NITI Aayog

DEVELOPMENT MONITORING AND EVALUATION OFFICE

ORGANISATIONAL EVALUATION FRAMEWORK

CME-REEFS

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Organisational Evaluation Framework

A Framework Developed to Evaluate Large Infrastructure Implementing Agencies

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Preface

The Government of India (GoI) allocated around 3 lakh crores for investments in various public organisations through equity infusion and loans. Major schemes and projects of the government are implemented through implementing agencies and organisations such as the Dedicated Freight Corridor Corporation of India Ltd, Food Corporation of India (FCI), Bharat Sanchar Nigam Limited (BSNL), etc. While it is important to evaluate schemes, programmes and projects, it is critical to evaluate organisations that implement them. However well a policy is designed, its success or failure is dependent on the capacities of the implementing organisations. Evaluations are traditionally done to judge and assess the outcomes and impacts of interventions such as schemes or projects. In the Indian context, several organisations are provided large budgetary allocations to implement projects and deliver services. It is thus deemed important to evaluate these organisations, some of which might be in existence since several years. The relevance of an organisation to stakeholders, its effectiveness in achieving stated targets, the cost and process efficiency, the financial viability and the social and environmental sustainability of the organisations is to be evaluated keeping in mind and considering the external environment in which the organisations operates, the internal levels of motivation and the capacity of the organisation.

This document lays out the framework and approach that can be used to evaluate an organisation. The process of evaluation starts with reviewing past evaluations, audits and other material regarding the performance of the organization. Then the objectives can be drafted under the performance pillars namely relevance, effectiveness, efficiency, financial viability and sustainability. It is also important to sketch out the context and factors in the external environment that may have a large influence on the workings of the organisations. A key part of the process is discussing the drafted objectives of the evaluation with the organisation itself and to gather inputs from stakeholders. In order to operationalize this framework, it is recommended to first conduct a review of literature and documents and to map stakeholders. Tools such as surveys, key informant interviews, in-depth interviews, review of documents, and archival analysis etc. developed specifically for a particular sector should be used to collect data and information on the performance and context. This is a working document elucidating only the framework and not the tools, so as to support the agency onboarded to conduct the evaluation. The tools to be used in the process are fairly standardized in the evaluation space.

This framework has been created in the spirit of improving efficacy in delivery of infrastructure and services to the population at large. It is hoped that the approach laid down here would also be useful in evaluations and assessments initiated by organisations themselves. Public organisations are intrinsic tools of the government to implement policy. Organisation evaluation to assess their functioning is thus critical in ensuring effective public policy implementation.

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1 Introduction

Public organisations and enterprises are critical to implement the policy objectives of the government. Even if a policy is optimally designed, its success depends on the capacity and performance of the implementing agencies. It is thus integral to conduct timely evaluations of such agencies so as to identify gaps in performance, reasons for underperformance, course correct and also identity best practices that could be applied elsewhere. Principles to evaluate private companies may not be fully appropriate for evaluation of government organisations since the objectives of such organisations is seldom profit maximisation or efficiency optimisation. The objectives of such organisations are usually centered on the policy goal of the ministry and government where social welfare maximisation is the underlying reason. While efficiency and profit maximisation are at the center of evaluations of private organisations, this framework provides an approach to evaluate public organisations along the principles of relevance, effectiveness, efficiency, financial viability, and sustainability[1].

An organisation is a group of people who work together in an organised way for a shared purpose[2]. While the definition of what an organisation may vary, most literature accepts the three themes of what makes an organisation: firstly, a group of people, secondly who are acting together and thirdly in the pursuit of a common goal or objective[3]. Similarly, an institution is defined as a 'large and important organisation such as a university or a bank'[4]. In the field of New Institutional Economics (NIE), the definition of institutions is expanded from firms and organisations to also include the polity, the judiciary, contract and property laws, other

1 It is important to note the approach and definitions of the principles may vary as compared to the Evaluation Cooperation Group's (ECG's) Good Practice Standards for evaluation of public sector operations and OECD's Better Criteria for Better Evaluation recommended principles of Relevance, Coherence, Efficiency, Effectiveness and Sustainability, Impact and Equity. The OECD criteria is geared towards interventions – schemes, policies, projects, programmes while the framework proposed herein is geared towards implementing agencies and organisations to evaluate their performance and assess their capacities.

2 *Organization*. Cambridge Dictionary. (n.d.). Retrieved August 17, 2022, from https://dictionary.cambridge.org/dictionary/english/organization

3 Desai, D. K. (1983). *Management in rural development*. Oxford & IBH.

4 *Institution*. Cambridge Dictionary. (n.d.). Retrieved August 17, 2022, from https://dictionary.cambridge.org/dictionary/english/institution

institutions of governance, etc.[5] NIE also defines 'informal' institutions to include 'traditions, customs, moral values, religious beliefs, and all other norms of behavior that have passed the test of time'[6]. This framework will use the term 'organisation' in the way it is more commonly understood rather than the wider term 'institution'.

Organizations can also be thought of as open systems. They have crucial traits such internal interdependencies, feedback capability, equilibrium, and equifinality. Organizations interact with their surroundings, and as the surroundings change, the organisations must change as well. One of the essential system qualities that enables organisations to endure in dynamic situations is adaptability. Many organisations go through the dynamic process of adaptation. It could happen inevitably when a organisation expands and changes. Or it may be induced (Garvin, 1998) should the organisation feel the need for change that has not occurred naturally.

We can think of organisations as intricate social systems made up of people. Individuals interact inside and with a number of organisations as part of their daily activities, each having its own goals, functions, sizes, procedures, and structures. Independent of these differences, all organisations must be designed to satisfy three key criteria–effectiveness, efficiency, and viability (Burton & Obel, 2004). Burton & Obel (2004) explain:

a. Effectiveness: An organisation is effective if it realises its purpose and accomplishes its goals.

b. Efficiency: An organisation is efficient if it utilises the least number of resources necessary to obtain its products or services.

c. Viability: An organisation is viable if it exists over a long period of time.

All types of organisations—for-profit or not-for-profit, government or civil society, or privately or publicly owned—engage in some form (formal, informal) of organisational assessment. However, there are no universally agreed frameworks/processes that successfully informs the stakeholders about the performance of an organisation. This document proposes methodological tools and templates for assessing organisational performance and evaluating outcomes in order to support the process of learning and change. The proposed templates and tools are based on the existing organisational assessment frameworks and builds them further to make them amenable to undertaking evaluation of public sector organisations. This framework has been developed keeping in mind large infrastructure implementing agencies but can be adjusted and applied to other agencies and organisations.

1.1 FROM ASSESSMENTS TO EVALUATION

We must use performance measurement and organisational evaluation to comprehend and analyse the efficacy, efficiency, and viability of organisations. There is literature available that covers organisational evaluation, performance measurement, or a combination of the two. According to its definition, performance measurement is "the process of quantifying the efficacy and efficiency of past action." (Neely, Adams, & Kennerley, 2002). That is, performance

5 Williamson, O. E. (1998). The Institutions of Governance. *The American Economic Review*, *88*(2), 75–79. http://www.jstor.org/stable/116896

6 Kaufmann, W., Hooghiemstra, R., & Feeney, M. K. (2018). Formal institutions, informal institutions, and red tape: A comparative study. Public Administration, 96(2), 386–403. https://doi.org/10.1111/padm.12397

measurement deals primarily with quantitative measures. Organisational assessment deals not only with quantitative measures of efficiency and effectiveness, but also with design of components of organisations and processes within and between which the components operate (Van de Ven, 1976). Organisational assessment can therefore be understood as the process of measuring/quantifying efficiency and effectiveness of past action and assessing capabilities of organisation to remain viable/sustain in long term.

Performance measuring systems were formerly primarily financially motivated and based on conventional accounting techniques. Financially oriented measuring methods were criticised as being "internally focused, backward looking, and more concerned with local department performance than with the overall health or performance of the firm" (Bourne, Neely, Mills, & Platts, 2003). By the 1980s as technology and manufacturing processes underwent rapid change giving rise to formulation of more balanced performance measurement frameworks which "are designed to provide a balance by including measures of external success as well as internal performance, and measures which are designed to give an early indication of future business performance as well as a record of what has been achieved in the past" (Bourne, Mills, Wilcox, Neely, & Platts, 2000). Some examples of this framework include Balanced Scorecard (Kaplan & Norton, 1992) and Performance Prism (Neely et al., 2002) etc.

International organisations are using different assessment frameworks for assessing their development funding related interventions. The table below summarizes them briefly:

Framework	Learnings
ADB's organisational assessment	• Uses 4 pillars adopted from DAC–relevance, effectiveness, efficiency, sustainability • Various aspects of sustainability are comprehensively covered • Doesn't cover institutional context
MOPAN (Multilateral Organisation Performance Assessment Framework)	• Used to evaluate multilateral organisations like the UNICEF and UNDP • Evaluation questions clearly defined and organised under Relevance, effectiveness, efficiency, and impact • Uses Key Performance Indicators under areas of strategic, relationship, operational and performance management
CPIA framework by African Development Bank and World Bank	• Uses a rating system designed to assess the performance of countries' policy and institutional frameworks in terms of their capacity to ensure the efficient utilisation of scarce resources for achieving sustainable and inclusive growth.
Balanced Scorecard	• Balanced scorecard links performance measures from customer perspective, internal perspective, innovation and learning perspective, financial perspective. • It has been criticised for being internally focused and ignoring effects of external ecosystem

From the above we can see that over time organisational assessments have focused primarily on work, people (and their processes), and organisational structure. Later organisational aspects other than effectiveness and efficiency began to be explored and practitioners began to recognise the importance of stakeholders in the performance equation. The organisational assessment framework proposed in this document is based on International Development Research Centre's (IDRC) *Organisational Assessment: A Framework for Improving Performance* which proposes a framework for analysing the strengths and weaknesses of an organisation in relation to its performance. In general, the framework posits that organisational performance is a function of its enabling environment, capacity and organisational motivation. The framework details the four broad organisational ideas (performance, environment, capacity and motivation) in some depth with guiding questions and indicators on each of them. In this framework, organisational performance is seen as a result of the organisation's work.

