

Organisational Capacity Assessment

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Capacity is understood differently across sectors and Organisations as different sectors are driven by different incentives.

Background

Organisations, contributing to social innovations and service delivery, are diverse in their scope, mission, and role within the development landscape. They operate in complex and dynamic times. To succeed in this environment, Organisations need to have adequate capacities to deliver programmes, be resilient, adaptive and nimble. Well managed Organisations with strong internal systems are likely to demonstrate greater impact.

Organisational capacity is conceptualized as the spectrum of resources, actions, and activities necessary for the Organisation to sustain, grow, and be effective in achieving its purpose and mission (Blumenthal, 2003; Light, 2002, 2004; Williams-Gray, 2009).

Based on a review of the literature¹, a conceptual framework on Organisational capacity is represented in the figure below. As is seen, it is a multi-dimensional concept with 'culture' and 'communications'² as a core determinants of building Organisational performance. They are linked to six common dimensions of Organisational capacity.

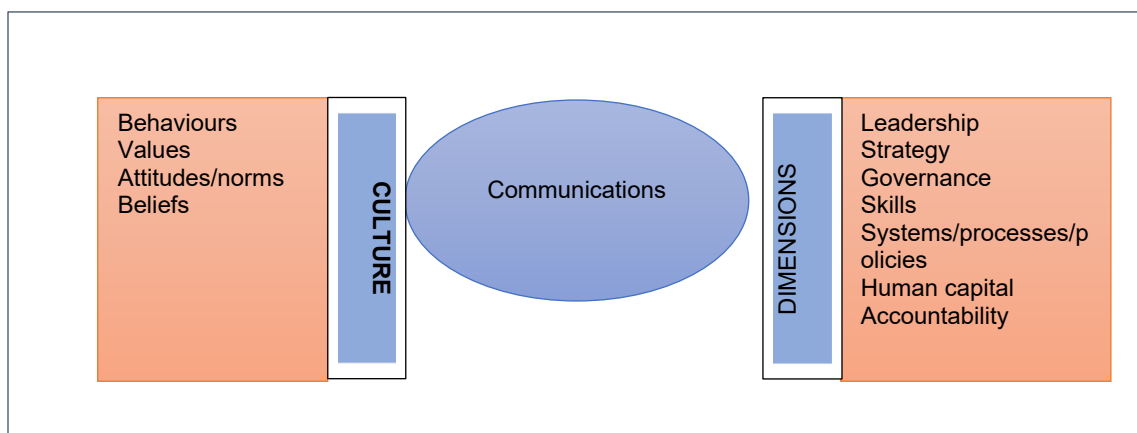


Figure 1: Components of Organisational Capacity

Importance of culture in building Organisation capacity

An Organisation adapting or transforming consciously seeks to change culture to support the process and hence a crucial relationship exists between culture and capacity. Organisational capacity involves a change process and such a process requires set of cultural values (such as behaviours, values, attitudes/norms, beliefs) supportive of the process.

The different dimensions of the Organisation capacity (such as leadership, strategy, governance, skills, systems/processes/policies, human capital and accountability) are to an extent interdependent & dynamic and a supportive culture is associated with developing successful capacities of the Organisation that contributes to Organisational performance. Effective communication is a component of the supportive Organisational culture and an important aspect of a high-capacity Organisation's ability to manage the adaptation process.



Need for Organisational capacity assessment

Any attempt to build capacity shall always be preceded by an Organisational assessment in order to guide capacity building. Hence, the need for an Organisational capacity assessment is two folds

1. to understand an Organisation capacity and needs,
2. to identify priorities for capacity building and to measure change in Organisational capacity over time (e.g., before and after capacity building interventions).

Measuring Organisational capacity

A diagnostic tool can help in assessment and in understanding the capacity needs of an Organisation. According to the guide prepared by Information Change³, there are a total of 91 tools – 48 multi area assessment tools and 43 checklists- and resource guides and this discipline continues to be dynamic and evolving.

Selection of tool

Choosing the right matching tool with Organisation can go a long way in using the tool as a lever for change than just elucidating information about the Organisation.

