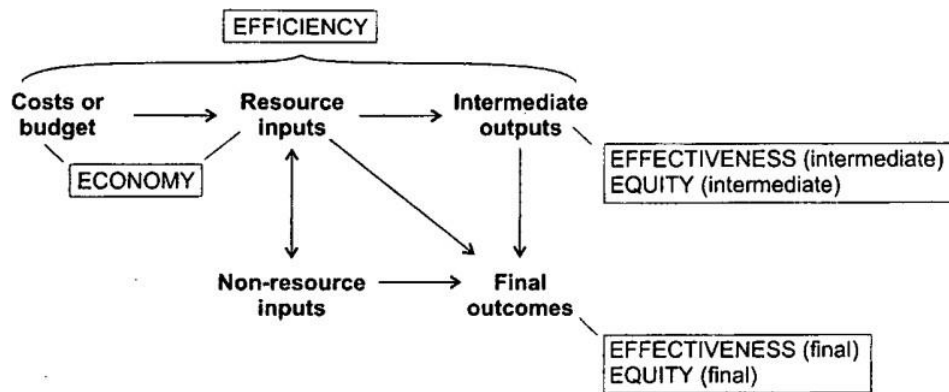
There are five interrelated perspectives in the Performance Prism framework

The “Production of Welfare” Framework – Kendall and Knapp

The “Production of Welfare (POW)” framework describes the processes used for service delivery and activity. It focuses on purpose, factors and process giving significance to the context in which they have been developed. The five main elements of POW are [2]:

- Resource inputs: employees, volunteers, capital and other members.
- Cost of resource inputs or budget allocated to purchase resource inputs in addition to recognition of opportunity cost
- Non-resource inputs: impact on outcome achievement without identifiable cost
- Intermediate outcomes: volumes of service output, mostly with dimension of quality.
- Final outcome: welfare, quality of life changes over time

The amount and quality of services delivered (intermediate-outputs) affect ('produce') final outcomes, which are made possible by a combination of resource and non-resource inputs. Spending money (budget costs) and/or diverting resources from other purposes are two ways to obtain resources (opportunity costs). POW should be able to accommodate a wide range of theoretical principles, evaluative methods, professional priorities, and stakeholder goals as a basic organising structure. The POW framework helped to describe and define four requirements that have become common currency in public management discussions in the UK in its original formulations: Economy, effectiveness, performance, and equity are all words that come to mind when thinking about economics. The following figures explain the same.