The OA framework by IDRC is focused on a systemic review of the factors that affect organisational performance. In brief framework encompasses the following areas:

a. Measuring organisational performance

b. Understanding the organisation's external environment

c. Determining organisational motivation

d. Examining organisational capacity

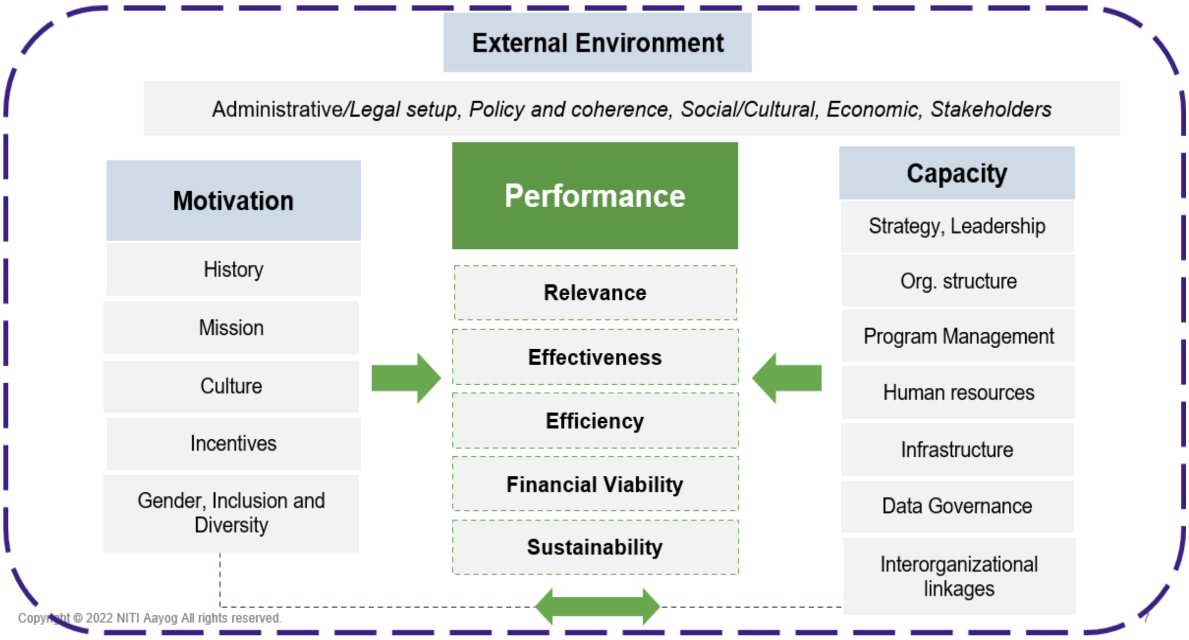
While the framework proposed in this document is based on the Organisation Assessment Framework by IDRC, in order to assess public sector organisations, an 'evaluative framework' is suggested. The OECD (2002a) defines evaluation as, "Evaluation is the systematic and objective assessment of an ongoing or completed project, program, or policy, including its design, implementation, and results. The aim is to determine the relevance and fulfillment of objectives, development efficiency, effectiveness, impact, and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors"[7]. The table below summarises the key differences between evaluation and assessment:

Assessment	Evaluation
Assessment is a process of collecting, reviewing and using data, for the purpose of improvement in the current performance.	Evaluation is a systematic process of assessing performance, effect of the intervention on disaggregated set of beneficiaries, identifying the unintended and intended impacts, making 'if-then' causal claims about an intervention/subject on the outcomes.
Reflective in nature	Prescriptive kin nature as the evaluator provides recommendations to the commissioning authority
Criteria for assessment is set by both parties	Criteria for the assessment is set by the evaluator
Measurement is absolute	Measurement is comparative (against set target, value before and the intervention, or measurement against a counterfactual)

7 Zall Kusek, J., & Rist, R. C. (1970, January 1). *Ten steps to a results-based monitoring and evaluation system : A handbook for development practitioners*. Open Knowledge Repository. Retrieved August 17, 2022, from https://openknowledge.worldbank.org/handle/10986/14926

2 The CME-REEFS Framework

Building on the IDRC Organisation Assessment Framework, the framework presented in this document can be used for third party evaluation for assessing and evaluating an organisation. In the schematic representation of the framework shown below, performance is defined in terms of effectiveness (mission fulfilment), efficiency, ongoing relevance (the extent to which the organisation adapts to changing conditions in its environment), and financial viability. The framework implies that certain contextual forces drive performance: organisational capacity, forces in its external environment, and internal motivation and is best summarised by the following diagram.



Here, . Thus, in order to evaluate the organisation, it is imperative to first study the contextual pillars that heavily influence performance.

2.1 THE PERFORMANCE PILLARS

The objective of an organisational evaluation is to evaluate the organisations performance. Has this organisation achieved its target it set out to achieve? Are the vision and mission translated into programs or projects? Is the organisation able to be financially viable in the event of shocks to current flow of funds? These evaluative questions or criterion for evaluation can be classified under the performance pillar under the sub-pillars of Relevance, Effectiveness, Efficiency, Financial Viability and Sustainability.

2.1.1 Relevance

Relevance is the pertinence, significance, and relevance of an organisation to its stakeholders, including its employees, clients, and consumers. Since organisational relevance typically has a limited shelf life, it must constantly be gained again. One of the most important criteria for an organization's success and longevity is probably maintaining relevance with stakeholders. Leaders frequently maintain lengthy lists of crucial priorities while ignoring the crucial components of gaining and maintaining relevance with their stakeholders. The lack of purpose to maintain relevance is a contributing factor in the problem of unintentionally losing relevance. Starting with vision, one can earn relevance. Driving the organization's ongoing evolution toward a clearly defined future state is one of the biggest roles of leadership. Without a clear vision, plan of action, and processes, leaders and organisations inevitably veer off course. When organisations begin with a clear picture of their contribution to the world and why it matters, they establish a destination. Everything else follows vision — priorities, initiatives, processes, activities and results.

When evaluating an organisation, the following questions should be asked:

i. Are stakeholders adequately surveyed or polled to obtain their perceptions of the Institution? Are the assessments of stakeholder needs conducted regularly?

ii. Does the institution regularly review the environment in order to adapt its mission, strategy, and programs to the evolving sectoral goals, national priorities? (Institution Sustainability)

iii. Does the institution create or adapt to new technologies and encourage innovation?

2.1.2 Effectiveness

Organisational effectiveness is the degree to which an organisation achieves the goals it set out to achieve. However, public organizations are typically required to meet multiple and potentially conflicting organizational goals (Rainey, 2010) and this might impact the effectiveness of the organisation in terms of goal fulfillment. It is imperative to take multiple perspectives to measure organisational effectiveness to assess if the organisation is reaching the goals it set out to achieve, as well as its full potential. The different aspects to take into account include:

a. It is integral that the organisation first identifies its goals in the form of outcomes and thus indicators. Thus, effectiveness also includes identification of outcomes, key indicators and systems for monitoring and evaluating the same.

b. Organisation could be set up with a particular mission but might fail to have programmes in place to achieve the mission. Effectiveness of an organisation is also the operationalisation of the mission and vision and creating functional programs to achieve the same.

c. This approach to defining and evaluating effectiveness is the oldest and most widely used evaluation approach. According to this approach, an organisation exists to accomplish its goals. The degree of accomplishment indicates the degree of effectiveness.

When evaluating effectiveness, the guiding questions include but are not limited to:

i. How effective is the institution in meeting its goals as expressed in its charter, mission statement or other documents that provide the "raison d'etre" for the institution?

ii. Is the mission operationalised through program goals, objectives and activities?

iii. Are quantitative and qualitative indicators used to capture the essence of the mission? Is there a system for assessing and monitoring effectiveness?

iv. Do customers/stakeholders for whom a line of business or program is designed judge it to be satisfactory?

2.1.3 Efficiency

Efficiency in the traditional sense is understood to refer to Pareto efficiency, within the context of economic theory. This refers to the idea that efficiency occurs under certain circumstances of perfect competition, where no change can be brought about in an equilibrium state without making any individual or entity worse off than their current situation. Pareto efficiency is a hypothetical economic model where the tradeoff lies with social welfare, and equity considerations, and hence within the context of an evaluation of infrastructure institutions, would not necessarily apply within this context because:

a. Perfect competition and lack of externalities does not apply to the majority of institutions under consideration

b. Addressing issues of equity and social welfare are integral to the stated objectives of these institutions, and hence traditional economic models of efficiency that do not factor in these functions and examine efficiency from a purely utilitarian perspective are deficient.

Efficiency operates on multiple levels, not restricted to optimisation of available resources and their allocation, given constraints. While allocation of resources to maximise output and production remains the fount of the idea of Efficiency, the institution under consideration might operate under principles that diverge from this concept- namely, implementation of social welfare objectives. Therefore, while making generalisations about institutional efficiency absent of these considerations would be flawed, reasonable metrics to measure efficiencies within institutions can be devised. These metrics should take into account possible sources of pecuniary inefficiencies that could creep into the system due to social welfare objectives, geographical constraints, regulatory reasons etc. under which a public organisation operates.