Of-often used tools include: -

1. McKinsey & Co's Organisational Capacity Assessment Tool (OCAT)
2. Marguerite Casey Foundation's Organisational Capacity Assessment Tool*
3. TTC Group's Core Capacity Assessment Tool (CCAT)
4. Social Venture Partners, Organisational Capacity Assessment Tool*
5. PACT, Organisational Capacity Assessment
6. Venture Philanthropy Partners – McKinsey Capacity Assessment Grid*⁴
7. USAID – Organisational Capacity Assessment (OCA)⁵

Note: Of the seven tools, those marked with an asterix are based on McKinsey's OCAT tool, with slight modifications.

Each tool varies greatly, and therefore attention must be devoted to selection of a tool (over another) or selecting sections of tools and combining them. It is important to choose one that is relevant to the intervention.

USAID-Organisational Capacity Assessment (OCA)

One of the most frequently referenced tools, specifically working with NGOs, is the USAID's Organisational Capacity Assessment. It is designed to measure Organisation capacity through facilitated self-assessment. The format helps the Organisation reflect on its processes and functions and score itself against its benchmarks.

The OCA tool assess technical capacity in seven domains, and each domain has a number of sub areas.



Envisaged output from OCA:

The OCA will provide scoring across various sub parameters under the broad seven areas of organizational capacity parameters:

- a. Governance & Legal Structure
- b. Financial management and Internal control systems
- c. Administration and procurement systems
- d. Human resources systems
- e. Program management
- f. Project Performance management
- g. Organizational management and sustainability

OCA tool is helpful in creating concrete action plans and therefore provide Organisations with a clear Organisational development road map. The assessment can be repeated on an annual basis to monitor the effectiveness of previous actions, evaluate progress in capacity improvement, and identify new areas in need of strengthening.

Process for conducting capacity assessment

A three-step process has been suggested by UNDP guide⁶ in conducting Organisation capacity assessments, which involves the following steps:

1. Mobilise and design: Engaged stakeholders and a clear design are key to a successful capacity assessment.
2. Conduct the capacity assessment: Data and information are collected by a variety of means, including self-assessment, interviews and focus group discussions.
3. Summarize and interpret results: Results inform the formulation of a capacity development response.

Collecting both external and internal perspectives about Organisation capacity will provide opportunity for triangulation and validation of staff feedback⁷.

Conclusion

A capacity assessment is usually the first step in a capacity development process necessary to improve the capacities of an Organisation. A well-designed and conducted capacity assessment can be an extremely useful tool to fully understand an Organisation's current performance and capacities as well as the immediate and future capacity needs.



1. Cox, et al (2018). "Understanding the drivers of Organisational Capacity". RAND and SAATCHIinstitute. Despard, M.R (2017). "Can Nonprofit Capacity be Measured?". Nonprofit and Voluntary Sector Quarterly. Vol 7(46): 607-626. McKinsey & Co (2001). Effective Capacity Building in Nonprofit Organizations. Venture Philanthropy Partners.
2. Culture refers to collective beliefs, values, behaviours, attitudes, norms; while communication involves conveying organisational information and ideas in a clear, simple and consistent way, internally and externally.
3. Informing Change (2017). A Guide to Organizational Capacity Assessment Tools. <https://hewlett.org/wp-content/uploads/2017/11/A-Guide-to-Using-OCA-Tools.pdf>
4. McKinsey & Co. (2013). Social Sector Practice: the Organisational Capacity Assessment Tool (OCAT) 2.0. Marguerite Casey Foundation (MCF) (2017) Organisational Capacity Assessment Tool. Venture Philanthropy Partners (2001). McKinsey Capacity Assessment Grid.
5. Organizational capacity assessment for community-based organizations, USAID: <https://usaidlearninglab.org/library/organizational-capacity-assessment>
6. Capacity Assessment Methodology User's guide: UNDP
7. Gienapp A. et al., (2019), Informing Advocacy and Communications Capacity Building Efforts: A Robust and Culturally Responsible Tool for Assessment. ORS Impact. https://usingevidence.com/wp-content/uploads/2019/02/Informing-Advocacy-and-Communications-Capacity-Building-Efforts_Feb-2019-FINAL.pdf