The production of welfare and the 4 Es

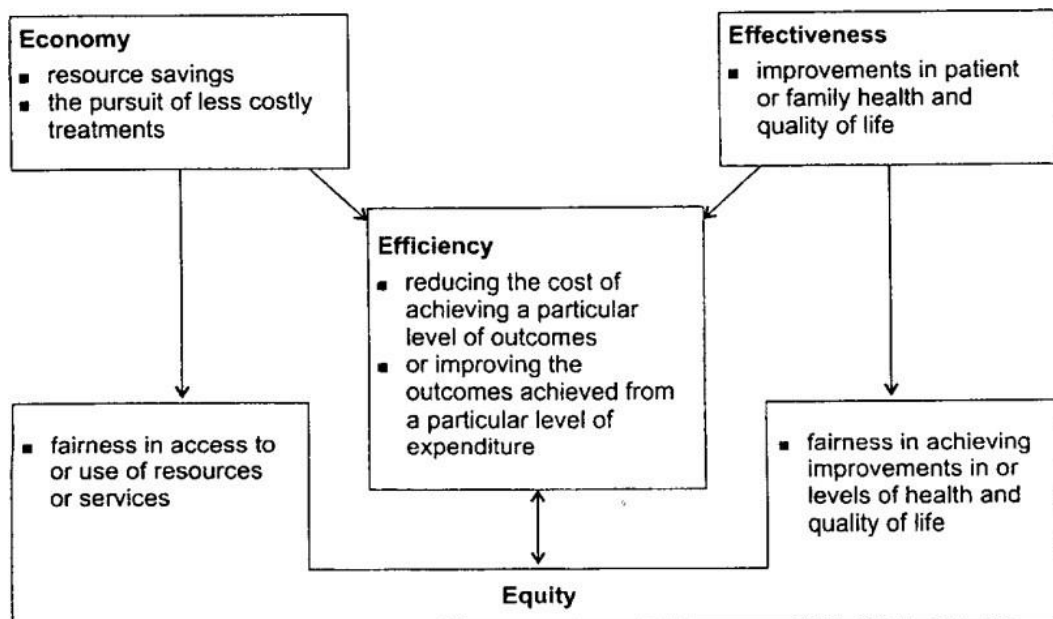


Figure : Evaluative criteria

The Malcolm Baldrige Excellence Framework for Non-profits

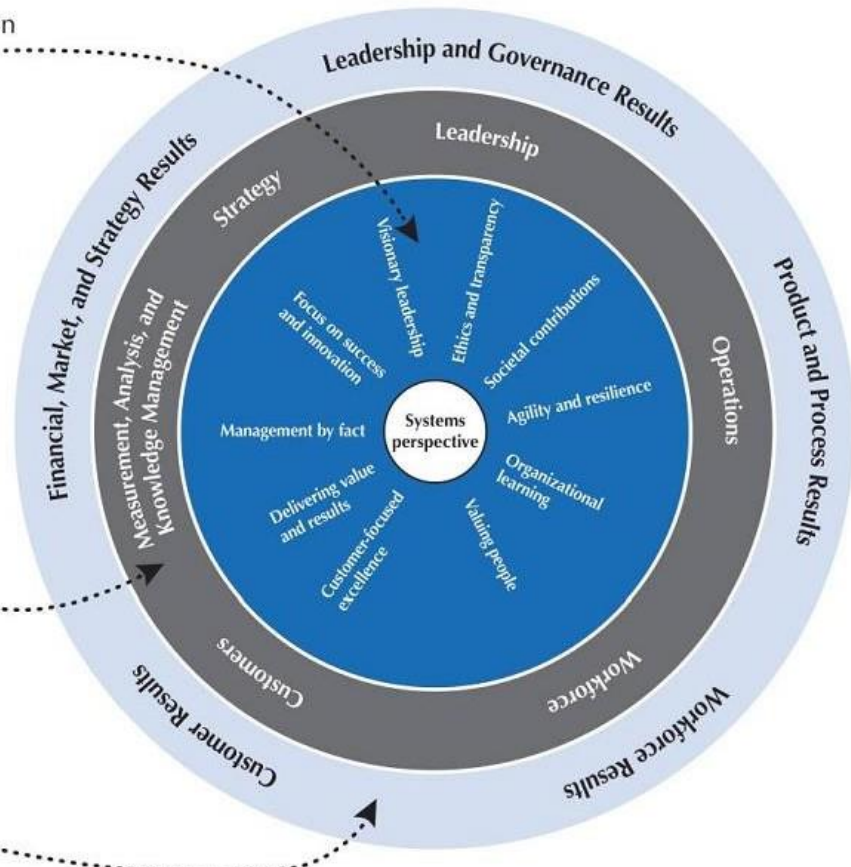
This framework is largely used by non-profits working in the sector of education and health care. It is not only used for assessment, performance management but also to achieve excellence. The framework offers an overall organization-wide perspective to optimize an entire system rather than focus just on parts & processes for excellence. It allows organization to achieve desired goals, improve and excel results, develop competitiveness by aligning processes, plans, people, decisions, actions, and results. It includes: Criteria for Performance Excellence (CPE), core values and concepts that are interrelated and a scoring system to measure the organizations maturity^[5].

The Role of Core Values and Concepts

The Baldrige Criteria build on core values and concepts...

which are embedded in systematic processes... (Criteria categories 1–6)

yielding performance results. (Criteria category 7)



From Baldrige Performance Excellence Program. 2021. 2021–2022 Baldrige Excellence Framework: Proven Leadership and Management Practices for High Performance. Gaithersburg, MD: U.S. Department of Commerce, National Institute of Standards and Technology. <https://www.nist.gov/baldrige>.

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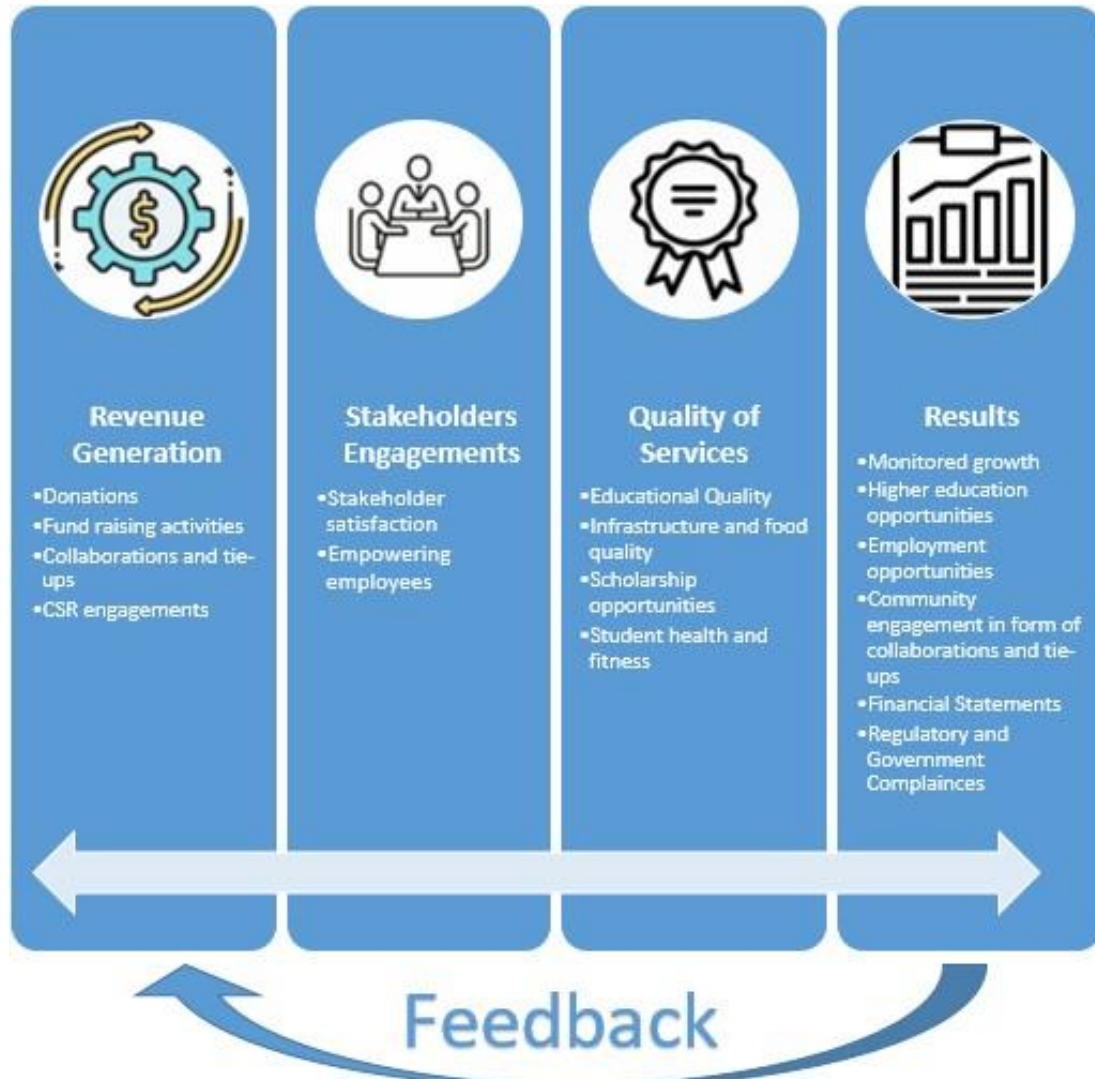
Comparative study:

Framework	Focus on	Perspectives or Factors under study	Limitations
Balanced Scorecard ^[1]	Financial aspect & organizational mission	Customer, Financial, Growth and Internal	Only considers customers or donors and not all stakeholders Only focuses on financial outcomes
The Performance Prism Framework ^[2]	The stakeholders	Process, Strategy, Capabilities, stakeholder's contribution and satisfaction	Difficult to implement Does not work on profit maximization
The Production of Welfare Framework ^[3]	Purpose, factors and processes	Resource inputs, Cost of resource inputs, Non-resource inputs, Intermediate outcomes, Final outcome	Focused only on processes and service delivery Does not focus on financial aspect or stakeholder satisfaction
The Malcolm Baldrige Excellence Framework for Non-profits ^[5]	Assessment and excellence, focus on results	Core values, interrelated concepts and scoring system	Dependant on the willingness of leaders and ability for adoption Commitment for long term required by leaders

The conceptual framework:

The factors that are important and used by the management in decision making as well as factors affecting the performance have to be combined together to form a conceptual framework. As discussed earlier, the primary objective of NGOs is not to maximize profits. However, profits cannot be ignored as well. For NGOs working in education sector, it is crucial to assess the quality of service as well as the satisfaction of stakeholders like beneficiaries, donors, employee, parents, volunteers etc. They have to be driven by the mission and their outcomes have to be measurable. They will have to develop strategies that help them improve their organizational capabilities in terms of revenue generation activities, CSR engagements and other collaborations, mission accomplishment, and the quality of services. All this will facilitate NGOs to reach their ultimate goal of adding value to society. This value to society should also be measured either by qualitative or by quantitative measures. The extent to which that can add value to the society will finally count towards their effectiveness and sustainability.

The framework presented in this paper aims to benchmark and assess performance of NGOs working in the



education sector by considering the above listed primary dimensions/factors. It also dives in one level deeper to understand the various performance indicators that can be used to measure these dimensions. The framework will help in answering the basic questions:

1. What efforts are taken by the NGOs for generating the revenue? Are they measured and effective?
2. How much is the stakeholder engagement & participation?
3. What is the quality of service offered to the stakeholders? Are the stakeholders satisfied with these services?
4. How is the NGO adding value to the society and the stakeholders? Are the results measurable?

Conclusion:

From the frameworks studied and listed above, it is evident that there is no one framework that will suit all the different NGOs (working in diverse sectors) or can measure the overall performance of these organizations. Some

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frameworks focus only on the financial aspects, some focus on the stakeholder's satisfaction levels while others focus on effectiveness for achieving the outcomes. Considering the diversity of NGOs in terms of stakeholders, activities, goals and projects undertaken, mission, no one model can be applied to measure performance of NGOs working for various. Also, study shows that these frameworks cannot provide a total solution for measuring the performance of NGOs. However, each one commonly agrees on the complexity of performance measurement systems in NGOs. Hence there is a need to design, develop and test a framework that that effectively assess and measure the performance of NGOs working in education sector.

The framework suggested in this paper are based on the fundamental principle of service quality, stakeholder satisfaction, fund raising capacities and results attainment. This framework will help NGOs in education sector to monitor and assess their performance on the basis of above factors. The framework can also be modified to accommodate other dimensions according to the type of organization.

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