Efficiency can be defined as:

a. A ratio that reflects a comparison of outputs accomplished to the costs incurred for accomplishing these goals (IDRC 2002:114). This approach looks at the institution holistically and tries to analyse through a What-If approach if more output could be generated within the costs incurred/resource constraints within which the institution operates. For example, when an institution is producing multiple varied products that are not comparable- for example, a 5 different 20 km stretches of straight road costing Rs 1,00,000 each versus a single 20 km stretch of road that includes a bridge and a tunnel that costs Rs. 20,00,000 the inclusion of the second product skews the average cost incurred, and outputs accomplished due to the outlier effect. In such a situation one can analyse efficiency through developing an ideal model product/ouput and measuring costs incurred in construction of such a hypothetical product.

Factoring in the diversity of products and identifying optimal and efficient resource utilisation and allocation on a case-to-case basis, or by grouping/classifying categories of output produced together, analysing outliers separately and excluding them from efficiency analysis altogether.

As the above example illustrates, a straightforward comparison of outputs to costs incurred in output creation might not be relevant for institutions that where no two outputs (in this case, roads) are identical.

b. A measure of the administrative efficiency or return on management that an institution creates (Simons and Davila 1999). This model focusses on an intangible, non-quantifiable metric called ROM (return on management) which examines the relationship between:

   The numerator is an amorphous, malleable metric that will be institution dependent, while the denominator can be measured in terms of quantifiable numbers such as resource and cost allocations. The managerial investment in actualisation of 'productive energy released' has to be subjectively judged within an Efficiency paradigm, again through a hypothetical What-If analysis.

   This kind of measure–ROM is ideally suited for knowledge institutions performance measurement also, since in those institutions not all activities result in tangible output or production. Scientific and knowledge institutions form a special case, where even an instance of failure is an advancement to the body of knowledge- we now know what doesn't work, for example and institutions that work on experimentation/research may be efficient, even in the absence of tangible monetary, or welfare optimisation output. Thus, caution needs to be used in measuring the efficiency of such institutions through straightforward metrics.

c. Efficiency can also be seen as optimal allocation of resources given the constraints and stated objectives and targets of the institution. This leads us to the third, somewhat 'provisional' definition of efficiency. This looks at the institution through the limited lens of: (a) Stated and unstated (such as welfare maximisation) targets and goals, it has instituted for itself, (b) its ability to deliver these targets and goals within the resource constraints it operates in.

   This also is best addressed through a hypothetical What-If analysis. If a smart phone assembly factory assembles 20 phones per hour, we need to stress test its performance to see if it can assemble 21, 22, or even 25 phones per hour without increasing its resource utilisation. If it can do so successfully over a mid-long-term horizon, then it was not efficiently utilising its resources in the first place. How the system consistently performs under stress is the best yardstick of its efficiency?

This kind of analysis is best suited for institutions that do repetitive, clearly defined activities where unit of output can be easily measured. What this type of analysis boils down to is essentially an optimisation problem, that is within the realm of Operations Management. This model is best suited for economic modelling, but rarely exists in real world institutions where decision making is diffuse and layered, and output is rarely clear cut.

d. Efficiencies in decision-making, process and program management and a systems approach: Finally, we look at breaking up an institution into its constituent key, core processes and examining each one of them. For a process, or system to be considered efficient it needs to pass the test of the other performance metrics:

    - Is it relevant and absolutely required?
    - Will it directly impact output production- either in terms of quality or quantity produced?
    - Is it sustainable and resilient in the face of fluctuations in output production?
    - Is it lean and efficient, in that is it the cheapest and most cost-effective process without compromising stated goals and targets?
    - For this kind of analysis–of Process efficiencies, two approaches are best suited
        - Identification of bottlenecks through a step wise analysis of throughput through the system/process
        - Existence of comparative processes/institutions that produce the same end output/result in a more cost effective, resource efficient paradigm.

To assess efficiency, the questions an evaluator must ask include:

i. What is the relationship between the unit of output and the cost of producing the output?

ii. Are the organisational structure, existing responsibilities, competencies and talent acquisition efficiently designed to achieve the evolving objectives of the institution?

iii. Are physical facilities (equipment) used optimally?

iv. Are financial resources used optimally?

v. Are there quality processes/systems in place to support efficiency and accountability (financial human resources, program, strategy, etc.)?

vi. Does the institution make benchmarked comparisons based on the performance of similar programs/projects, or on the performance of the programs/projects itself over time, or on some predetermined target at the beginning of the program/projects?

vii. What are the different kinds of inefficiencies in the institution? What are the reasons for these inefficiencies in the institution (social welfare objective, geographical constraints, regulatory reasons, process inefficiency, others)? How has the institution mitigated these inefficiencies (and which ones)?

2.2 FINANCIAL VIABILITY

Financial Viability is the ability of an institution to raise the funds required to meet its functional requirements in the short and long term. This ability can be assessed by looking at sources of revenue and funds, if the organisation is able to raise its own resources or depends on the government, the number of sources of funds, the organisation's mitigation strategies to deal with financial risks, the strategies and ability to pay its debt servicing liabilities, and sound evidence based financial decision making and budgeting processes. In FY 2022-23, loans to Public Enterprises amounted to Rs. 26488.80 Cr and equity infusion amounted to Rs. 334133.51 Cr which totals to Rs. 3,60,622 Cr. This has doubled since 2017-18 where total investments in public enterprises was Rs. 1,66,661 Cr.[8] As governments continue to fund public enterprises, it is integral for these enterprises to have sound financial practices and have financial risk mitigation strategies. To assess financial viability of organisations, the key questions include:

i. What are the streams of revenue and capital for the institution? What is the trend over the last few years?

ii. What are the trends for expenditure on different components such as establishment cost, projects/programs, debt servicing, royalties paid department/division and services delivered?

iii. Is the current way of raising funds adequate for meeting the goals of the institution and servicing the current, long-term & contingent liabilities? What are the mitigation strategies in place to deal with risks to the institution's fund-raising ability?

iv. Does the Institution monitor its finances, capital assets and depreciation on a regular basis? Does the institution follow generally accepted and best accounting rules and principles?

v. Does the institution have the ability to meet short term and long-term liabilities?

vi. What are the mechanisms in place to mitigate the financial risks from shocks such as changes in interest rates, increase in costs of raw materials, etc.?

vii. What are the internal budgeting and forecasting processes followed by the institution?

2.1.1 Sustainability

Sustainability can have a variety of dimensions. In this framework, two dimensions are analysed – (a) Environment and (b) Social sustainability. Sustainability as a priority has been strategically adopted by various organisations for achieving their objectives. Sustainability spans over the environmental, social and governance aspects of the functioning of an organisation. Previously sustainability related activities in an organisation were limited to Public Relations (PR) and Corporate Social Responsibility (CSR). Over time sustainability has taken a wider definition and its scope has been broadened in order to achieve measurable impact. The current definition of environmental and social sustainability surpasses the compliance part and points toward a proactive ESG (Environment, sustainability and governance) reporting. Today ESG reports or sustainability reports are becoming increasingly important as stakeholders are calling on organisations to disclose more about their sustainability and environmental, social

8 Statement 26, Investment in Public Enterprises 2022-23 and 2017-18

and governance strategies. An organisation which is sustainably responsive considers a wide range of environmental, economic and social factors during the decision-making and goal-setting process. Sustainability in business generally addresses the effects on the environment and society. If an organisation fails to be sustainable then this may lead to responsibilities degradation of the environment, inequality and social injustice which might further result in long-term liabilities for the organisation.

Environment Sustainability: In 1987, the United Nations Brundtland Commission defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." India is committed to achieve the Sustainable Development Goals. Following the Paris Agreement, India has also prepared the Intended Nationally Determined Contribution, a blueprint to achieve self- decided targets. Sustainability has evolved from being initially focused on issues such as environmental impact in terms of carbon footprint reduction and efficient use of energy resources, to including products and using processes which are either eco-friendly or having less impact on the environment.[9] An institution is said to fulfill environmental sustainability, if it takes decisions which will have least impact on the environment. In other words, it involves making decisions with utmost consideration on the impact on the environment, with an eye on the existence of the system in future. Given the larger commitments to the international community on climate change, it is essential to assess an organisation's performance with regards to its environmental sustainability.

By including the entire population in decision-making, both internal and external, societal sustainability can be evaluated. When deciding on a method or a product, the effect on all stakeholders must be considered. In addition to achieving the other goals, it requires addressing human needs. The goal of societal sustainability is greatly enhanced by corporate social responsibility (CSR). It entails making judgments that take into account the power of people, however they may not always be compelled by the law. The right selection of essential sustainability measures and a strategy for creating efficient process improvements are necessary for measuring sustainability as an internal business process. Measuring sustainability performance internally also aligns economic goals with better social contribution and reduced environmental harm. The benefits that come from doing include[10]:

a. Progress tracking: Sustainability measures are kept up to date, indicating where sustainable progress has been made and where more effort is needed.

b. Identifies impacts: Perspective is given regarding the impacts a business has on the environment. These impacts are presented against triple-bottom-line measures (Environmental, Social, Governance, the three ESG criteria). Such information is a growing requirement for business investors.

c. Creates resilience: For instance, during the COVID-19 pandemic, sustainable organisations experienced less negative shock returns than their unsustainable competitors.

d. Stakeholder engagement: Traditional performance measurements relate to a shareholder point of view. Measuring sustainability internally allows an organisation to engage

9 Jayakrishna, K., Vinodh, S., & Anish, S. (2015). A Graph Theory approach to measure the performance of sustainability enablers in a manufacturing organisation. International Journal of Sustainable Engineering, 9(1), 47–58. https://doi.org/10.1080/19397038.2015.1050970

10 Green Business Bureau. (2021, April 2). Measuring Sustainability as an Internal Process of a Company. https://greenbusinessbureau.com/topics/green-team/measuring-sustainability-as-an-internal-process-of-a-company/

with a diverse set of stakeholders, those interested in the economic, social, and/or environmental aspects of a business.

Institution's Environmental and Social Sustainability is the adaptation and integration of environmental and social principles and considerations into decision making processes. The following four broad questions would help assess the sustainability of the institution.

i. Does the institution assess its impact on environment such as natural resource management, pollution, biodiversity, and greenhouse gas emissions?

ii. Does the institution take steps to mitigate adverse impact on the environment if any?

iii. What in the institutions view are its social responsibilities and what are the steps taken to fulfill the same?

iv. Does the organisation assess and addresses the needs and feedback from community members regularly?

v. Does the institution have mechanisms to provide services/share project benefits with people who are affected by their projects?

2.2 THE CONTEXTUAL PILLARS

Performance can be influenced and affected by a number of factors such as the history of the organisation, its structure, the sector it operates in, etc. In order to fairly evaluate an organisation, it is integral to take into account the external environment that is out of the organisation's control. Similarly, it is insufficient to evaluate an organisation and not provide an answer to the 'why' or the reasons an organisation may be under performing. To understand the 'whys' it is imperative to study the internal working of the organisation such as its structure, the processes, etc. At the same time, internal motivation of the organisation is a key component of well-performing organisations. There contextual factors consisting of the Capacity, Motivation and External Environment are integral components of the framework. These components should be studied in order to arrive at the root cause of problems, or to understand which factor(s) is leading to the organisation's good performance.

2.2.1 Capacity of an Organisation

A. *Strategic Leadership:* According to research involving more than 20,000 executives, six skills were identified that allowed leaders to think and act strategically. These include : the ability to anticipate threats and opportunities, the ability to challenge one's own thinking and assumptions, the ability to interpret information (recognition patters, synthesising inputs, seeking new insights), decision making based on a robust process, the ability to align with stakeholders through constant communication and understanding and monitoring changing stakeholder positions, and the ability to learn from both successful and unsuccessful outcomes (Strategic Leadership: The Essential Skills, 2021).[11] From this description it, it can be inferred that strategic leadership is an essential component of Capacity. Jaleha and Machuki (2018) in their paper conduct a review of literature on the link between strategic leadership and performance.

11 Harvard Business Review. (2021, September 13). *Strategic leadership: The essential skills*. Harvard Business Review. Retrieved August 17, 2022, from https://hbr.org/2013/01/strategic-leadership-the-esssential-skills

A strategic leader conscious of the fact that one's organisation (especially in government) cannot have all the expertise and is ready to onboard experts and specialist for advice. Leaders also create an environment of learning, especially from mistakes and failures. Strategic leaders embed organisations culture in activities and make the work environment inclusive. The following broad questions would help assess the strategic leadership of the institution.

1. *What is the style of leadership (centralised, level of delegation/decentralisation, etc.) in the institution and how it impacts its performance?*
2. *Does the leadership take evidence based; data driven decisions?*
3. *Does the leadership seek and incorporates suggestions of the staff?*
4. *What is the level of diversity of skills and representation in leadership? Whether external domain experts are engaged and are their inputs considered in decision making?*
5. *Does the leadership take innovative decisions to respond to the changing environment and emerging opportunities & constraints?*

B. *Structure:* An organisation must have the capability to structure and restructure itself based on shocks, changes in objectives, etc. Having a well-functioning structure where work is optimally divided, and roles clearly assigned is critical for an organisation to perform well.

In a 2016 study, Ahmady et al attempted to collate the definitions given by previous researchers for 'Organisational Structure'. They quote Minterzberg (1972), "Organisational structure is the framework of the relations on jobs, systems, operating process, people and groups making efforts to achieve the goals." Organisational structure is understood as the division of duties and responsibilities of an organisation in such a manner that it optimises the process by efficient allocation[12]. In 1986, Amold and Feldman gave their definition of the term, which included added aspects of decision-making, coordination and conflict resolution. More recent research on the same by Damanpour (1991) highlights the importance of power-dynamics, layers of hierarchy, patterns of communication and the horizontal integration in the organisation as part of his definition of organisational structure. This gives us significant insight into the evolution of the defining principles of an Organisational Structure, which in turn brings to light one of its fundamental characteristics: subjectivity and continued revision. The structure of an organisation is subject to recasting and modifications as per its requirements and business objectives, among other reasons. Research identifies five factors that determine structure in the context of short and long-term organisational goals, viz. (a) Strategy (results and tools), (b) Size (organisation magnitude), (c) Technology (information, equipment, techniques and process), (d) Environment (general and specific) and (e) Control Power (power owners of the organisation). In conjunction with these factors, research has found conclusive evidence of the impact of organisational structure on its performance. It was discerned that effective organisational structure can promote healthy working relationships among the sub-units, which in turn is believed to positively affect the performance of an organisation. A relationship between specialisation of work and productivity of employees has also been reflected by this implication. Avdelidou-Fischer have referred to organisational structure as "the vehicle through which managers can coordinate the activities of the various functions or divisions to exploit fully their expertise and capabilities". It was also noted that a horizontal structure affected performance more

12 Ahmady, G. A., Mehrpour, M., & Nikooravesh, A. (2016). Organizational structure. *Procedia–Social and Behavioral Sciences*, *230*, 455–462. https://doi.org/10.1016/j.sbspro.2016.09.057

positively than a vertical or hierarchical structure. The following broad questions would help assess the structure of the institution.

1. *What is the Governing structure (legal framework, external links, methods for setting direction) and Operating structure (roles and responsibilities, coordination/division of labor, vertical/matrix/open, reporting structure) in the institution?*
2. *Does the structure has a mechanism to review and assess performance of the institution? does it repond/ support change?*
3. *How is the structure perceived by its staff?*

C. *Infrastructure:* Having in place the required infrastructure is key to enabling an efficient working environment. Clean water, electricity, etc. and the maintenance of facilities are integral to organisational performance.

Orlikowski and Scott, in 2008 opined through a socio-material perspective that technological/ material structures together determine the output of organisational processes. Langstrand in 2016 has built on that research to include his inferences on the infrastructural influence on performance of an organisation. While he believes that technology, more generally infrastructure, has a profound impact on behaviour of the staff, which in turn impacts the performance of the individuals. Thus, it could be said that organisational change implies a continuous adaptation between the "ideas of change and the conceptualisation and materialisation of organisational infrastructure and practice". Infrastructure and technological elements are believed to impact the perceptions of the employees and their perceptions of the organisation will influence their behaviour and guide their actions.

Hasnain Khan et al have divided the infrastructure into two: office environment and office furniture. It is believed that the quantity and quality of output generated by the employees are influenced by the office environment, which ultimately impacts overall performance. A better workplace environment is assumed to produce better outcomes and increased productivity. The environment is further divided into the physical and behavioural environments. The following broad questions would help assess the infrastructure of the institution.

1. *Are physical and technological infrastructure inventorised, audited, maintained and upgraded regularly?*
2. *What are the strengths and weaknesses of the existing Infrastructure?*
3. *Is the physical and technology infrastructure adequate to support the performance of the institutions at different levels?*

D. *Program Management*: Any organisation materialises its vision and Mission through its planned activities. These activities are executed as part of the flagship Programs/Projects which are planned, monitored and managed by the organisation. An organisation must have the capacity to undertake the planning, monitoring and implementation of the Program/ projects in effective and efficient ways. The capacity can be in form of monetary resources, manpower (management & technical), mechanisms, knowledge management, systems, processes etc. It is necessary to assess an organisation on its program/project management capabilities to identify the gaps and inefficiencies.

The following broad question would help assess the program management design of the institution.

1. *How does the institution plan, implement, and monitor its programs/projects? (Identification of needs and priorities, setting reasonable budgets and timelines, vendor/ contract management, monitoring mechanisms, and whether corrective action plans are in place)*

E. *Data governance*:

Good data governance is knowing what data to capture, using effective technology to capture and store data, integration of data systems of various divisions of the organisation, sound data management practices and extractive value from data assets by making data driven decisions. This includes mechanism and process for identifying the relevant data points, the mechanism for data collections, storage, data quality, data management, and analysis along with dedicated human resources for the same. For supporting these activities there should be technologies such as computer systems, data collection, dashboard, analysis software, etc. available. Synergistic data use across different verticals of the organisation is the key to better planning and problem-solving. Organisation should strive toward becoming data-ready and should ensure data driven decision-making. Good data governance enables data access, sharing and integration among the different divisions of the organisation, and increasing overall efficiency, transparency, and accountability of the organisation[13]. Organisations, through the use of dashboards and data visualisation can not only aid quick decision-making but also effectively communicate progress with stakeholders. The following broad question would help assess the data governance quality of the institution.

1. *Does the organisation follow proper data management, synergistic data use, inter-agency data collaboration, prescriptive analytics, data generation, data quality and data security practices?*

F. Human Resources: Human resource capacity is the availability of knowledgeable, experienced, and skilled individuals in an organisation or institution, either public or private, who perform precise tasks and responsibilities.

Human resource, or more importantly human resource management/practices are expected to have an impact on the performance of an organisation. Anwar et al have explained human resource management (HRM) to include tasks like "HR preparation, human resources management, strategic recruiting, employee training, growth compensation management, efficiency, worker relations, health care, employee satisfaction as well as provision of employee services."[14] According to Katou (2008), having well implemented HR practices could improve the company's "revenue returns, benefit, competitiveness and market share" which in turn improve organisational performance. HRM activities, as believed by Anwar et al, are increasingly interrelated to success of a company and an impartial degree of performance. Employee efficiency has been noted to be one of the factors in workplace practices which has been shown to support performance levels. In 2007, Anwar showed

13 Organisation for Economic Co-Operation and Development. (2019). In *The path to becoming a data-driven public sector*. essay.

14 Anwar, G., & Abdullah, N. N. (2021). The impact of Human Resource Management Practice on organizational performance. *International Journal of Engineering, Business and Management*, *5*(1), 35–47. https://doi.org/10.22161/ijebm.5.1.4

that both revenue and growth of a company are positively influenced by financial incentives, and financial incentives impact the efficiency and performance of the human resource[15].

Becker & Gerhart (1996) have shown from their research that human resources must either improve efficiency or contribute to revenue growth in order to positively influence performance. It thus is crucial for public sector enterprises to have well managed HR policies and management systems. The following broad questions would help assess the human resources of the institution.

1. *What are the systems in place for human resource planning, staffing and recruiting (including intra-organisational mobility), developing resources, assessing and rewarding employees, staff relations (including grievance redressal and harassment at workplace), safety and welfare of employees?*
2. *What is the percentage of women, SC, ST and other vulnerable groups at different levels of the institution?*

Inter-organisational linkages: Organisations function in an ecosystem with other players, some of which are competitors while others act as complementors/enablers. There are always a set of organisations which broadly identify themselves to be functioning in the same space and working towards similar broad objectives. Such organisations must collaborate for their individual progress and the achievement of the sectoral goals. Such collaborations can be envisaged through the signing of agreements for collaborative work. Such partnerships can support the organisations in knowledge enhancement, capacity building, providing relevant data etc. and improve the performance of both the players. In implementation, many organisations depend on one another for clearances. For such interdependencies, systems in place to are needed to resolve conflict, to share data and ensure effective communication to these organisations. The following broad questions would help assess the inter-organisational linkages of the institution.

1. *Are formal and informal external linkages adequately established, pursued to support performance? In case of conflict or competing goals, how are they reconciled?*
2. *What are the IT and data sharing mechanism in place among related organisations for better decision making and monitoring?*

2.2.2 Motivation of an Organisation

Organisations might perform well despite having limited resources while some might be laggards in spite of having the required resources. A key factor that might distinguish such organisations is the motivation of the internal team, the gusto and enthusiasm to accomplish projects in order to achieve targets and goals. In government, it is integral to understand the levels of motivation. The intangible concept of motivation can be understood by looking at the history of the organisation, the mission and how it related to employees, the incentive structure, the culture of the organisation and the level of inclusivity in the organisation.

15 Anwar, G., & Abdullah, N. N. (2021). The impact of Human Resource Management Practice on organizational performance. *International Journal of Engineering, Business and Management*, *5*(1), 35–47. https://doi.org/10.22161/ijebm.5.1.4

The role of motivation in performance can be summarised in the following formula:

Performance = Ability × Understanding of the task × Motivation × Environment[16]

Employees must therefore possess the information and skills necessary for the position in order to perform properly. After that, people must be aware of what needs to be done and motivated to do more effort. Last but not least, workers must be in a setting that enables them to complete the task. Even the most competent individual won't perform well if motivation is equal to zero, as the multiplication sign in the equation emphasises. Similar to this, a driven person who has strong energy levels can still function well even if they lack some information. A new employee or trainee who joins the company with a strong sense of motivation to work but with limited knowledge and expertise is an excellent illustration of the latter scenario. The motivation to learn and develop will quickly outweigh the weaknesses. The effects of motivation do not stop with performance. In the group of motivated employees there are fewer work accidents, fewer rates of ethical problems, less employee turnover and lower levels of absenteeism[17].

Intrinsic and extrinsic motivation are divided into two categories by researchers. Extrinsic drive derives from outside causes like financial incentives and must be replenished frequently to maintain its effectiveness. Intrinsic motivation originates from a person's own self. Working in an organisation that delivers a public good might also act as a factor for motivation[18]. Similarly, working in a place where values of the employee and the organisation match leads to a dedicated and motivated workplace environment.

A. *History*: The organisation and its historical facets allow the stakeholders to directly engage with the foundational values of the organisation. The history of the organisation is not just collection of facts but rather the testimony of the intention for which it was founded. The foundational values and evolution of the organisation will have much impact and effect on the motivational energies of the stakeholders, most importantly the employees. The history of an organisation or institution sheds light on the reasons for inception, the founders or driving personalities behind it, the changes in its structure and leaderships, the major milestones and challenges it has shaped in the past. The foundational values and evolution of the organisation will have an impact and effect on the motivational energies of the stakeholders, most importantly the employees. The organisational culture develops as the organisation evolves over time, achieves milestones, hurdles, and turbulent external environments.

   The IDRC framework looks at organisational evolution to understand history and levels of motivations. In the 'birth phase', where the organisation is established, where the founders are in great connect with the immediate stakeholders like employees, it flourishes a sense of synergy for promotion of efficiency and innovation in the process. Since the rules are still being developed, stakeholders and founders are fierce in their conduct. After this phase is the 'adolescent' phase, where public organisation is often linked to increased engagement of

16 Organizational behavior. (2017). https://doi.org/10.24926/8668.1501

17 Jurkiewicz, C. L., Massey, T. K., & Brown, R. G. (1998). Motivation in public and private organizations: A comparative study. *Public Productivity & Management Review*, *21*(3), 230. https://doi.org/10.2307/3380856

18 It is plausible to believe that individuals, who opt for the public sector, are stirred by values that cannot be found in the private sector. These values can be a desire to serve the public interest, a wish to have an impact on public affairs, or an interest in achieving social justice. This assumption stands at the centre of Public Service Motivation (PSM) theory. It argues that public employees are "unique" human being as are not driven by extrinsic motives alone"

organisation with stakeholders and urge to promote higher scales of production. Enhanced rules and regulations formed to restrict the deviances and ensure compliance of a now larger employee base. In the adult stage, the organisation's bureaucratic structure will become more rigid and providing less motivation and space for stakeholders to be innovative beyond the rationality of rules and regulations. A lack of flexibility can be detrimental to the organisation's success. The following broad questions would help assess the history of the institution.

1. *What was the purpose or raison d' etre behind setting up of the organisation? How has the institution changed over the time in terms of mission, strategy, leadership, size, mandate, products/services, resources etc.?*
2. *What have been the major crises, achievements and successes of the Institution?*

B. *Vision and Mission*: The vision is a statement that states the purpose of the organisation and what the organisation hopes to become. The mission is how the organisation hopes to operationalise its vision. The mission statements discuss the goal or purpose of a company. The organisation defines its primary responsibilities and tasks within the mission. The mission outlines the organisation's philosophy and values with the goal of directing attitudes, behavior and decision-making inside the company. The organisation's mission and ideals must be clearly stated if it is to grow. According to Musek Lenik (2008)[19] an organisation can only prosper and exist if its mission and values are incorporated into its strategic orientation. The organisation's vision and mission statements serve as a focal point to bring everyone together and ensure that everyone is working toward the same goal. Identifying and clearly stating the vision and mission statement promotes clarity of purpose for employees and aids in decision making.

Kantabutra (2009)[20], identifies few qualities of a strong vision statement in his behavioral theory. First is Brevity, the vision must brief the goals of organisation and it should be sufficiently precise note. Second is the clarity–in order to be understood and accepted, the vision must be accurate and clear. Third is the stability — the vision must be sufficiently amorphous to resist adjustments to the organisational environment. The last one is, abstraction–rather than being a specific accomplishment, the vision must be an overarching concept. The following broad questions would help assess the vision and mission of the institution.

Questions:

1. *Does the institution has clearly defined vision, mission and objectives/goals/KRAs?*

C. *Inclusivity*: Inclusion is 'the degree to which an employee is accepted and treated as an insider by others in a work system'[21]. The generally accepted definition of diversity is that organisations who manage diversity effectively go beyond recognising and accommodating the uniqueness of each member of its team by celebrating, valuing and actively encouraging

19 Braun, S., Wesche, J., Frey, D., Weisweiler, S., & Peus, C. (2012). Effectiveness of mission statements in organizations – A review. *Journal of Management & Organization, 18*(4), 430-444. doi:10.5172/jmo.2012.18.4.430

20 Roblek, Vasja & Meško, Maja. (2018). The importance of vision and mission for organizational development and growth.

21 Barak, M. E. (1999). Beyond affirmative action. *Administration in Social Work*, *23*(3-4), 47–68. https://doi.org/10.1300/j147v23n03_04

the diversity of the workforce, thus fully enabling each individual to maximise their contribution to achieving organisational goals.[22] Inclusivity in the workplace ensures that all voices are heard. This in turn can improve motivation levels. Focusing on inclusivity also adds to an organisation's personality and institutionalises the values of equity of gender, cast, etc. An inclusive environment allows employees to fully participate and contribute.

Inclusivity can be assessed through employee interviews and surveys. The organisation's commitment to an inclusive and diverse culture can be assessed by its policy on diversity and inclusion, representation of women, SC, ST, handicapped, and other marginalised, pay gaps (if any) between the genders for the same role, recruitment policies and the retention and advancement of the marginalised. Diversity and Inclusion management must be actively pursued rather than a passive agenda. The following broad questions would help assess the inclusivity of the institution.

1. *Where does the organisation stand in terms of gender inclusion and diversity on the parameters of representation, pay, recruitment, retention, advancement?*

D. *Culture*:

Organisation culture includes the values, the beliefs, behavioural norms and expectations shared by the organisation's members. This can influence the organisational member's motivation and thus performance. Organisation culture is the distinct collection of shared ideals, principles, norms and social conventions that characterise an organisation and set it apart from other similar entities. Each organisation is said to have a distinct culture that cannot be easily eradicated[23].

According to the IDRC (OA, 2002), there are four namely–artifacts, perspectives. values and assumptions. Artifacts are tangible aspects such as the logo, type of office, catchphrases and written statements. Perspectives are ideas that people hold and use in order to act appropriately. Values include standards of integrity, honesty, etc. and the preferred outcomes and the strategies to achieve them. Assumptions are commonly held, deeply ingrained beliefs about social interactions and human nature that are usually taken for granted. Similarly, Schien (1992) describes three levels of culture – artifacts (also includes processes and structure apart from the components mentioned by IDRC), values and the deepest level being assumptions. Behaviour at the deepest level usually drives performance. [24]

Denison's model of 1990 posits that some cultural traits promotes superior firm performance. This involves involvement (empowerment, team orientation, capability development), consistency (of core values, agreement, coordination), adaptability (creating change, focus on learning, customer focus) and mission (strategic direction and intent, goals, objectives). [25]

Culture can be hierarchical as seen in government ministries and departments where culture is formalised and controlled, market driven and competitive, agile and adapted, etc.

22 Farrer, J. (2004). A practical approach to diversity. *Industrial and Commercial Training*, *36*(4), 175–177. https://doi.org/10.1108/00197850410542437

23 Mahdiyeh, Mohammad & Nakhaei, Hosein & Kebriaei, Ali. (2016). Impact of Organizational Culture on Productivity: A Study among Employees of Ministry of Youth and Sports, Iran. INTERNATIONAL JOURNAL OF HUMANITIES AND CULTURAL STUDIES. 3. 170-177.

24 Schein, E. H. (2010). *Organizational culture and leadership*. Jossey-Bass.

25 Karthikeyan, C & Karthikeyan C, Karthikeyan C. (2019). Organisation culture.

Organisation can have cultures that foster innovation (tolerance for new products to fail, intolerance for incompetence, rigorous disciple and willingness to experiment, collaboration coupled with individual accountability, strong leadership support)[26]. The following broad questions would help assess the culture of the institution.

Questions:

1. *What is the culture of the institution with respect to innovation, collaboration, communication, learning, hierarchy and uncertainty?*

E. *Incentives:*

An incentive program's main goal is to promote increased productivity among both individuals and teams. Any organisation's most valuable asset is its people, and to acquire the most effective and efficient results from them, motivation is essential. Incentives are described by Milton (2013)[27] as varied rewards given in response to variations in the attainment of particular results.

Incentives include economic incentives such as bonuses linked to employee performance, stock options, etc. Incentives can also include non-economic incentives such as praise for employees, recognition, opportunities for growth, career advancement, opportunities to learn, attend workshops and earn certificates, etc. Both economic and non-economic incentives, if designed appropriately improves motivation, encourages innovation and loyalty. Incentives need not also be tied to performance. Rather organisations may choose to incentivise employees to increase retention by offering options to work from home and benefits such as health insurance, free or subsidised transport, housing, etc.

Although pay for performance systems, incentives, and other forms of financial rewards are difficult to implement in public organisations, performance management is crucial. Financial incentives or prizes that might be offered in the private sector, such as bonuses, incentive pay, or pay for performance, are not frequently available in the public sector and such compensation could be exposed to public scrutiny. It is thus critical to thoughtfully create systems that incentivise and recognise employee performance. The following broad questions would help assess the incentive structure of the institution.

2. *Does the institution has an effective incentive/reward/recognition system to attract, motivate, perform and retain talent?*

2.2.3 External Environment

The external environment is a firm's aggregate of factors, exogenous to the organisation that may have potential to impact institutional performance (Murgor, 2014)[28]. The external environment provides firms with inputs which they transform to outputs through internal processes and then the outputs are given back to the environment. The environment is a source of constraints, contingencies, problems as well as opportunities that affect the terms on which institutions

26 *Innovation isn't all fun and games–creativity needs discipline*. Harvard Business Review. (2020, June 6). Retrieved August 17, 2022, from https://hbr.org/2019/01/the-hard-truth-about-innovative-cultures

27 Awotidebe, Samuel. (2019). Effect of Performance Incentives on Employee Efficiency in Deposit Money Banks in Dutsin-Ma, Katsina State. 10.13140/RG.2.2.23158.24641.

28 Murgor, P. K. (2014). External environment, firm capabilities, strategic responses and performance of large-scale manufacturing firms in Kenya. *University of Nairobi, Unpublished Ph.D. Thesis.*

transact business (Khandwalla, 1977; Bourgeois, 1980)[29]. Thus, in assessing an organisation, attention must be paid to the factors in the environment namely- administrative/legal set up, the economic, socio, technological, environmental and policy landscape in the country. Drawing from the IDRC OA framework, the factors can be looked at from the lens of formal rules, informal rules and culture and capabilities.

When looking at rules, the evaluator must take into account if the rules governing the organsiation are clear, if the organisation has a say in the process of amending laws and rules that apply to it, the ability of the key institutions in the external environment to enforce rules.

The informal rules of the external environment will have an effect on how the organisation performs and how rules are enforced. The evaluator can look at – milestones in the sectors and the sectors evolution over time, the possible negative and positive effects on the organisation due to historical, cultural or religious factors.

When looking at the factors in the external environment, the evaluator must look at capacities that exist in the environment–if the organisation has access to the labor market, if there are labor constraints and the effect of such constraints on the organisations performance, the access to technology, existence of infrastructure for the organisation to implement activities, etc.

A. *Policy*: Policies at the national level may be constantly changing due to changes in international commitments, change in agenda of a government, change in government itself, etc. These policies also bind the organisations to adhere to some laid down rules and obligations, and function without violating them. Here, the evaluator should assess what policies affect the organisation in both a positive and negative way.

Questions:

1. *What is the overall sectoral policy (goals, international and national commitments, and policy statements), trade policy, tax policy within which the institution operates?*

B. *Economic aspects*: Economic rules and policies and their enforcement play a vital role in shaping an organisation. Policies that may positively or negatively affect the performance of the organisation to a large extent must be identified. For example, Urquidy et al have conducted a multivariate analysis to study the impact of economic and financial management practices on micro enterprises and have found them both to be statistically significant in explaining the performance of the organisation. The economic growth and stability of the organisation as well as the country or external environment is an important determinant of organisational success. An organisation needs to develop and obtain liquidity in order to sustain liabilities and create opportunities. All of these are factors of the tax policy of a country, the monetary policies, purchasing power, GDP and income of the people. Changes in any of these will propel the organisation to adapt to them by way of flexible internal policies.

Questions:

1. *What is the economic policy, industrial policy, monetary policy, fiscal policy and competition framework under which the institution functions in?*

29 Khandwalla, P. N. (1977). *The design of organizations*. Harcourt Brace Jovanovich. Bourgeois, L. J. (1980). Strategy and environment: A conceptual integration. *The Academy of Management Review*, *5*(1), 25. https://doi.org/10.2307/257802

C. *Social:* Socio cultural factors may affect how services or the organisations may be received. The needs of customers in terms of products and services have evolved, which shall be catered to by organisations for success. The society's values and belief system are continually evolving, and businesses must be aware of these social preferences. Belas et al have conducted empirical research on 312 SMEs to study the social factors that impact an organisation's performance. They identify "attitude of politicians, public opinion and media" to be factors that significantly impact performance, but also those which were negatively assessed. Public opinion of a service or product, lifestyle trends, consumer beliefs and attitude might affect the performance of an organisation's service/product or innovation.

Questions:

1. *What are the attitudes (acceptability/affordability) of the community members/clients towards projects/new initiatives/technology adoption/adhering to the new norms of the institution?*
2. *What are the pressure groups / interest groups that influence the performance of the institution?*

D. *Technological:*

Technology plays a vital role in determining a firm's progress and performance especially in comparison to its competitors in the market. In order to offer the best product or service, it is essential to possess the most updated technology for maximising consumer satisfaction and ease. Organisations need to be prepared to adopt any new advancements in technology with time to remain a dominant player in the market. But an organisation might be limited if the environment it works in has hurdles in technological adoption. Thus, examining the technological landscape and the enablers or inhibitors of making the optimum use of technology must be examined.

Questions:

1. *Are there the needed technological policies in place and if yes, are they effectivity in ensuring an enable environment where firms and government organisations can adapt and adopt these technologies?*
2. *Is there a conducive system of acquisition of technology by organisations?*

E. *Environment:* According to Adeoye et al, the business environment could include factors like demography, natural environment, natural resources among others, while the task environment includes competitors, suppliers, labour markets etc. Their study concluded that the external business environment had 128% impact on organisational performance in the industry of their choosing. Aside from empirical evidence, we have significant evidence of climate change which can duly impact the organisation's manufacturing, product sustenance and longevity. Sangawi talks about organisational adaptation in the context of an external environment. Organisations not only need to assess their performance but also adapt to the changing environment so as to sustain in the industry.

Questions:

1. *What are the Environmental Protection laws that may affect the organisation? Is there a role of geography that may affect the organisation?*

F. *Legal/ Administrative:* The legal framework that the organisation functions within as well as laws such as existence of contract law, property rights and enforcement of contracts, etc. may positively or negatively affect an organisation. Many government organisations are dependent on other organisations in order to produce goods and services. There inter-dependencies might affect organisational performance in a negative way especially.

Questions:

1. *What are the legal and regulatory framework within which the institution functions?*
2. *What are the various administrative dependencies (clearance/approvals) for timely completion of projects/program?*
3. *Are the rules (governing a sector or area of interest, for example) credible and clear enough to permit the organisation to consummate transactions smoothly?*

3 Methodology

In order to conduct an organizational evaluation, the evaluator must answer questions outlined in both the performance and contextual pillars. The evaluator must become deeply involved in understanding 'the way the organization works' in order to conduct the evaluation. Sources of data should include both primary and secondary sources.

A. **Secondary Sources of Data:** Secondary data includes guidelines, stated objectives and goals, mission and vision statements, artifacts, minutes of meetings, legal documents, financial documents, internal and external audits, documented plans and processes, monitoring reports, etc. as well as MIS data, dashboards, and other datasets the organisation might be maintaining. Credible reports, studies, evaluations, etc. that the organisation might have done or commissioned to a third party are key sources of information. By reviewing these documents, one can assess the organisation structure, the formal processes, and if the organisation has systems and practices in place to function effectively. The documents should be legitimate (recognized by the organisation and in their finalized versions), it should be publicly available or provided by the organisation and the policy/guidelines should be in force/valid during the time period specified in the evaluation. The evaluator must ensure that the process of document review is structure (tools and questions prepared) in order to efficiently extract information and data. The evaluator should ensure that the source of information can be easily referenced.

   Datasets can help provide insights and overview of the organisations through cross tabulations, pivot tables, summary statistics, trend analysis, etc. Patterns can be identified, and summary statements can be made using such data. Secondary data provides the foundation to build the other pieces of evidence. Secondary research enables the evaluator to conduct a stakeholder mapping exercise. Proper secondary analysis leads to more focused interviews. Datasets should be legitimate (provided by the organisation or available in public domain). Quality of data should be considered while analysis.

B. **Primary Sources of data:** Key Informant Interviews (KIIs) with the head of the organisation, the senior staff, external stakeholders, etc. are critical to analyse information such as leadership style, strategy, level of involvement of stakeholders, the dependencies on other organisations, issues and challenges that the organisation faces and will face in the future. In-depth interviews (IDI) with program managers, HR managers and staff are important to understand the organisation culture, the incentive culture, hurdles faced in implementation, etc. Interviews also help gauge the norms followed in an organisation. While an organisation might have processes written down as guidelines or SOPs, the actual process might differ. Interviews help 'catch' these norms and informal processes that might have been developed over time. Findings from document review can be validated through KIIs and IDIs. It is critical to ask the right questions to the right people. Here, a stakeholder and key personnel mapping will be important. Interviews can be semi-structure. They should build on evidence gathered in the document review and collect information on the 'why' such as why a certain process is in place or why a certain organisation structure is adopted.

While the evaluator will be collecting and analysing information to understand the CME, the evaluator should use different sources of data to validate information. Based on such triangulation of information, the organisation's performance can be evaluated. Multiple sources of information will ensure credible insights are drawn about the organisation. The process of organisation evaluation requires support and buy in from the organisation. At each stage of the process (inception, midterm term, draft and final report), the organisation's views may be considered.

4 Assigning Scores to the performance of an organisation

Scoring of an organisation may be helpful to compare across performance pillars. This toolkit provides a suggestive ordinal scoring framework and recommends that a scoring framework be developed specific to the organisation being evaluated. The use of traffic lights (green, red, yellow) provides a visual representation of the performance of the organisation. The evaluator must identify linkages between the performance pillars and the contextual pillar.

It is rather important for the evaluator to pay heed to the goal specificity and conflicts that may arise in organisations while conducting an evaluation for these. Since there seem to be policy-related and organisational goal-related conflicts in the case of public sector undertakings, this naturally becomes an important consideration for evaluation. It shall be noted that the given questions are only indications and act as aid for the evaluator to frame further questions (as deemed suitable) in line with the ones provided. Hence, it is strictly advised for the user or reader of this framework, and the evaluator to not consider these questions to be exhaustive, but indicative.

Criteria	Guiding Questions	Level 3 (Green)	Level 2 (Yellow)	Level 1 (Red)
1. Effectiveness	*1.1 How effective is the institution in meeting its goals as expressed in its charter, miss+ion statement or other documents that provide the "raison d'etre" for the institution?*	The organisation has achieved all targets as laid out in its mission, objectives, annual goals.	The organisation just missed to achieve the targets as laid out in its mission, objectives, annual goals due to valid uncontrollable reasons.	The organisation did not achieve all targets as laid out in its mission, objectives, annual goals.
	1.2 Is the mission operationalised through program goals, objectives and activities?	1. The institution has clearly defined activities/projects with specific timelines to work towards the overall institutional goals which are prioritised, existence for logical framework. 2.The activities projects are also clearly mapped to the institutional goals/mission.	There are ambiguities in the mapping of the institutional goals/mission with the activities/ projects, leading to uncertainty in achievement of overall goals (in terms of timelines and targets)	The current activities/projects of the institution are misaligned with its objectives
	1.3 Are quantitative and qualitative indicators used to capture the essence of the mission? Is there a system for assessing and monitoring effectiveness?	Effective system of M&E used to track quantitative and qualitative indicators of ongoing projects/ activities, with a feedback loop for improvement of project design/ ongoing activities	Some system of M&E used to track some indicators of ongoing projects/ activities, and the feedback loop for improvement is ambiguous/not effective	No or ineffective M&E system to track activities/ projects. No feedback loops for project/activity improvement
	1.4 Do customers/ stakeholders for whom a line of business or program is designed judge it to be satisfactory?	The customers and beneficiaries judge the services/goods to be satisfactory.	The customers and beneficiaries judge the services/ goods to be neither satisfied not dissatisfied.	The customers and beneficiaries judge the services/goods to be dissatisfied.

Criteria	Guiding Questions	Level 3 (Green)	Level 2 (Yellow)	Level 1 (Red)
2. Efficiency	*2.1 What is the relationship between the unit of output and the cost of producing the output?*	The institution clearly a) classifies various outputs it produces into categories, b) maintains yardstick metrics of cost for each category of output, c) reviews these production costs with international and private sector norms, d) its cost estimates are consistently or largely on track with budget.	The institution only does two or fewer of the below, or does not do it consistently for all activities a) classifies various outputs it produces into categories, b) maintains yardstick metrics of cost for each category of output, c) reviews these production costs with international and private sector norms, d) its cost estimates are consistently or largely on track with budget	The institution does not do any of the four activities in a consistent fashion a) classifies various outputs it produces into categories, b) maintains yardstick metrics of cost for each category of output, c) reviews these production costs with international and private sector norms, d) has in place systems to safeguard itself from cost fluctuations
	2.2 Are the organisational structure, existing responsibilities, competencies and talent acquisition efficiently designed to achieve the evolving objectives of the institution?	The institution's structure is a) lean and optimised, b) clear KRAs and KPIs are assigned to each individual, c) mid and senior management have suitable administrative expertise, d) managerial recruitment is flexible, adaptive, transparent and from premier institutions or through a competitive exam and e) domain specific training and enhancement opportunities are institutionalised	The institution's structure is a) somewhat overstaffed in comparison to similar institutions, b) clear KRAs and KPIs are not consistently assigned to each individual, c) mid and senior management have suitable administrative expertise, d) recruitment and training policies and systems are ad-hoc and reactive,	The institution does not have any a) formalised KRAs and KPIs, b) has a high attrition rate, etc.) has no formalised transparent recruitment and capacity building policies
	2.3 Are physical facilities (equipment) used optimally?	The utilisation/ deployment rate of equipment is greater than 80%	The utilisation/ deployment rate of equipment is between 50-80%,	The utilisation/ deployment rate of equipment is below 50%,

Criteria	Guiding Questions	Level 3 (Green)	Level 2 (Yellow)	Level 1 (Red)
	2.5 Are there quality processes/ systems in place to support efficiency and accountability (financial human resources, program, strategy, etc.)?	Evidence based policies that are aligned with international norms and best practices exist and are implemented in the areas of a) resource allocation, b) planning, c) project management AND these policies are adapted, updated and reviewed periodically by external experts	A high degree of alignment with international norms for efficiency but not institutionalised or universally implemented, and review, and adaptation is not done systematically	Internal capacity and resources are not trained in resource optimisation and latest evidence-based decision making, capacities do not exist internally to support efficiency. The institution relies on outdated planning and forecasting models
	2.6 Does the institution make benchmarked comparisons based on the performance of similar programs/ projects, or on the performance of the programs/projects itself over time, or on some predetermined target at the beginning of the program/projects?	Yes, comprehensive and periodic reviews and benchmarking is done, which is validated by third party external knowledge partners. Cases of divergence from benchmarks are analysed and reasons identified and addressed	Yes, benchmarked comparisons of performance are done, but no remedial steps are taken to address divergence from benchmarked performance indicators in a systematic fashion in all cases	No, benchmarked comparisons of performance are systematically done. Data is not collected and disaggregated according to projects/programs and time and cost overruns are not rectified/ addressed systematically.
3. Relevance	*3.1 Are stakeholders adequately surveyed or polled to obtain their perceptions of the Institution? Are the assessments of stakeholder needs conducted regularly?*	Stakeholders are surveyed/consulted at regular intervals to assess their needs, feedback, and perceptions about the institution's projects/activities	Stakeholders are surveyed/consulted sporadically to assess their needs, feedback, and perceptions about the institution's projects/activities	Stakeholders are not surveyed/ consulted to assess their needs, feedback, and perceptions about the institution's projects/activities
	3.2 Does the institution regularly review the environment in order to adapt its mission, strategy, and programs to the evolving sectoral goals, national priorities? (Institution Sustainability)	The institution regularly reviews the environment and adapt its mission, strategy, and programs in line with the sectoral goals, national priorities	The institution sporadically reviews the environment and inadequately/ incompletely adapts its mission, strategy, and programs in line with the sectoral goals, national priorities?	The institution does not review the environment or does not adapt its mission, strategy, and programs in line with the sectoral goals, national priorities?

Criteria	Guiding Questions	Level 3 (Green)	Level 2 (Yellow)	Level 1 (Red)
	3.3 Does the institution create or adapt to new technologies and encourage innovation?	The institution regularly creates or adapts to new technologies and encourage innovation in line with industry standards	The institution sometimes creates or adapts to new technologies and encourage innovation in line with industry standards	The institution does not create or adapt to new technologies and encourage innovation in line with industry standards
4. Financial Viability	*4.1 What are the streams of revenue and capital for the institution? What is the trend over the last X years?*	Revenue streams are a) diversified, b) have consistently grown y-o-y and c) fixed sources of income exits and d) significant potential for monetisation exists and it is being leveraged	Revenue streams are concentrated and dependent on select clients/ profitable operations and c) have not shown significant growth y-o-y. Revenues are project dependent, and not annuity/ perpetuity.	Has no significant independent streams of revenue or capital generation outside of government support OR revenue fluctuations make it impossible to discern a clear trend over the reference period. It is dependent on ad-hoc non annuity income.
	4.2 What are the trends for expenditure on different components such as establishment cost, projects/ programs, debt servicing, royalties paid department/ division and services delivered?	The trends in expenditure across different components are stable across the reference period (different components include debt servicing as a proportion of total expenditure, establishment costs, land acquisition and project specific costs etc.)	The trends in expenditure across different components are a) not consistently stable across the reference period, b) debt servicing costs exceed 20% of total expenditure, c) establishment costs are higher than those of other institutions in the space. d) land acquisition and project specific costs have witnessed an upward trajectory	The trends in expenditure on different components a) significantly exceed budgeted estimates, and b) debt servicing, contingent liabilities, legal costs comprise more than 40% of expenditure. Legacy costs such as pensions, past fundraising expenses, litigation etc. have a significant carry forward effect on the books of the entity.

Criteria	Guiding Questions	Level 3 (Green)	Level 2 (Yellow)	Level 1 (Red)
	4.3 Is the current way of raising funds adequate for meeting the goals of the institution and servicing the current, long-term & contingent liabilities? What are the mitigation strategies in place to deal with risks to the institution's fund-raising ability?	The institution has a) a high credit rating, c) is perceived as a stable investment in the financial community, d) has met its debt servicing requirements in a timely and adequate fashion. e) It has access adequate to liquid assets to meet unplanned requirements.	The institution has more than 2 of the following a) a high credit rating, b) functions under a sovereign guarantee, c) is perceived as a stable investment in the financial community, d) has met its debt servicing requirements in a timely and adequate fashion. Further, it has some monetisable assets to meet unplanned requirements, but these are not liquid.	The institution is entirely dependent on government funding to meet its fund-raising requirements, and can only service debt through continued government support.
	4.4 Does the Institution monitor its finances, capital assets and depreciation on a regular basis? Does the institution follow generally accepted and best accounting rules and principles?	Yes, it has a) an adequate asset tracking and monitoring system in place, b) standard depreciation policies and follows GAAP.	Yes, the institution a) tracks capital assets, but does not follow standard norms for depreciation. It follows GAAP, with some variations authorised by act of parliament	The institution does not maintain separate financial statements, or have a standardised system of asset inventorisation, and depreciation policy.
	4.5 Does the institution has the ability to meet short term and long-term liabilities?	Yes, a) adequately liquid, and b) has a proved track record of on time debt servicing, and c) market perception is positive.	Yes, a) liquid, contingent on continued government support and b) has an uneven track record of on time debt servicing, and c) market perception and rating has remained stable over the years.	Cannot survive without continued dependence on government and budgetary support. Unable to raise funds independently from the market.

Criteria	Guiding Questions	Level 3 (Green)	Level 2 (Yellow)	Level 1 (Red)
	4.6 What are the mechanisms in place to mitigate the financial risks from shocks such as changes in interest rates, increase in costs of raw materials, etc.?	The institution has a) concrete policies in place to insulate itself from cost escalations, particularly i) legal contracts, ii) multiple, diversified service providers, iii) access to cheap and easily affordable finance and b) the quantified economic benefits of the output it produces are i) stable and comparable to previous performance, and performance of other players in the sector and c) utilizes comprehensive and scientific resource planning and allocation processes that are evidence based.	The institution has managed to a) insulate itself from some cost escalations but not all, b) shows uneven comparative cost/result ratios over the years that are worsening and c) does not use evidence-based resource allocation and optimization process in a systematic fashion.	The institution is a) not insulated from price/ cost shocks, b) financial resource allocation is not evidence based and institutionalised, and c) shows significant fluctuations year on year in its performance compared to costs
	4.7 What are the Internal budgeting and forecasting processes followed by the institution?	The budgeting and forecasting processes followed are a) codified and b) frequently reviewed by an external independent agency. c) Managerial accounting systems are followed	The budgeting and forecasting processes are only managed internally, and no independent validation of them is consistently done.	The budgeting and forecasting are ad-hoc, and not systematic. It is dependent on unstable revenue sources and cannot adequately forecast future revenue streams and expenditure.
5. Sustainability (Social & Environment)	*5.1 Does the institution assess its impact on environment such as natural resource management, pollution, biodiversity, and greenhouse gas emissions?*	The institution regularly assesses the impact of its ongoing projects/activities on environment such as natural resource management, pollution, biodiversity, and greenhouse gas emissions	The institution sporadically assesses the impact of its ongoing projects/ activities on environment such as natural resource management, pollution, biodiversity, and greenhouse gas emissions	The institution does not assess the impact of its ongoing projects/ activities on environment such as natural resource management, pollution, biodiversity, and greenhouse gas emissions

Criteria	Guiding Questions	Level 3 (Green)	Level 2 (Yellow)	Level 1 (Red)
	5.2 Does the institution take steps to mitigate adverse impact on the environment if any?	The institution regularly takes steps to mitigate adverse environmental impacts of the projects/activities it carries out	The institution sometimes takes steps to mitigate adverse environmental impacts of the projects/activities it carries out	The institution does not take any steps to mitigate adverse environmental impacts of projects/activities it carries out
	5.3 What in the institutions view are its social responsibilities and what are the steps taken to fulfill the same?	The institution has a clear articulation of its social responsibilities and takes active steps towards it	The institution has an ambiguous articulation of its social responsibilities or does not take active steps towards it	The institution does not have any articulation of its social responsibilities and does not take active steps towards it
	5.4 Does the organisation assess and addresses the needs and feedback from community members regularly?	The institution assesses and addresses the needs and feedback from community level stakeholders	The institution inadequately assesses or inadequately addresses the needs and feedback from community level stakeholders	The institution does not assess nor address the needs and feedback from community level stakeholders
	5.5 Does the institution has mechanisms to provide services/ share project benefits with people who are affected by their projects?	The institution has an effective mechanism to provide services/ shares benefits to the people who are affected by their projects	The institution has mechanism to provide services/ shares benefits to the people who are affected by their projects but the mechanism is not effective	The institution does not have an effective mechanism to provide services/ shares benefits to the people who are affected by their projects

5 Strengths of the Framework and Potential Challenges

5.1 STRENGTHS OF THE FRAMEWORK

A. Eco-systems approach: This framework not only looks at the performance of the organisation but also the contextual factors that might determine or influence performance. A key strength of the framework is this comprehensiveness and taking an 'eco systems' approach to evaluation. In the public sector, from the inception of the organisation to its daily working, there are various pressures especially of the external environment. A public organisation is tied in the service of the public, which by default becomes privy to the interest of the political class. Recognition enables and constraints in the external environment is imperative to understand and analyse the performance of public organisations. Constraints especially of resources might hinder organisational growth. For example, if the external environment doesn't have the capabilities and skilled labor, the organisation will not have the human resources and required capacities.

B. Sustainability as a pillar: Being an evaluation of a public organisation, it is essential to assess the sustainable practices being adopted by the organisations. All pillars are given equal weightage and thus, which an organisation might strive to be cost-effective, to do well in the evaluation they will also need to strive for environmental and social sustainability. A key strength of this pillar is this assessing an organisation's sustainable practices. Sustainable policies include having a sustainable supply chain such as ensuring working with sustainable vendors, developing recycling programmes for any material used in program implementation, water and electricity consumption, etc. Social sustainability ensures inclusion of those effected by the program to reap benefits out of it, gender sensitivity while designing the programme, etc.

C. Flexibility: This framework also provides flexibility as each question under each pillar can be adapted and contextualised to suit the needs of various organisations to be evaluated. This framework has been developed using the IDRC – Universalia framework in order to conduct evaluations of large infrastructure implementing agencies. Evaluators can adapt this framework to suit their evaluation questions and the type of organisations they will evaluate.

Potential challenges

A. A key challenge of this framework would be the comparison of different organisations across sectors. Since this is a flexible framework with changing questions, it would be difficult to compare organisations as there are no standardised questions and indicators.

B. Secondly, it would be a challenge to conduct employee interviews to understand softer aspects of the organisation such a culture and inclusivity. Employees might not reveal information about the organisation they work for or might refuse to answer for the fear of receiving backlash from the organisation.

C. Thirdly, there would be a lack of quantitative underpinning to determine the effect of contextual pillars on performance. It is difficult to conduct rigorous impact assessments on the effect of the external environment on performance or motivation levels on performance. These relations would be bought out through interviews and other qualitative data.

6 Way Forward

This framework has been developed with the specific purpose of evaluating infrastructure implementing agencies. Going ahead there is ample scope to adapt this into an evaluation tool for not just physical infrastructure but also social infrastructure implementing organisations. Similarly, it is critical to have an approach and framework to evaluate regulatory agencies. As a country evolves, age old institutions and organisations might need to adapt to be relevant and efficient in order to achieve their objectives. Organisations, agencies and public sector enterprises which receive large investments from the government need to be evaluated from time to time as they are service and product providers to the public at large. If internal processes are inefficient and capacities are lacking, investments in such public organisations will result in an inefficient allocation of public funds.

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